Excellence as our standard

NHS
North Tees and Hartlepool
NHS Foundation Trust

Annual Report and Accounts 2020-21

North Tees and Hartlepool NHS Foundation Trust

Annual Report and Accounts 2020-2021

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. Based in the North East of England, we support the health and care needs of over 400,000 people across our region in Stockton, Hartlepool and parts of County Durham.

Our Trust has two main hospital sites – University Hospital of North Tees and University Hospital of Hartlepool. Additionally we also have a community hospital in Peterlee, a community hub in Lawson Street Health Centre in Stockton and provide community services at One Life Hartlepool. Our Trust also provides breast and bowel screening services across the Tees Valley, parts of County Durham and North Yorkshire.

We are an integrated hospital and community-based provider with ambitions for positive population health for all of our communities. As an anchor organisation within our locality, we are dedicated to collaborative working across the health and care system, as well as working with partners locally and nationally in the contributing to an aspirant population landscape for all of our communities.

As part of the North East and North Cumbria Integrated Care System (ICS) and more locally our Integrated Care Partnership (ICP), we can and do influence positive change for health and care across our region, and we continue to commit to this.

We are a high performing Trust, recognised locally and nationally. We embody 'excellence as our standard' in all that we deliver in patient care, recognising the roles and responsibilities of every colleague in the provision of safe, effective, impactful and quality care to all of our patients.

We employ over 5,500 staff across the Trust, and we are dedicated to being a destination employer for the NHS. We continuously perform well in the annual NHS staff survey, placing 16th in the country for acute and community trusts and second in our own region – North East and North Cumbria in 2020-21.

1. Chairman's Statement

As Interim Chairman for North Tees and Hartlepool NHS Foundation Trust, I am proud to present our annual report for 2020-21. I wish to express profound thanks to Julie Gillon and all the staff of the Trust for their magnificent work during the last year. I also wish to pay tribute to Paul Garvin who was Chair of the Trust until February 2021 and led the Board with great distinction for so many years to achieve remarkable improvements in patient care.

This publication offers the opportunity to reflect on the year gone by – celebrating the Trust's successes and achievements and recognising our opportunities to build on and further to improve healthcare services to our population.

Our patients, as ever remain at the centre of all that we deliver. The past year has presented untold challenges with the global pandemic, but our colleagues have risen to the occasion and adapted our delivery of care including the vaccination programme. We aim to ensure that our population of over 400,000 continue to be supported during this recovery period and that we develop an ambitious health and care strategy beyond COVID-19.

My interim tenure with North Tees and Hartlepool is shared with South Tees Hospitals NHS Foundation Trust. In January 2021, the two organisations announced the transition to a Joint Chair whilst continuing as two separate statutory organisations. The process of recruitment of a substantive Joint Chair is now underway. This closer collaboration has included establishing a joint strategic board – bringing members of the two trust boards together to tackle common issues that impact both Trusts, and have been amplified by the pandemic.

May I record my thanks to Steve Hall our Vice Chair and the Board of the Trust and Tony Horrocks our Lead Governor and the Council of Governors for the generous support they have given me throughout this period.

Our clinical pathways at North Tees and Hartlepool serve Stockton, Hartlepool and parts of County Durham, cover a wide and varied demographic. Additionally, our Trust holds responsibility for breast screening services across the entire Tees Valley and North Yorkshire.

Our ambition is for more integrated care and for this to be central to serving the population within the geographical landscape we serve in the Tees Valley. With the historical legacy of major health inequalities, we are, together with our NHS, Local Authority and Third Sector partners, focused on driving a continued positive improvement in population health.

Our investment and support for the wellbeing of our 5,700 plus workforce continues to be a strong focus for us all. The ongoing success of the Trust in the current climate, and our recovery is owing to all of our dedicated staff. Every colleague at North Tees and Hartlepool NHS Foundation Trust to their great credit has demonstrated their role as a 'key worker' and continues to contribute to what makes the Trust a Care Quality Commission (CQC) 'Good' rated organisation.

The Trust within the Integrated Care Partnership is committed to an even more collaborative approach to provide high quality and impactful healthcare outcomes for all of our patients.

North Tees and Hartlepool NHS Foundation Trust strives to ensure a robust healthcare infrastructure – clinically, digitally, financially and matched by the strength our people. I am therefore very confident in the Trust's ability to support more aspirant population health for our communities.

Neil Mundy
Interim Joint Chairman

2. Chief Executive's Statement

2020-21 has been an unprecedented period for the NHS, and North Tees and Hartlepool NHS Foundation Trust has continued, amid the challenges, to deliver CQC 'Good' rated safe, high quality care to the patients of Stockton, Hartlepool and parts of County Durham.

I am delighted to share our annual report, which once more offers a chance to reflect, review and acknowledge our work to date, but additionally allows us to continue to build on our aspirations as we work towards our ambition of becoming a CQC 'Outstanding' rated organisation.

In a year that the COVID-19 world health pandemic consumed much of our service delivery, I continue to be overwhelmed by our staff's dedication to providing the best possible levels of care to our communities. The pace at which we have transformed the way we deliver care was because of our agile teams – clinical and corporate right across the Trust – within our hospital sites, and of course out in the community. This dexterity will allow us to progress our recovery plans with confidence.

Our focus has remained on continuing to build a positive population health approach for the region we serve, against a backdrop of some major health inequalities. In October 2020, we were named as just one of three pilot sites in the country to take part in the 'Active Hospital' initiative by Public Health England, Sport England, the National Lottery and project leader – NHS Transformation Unit. We continue to be dedicated to the objectives of the NHS Long Term Plan (LTP) to ensure a robust sustainable health and care provision befitting to our population needs.

Our environment and estate has challenged us during this period, and we continue with our ambition to develop our strategy and invest in a fit-for-purpose build for our community.

The previous year has also highlighted the importance, more than ever, of system working.

Julie Gillon
Chief Executive

Our strength is our partnerships with our local authority colleagues, primary care providers and other agencies. Our connection to providing a more joined up approach than ever before has been accelerated, and we are seeing an immediate benefit for those who matter most – our patients.

The opportunity is now to build on these strengths – both within our Integrated Care Partnership (ICP) and Integrated Care System (ICS), driving for positive equity and equality in health and care right across the North East and North Cumbria. Additionally our provider collaboration work across our ICS footprint and our recently announced strategic board with South Tees Hospitals NHS Foundation Trust herald further dedication to these ambitions.

I would also like to acknowledge a number of key successes over the last 12 months. From our Trust's continued dedication to a progressive digital future for health and care through to the national staff survey results which placed us 16th in the country for acute and community organisations and second within our region. This is absolute testament to the work employed across our organisation in driving North Tees and Hartlepool to be an NHS employer of choice.

Additionally, our financial position of recovery has continued at pace, taking us from a place of major deficit through to a positive trajectory as we move forward with a surplus position reported for 2020-21.

Most importantly, our safe, quality-focused care for our patients remains our absolute priority and this is echoed in the work we continue to drive in evolving our services. The NHS landscape of the future is one of inevitable change. I am confident that our organisation has the infrastructure of key leaders and a workforce to support this change, and I am proud to lead a progressive Trust that always puts patients first.


Welcome to

3. Performance Report

3.1 Overview of Trust and Performance

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 £365million;
- 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.

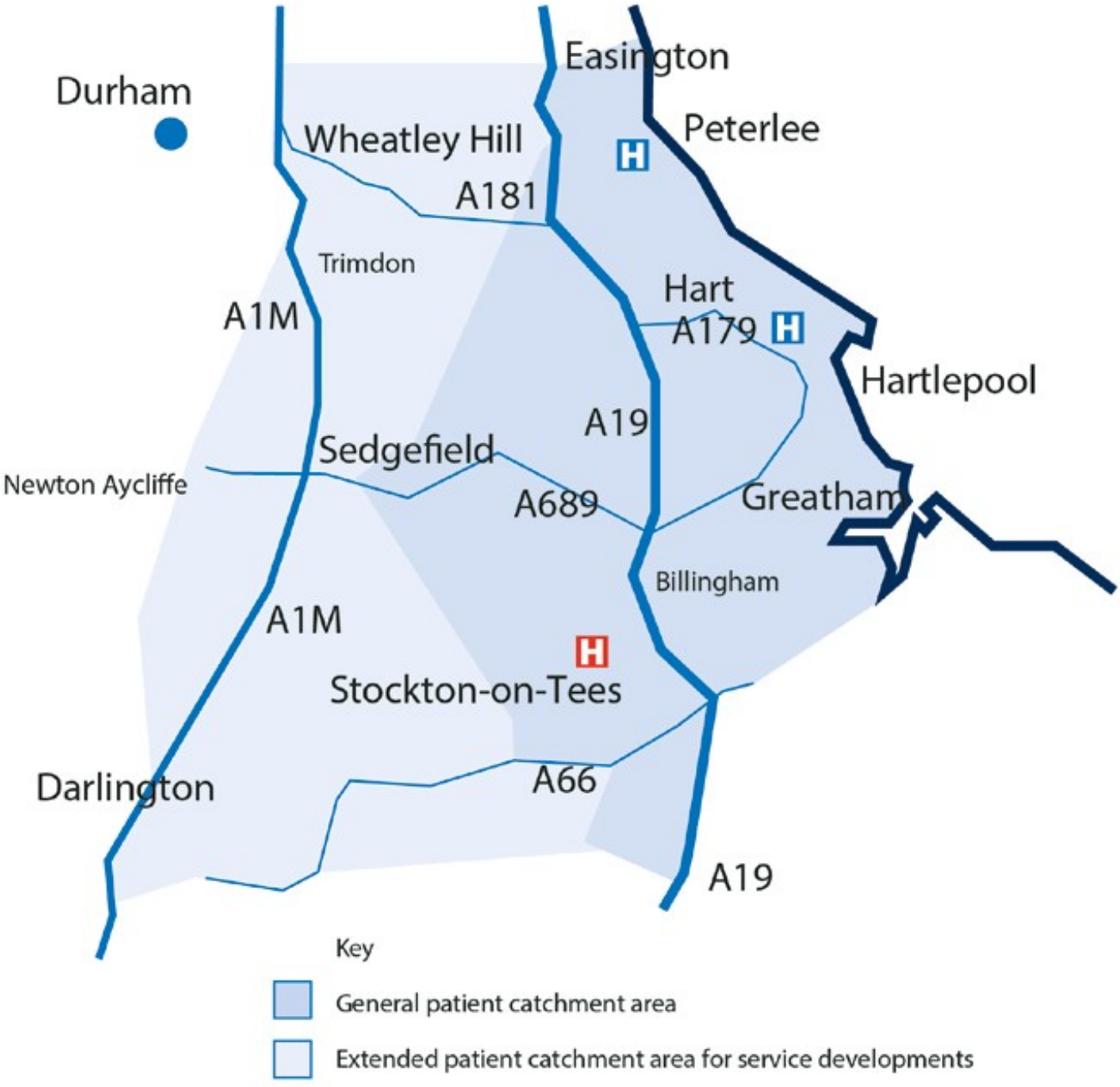
We know that health inequalities is not defined by geographic boundaries, so we work closely with our immediate neighbouring Foundation Trusts and key stakeholders so that local people, service users and carers, including those who support and represent them, can have much more influence over how those 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 service profile of the Trust:

Service Profile 2020-21	
Acute Service	**Community Services across Stockton, Hartlepool and Peterlee**
Allied Health Professionals	Asthma & Tuberculosis Services
Anaesthetics (including Pain management)	Audiology
Acute Oncology Team	Cardiac Services
Cardiology	Community Integrated Assessment Team (CIAT)
Care of the Elderly	Community Matrons
Diabetic Medicine	Community Paediatrics
Haematology	Continence Advisory Service
General Medicine	Dementia Liaison Service
Gastroenterology	Diabetes Nursing
Respiratory Diagnostics	Diabetic Retinopathy Screening Service
Respiratory Medicine	Ear Nose and Throat Outreach Service
Critical Care	Holdforth Unit
Stroke	Musculoskeletal Services
Rheumatology	Nutrition & Dietetics
Endoscopy including Bowel Screening	Occupational Therapy (Adults & Children)
Breast Screening and Surgery	Orthotics
Colorectal	Phlebotomy
Bariatric	Physiotherapy (Adults & Children)
Urology	Podiatry
Upper Gastrointestinal	Podiatric Surgery and Hand and Wrist Surgery
General Surgery	Respiratory/Hospital at Home
Trauma and Orthopaedics including spinal services	Single Point of Access (SPA) including Clinical Triage
Outpatient Services	Specialist Palliative Care/Macmillan Nursing
Gynaecology, Pregnancy Assessment Clinic and Early Pregnancy Assessment Clinic	Speech and Language Therapy (Adults & Children)
Paediatric Services including Neonatal	Stop Smoking Service
Obstetrics and Midwifery Services	Teams Around the Practice (TAPS)
Pharmacy	Teeswide Community Dental Services
Radiology	Wheelchairs
Pathology	Rapid Response
Psychology	
Cancer Unit	
Emergency Department – Trauma Unit Status	
Urgent Care Service	
Bereavement Services	
Visiting Specialities	
Dermatology Outpatients	Oral Surgery/Orthodontics Outpatients
Ear Nose and Throat Outpatients	Plastic Surgery Outpatients
Genetics	Vascular
Nephrology	Neurology
Ophthalmology	

3.1.1 Business Review

This section provides an overview of the Trust's strategic direction, activities, developments, and key risks and uncertainties. The Corporate Strategy and strategic objectives are summarised in the graphic below:

3.1.2 Trust Strategic Direction

The Trust provides high quality services to over half a million residents of the immediate area it covers, with both hospitals playing an important part in the health and social cohesion of the local community. The necessary focus and determination to contribute to the wider prevention agenda, including the reduction of health inequalities, has provided the Trust with an additional ambition to contribute to the wider public health agenda, without compromising the core business of providing acute secondary care. We therefore continue to work collaboratively with all partners – primary, secondary, mental health and public health – to explore and develop new models of care and improved pathways that reflect the needs of the patient and the local health economy within the Tees Valley and the wider North East region.

In addition to servicing the health needs of our local communities we are focused on providing a contribution to the social regeneration of our localities through the ongoing support and influence to our local authorities with a focus on developing our local town centres and local communities by enhancing the retail offer to incorporate 'health on the high street', thereby enabling a broader social and economic balance to our high streets. Health and Wellbeing remains high on our agenda and we believe that the Trust has a pivotal part to play in developing our communities, neighbourhoods and town centres for future generations. Our ambition to contribute to improving the health of our population, in addition to our core business as an acute care provider, means that we will go further in our quest to addressing the Population Health agenda. We have already recruited two public health professionals to our senior team to work with us and our partners to better understand the broad health inequalities and the epidemiology that can help design better interventions against the burden of disease within our communities. In addition to this, we are at the time of writing recruiting an additional Public Health Consultant who will enhance and strengthen the Trust's focus on Population Health as part of our longer-term strategy.

We remain committed to developing integrated healthcare services in a collaborative arrangement with partners at a local level and continue to play a lead role in ensuring that the ambitions set out in the NHS Long Term Plan are fully reflected in the partnership setting. The Trust has signalled that good, strong and sustainable healthcare provision no longer recognises traditional boundaries and geographies. We are committed to the development and advancement of the integrated care partnership for the region – Tees Valley Health and Care Partnership and we continue to play a leading role in the development of a progressive clinical services strategy by linking our own ambitions, skills and clinical expertise with those of the ICP and the wider integrated care system in the North East and North Cumbria. The Trust has set its strategy for the next five years with its strategic aims of Putting our population First; Valuing People; Transforming our services and Health and Wellbeing all wrapped around its core values; Collaborative, Aspirational, Respectful and Empathy deliver the strapline - 'You matter, We care'.

Furthermore, as we look forward to 2021 and beyond, the Trust is working closely with colleagues at South Tees Hospitals under a provider collaborative that now shares an interim Joint Chair with a committees in common structure to capture the best collaborative practices for the benefit of all of our patients across for Tees Valley and North Yorkshire. This collaboration was a pre-cursor to the ambitions set out in the Government's white paper *'Integration and Innovation – working together to improve health and social care for all*' earlier this year and, whilst we are at the beginning of this developing journey we are concentrating on getting the governance right so that we can move forward with a collective ambition.

As with all other Foundation Trusts in the current climate, there remains a clear imperative to ensure greater financial stability beyond 2021. The pandemic crisis provided a serious and significant test for the NHS, and indeed the country as a whole. We are hugely proud of our financial achievements during 2020-21 and it is to the testament of all its staff who have helped to enable the Trust to end the year in the position that it has. Despite this, we remain focused on the need to deliver greater financial productivity and efficiency without compromising the health care needs of the population. The Trust will continue to champion the achievement of financial stability and sustainability, and the enablement of clinically effective pathways, across the 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.

3.1.4 The Evidence Base

The Trust continues to draw focus and influence from a broad evidence base, including the following reviews ensuring their visions, values and ambitions are reflected in our strategic direction:

- The NHS Five Year Forward View;
- Seven Day Services;
- The Lord Carter Review;
- NHS Long Term Plan;
- White Paper: Integration and Innovation: working together to improve health and social care for all.

The Trust is keen, and committed to working with our strategic partners and stakeholders at a local level to bring about the changes outlined in the NHS Long Term Plan, to make a real difference in managing preventable disease in conjunction with the core business of a Foundation Trust.

3.1.5 Clinical Services Strategy

The Trust's Clinical Services Strategy is currently under review in order to reflect both the developing clinical strategy across the Tees Valley as part of the Tees Valley Health and Care Partnership and the wider North East and North Cumbria Integrated Care System, also taking into consideration the impact of the COVID-19 pandemic and the 'new normal'.

The Trust is involved in shaping and supporting both the North East and North Cumbria Integrated Care System (NENC ICS) and the Tees Valley Health and Care Partnership (TVHCP). This year has been unprecedented with regards the way in which the organisation, system partners and the NHS has had to respond to the COVID-19 pandemic. The collaborative approach to service delivery has seen a number of significant changes being undertaken at pace, with just one example being the Long Term Plan requirement to provide digitally enabled virtual outpatient appointments, which has supported ensuring that patient access and treatments have continued during the pandemic.

As the Clinical Service Strategy for the TVHCP develops with the progression of a managed clinical networks (MCNs) approach across Urgent and Emergency care, Stroke Services, Women and Children's Services, Planned, Diagnostics and Critical Care, the key themes emerging across all of the work streams are:

- Implementing best practice including where available GIRFT recommendations.
- Agreeing an operating model using the managed clinical network approach and a pathway that provides local access where at all possible whilst delivering highly specialised services in the right place to maximise care outcomes.
- Standardisation of processes where this improves quality and efficiency and simplifies progress through the pathway and into the community.
- Redesign and development of the workforce, working in new ways to support system delivery.
- The identification of capital and revenue investment needs to develop a prioritised and agreed system wide plan to support proposed changes.

Our Trust is committed to driving forward the population health and prevention agenda, working with partner agencies to improve the overall health of the population we serve, with Locality Directors representing the Trust at each of the Health & Wellbeing Boards, continuing our long established commitment to partnership working. Our Public Health Consultant, supported by a Specialist Registrar, is developing a strategy, which aims to optimise the health of populations over life spans, to focus on prevention and keeping people well for longer.

Service Developments

Over the last year our organisation has worked to achieved 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:

Emergency Care

- One of 14 field test sites for Urgent and Emergency Care Standards with on-going review and validation of data
- A successful capital bid supported changes to front of house to include the one front door into Urgent and Emergency Care services and a Paediatric front of house model

In Hospital

- Continued collaboration within the diabetic foot pathway to facilitate early intervention and reduce amputation rates
- Advancement of cardiac stress ECHO with the use of an exercise bike
- Implementation of a Community Hub at Hartlepool to deliver emergency access to treatments that would normally require admission i.e. DVT management, IV antibiotics and Trial without Catheters.

Out of Hospital and Outpatients

- Centralisation of outpatients aligning workforce and management structures, improving the spread of good practice, innovation and a standardised operating process.
- The on-going development of Integrated Single Point of Access (ISPA) has continued to strengthen the relationship and pathways between primary care / bed bureau / clinical triage / NEAS / Urgent Care Centre to support the prevention of avoidable admissions to hospital.
- The Musculoskeletal Service Expansion has been completed in line with the revised commissioned pathways, which have resulted in a significant impact on reducing the number of secondary care referrals, with Orthopaedics reporting a reduction of approximately 30% and an improved conversion rate from 65% to 85%.

Clinical Support Services

- Successful training of four advanced radiographer practitioners to improve reporting provision and turnaround, with extension into new areas of DEXA and cardiac reporting.
- Delivery of medicines optimisation within the organisation using benchmarking data, the Model Hospital, regional and national networks and systems. Pharmacy services supporting safe, evidence based and cost effective prescribing to manage medicines finances within directorates.
- Delivery of Pharmacy Best Practice day, highly successful and well received.

- Host organisation for Digital Imaging programme and Digital Pathology platforms.
- Successful transfer of cytology human papillomavirus (HPV) screening to regional centre.
- Combined mortuary service developed with South Tees Foundation Trust.

General Surgery & Urology Elective

Breast Services

- Development of 'Iodine seed' Breast diagnostic localisation service on the Hartlepool site.

Urology

- Purchase of the 100-watt laser to support the introduction of Holep bladder outlet procedures on the North Tees site.
- Joint appointment of a Consultant urologist with South Tees Foundation Trust.
- Commenced the introduction of a Tees wide hot stone pathway as part of the collaborative ICP elective work stream.

Trauma and Orthopaedics

Upper limb

- Implemented virtual hand clinics
- Introduction of a planned upper limb trauma service provision with a referral pathway, dedicated theatre provision and weekly Multi-Disciplinary Team meeting.

Anaesthetics

Critical Care

- Wave 1 response to the COVID-19 pandemic was outstanding. Pandemic response escalation plans adapted based upon the requirements of the service. This included escalation of staffing, training of alternative personnel and procurement through the national loan equipment scheme.
- Critical Care Outreach Team fully established

Theatres

- Expansion of Anaesthetics medical workforce implementation commenced including two consultant posts, Specialty Doctors and Associate specialist roles
- Introduction of perioperative recovery group to support recovery of elective services and restore Hartlepool as the Trust's ring fenced elective site.

Research and Development

- North Tees is the first UK hospital to use the treatment through its research and development service's involvement in the exciting national RECOVERY trial, involving some of the most high profile health organisations in the world

Corporate Services

- Development of a vaccination hub to support programme of support for the staff, patients and partners
- A number of successful health and wellbeing initiatives have occurred as a result of the pandemic which have been supported by the alignment of the Employee Engagement, Organisation Development and Wellbeing functions.
- Successfully awarded all 5-payment milestones as outlined within the Global Digital Exemplar Fast Follower (GDE FF) agreement and achieved the Healthcare Information Management Systems Society (HIMSS) EMR Adoption Model (EMRAM) level 5.
- Health Technology News (HTN) – Team Working at Pace Award: Finalist 2020.
- Health Technology News (HTN) - CareScan+ Supporting Healthcare Teams: Winner 2020.
- Health Service Journal (HSJ) – Patient Safety Award: Finalist – 2020.

Optimus Health Limited

Optimus Health Limited is a wholly owned subsidiary company of the Trust. It started trading in 2014-15 and continues to operate and deliver the outpatient and retail pharmacy service at University Hospital of North Tees. During the course of the year, the performance driven service to the Trust has strengthened and continues to broaden its available services to better match the needs of patient demographics.

Through 2020-21, the service has demonstrated its adaptability in maintaining core services and initiated a number of new collaborations with departments across the trust providing effective solutions to enable patients continued access to their medicines; including working with the Holdforth hub, the Walker unit and the volunteer driver scheme. As we move into the new year Panacea will continue to explore further service development to ensure the benefits of this wholly owned subsidiary can be felt across the trust group.

North Tees and Hartlepool Solutions Limited Liability Partnership

On 1 March 2018 the Trust established North Tees and Hartlepool Solutions Limited Liability Partnership (NTH Solutions LLP), which has been formed with Northumbria Healthcare Facilities Management Limited, a subsidiary of Northumbria Healthcare.

NTH Solutions LLP works to provide estates, facilities support services to the Trust, whilst simultaneously working with the wider business community – locally and nationally offering bespoke services. The past 12 months have presented both challenge and opportunity for NTH Solutions LLP, who have worked to align services to the needs of both the Trust and wider community. The teams were able to contribute to a whole trust, whole workforce effort in navigating the COVID-19 health pandemic. This includes:

- **PPE sourcing and developing** – working to ensure that PPE stock was maintained to protect both staff and patients, whilst simultaneously collaborating with a local manufacturing company to create reusable PPE, which was supplied to colleagues across the Integrated Care System (ICS).
- **Enhanced oxygen infrastructure** – estates colleagues worked in partnership with clinical and operational teams to ensure that a robust oxygen infrastructure was in place to ensure the safety of the people that matter most – our patients.
- **Urgent and emergency care upgrade** – within a restricted period of four months the team led the re-modelling and re-development of the urgent and emergency care facilities to reflect the challenges presented by the pandemic regards the ageing estate.

There remains a continued dedication to the green agenda, building on the success of our award winning 2019 energy centre. The continued commitment to reducing our carbon footprint includes the installation of electrical car charging points across the estate and an active involvement in the Trust environmental strategy and sustainability group.

NTH Solutions LLP continues to evolve in terms of business portfolio and launched NHS Deep Cleaning and Advisory Services to a national business audience, with an accreditation by The Royal Society of Public Health.

Additionally, work to support the ambitions of the Trust-developed ‘community kit bag’ for nursing colleagues working within the community has seen an increase in demand both locally and nationally.

From a financial growth perspective, NTH Solutions LLP has increased its profitability in 2020-21 and delivered cash releasing procurement savings.

Information and Technology Services (I&TS)

The Trusts Information and Technology Services (I&TS) offer, is underpinned by a renewed and refreshed digital strategy, this was presented to the Board of Directors in October 2020 and published via the Trust's website in December 2020. The digital strategy is fully aligned to the North East and North Cumbria (NENC) Integrated Care System (ICS) digital strategy and its national and regional priorities.

During the year 2020-21 the Trust continued to progress the remaining elements of our Global Digital Exemplar Fast Follower (GDEFF), programme and associated digital ambitions outlined in the '*Digital Hospital of Things*' programme. Having already achieved level 5 digital maturity status within the; Healthcare Information and Management System Society (HIMSS) Electronic Medical Record Adoption Model (EMRAM), the Trust is now progressing at pace our ambition to achieve an independently accredited HIMSS level 6 or 7 status.
Figure 1 below, provides an indicative timeline addressing the remaining gaps and areas of focus.

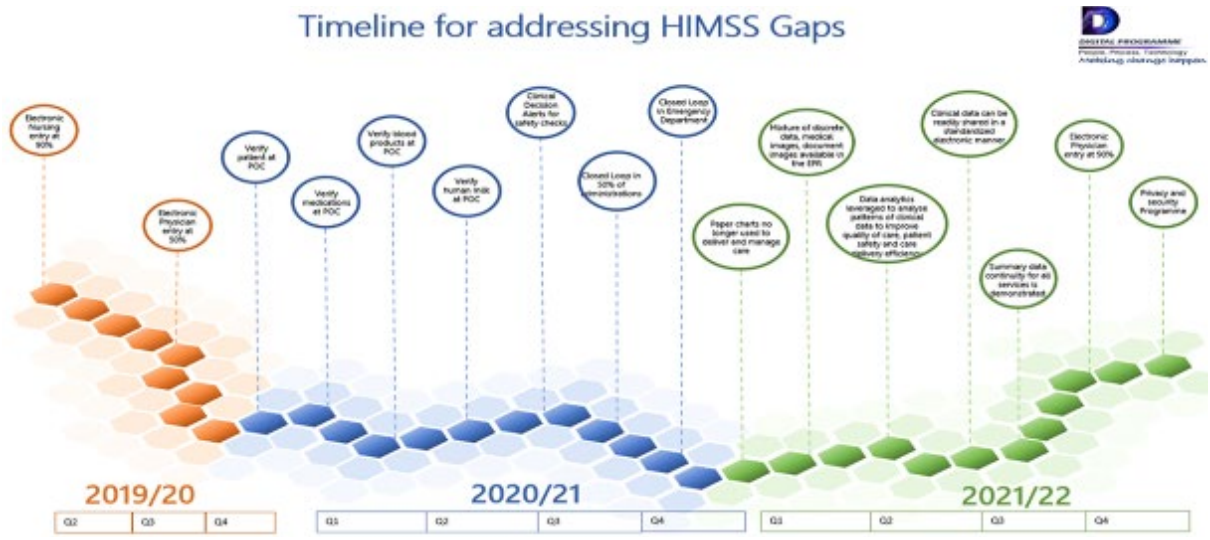


Figure 1.

Other significant developments over the past year have included expansion of the Trusts Electronic Patient Record (EPR) platform, InterSystems – TrakCare, into our busy Theatres environments, in this instance, the delivery of Electronic Prescribing and Medicines Administration (EPMA) into the Theatres settings will further transform key clinical and service areas with digital solutions.

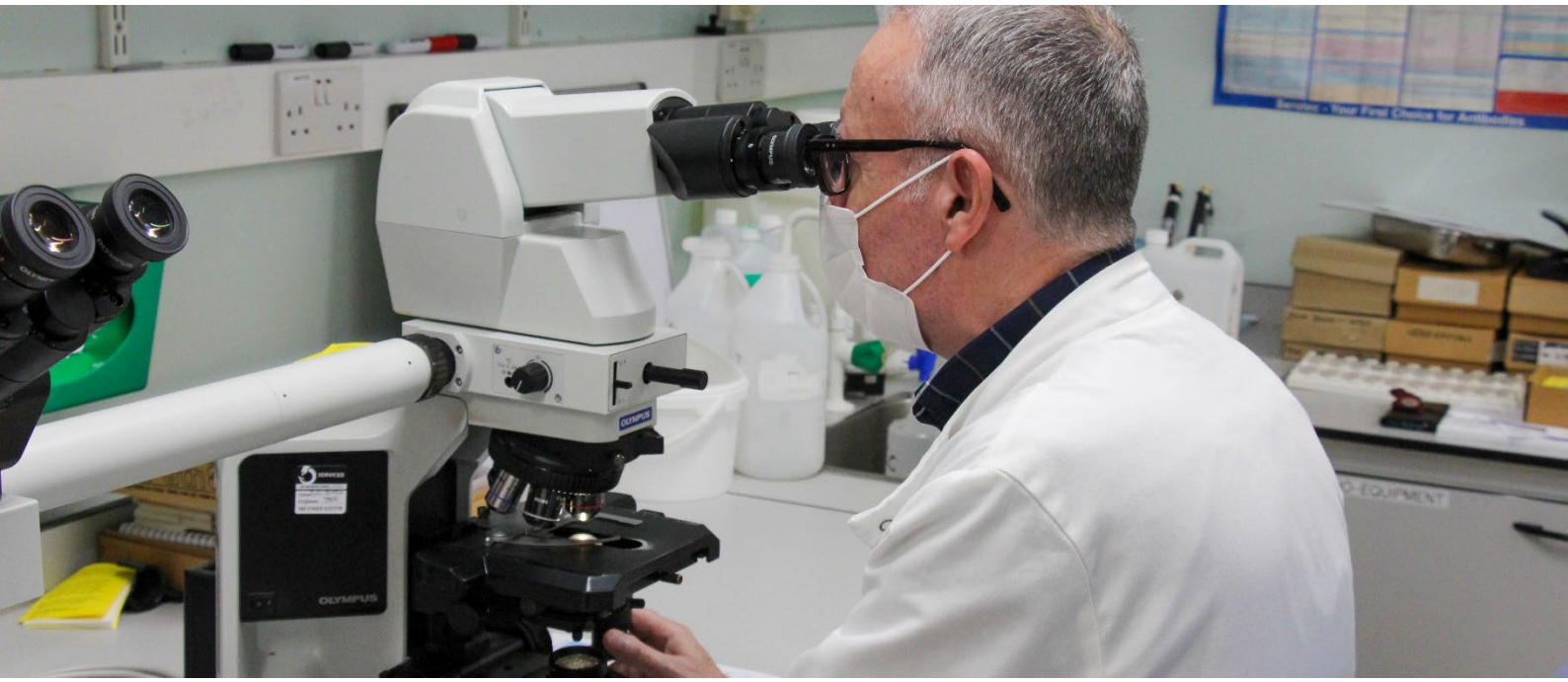
In March 2021, the Trust also became a data "contributor" as part of the regional Great North Care Record (GNCR) programme, having already been a "consumer" of GNCR data for a couple of years. The capability to both receive and contribute contextual patient data into the GNCR is a significant step towards joined-up and integrated patient care for the region and our populations.

At the time of this report, the Trust is in the final testing phase of a significant application upgrade to the TrakCare EPR platform; the upgrade will further enhance the user experience and deliver additional patient benefits.

As a result of the COVID-19 pandemic the I&TS directorate and associated functional teams, implemented a series of digital and technology solutions in response to emerging challenges. Our overarching goal being to protect our people (staff, patients and visitors), whilst at the same time, fast tracking new and innovative solutions that would enable improved information exchange, provide strengthened collaborative communication capabilities as well as supporting staff, patient and visitor experience, further details of these innovations and developments are available within the Trusts published digital strategy available from the Trust website.

Data and Cyber security remains a high priority agenda item for our trust, strengthened requirements as part of the new Data Security and Protection Toolkit (DSPT), additional third party audit oversight will complement our ambition to progress towards the Cyber Essentials Plus (CE+) standard, thereby providing demonstrable evidence of the organisations commitment to ensure that data and cyber security is a key priority.

We remain committed to, and an integral part of, the broader regional collaboration across the NENC ICS, and the sub-regional, South Integrated Care Partnership (ICP). The Trust continues to lead and support a number of regional digital transformation programmes. The Chief Information and Technology Officer (CITO) continues to work on a part-time basis within the Trust and as the Chief Digital Officer (CDO) across the NENC ICS.



3.1.6 Stakeholder relationships

The Trust continues to build on relationships with its partners, commissioners and local stakeholders, accommodating the changes in the organisational structures in the health and social care economy and furthering the ambitions contained within the NHS Long Term Plan.

We continue to maintain a strong focus on the external partnership environment and this has been further developed through the Trust's focus on the prevention agenda with colleagues from the Tees Valley Clinical Commissioning Group (CCG), Hartlepool Borough Council and Stockton Borough Council' Public Health teams. This has culminated in a significant piece of work to establish strategic interventions aimed at alcohol, smoking and obesity through partnership, and it is an important aspect of the Trust's approach towards improving the health of the population.

Population health and public health, in general, 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.

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.

Our Trust is a partner in the Academic Health Science Network (AHSN) for the North East and North Cumbria, which aims to recognise the ideas originating from the region's health service, turning them into treatments, accessible technologies and medicines to enable patients to benefit from better healthcare

As well as seeking additional opportunities to engage with local GPs to develop a stronger alignment between primary and secondary care, the Trust also continues to build stronger alliances with colleagues at South Tees and County Durham and Darlington Hospitals to improve existing care pathways and initiate new ones including rheumatology, haematology, spinal, urology, microbiology and interventional radiology.
The Integrated Urgent and Emergency Care service continues to provide high quality care and support through a combination of the Trust's Urgent Care Centre (UCC) and a high performing Emergency Department (incorporating Accident & Emergency). The provision of the UCC is a vital component in easing some of the burdens and strains on the A&E department and staff continue to work closely with the GP Federation on admission avoidance and how the Trust can make improvements to its future operating model.

Strong stakeholder relationships are key to the development and delivery of the system wide partnerships and the Trust continues to expand on the collaborative work carried out to date to support further service reform.

3.1.7 Issues, opportunities and risks

Following the emergence of COVID-19 in March 2020, the Trusts robust and established mechanisms for managing risk (including rapidly emerging risks), supported by its Corporate Governance structure and Risk Management Strategy have been pivotal to the effective management and reporting of risks. 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.

For 2020-21, the Trust originally agreed to a control total of £1.2m deficit with NHS Improvement, which would be matched by Financial Recovery Funding (FRF) that would support the Trust to deliver a breakeven position. As COVID-19 emerged, simplified block contract arrangements were introduced for the first half of the year (April to September 2020) with the opportunity to retrospectively claim for COVID-19 related expenditure and recovery of lost income as a result of COVID-19. In each of the first six months of the year, the Trust delivered a breakeven position. For the second half of the year, ICP financial system envelopes were introduced (October 2020 to March 2021) and funding was distributed via the Clinical Commissioning Group to provider organisations. These financial arrangements have also been predicated on system working at an Integrated Care Partnership (ICP) level between:

- North Tees & Hartlepool NHS Foundation Trust
- South Tees Hospitals NHS Foundation Trust
- Tees, Esk & Wear Valleys NHS Foundation Trust
- NHS Tees Valley Clinical Commissioning Group

As an ICP, the organisations as a collective were required to deliver a breakeven position. At the end of 2020-21, the Trust has reported a surplus position of £9.387m (excluding technical adjustments e.g. impairments) which is the figure that will be reported against the ICP system achievement. This is a significant improvement compared to 2019-20 surplus of £0.7m and demonstrates the continuing improvement of the underlying deficit position. Furthermore, the reported position has been underpinned by efficient and effective cost containment, controls and processes.

During 2020-21, there was an impairment of £5.4m predominantly relating to the completed

capital work to modernise and improve patient flow in the main entrance to Accident & Emergency. This does not impact on control total delivery or the cash position and is an accounting adjustment based on a valuation of the Trust estate by the District Valuer.

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 2020-21 which has maintained 'grip and control' over our financial position. The Trust has engaged effectively with NHS Improvement during 2020-21.

2021-22 Outlook

The Trust's 'Long Term Plan' (LTP) was submitted as part of the regional ICS submission to NHSE/I in late 2019. The financial target for the Trust for 2021-22 was to deliver a breakeven position. The Trust originally signed up to these trajectories and has subsequently, devised a five-year financial strategy to achieve them. This model is based on a series of planning assumptions (i.e. inflation and pay awards) provided by NHSE/I, as well as commissioner affordability from a contractual perspective. CIP targets were subsequently devised in order to bridge the residual financial gap.

Despite the proposed financial arrangements for H1 of 2021-22, the Trust has planned and approved budgets on delivering the original 2021-22 LTP trajectories. This is on the basis that the NHS is expected to revert to pre-COVID-19 arrangements.

The Trust 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 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. The commissioner and Trusts within the ICP have agreed to work closely to identify system solutions that will enable both provider and commissioner to meet their financial obligations for 2021-22.

The Trust's original financial plan for 2021-22 approved at the Board of Directors meeting in March 2021, required the Trust to deliver **a break-even position** and required the Trust to deliver a IP requirement of £7m (approx. 2.2% of turnover).

Since approval of the plan at the Board, the ICP system financial envelopes have now been finalised. In order to ensure a breakeven position across the ICP, the Trust agreed to deliver a £2m surplus in the first half of the year. Further discussions took place between Directors of Finance due to worsening forecasted financial positions of South ICP organisations. As a result, the Trust agreed to deliver a £3m surplus position at the end H1 and a planned breakeven position for the second half of the year, with an overall surplus of £3m at year-end. The Trust is confident that it can support the system in this manner and deliver its financial plan for 2021-22, but it is not without system risks.

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 with South Tees Hospitals NHS Foundation Trust.

3.1.8 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 for one year from signing of the financial statements. National system funding envelope arrangements that have been operational since Month 7 of 2020-21 will rollover into Quarter 1 and 2 of 2021-22 and will allow the Trust to continue to provide services. When these arrangements cease, the currently suspended contracting and commissioning processes will then resume to confirm the financial arrangements for the remainder of the year. It is anticipated that these financial arrangements will 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. Furthermore, guidance on assessing going concern was issued by NHSE/I on 1 April 2021 (Ref. B0525) which confirms the anticipated future provision of services in the public sector and it is highly unlikely that NHS organisations would have any material uncertainties over going concern to disclose.

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. The accounts should therefore be prepared on a going concern basis.

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.


Patients Name
Consultant
My Nurse today is:
MOBILITY
Bed
3

3.2 Performance Analysis

3.2.1 Performance and Development of the Trust's Business

During 2020-21, the Trust has continued to review and re-model its services to meet the needs of the population. This year the Trust's bed base has regularly been re-aligned to allow greater flexibility to meet the demand of the Covid-19 pandemic and increased admissions this brought 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, including the expansion of the critical care footprint, ultimately impacting on the management of elective pathways. The elective bed base has been re-configured, providing a flexible weekday 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 2020-21 and clearly demonstrates the impact of the pandemic with both elective and emergency activity significantly reduced as a result of the national directive to pause all non-urgent services following the Government Lockdown on 23 March 2020, further compounded by patients avoiding hospital environments. Due to these influencing factors, a comparison to the previous year's activity is not like for like due to the unprecedented nature of activity during 2020-21.

Despite the reduction in activity levels, 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	2019-20 Actual	2020-21 Actual	Variance against 2019-20	%Variance against 2019-20
A&E Attendances	173,120	120,694	-52,426	-30.28%
Day Case Admissions	35,598	23,243	-12,355	-34.71%
Inpatient Planned Admissions	4,578	3,007	-1,571	-34.32%
Inpatient Emergency Admissions	41,216	33,939	-7,277	-17.66%
Ambulatory Care Attendances	11,653	6,955	-4,698	-40.32%
Outpatient Attendances (New and Review)	166,394	134,871	-31,523	-18.94%
Ward Attendances	39,303	39,592	289	0.74%

3.2.2 Performance Review

The Trust is committed to developing and improving service efficiency and productivity in collaboration with our lead Clinical Commissioning Groups (CCG). A restructured Business Intelligence team this year allowed a key focus on re-designing the Trust main reporting methodology and saw the implementation of an improved business intelligence tool to support performance monitoring and reporting. This further enhanced the evidence-based decision making across the organisation, with Corporate and Care Group dashboards developed to allow timely and proactive access to real time data.

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

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 Trust continually reviews and transforms its pathways through service improvements, delivering operational efficiencies and enhanced patient experience through projects identified and implemented using PDSA (Plan Do Study Act), Local Improvement System (LIS) and Quality Improvement methodologies to diagnose and drive change. The Trust has implemented a number of initiatives to

support the delivery of the efficiency agenda with particular improvements noted across outpatient DNA rates, new to review ratios, elective and emergency lengths of stay.

One of the key ways in which the quality of care we provide is monitored and the extent to which we are continually improving as a Trust is via the annual priorities for quality improvement. Other sources of information, which inform how we are performing from a quality perspective, include:

- Patient experience data
- Complaints and patient feedback
- Clinical audit

Further detail on how we monitor quality will be outlined in the Quality Account, which will be published later in the year.

The Trust is fully committed to providing individualised care to patients who may have specific needs in relation to equality. Vulnerable patient groups, such as patients with dementia and learning disabilities are provided with specific key documents, such as the 'Hospital Passport' and 'All about me' which assist staff in providing care that meets the needs and wishes of the patients. Reasonable adjustment flags have been implemented to inform staff of suggested individualised plans for patients. Specialist dementia and learning disability nurses promote reasonable adjustments and provide training and support to staff, all ward areas now have at least two dementia champions and a number of staff have received training through the learning disabilities diamond standards training programme.

From receipt of referral, a patient's communication preference is recorded to ensure visibility for all staff in order to ensure an appropriate method of communication is in place. An Accessibility Meeting has been introduced to identify any barriers to our services, including communication, which looks at reasonable adjustments and improvements to ensure as wider access as possible. The meeting includes service user representation from our local Deaf Centre, a local sensory loss charity as well as Leads within the Trust for Dementia and Learning Disabilities.

We are able to provide information in a variety of ways including braille and our translation and interpretation service provider is available 24/7, 365 days for verbal and written communication. They provide face-to-face, telephone, British sign language, document translation and braille services upon our request. From 1 April 2020 to 28 February 2021, 95% of translation or interpretation requests were fulfilled (awaiting March 2021 data).

With regards to our buildings, ensuring equality of service and accessibility to our services is always taken into consideration when planning and looking at improvements for the future. Our estate is assessed and work planned to improve the equality and accessibility across the Trust, with an equality audit commissioned for 2021-22. The Trust are in the process of developing a new external Trust website in line with the Accessible Information Standards, identifying gaps and looking to add/alter/change existing systems to support implementation of the Standard.

3.2.3 Emergency Preparedness Resilience and Response (EPRR) Assurance 2020-21

The Trust has a statutory duty to plan for and be able to respond to a wide range of emergencies and business continuity incidents that could affect health or patient care. As a category 1 responder (Civil Contingencies Act (2004), the Trust must be able to provide an effective response in an emergency whilst still maintaining critical service provision.

To help support and underpin this function The Trust is subject to an annual programme set out by NHS England and Improvement to provide assurance against the existing emergency preparedness and business continuity preparations within the Trust and to help highlight any areas for improvement.

This supports provider with annual assurance process and winter planning, and identifies and anticipated increases in pressures on NHS Trusts in relation to:

- Continuing impacts of COVID-19.
- Operational demands of restoring services.
- Upcoming seasonal pressures.

NHS England and Improvement issued an amendment to the assessment and reporting requirements for the 2020-21. The amended process focused on three main areas:

- Progress made by organisations against EPRR core standards that were reported as partially or non-compliant in the 2019-20 process.
- Assurance on the process of capturing and embedding learning from the first wave of the COVID-19 pandemic.
- Inclusion of progress and learning on preparations for winter planning.

The Trust's assurance rating for the 2019-20 Core Standards assessed as 'substantially compliant', of the 64 standards the Trust was:

- Fully compliant on 60
- Partially compliant on 4

During 2020-21 the core standards compliance ratings remained the same as 2019-20 with the Trust compliant with 60 of the 64 standards. The pandemic response has provided assurance of the organisations incident command arrangements and learning has been captured to support the Board Assurance Framework. Nationally, there was no requirement to report against the compliance standards in 2020-21, recognising the NHS was subject to a level of national incident management.

An external audit of Business Continuity arrangements was undertaken in 2020-21 and has resulted in the establishment of a Business Continuity sub-group reporting to the Trust Resilience Forum. It is expected that the review of standards due in 2021 will show compliance against standard 51 (Business Continuity Plans) and Standard 53 (Business Continuity Audit). This work has also addressed Standard 55 (Assurance of commissioned providers/suppliers BCPs) and re-assessment of the standards will be completed in 2021. Progress against full compliance of standard 20 (Shelter and Evacuation) was delayed as partner category 1 responders suspended live exercises during the pandemic. A programme of live exercises is in place for the year ahead and will support continued progress towards full compliance of the core standards.

Effective surge management remains a priority within emergency preparedness, with patient flow remaining central to effective service delivery. The Trust's winter plan outlines a number of key drivers, which support patient flow across the Trust and the wider system, these include:

- A new command and control model with virtual links into Hartlepool and Stockton community escalation, 7 days a week, incorporating an Integrated Single Point of Access.
- Offering support to care homes to ensure on-going compliance with Infection Prevention and Control measures
- Rapid response nursing provision across admission areas to promote the role of out of hospital pathways.
- Virtual visiting and support for effective communication with relatives.
- Access to virtual huddles, twice daily, 7 days a week.
- 7-day therapy provision across acute beds and in the community.
- Home but not alone project – 7-day service linked to volunteer driver scheme.

3.2.4 Care Quality Commission

The Trust was last inspected by the Care Quality Commission (CQC) at the end of 2017 and achieved a "Good" overall rating. The CQC identified significant levels of good practice in all areas inspected, which we have continued to celebrate and built upon to sustain and continue improvements to patient care. The well-led element of inspection was also rated as "Good" noting that there was a clear statement of vision, driven by quality and sustainability and leaders at every level were visible and approachable.

We continue to work towards achieving an 'Outstanding' across all five of the CQC domains by ensuring that excellence is standard in all aspects of care delivery. There is a quality and improvement strategy underpinned by robust governance including a structured performance framework designed to ensure there is absolute focus upon the delivery of safe, patient-centred, high-quality care.

We have a strong focus on continuous learning and quality improvement at all levels throughout the organisation. We continue to improve services across the organisation, working towards achieving Excellence as our Standard and an `Outstanding` rating. `Putting our Population First` is a key strategic objective achieved by continuous learning and quality improvement at all levels throughout the organisation; by developing a culture which is created through, collective, compassionate leadership, is person-centred adding value to patient experience and that can be demonstrated through patient safety, high quality, effective and efficient delivery of care

The Quality Improvement Strategy, which is aligned to the vision, mission and values of the Trust, outlines our future intentions of developing a Faculty for Improvement and Leadership focused on supporting and continuing to develop those leaders and behaviours, who will realise the ambition of the organisation for our people now and into the future.

The full inspection reports for the Trust are available to the public on the CQC website:

www.cqc.org.uk/provider/RVW.

3.2.5 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. This included adhering to national guidance to reduce non-urgent activity and then immediately embark on a recovery trajectory. By March 2021, the Trust was fully operational once again in terms of pre-COVID levels of capacity. This was supported by the return of Clinically Extremely Vulnerable (CEV) staff shielding and all redeployed clinical staff returning to their substantive roles.

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 Annual Operating Plan requirements. Robust governance structures support the on-going recovery programme.

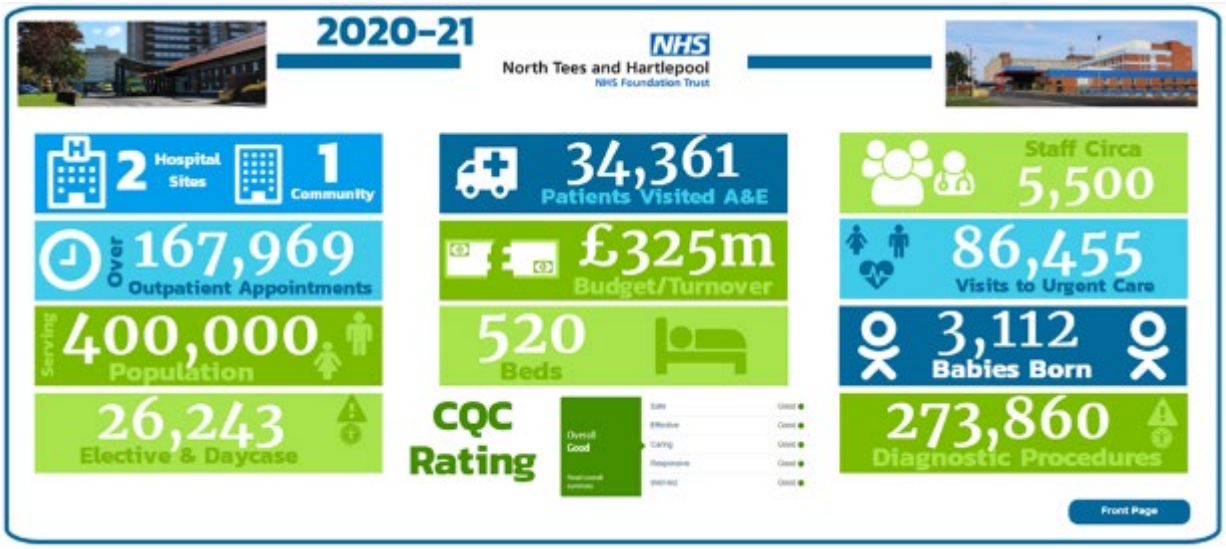
As outlined above, operational efficiency and productivity remains a key focus of the Trust, ensuring outcome measures across Outpatients (DNAs and New to Review Ratios), Theatres (cancellations and utilisation) and Emergency pathways (admission avoidance, extended lengths of stay) all continue to be 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 Single 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-19 on the regular performance standards, the Trust has continued to deliver safe, patient centered services, maintaining its focus on quality care.

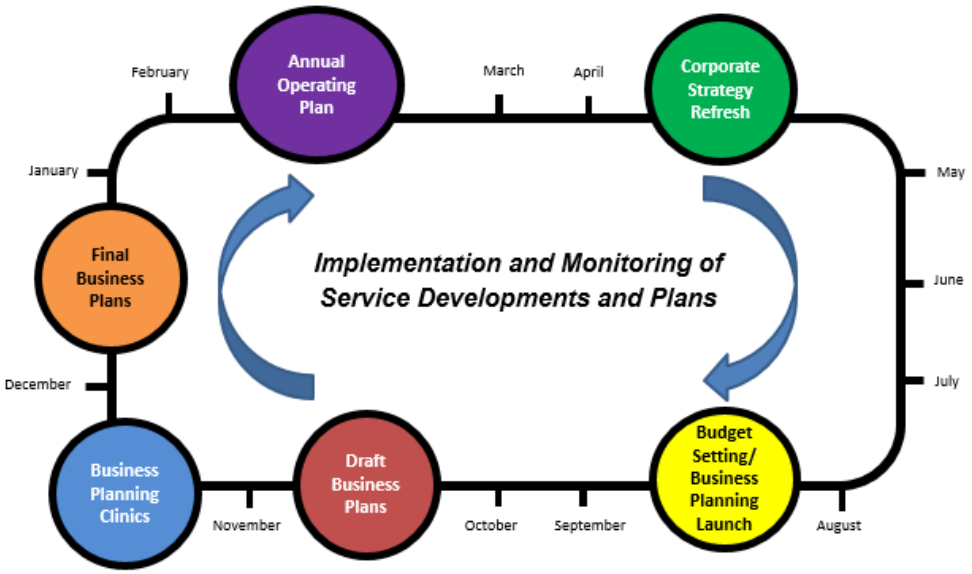
Graphic * below provides an overview of the Trust's deliverables during 2020-21.



3.2.6 Business Planning and Linkages 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 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 2021-22 include:

Care Group 1 – Healthy Lives

- Delivery of an i-MSK model for pain, rheumatology and orthopaedic pathways
- Implementation of the Long COVID-19 pathway and associated clinics

Care Group 2 – Responsive Care

- Development of a 7 day cardiology service
- Implementation of Brainomix Artificial Intelligence for stroke, to promptly diagnose large vessel occlusion and expedite intervention

Care Group 3 – Collaborative Care

- Introduction of robotic surgery
- Expansion of diabetic foot management to provide a service across the ICP

Corporate Services

- Expand wellbeing and engagement resource for staff
- Further development of the Business Intelligence Function and Yellowfin software to provide robust data analysis

3.2.7 Future Challenges to Performance Delivery

The Annual Operating Guidance for 2021-22, 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:

- Supporting the health and wellbeing of staff and taking action on recruitment and retention
- Delivering the NHS COVID vaccination programme and continuing to meet the needs of patients with COVID-19
- Building on what we have learned during the pandemic to transform the delivery of services, accelerate the restoration of elective and cancer care and manage the increasing demand on mental health services
- Expanding primary care capacity to improve access, local health outcomes and address health inequalities
- Transforming community and urgent and emergency care to prevent inappropriate attendance at emergency departments (ED), improve timely admission to hospital for ED patients and reduce length of stay
- Working collaboratively across systems to deliver on these priorities.

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 & Emergency Care Network and Health and Wellbeing Boards.

3.2.8 Environment, Sustainability and Climate Change

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

1. Completed the capital for the period 2020-21 to deliver a wide range of patient environment, safety, backlog maintenance and service improvements and developments across the Trust;

2. 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;

3. Year 2 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 £21.4m, against a budget of £23m, which is 93% of the Trust's planned spend for the 2020-21 year.

- Medical equipment replacement allocation was £2.851m plus an additional £1.7m in external funding awarded partway through the financial year;
- Backlog maintenance costs across the whole estate was reduced by £2.65m, from £37.85m to a revised total of £35.2m. High-risk backlog maintenance was reduced from £3.7m to £3.2m.
- The Trust was awarded £3m to refurbish the A&E department, and a further £3.517m to address critical infrastructure risks;
- The Trust was reimbursed £107k to increase oxygen capacity at the UHNT site
- Installation of the replacement fire alarm system concluded at UHNT. A revised fire training programme is being delivered to staff ahead of the proposed changeover of the systems in quarter 1: 2021-22;
- Design of the replacement fire alarm system at UHH took place in 2020-21, ahead of installation in 2021-22.
- The replacement and refurbishment of ten lifts at UHNT concluded. The remaining four lifts will be addressed in subsequent years of the backlog maintenance programme;
- A significant amount of external works have taken place on both the UHNT and UHH site, including re-roofing (£1m), re-surfacing of car parks and footpaths(£0.3m) and concrete repair works to the tower block at UHNT (£0.5m);

- North Tees and Hartlepool Solutions LLP replaced a number of their transport fleet with electric vehicles. 40 Electric vehicle charging points were installed for use by both staff and the public across the Trust estate;
- Replacement of 135 electronic patient beds and 40 in-patient catering trollies.
- Oxygen capacity at North Tees has increased from 1000 litre/min in February 2020 to 3000 litre/min now with additional capacity to split site and run up to 6000 litre/min. Increased by re-arrangement of Liquid Oxygen vacuum insulated evaporators (**VIE**), larger VIE vessel on the former heli-pad and the construction of a large-bore ring-main, with several supplementary supply loops. Oxygen flow capacity to Tower floors 3 & 4 and EAU doubled.

North Tees and Hartlepool Solutions LLP and the Trust endorses the views of Saving Carbon, Improving Health (2008) and the aims of the NHS Sustainable Development Unit to reduce the Carbon Footprint of the NHS and to be a good 'Corporate Citizen'.

Through the Environmental, Sustainability and Carbon Governance Committee we initiated a Carbon Management Plan in 2010 with the following aims:

- To work towards a low carbon environment across our services that include transport, service delivery and community engagement
- To reduce carbon emission from energy, waste, procurement and transport
- To realise financial savings.

The Trust initially aimed to reduce its 2007 carbon footprint by 10% by 2015, which required us to curb the level of growth in emissions and reverse the trend in absolute emissions and this was initially established to focus resources into deliverable short, medium and long-term goals with an ambitious stretch target of 20% reductions.

The initial period of the Carbon Management Plan (CMP) was completed successfully in 2016, achieving the ambitious CO_2 emissions reduction targets: 17% over the 5-year programme and 20% against the Government benchmark year of 2007-08. Continuing the reduction in the Carbon Footprint, a further reduction target of 2% per year was set. This target has been exceeded and the value is now over 30% down against the Government benchmark.

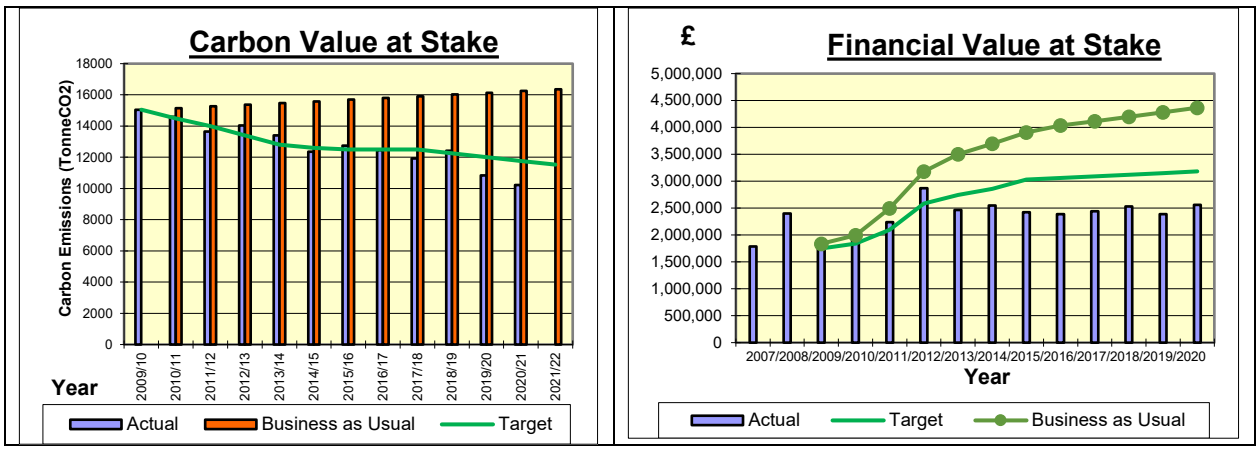
In 2020-21, the Trust has seen its annual Carbon Footprint reduced by a further 10% through good Combined Heat and Power (CHP) running, reduced demands and further Capital funding:

- Significant investment in LED lighting – aided by £300,000 fund from NHS Improvement.
- Installation of modern energy efficient and compliant air conditioning plant.
- Solar PV generation from the 2 arrays on Podium and Energy Centre roofs.
- Incremental enhancements of bringing the new Energy Centre on line, with improved insulation, energy management controls and optimisation of the CHP heat recovery.

From these schemes, previous successes in carbon reduction, participation in the 'Good Corporate Citizen Assessment' model developed by the Sustainable Development Commission and the continued efforts of the multi-disciplinary team, we have achieved and exceeded our targets saving over £10m in accumulated cost avoidance from the programme, against the Carbon Trust's predicted Business as Usual modelled costs.

The benefit has been demonstrated through excellent Display Energy Certificate (DEC) ratings, both sites at Hartlepool and North Tees have been graded C (an improvement on last year, which was C /D respectively).

In 2020-21 further carbon reductions have been made reducing our carbon footprint a further 5.7%, Electrical demand at North Tees has been reduced by 7% - due to the installation of additional LED lights and energy saving measures with investment of a further £220,000 of capital. The programme of replacing old inefficient air conditioning units has continued and the project has reduced the environmental impact from 1800 TonnesCO2 to 1300 TonnesCO2 in 3 years.



Premises Assurance Model (PAM)

The NHS PAM has been produced for the financial year 2020-21 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 2021-22 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. There are no significant risks arising from these fire risk assessments. Compliance is being achieved due to internal provisions within the Trust & 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 Fire Safety audits 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.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SOLUTIONS

4. Accountability Report

The previous section offers a comprehensive overview of our performance, incorporating a review of our business, a summary of our strategy, and a description of the principal risks and uncertainties we face.

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

- How the Trust is organised, with 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 Directors' 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 2020-21 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;
- 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 pages 41-47

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 five 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.

In order to reduce the burden and release capacity within the Trust to manage the COVID-19 pandemic measures were introduced in line with NHS England and NHS Improvement guidance. This affected the ability to hold face-to-face meetings and resulted, initially, in focussed agendas and streamlined meetings, which were held virtually via either Microsoft Teams or Cisco.

The range of development and information sessions held with the Governors during 2020-21 were reduced due to COVID-19, however, two sessions were facilitated on the following themes:

COVID-19 response and update	Teeswide Provider Collaboration

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 2020-21 to seek 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

Our Trust values the contribution of its Governors and the plethora of experience they bring.

Role and Composition

The Council of Governors comprises 34 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	**6** Appointed members
6 Staff Governors	

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 2020:

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

The outcomes of elections are detailed in the table below:

Date of Election	Constituency	Number of Votes Cast	Turnout %	Number of Eligible Voters
9 November 2020	Hartlepool	216	14.4	1,505
9 November 2020	Stockton-on-Tees	445	18.7	2386
9 November 2020	Sedgefield	Uncontested	-	-
9 November 2020	Easington	No nomination	-	-
9 November 2020	Non-core	22	8.7	252
9 November 2020	Staff	Uncontested	-	-

Meetings of the Council of Governors

The Council of Governors meetings are held in public, five were held during 2020-21. In addition, an extra-ordinary meeting of the Council of Governors was held in January 2021 where plans were outlined for the future ambitions of the Trust working in partnership and collaboration with South Tees Hospitals NHS Foundation Trust. Due to the move to virtual meetings for 2020-21, 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. The first meeting held in 2020-21 was conducted with a representative group of Governors, following which all meetings were held with the full Council of Governors.

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 2020-21.

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 2020-21 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 2016; the outcome being a two-year contract, with a further two-year extension of the arrangement up until the audit and completion of the 2019-20 accounts. The External Audit Working Group commenced the process to appoint external auditors in August 2020 in preparation for the contract commencing on 1 January 2021. This would ensure a period of familiarisation and embedding prior to commencement of the review of the annual report and accounts for 2020-21.

The process was concluded in October 2020, with a recommendation that Deloitte be appointed for a two year period, which was presented to the Council of Governors for formal ratification on 10 December 2020.

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.

During 2020, the Nominations Committee, ratified by the Council of Governors, agreed to extend the term of office of Paul Garvin, Chairman, Kevin Robinson, Non-Executive Director, Jonathan Erskine, Non-Executive Director and Rita Taylor, Associate Non-Executive Director.

The Nominations Committee appointed Neil Schneider as an Associate Non-Executives on 1 July 2019 and following a period of shadowing and transition, he was confirmed as a full Non-Executive Director in July 2020, taking over the chairmanship of a number of committees and responsibilities relating to Workforce.

In January 2021, proposals were presented to the Nominations Committee in relation to progressing the ambition of the Trust to develop the Tees Valley and North Yorkshire Provider collaboration plans. COVID-19 pandemic had seen organisations having to adopt different ways of working and more shared working across organisations, which was the case of this trust and South Tees Hospitals NHS Foundation Trust. It was therefore appropriate to build on this success with the refreshed provider collaborative to be able to better support front line services and staff to create new dynamic solutions of care for the benefit of patients across the Tees Valley and North Yorkshire.

To support these plans the Chairman tendered his resignation with effect from 31 January 2021 and the Nominations Committee considered and agreed the proposal for the appointment of a Joint Chair between South Tees Hospitals NHS Foundation Trust and the Trust. It was agreed that whilst recruitment was undertaken to appoint to the role on a substantive basis, Neil Mundy would take up the position on an interim basis for six months. In addition, to fully support these arrangements and the statutory requirements of the Trust, the Nominations Committee considered the role of Vice Chair, with Steve Hall recommended for the role from 1 February 2021. The Council of Governors ratified these recommendations at an extra-ordinary meeting held on 21 January 2021.

The Senior Independent Director led the appraisal review of the Chairman; members of the Council of Governors and Board Directors completed a questionnaire relating to the Chairman's performance. The

outcome was reported to the Nominations Committee and subsequently to the Council of Governors for ratification. The Senior Independent Director shared the analysis of responses with the Chairman and agreed any actions and objectives.

The Chairman had regular 1:1 meetings with the Non-Executive Directors throughout 2020-21 and undertook reviews and appraisals of performance.

Joint Nominations Committee – In addition, 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 is to establish, agree and support the process for the recruitment, selection and appointment of the Joint Chair, working on behalf of both Council of Governors, and putting forward recommendations for ratification. The inaugural meeting was held on 30 March to commence the process for recruitment to the substantive Joint Chair position.

Nominations Committee Attendance

Name	Total Number of Meetings Attended	Total Number of Meetings Held
Paul Garvin	1	2
Linda Nelson	2	2
Tony Horrocks	2	2
Alan Smith	2	2
Janet Atkins	1	2
Wendy Gill	2	2
Carol Alexander	2	2
Mark White	2	2
Barbara Bright	2	2

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	5	5	-
Mike Young	Hartlepool Borough Council	1	5	-
Eunice Huntington	Durham County Council	2	5	-
Dominic Johnson	Newcastle University	2	5	-
Tony Alabaster	University of Sunderland	-	5	-
Linda Nelson	University of Teesside	2	5	NC

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	5	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	5	SSDC
Asokan Krishnaier	Staff	3 years from 2017 re-elected from 2020	2023	4	5	SSDC
Dave Russon	Staff	3 years from 2018	2021	4	5	SSDC,MSC
Andy Simpson	Staff	3 years from 2019	2022	5	5	SSDC
Siva Kumar	Staff	2 years from 2019	2021	3	5	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	4	5	SSDC,MSC
Alan Smith	Hartlepool	3 years from 2015, re-elected for 3 years from 2018	2021	5	6	SSDC, MSC, NC & EAWG
George Lee	Hartlepool	3 years from 2015, re-elected for 3 years from 2018	2021	2	5	SSDC
Roger Campbell[1]	Hartlepool	2 years from 2015 re-elected for 3 years 2017	2020	1	3	
Geoff Northey	Hartlepool	1 year from 2019, re-elected for 3 years from 2020	2023	1	5	SSDC
Ian Simpson	Hartlepool	3 years from 2019	2022	4	5	SSDC, MSC
Aaron Roy	Hartlepool	3 years from 2020	2023	1	2	SSDC
Janet Atkins	Stockton	3 years from 2009, re-elected for 3 years 2012, 2015 & 2018	2021	-	5	SSDC, EAWG, NC, MSC
Ann Cains[2]	Stockton	3 years from 2011 re-elected for 3 years 2014 & 2017	2020	3	3	SSDC, MSC
Margaret Docherty	Stockton	3 years from 2013, re-elected for 3 years 2016 & 2019	2022	4	5	SSDC
Mark White	Stockton	3 years from 2015, re-elected for 3 years from 2018	2021	6	6	SSDC, EAWG & NC
Tony Horrocks	Stockton	3 years from 2014, re-elected for 3 years 2017 & 2020	2023	5	6	SSDC, MSC, NC & EAWG
John Edwards	Stockton	3 years from 2014, re-elected for 2 years 2017 and 3 years 2019	2022	4	5	SSDC, EAWG
Kate Wilson	Stockton	3 years from 2009 re-elected for 3 years 2012, 2015 & 2018	2021	1	5	SSDC
Gavin Morrigan	Stockton	3 years from 2018	2021	-	5	SSDC, MSC
Jean Kirby	Stockton	3 years from 2019	2022	-	5	SSDC
Pat Upton	Stockton	1 year from 2019, re-elected for 3 years from 2020	2023	2	5	SSDC
Victor Manejero[3]	Stockton	2 years from 2018	2020	-	3	EAWG
Raymond Stephenson	Stockton	3 years from 2020	2023	1	2	SSDC
Anne Johnston	Stockton	3 years from 2020	2023	1	2	
Mary King	Easington	3 years from 2010 re-elected for 3 years 2013, 2016 & 2019	2022	6	6	SSDC, MSC

Wendy Gill	Sedgefield	3 years from 2010 re-elected for 3 years 2013, 2016 & 2019	2022	5	6	SSDC, MSC, NC
Carole Lawford[4]	Sedgefield	1 year from 2019	2020	-	3	
Ruth McNee	Sedgefield	3 years from 2020	2023	2	2	SSDC
Alison McDonough[5]	Non-core public	3 years from 2014, re-elected for 3 years 2017	2020	1	3	SSDC
Angela Warnes	Non-core public	3 years from 2020	2023	2	2	SSDC

There were minimal costs associated with Council of Governors meetings and expenses during 2020-21 due to all meetings being facilitated virtually in line with the measures implemented during COVID-19. The costs including travel and subsistence were £17 for 2020-21 and £2,560 for 2019-20.

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

[1] Roger Campbell appointment ended 30 November 2020
[2] Ann Cains appointment ended 30 November 2020
[3] Victor Manejero appointment ended 30 November 2020
[4] Carole Lawford appointment ended 30 November 2020
[5] Alison McDonough appointment ended 30 November 2020

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:

Director of Corporate Affairs and Chief of Staff,
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. As the Trust continues to develop, members can expect to participate more fully and help to shape the delivery of services. The Trust has some 11,082 members, which comprise 5,373 public members and 5,709 staff members:

Constituency	Number of members	Percentage of membership
Hartlepool	1,495	27.8%
Stockton-on-Tees	2,377	44.2%
Easington	789	14.7%
Sedgefield	455	8.5%
Non-Core	257	4.8%
Total	**5,373**	

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 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 2020-21 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.

4.1.3 Board of Directors

As a Foundation Trust, the Board of Directors are accountable to the independent regulator NHS Improvement (Monitor), 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, six Non-Executive Directors (NED), who are voting and one Associate Non-Executive Director who are all independent; 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. All 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.

Membership of the Board of Directors and biographical details of individual Board Members are displayed on pages 48-51 The Trust recognises the need for balance, completeness and appropriateness with regard to

its Board Members and believes this is provided as reported in the Directors' experience section pages 48-51.

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 2021 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 Chairman 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 2020-21. 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.

The national financial arrangements for 2020-21 resulted in an additional monthly advanced payment to support liquidity. This has enabled the Trust to achieve higher percentage levels of invoices paid within the required target, when compared to the pre-COVID-19 period.

Better payment practice code	31 March 2021	
	Number	£'000
Non NHS		
Total bills paid in the year	62,590	113,415
Total bills paid within target	52,852	90,448
Percentage of bills paid within target	**84.44%**	**79.75%**
NHS		
Total bills paid in the year	1,643	23,415
Total bills paid within target	1,260	22,216
Percentage of bills paid within target	**76.69%**	**94.88%**
Total		
Total bills paid in the year	64,233	136,830
Total bills paid within target	54,112	112,664
Percentage of bills paid within target	**84.24%**	**82.34%**

Board of Director's Attendance

The Board held five 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 17 occasions during 2020-21, with seven sessions held in public and ten 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.

Due to the outbreak of COVID-19 and in line with NHS England and NHS Improvement guidance, the Board of Directors meetings have been held virtually during 2020-21; the decision was also taken for key sub committees to be conducted using this medium with the exception of the weekly Executive Team Meetings. All sub committees continued throughout 2020-21 to ensure focus was maintained, although, initially all non-essential meetings were cancelled to allow for the appropriate management of the pandemic, however, these were re-established as soon as possible

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	Total No. of meetings held	Notes
Paul Garvin, Chairman	15	15*	Left the Trust on 31 January 2021
Neil Mundy, Interim Joint Chairman	2	2*	Commenced 1 February 2021
Stephen Hall, Non-Executive Director	17	17	Vice Chair from 1 January 2020
Rita Taylor, Associate Non-Executive Director	12	17	
Kevin Robinson, Non-Executive Director	17	17	
Jonathan Erskine, Non-Executive Director	15	17	
Philip Craig, Non-Executive Director	17	17	Senior Independent Director
Ann Baxter, Non-Executive Director	16	17	
Neil Schneider, Non-Executive Director	14	17	
Julie Gillon, Chief Executive	17	17	
Deepak Dwarakanath, Medical Director/Deputy Chief Executive	15	15*	
Levi Buckley, Chief Operating Officer	15	15*	
Neil Atkinson, Director of Finance	17	17	
Julie Lane, Chief Nurse/Director of Patient Safety & Quality	10	10	Left the Trust on 2 November 2020
Lindsey Robertson, Chief Nurse/Director of Patient Safety & Quality	7	7	Commenced 1 September 2020
Alan Sheppard, Chief People Officer	11	14*	
Lynne Taylor, Director of Planning & Performance	16	16*	
Graham Evans, Chief Information & Technology Officer	14	14*	
Barbara Bright, Director of Corporate Affairs & Chief of Staff	17	17	

(*) 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.

Following the independent external Well Led review in 2018 it was recognised that the Trust's future role and position in a more integrated health and care system was identified as an area of vulnerability with a recommendation that further development was needed to establish a cohesive Board position on the nature of system leadership and the intended impact of the Trust in this context. A Board development programme took place in 2019 to address this and other recommendations, which enabled focus on system development and key risks to the organisation.

During 2020-21, the Deputy Executive Team have undertaken 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 a future external review.

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, page 82.

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 meets annually and the membership is reflected below.

Name	Total number of meetings attended	Total number of meetings held
Paul Garvin	3	3
Rita Taylor	3	3
Stephen Hall	3	3
Kevin Robinson	3	3
Brian Dinsdale	1	1*
Neil Schneider	2	2*
Barbara Bright	Provided reports which the Remuneration Committee considered to enable decisions to be made	

(*) Total number of meetings that could be attended following membership.

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 2020 to 31 March 2021 was Philip Craig, a chartered accountant. 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 and independent assurance carried out by Internal Audit. 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 2020-21 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 throughout the year. 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:

- COVID-19 related risks and streamlining of controls to ensure operational delivery (including associated internal audit reports);
- Management override of controls;
- Fraud in revenue recognition;
- Fraud in expenditure recognition;
- Valuation of property, plant and equipment; in particular, the impact of the now established wholly owned subsidiary company North Tees & Hartlepool Solutions LLP;
- Financial sustainability; and
- Significant audit and accounting matters.

These risks have been considered through the presentation of the external audit plan and discussions with our external auditors, Deloitte LLP (new External Auditors for 2020-21 accounts review) and have been included in the Audit Report on page 96.

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 2020-21, Trust annual report and accounts and the annual governance statement. Reports on the Board Assurance Framework were presented quarterly. Due to the impact of COVID-19, an annual quality report (quality accounts 2020-21) is still required to be submitted but will not be covered as part of the external audit for 2020-21.

The following reports were also presented to the Audit Committee:

- Integrated Compliance & Performance Report
- Overdue policies;
- Draft internal audit charter;
- Digital strategy board minutes;
- Report relating to gifts and hospitality;
- Audit report on COVID-19 expenditure.

Name	Total Number of meetings attended	Total number of meetings held
Philip Craig (Chair)	5	5
Rita Taylor	2	5
Jonathan Erskine	4	5
Neil Schneider	4	5

Finance Committee

The Finance Committee ensures that the Trust's resources are managed efficiently and effectively. The Finance Committee met 12 times during the year to review the financial affairs of the Trust; the medium term financial strategy; 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:

Financial Planning 2020-21 (M1 – M6)	Interim Financial Management Arrangements
Board Assurance Framework & Strategic Risks	Monthly Financial Position Reporting
Finance Committee Annual Report	Tees Valley Commissioning Arrangements
Revised Control Totals & Performance Frameworks (Revenue & Capital)	Financial Management Performance Framework Reports
Cost Improvement Plan Updates	System Allocations (M7 – M12) and Revised Plan
Patient Level Information & Costing System Updates	Finance Committee Terms of Reference
EU Exit Updates	Temporary Staffing / Enhanced Care Reports
Tees Wide Opportunities	Independent report on Effectiveness of the Finance Committee

Investment Committee

The Investment Committee did not meet during the year as there were no monies available for investment opportunities.

Charitable Funds Committee

The Charitable Funds Committee met once during the year in September 2020 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 2019-20 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, including Captain Sir Tom Moore monies received, linked to Health & Wellbeing.

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 effect, 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:

Director of Corporate Affairs and Chief of Staff,
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

Neil Mundy,
Interim Joint Chairman

Stephen Hall JP,
Non-Executive Director

Jonathan Erskine
Non-Executive Director

Kevin Robinson
Non-Executive Director

Rita Taylor
Non-Executive Director

Philip Craig
Non-Executive Director

Ann Baxter
Associate Non-Executive Director

Neil Schneider
Associate Non-Executive Director

Brian Dinsdale
Chair of North Tees and Hartlepool Solutions LLP

Julie Gillon
Chief Executive

Deepak Dwarakanath
Medical Director/ Deputy Chief Executive

Neil Atkinson
Director of Finance

Barbara Bright
Director of Corporate Affairs and Chief of Staff

Levi Buckley
Chief Operating Officer

Graham Evans
Chief Information and Technology Officer/SIRO

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

Alan Sheppard
Chief People Officer

Lynne Taylor
Director of Planning and Performance

Name & position	Background
Neil Mundy Interim Joint Chairman of North Tees and Hartlepool NHS Foundation Trust and South Tees Hospitals NHS Foundation Trust Appointed as Interim Joint Chairman from 1 February 2021. Term of office until 31 July 2021.	**Current commitments include:** Chair of Joint Independent Audit Committee of Northumbria Police Non-Executive Director of Northumberland Theatre Company Ltd Non-Executive Director of Medilink North of England Ltd **Former positions:** Convenor for the North East and North Cumbria Integrated Care System Vice Chair of South Tyneside and Sunderland NHS Foundation Trust Chair of South Tyneside NHS Foundation Trust Non-Executive Director and Chair of Audit Committee and IM&T Committee Northumbria Healthcare NHS Foundation Trust. Executive Director with One North East covering Finance and Innovation Non-Executive Director and Chair of Audit of the Port of Tyne Authority Principal Finance Officer for the London Borough of Brent.
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
Jonathan Erskine Non-Executive Director Appointed 1 August 2015. Term of office until 31 July 2021	**Current commitments include:** Independent Health Policy Research Consultant Honorary Professor, University College London Executive Director, European Health Property Network **Former Positions:** Research Fellow, Centre for Public Policy and Health, School of Medicine, Pharmacy and Health, Durham University Research Associate, Centre for Clinical Management Development, School of Medicine, Pharmacy and Health, Durham University Voluntary work with the Citizen's Advice Bureau / Alzheimer's Society Director of Information Technology, Escolas Cambridge Lda, Portugal
Kevin Robinson Non-Executive Director Appointed 1 August 2015. Term of office until 31 July 2021	**Current commitments include:** Associate with Auriola Consultancy Associate with North East Commissioning Support Member of the Darlington Rotary Club **Former Positions:** Chief Executive and Board Chair of Cumbria and Lancashire Community Rehabilitation Company, Carlisle Chief Executive of Lancashire Probation Trust, Preston. Director of Partnership & Development, Northumbria Probation Trust. National Performance Improvement Manger for National Offender Management Service Senior roles within the Probation Service including Northamptonshire, North Yorkshire and Teesside
Rita Taylor Non-Executive Director Appointed 1 January 2006. Term of office until 31 March 2021.	**Former positions:** Non-Executive Director of Durham and Tees Valley Strategic Health Authority, Sedgefield Town Councillor 26 years, Former teacher in Durham and Tees schools, colleges and prison service
Philip Craig Non-Executive Director Appointed: 1 July 2019 as Associate Non-Executive Director became Non-Executive Director on 1 November 2019. Term of office until 30 June 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
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
Neil Schneider Non-Executive Director Appointed: 1 July 2019. Term of office until 30 June 2022	**Current commitments include:** Director of Optimus Health Ltd (Trust wholly owned subsidiary) Director of the Flying Geese Leadership and Development Company **Former positions:** Chief Executive Officer, Stockton Borough Council

	Corporate Director, Regeneration Director of Housing & Direct Services Chief Housing Officer
Brian Dinsdale Chair of North Tees and Hartlepool Solutions LLP Appointed 30 November 2007, Term of office ends 31 March 2020. Appointed as Chair of NTH Solutions LLP with effect from 1 January 2020	**Former positions:** Non-Executive Director/Vice Chair, North Tees and Hartlepool NHS Foundation Trust Chair of Erimus Housing Association and Board Member of the 13 Housing Group' Chief Executive for Hartlepool Borough Council from 1988 Chief Executive for Hartlepool (unitary) Council from 1996 Chief Executive for Middlesbrough Council from 2003 Efficiency Adviser for 'Office of Government Commerce' 2005 – 2007, Four interim Chief Executive positions for other Councils throughout UK 2006 – 2011, Chief Executive of Yorkshire Purchasing Organisations 2009 Non-Executive Director of Government North East and Clerk to Cleveland Fire Authority, Member of Chartered Institute of Public Finance and Accountancy Bachelor of Arts – Social Sciences
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	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	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.	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. Postgraduate Diploma in Human Resource Management Masters in Human Resource Management.	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	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	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.	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,
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	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.
Lynne Taylor Director of Planning & Performance Date of commencement 1 October 2017. Msc Health Information Management	NHS career commenced within Information Management and Technology before progressing into roles across Performance, Planning and Strategy. Experience encompasses supporting strategic change projects including the Acute Service Review and the Trust's application for Foundation Trust Status. **Former position:** Associate Director of Strategy, Performance and Planning

Paul Garvin QPM, DL, Chairman left the Trust on 31 January 2021

Julie Lane, Chief Nurse/Director of Patient Safety & Quality, Director on Infection Prevention and Control left the Trust on 2 November 2020.

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 Chairman 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 Chairman of the Remuneration Committee

I am pleased to present the Remuneration Report for the financial year 2020-21 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 Chairman 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 with its implementation of the Clinical Services Strategy and transformational change agenda, ensuring alignment with the regional and sub-regional reconfiguration of services. Due regard is also given to the diversity and complexity of the roles undertaken by the Directors when reviewing and benchmarking pay against comparators. 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 Chairman takes the lead on the Chief Executive's performance. During 2020-21, appraisals were held with the Chief Executive and each Director and all senior managers' remuneration is subject to satisfactory performance. In addition, during 2020-21 the Chairman and Chief Executive held joint appraisals with each Director in relation to their Board role.

A number of changes took place during 2020-21 to ensure the necessary capacity and capability within the Trust to deliver the challenging agenda:

6 Appointment to the role of Chief Nurse/Director of Patient Safety and Quality with effect 1 September 2020;

- Proposals agreed in relation to remuneration of the Director of Finance and Director of Planning and Performance;
- 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 in relation to pension provision for the Medical Director/Deputy Chief Executive, which will be implemented in 2021-22.

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 Nomination Committee in 2020-21 considered the terms of office of the Chairman and four Non-Executive Directors, recommending extension of tenure for all.

In addition, significant changes were agreed by the Nominations Committee and Council of Governors in relation to progressing the ambition of provider collaboration with South Tees Hospitals NHS Foundation Trust. Following the resignation of the Chairman, a Joint Chair with South Tees Hospitals NHS Foundation Trust was agreed, with an interim appointment confirmed and the role of Vice Chair developed to support proposals.

All recommendations were presented to and ratified by the Council of Governors and further detail is included in the Nomination Committee section on page 37.

Neil Mundy
Interim Joint Chair
28 June 2021

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 2020-21 annual pay increase for very senior managers in December 2020. The Remuneration Committee agreed a cost of living rise for the Chief Executive and Executive Directors in 2020-21 in line with the national recommendations.

Details of Directors' remuneration and pension entitlements for the year ending 31 March 2021 are published in this Remuneration Report and the Annual Accounts section, which is section 6, page 113. 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 49-51.

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; 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. 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.	As per standard NHS pension scheme.	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 Chairman)	To attract and retain high quality and experienced Non-Executive Directors (including the Chairman).	The remuneration of the Non-Executive Directors, including the Chairman, 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 Chairman and the Non-Executive Directors is reviewed annually taking into account the fees paid by other foundation trusts. The Non-Executive Directors do no 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 59-61. 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 2020-21.

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 2019-20 were determined in October 2019 and reviewed and assessed by the Remuneration Committee in August 2020. 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 – 2019-20	**Target %**
Delivery of NHS financial control total and surplus of between £3-£4 million (£10.2m deficit with PSF/FRF/MRET income to breakeven position)	25
Under the Single Oversight Framework, achieve and maintain a segment 2 position	10
Achieve a Use of resources rating of 'Good'	10
Achieve a Well Led rating of 'Good'	15

Deliver the following performance measures: - All relevant cancer targets, e.g. 2-week rule, breast symptomatic, 62 day etc (annual) - All RTT targets (annual) - Super stranded reduction (per day average) to 64 by March 2019 - Same day emergency care target of 33% - Infection control o MRSA target of zero cases in 2019-20 o Cdiff target of no more than 56 cases in 2019-20	 10 5 5 5 5 5
Satisfactory individual appraisal and delivery of core objectives	5
	100

At its meeting on 6 August 2020, the Remuneration Committee agreed to award a 1% performance bonus payment under the terms of the scheme.

The performance targets to be achieved within the financial year 2020-21 were determined in August 2020 and will be reviewed and assessed by the Remuneration Committee in quarter 2: 2021-22. In determining the criteria for 2020-21 consideration was given to the significant 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 staff survey outcomes in order to demonstrate improvements for staff engagement, involvement and experience.

The performance related elements of remuneration were set at a maximum of 5% of salary, under the recovery measures linked to access standards; six metrics were identified and five metrics were identified for the staff survey outcomes. It was agreed that all metrics in each category would need to be achieved in order to attain the overall weightings for each, which are 30% and 25% respectively.

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'	5
Achieve a Well Led rating of 'Good'	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

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, page 44, 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 Chairman and Non-Executive Directors. Details of the Nomination Committee can be found in section 4.1.2, pages 37-38. No cost of living increase was agreed by the Nominations Committee in 2020-21.

Expenses paid to Directors in the year have been £4,438 (2019-20: £14,071), and for governors £17 (2019-20: £484). 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 2021 there are 17 (2019-20:17) directors in office, and 13 (2019-20:16) of these have received expenses in 2020-21. As at 31 March 2021 there are 32 (2019-20:33) governors in office, with one (2019-20:5) 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 £27,930 (2019-20: £26,884) and the ratio between this and the mid-point of the banded remuneration of the highest paid director is a ratio of 8.15 (2019-20: 8.38) to the highest paid Director being £225k - £230k (2019-20: £225k - £230k). In 2020-21, three employees (2019-20:3) received remuneration in excess of the highest paid director, remuneration ranged from £235k – £300k (2019-20: £275k – £280k). Three directors earned over £150,000 (2019-20:2). The lowest salary at the Trust in the reporting period is £10k - £15k with the highest salary £295k - £300k.

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
28 June 2021

This table has been subject to audit.

	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 – Chairman 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 Chairman of the Trust on 31 January 2021.*
3. *Mr Neil Mundy commenced his role as Interim Chairman 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 Fosters salary the costs are fully reimbursed by Newcastle and Gateshead CCG.*
9. *Pension - Related Benefits have been calculated in line with the 2020-21 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
28 June 2021

This table has been subject to audit in the prior year.

Name and Title	To 31 March 2020				
	Salary and Fees	Expense payments (taxable)	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 £2,500) £000	(bands of £5,000) £000
Mr Paul Garvin – Chairman	50-55	-	-	-	50-55
Ms Julie Gillon – Chief Executive	220-225	110	0-5	425-427.5	655-700
Mr Anandapuram Dwarakanath – Medical Director	220-225	-	0-5	27.5-30	255-260
Mrs Julie Lane – Chief Nurse/Director of Patient Safety & Quality	120-125	-	0-5	7.5-10	130-135
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%	65-70	-	0-5	12.5-15	85-90
Mr Alan Sheppard – Chief People Officer	110-115	-	0-5	22.5-25	135-140
Mrs Lynne Taylor – Director of Planning & Performance	95-100	-	0-5	22.5-25	120-125
Mr Levi Buckley – Chief Operating Officer from 4.11.2019	50-55	-	-	7.5-10	55-60
Mrs Barbara Bright – Director of Corporate Affairs & Chief of Staff	115-120	-	0-5	85-87.5	200-205
Mr Neil Atkinson – Director of Finance	135-140	-	0-5	-	140-145
Mrs Julie Parkes – Director of Operations until 14.4.2019	0-5	-	0-5	0-2.5	5-10
Mr Mike Worden – Managing Director of NTH Solutions LLP	105-110	-	-	-	105-110
Mr Stephen Hall – Non-Executive Director	15-20	-	-	-	15-20
Mr Stephen Hall – Chair of NTH Solutions LLP (Interim) until 31.12.2019	5-10	-	-	-	5-10
Mrs Rita Taylor – Non-Executive Director	15-20	-	-	-	15-20
Mr Brian Dinsdale – Non-Executive Director until 31.3.2020	15-20	-	-	-	15-20
Mr Brian Dinsdale – Chair of NTH Solutions LLP from 1.1.2020	0-5	-	-	-	0-5
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 from 1.7.2019	10-15	-	-	-	10-15
Mr Neil Schneider – Associate Non-Executive Director from 1.7.2019	10-15	-	-	-	10-15
Ms Elizabeth Ann Baxter – Associate Non-Executive Director from 1.7.2019	10-15	-	-	-	10-15

NOTES

- *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.*
- *Remuneration in relation to the Medical Director includes payment for clinical sessions and a level 9 clinical excellence award as follows: Dr Anandapuram Dwarakanath clinical sessions £35k-£40k and a level 9 clinical excellence award of £35k-£40k which is paid by the Trust – previously the Department of Health had paid for this award.*
- *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 £135k-£140k.*
- *Mrs Julie Parkes is now claiming her pension therefore CETV is not applicable.*
- *Mrs Julie Parkes became Care Group Director: Healthy Lives from 15 April 2019 and therefore ceased to be a member of the Board of Directors on 14 April 2019.*
- *Mr Levi Buckley, Chief Operating Officer commenced in post 4 November 2019*
- *Mr Philip Craig became a Non-Executive Director from 1 July 2019.*
- *Mr Neil Schneider became an Associate Non-Executive Director from 1 July 2019.*
- *Ms Elizabeth Ann Baxter became an Associate Non-Executive Director from 1 July 2019*
- *Mr Stephen Hall, Non-Executive Director for the Trust was also Chair (Interim) of North Tees and Hartlepool Solutions LLP until 31 December 2019.*
- *Mr Brian Dinsdale, Non-Executive Director for the Trust became Chair of North Tees and Hartlepool Solutions LLP from 1 January 2020.*
- *Mr Alan Foster is employed by the Integrated Care System (ICS) for the North East and North Cumbria region, although the Trust pays Mr Fosters salary the costs are fully reimbursed by Newcastle and Gateshead CCG.*
- *Pension - Related Benefits have been calculated in line with the 2019-20 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
28 June 2021

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 20201	Lump sum at pension age related to accrued pension at 31 March 2021	Cash equivalent transfer value at 1 April 2020	Real increase in cash equivalent transfer value	Cash equivalent transfer value at 31 March 2021	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	£0
Ms Julie Gillon Chief Executive	0-2.5	2.5-5	100-105	310-315	2,197	55	2,322	32
Dr Anandapuram Dwarakanath Medical Director	2.5-5	5-7.5	90-95	265-270	2,009	81	2,158	27
Mrs Julie Lane Chief Nurse/Director of Patient Safety & Quality until 2 November 2020	-	-	15-50	145-150	-	-	-	6
Mrs Lindsey Robertson Chief Nurse/Director of Patient Safety & Quality from 1 September 2020	2.5-5	10-12.5	40-45	95-100	575	79	739	10
Professor Graham Evans Chief Information & Technology Officer	0-2.5	2.5-5	25-30	85-90	-	-	-	20
Mr Alan Sheppard Chief People Officer	0-2.5	-	40-45	120-125	838	2	871	17
Mrs Lynne Taylor Director of Planning & Performance	0-2.5	-	5-10	-	94	19	128	14
Mr Levi Buckley Chief Operating Officer	7.5-10	7.5-10	45-50	55-60	559	99	685	18
Mrs Barbara Bright Director of Corporate Affairs & Chief of Staff	0-2.5	-	50-55	115-120	970	26	1,030	17
Mr Neil Atkinson Director of Finance	7.5-10	17.5-20	45-50	95-100	641	163	836	21

NOTES

1. *Non-Executive Directors do not receive pensionable remuneration; there will be no entries in respect of pensions for Non-Executive Directors.*
2. *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.*
3. *Professor Graham Evans is over normal retirement age therefore a CETV calculation is not applicable.*
4. *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.*
5. *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.*
6. *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.*

Julie Gillon
Chief Executive
28 June 2021

4.3. Staff Report

The Trust has worked hard to focus on quality, employee engagement and leadership as a means of embedding excellence as our standard, and a drive towards achieving 'outstanding' CQC status.

In January 2019, NHS England published its long-awaited plan for the NHS, setting out an overall vision for how the NHS should change over the next ten years, which is complemented by an Interim People Plan.

As a Trust, our aim is to deliver high quality patient care, which is supported by a workforce who are engaged and highly skilled and who are representative of the community we serve. The quality of service user outcomes and experiences are a direct result of interaction and interconnection with staff.

The response rate for this year's annual staff survey was recorded as 55%, which was a 10% improvement from the previous year. This hard work has been reflected in the Trust scoring above average for eight of the themes and average for the remaining three in the 2019 staff survey which resulted in an overall staff engagement score of 7.2 (7.1 average/best in benchmark 7.6.) There are 54 questions that are measured across the 11 themes and it is positive to note that 51 are above the national average.

Work continues in the workforce directorate to support the agenda of being an 'employer of choice', attracting and retaining excellent, motivated and engaged people; supporting them with continued development, identifying talent to plan for the future and creating a flexible workforce that can adapt to the ever changing environment whilst maintaining financial stability. Frequent use of social media platforms continues with particular focus on promoting the Trust as the employer of choice. This provides information to the public around vacancies and opportunities within the Trust.

Communications within the Trust consists of two weekly staff bulletins – one including important information / announcements and the second detailing news from across the Trust. Additionally, we also send out a weekly Chief Executive brief, a monthly Chairman's brief and a twice-monthly education news bulletin.

The strands of engagement continue across the Trust with the Joint Forum established for working in partnership with staff side and also the Local Negotiating and Medical Staff Committees for medical colleagues.

Work continues to take place to encourage our employees to complete the staff friends and family test, which provides us with a quarterly measure of engagement and advocacy. The staff friends and family questions are now included as part of the Staff and Patient Experience and Quality Standards (SPEQS) visits and this has had a positive impact on response rates, which is also reflected in the results of the staff survey.

All of these initiatives are designed to enhance our engagement with staff and promote the Trust's reputation as a great place to work.

4.3.1 Staff Recognition

The NHS People Plan recognises that the experience of COVID-19 has thrown into even sharper relief the need to engage with, listen to and recognise the achievements of our staff. The plan sets out that the NHS must support its people in the long-term, building on the momentum created by the pandemic and continue to transform its engagement approaches. It is acknowledged that to create successful health and care systems, the NHS should engage with their people and develop system-wide people plans that deliver the ambitions set out in the People Plan, recognising that the uncertainty we all face makes this an even more pressing priority.

At the Trust, we are committed to ensuring staff are rewarded and recognised for the contributions they make towards high quality, effective patient care, ensuring the Trust remains the employer of choice. Employee reward is about how people are rewarded and recognised in accordance with their value to the organisation. The way in which people are valued can have a considerable impact on the effectiveness of the organisation and allows positive employment relationships.

In November 2020, the Trust held its ninth Shining Stars Awards as a fully virtual event. The awards were well attended; there was laughter, tears, an emotional tribute to a member of staff and feedback received was really positive. This annual event continues to provide the opportunity for staff to be recognised by their colleagues for their contribution and is valued by staff across the Trust.

Employee appreciation is an essential part of the workplace. It has been shown that employees react positively when they are appreciated for their good work or effort. Being valued increases productivity and motivates employees to improve on their good work in turn increasing patient satisfaction and care. The Employee Engagement team has provided a variety of tools for staff to be rewarded and recognised with Star and Team of the Month events taking places regularly. As a means of building on this success, further initiatives will be introduced in 2021 to help support and recognise our staff.

4.3.2 Supporting Staff

We are committed to supporting our staff through robust employee engagement and a strong health and wellbeing offer. This vision has been built upon for many years and is reflected in the Trust's continued positive engagement score within the NHS Staff Survey.

Several teams within the Workforce directorate work collaboratively to provide emotional support and guidance to staff that are experiencing difficulties in the workplace. Specifically the Organisation Development and Employee Engagement teams work in conjunction with the Occupational Health and Employee Relations teams to ensure the health and wellbeing of all staff is paramount. An alignment of Organisation Development, Wellbeing and Employee Engagement has allowed for a completely triangulated approach to engagement, thus providing a 'listening ear' and an action/solution focussed approach to supporting staff.

Support offered to staff is wide and diverse, purposefully so to ensure the choice of support on offer will suit individuals.

It has been recognised that supporting staff should start from the first contact during the recruitment process and continue by providing a good quality induction and orientation programme. In the last year, a comprehensive on-boarding process has been developed meaning that staff have contact with the employee engagement team in their first weeks to understand their experience of joining the Trust. Undertaking this process has allowed improvements to be made to common problems resulting in a better recruitment experience. A welcome brochure has also been created to share important information with staff joining the Trust to provide a positive recruitment experience.

Prior to the pandemic, leadership development offered across the Trust provided resources in relation to resilience, providing an understanding and allowing leaders to self-assess their own resilience and develop action plans. Post-pandemic, supporting resilience in leaders is ever more important; teams from across the workforce directorate have been working to support this ethos across the Trust.

Talent management is an important element of providing a supported and engaged workforce, work is on-going to enhance this process and ensure that we have the right workforce in the right place. Finding the right position is important for engagement as it allows the individual to utilise their talents, which increases job satisfaction, improves morale and increase retention ensuring that the trust is staffed with people who are highly skilled, productive and committed.

As a Trust we fully recognise and support the benefit provided by Mental Health First Aiders, having trained a number of staff in the last year to enable them to recognise signs and symptoms of a number of mental health conditions and giving them the tools and knowledge on how to deal with this appropriately. Such an initiative supports the work of our dedicated Mental Health Advisor; who provides emotional to a staff across the Trust at all levels, on a 1:1 basis. Such work is complemented by a number of alternative agencies including confidential counselling services via an external company (Alliance). Alliance offer a number of services to our staff including 1:1 counselling and Cognitive Behavioural Therapy (CPT). They are also able to support the Trust with bespoke workshops in relation to mindfulness and sleep management to support the provision of in house services of this nature.

The Trust signed the Time to Change Employer Pledge in September 2020. This was as a result of the ongoing 'Treat as One' work which recognises the mental and emotional toll that things like caring for patients, dealing with difficult situations and shift work have on employees. Like other NHS organisations, sickness absence data indicates that mental health problems including anxiety, depression and stress are an ever-increasing issue; as a result, even before signing the Pledge, initiatives were being introduced to support staff health and wellbeing and develop a compassionate and inclusive leadership culture to and encourage conversations around mental health in the workplace.

This difficult year has also seen the Trust undertake regular listening events with our staff, not only to understand their concerns but also to listen to ideas for improvement. One such initiative, raised by many, was the development of a space for staff to take their breaks away from the workplace. In July 2020, the Trust was invited to bid for a share of the funding raised by Sir Captain Tom Moore for the NHS and its response to the pandemic. Applications made were required to demonstrate that the funding would be used to support the wellbeing of NHS staff, and volunteers impacted by COVID-19. Around the same time, the Trust utilised funding from charitable funds to host a “wellbeing bus” supported by the company “Vans for Bands” which allowed staff the opportunity of luxury during their break times and acted as a contact point for staff to share their thoughts and feelings with colleagues from the Workforce directorate as an avenue of support.

There is evidence to suggest that there are significant psychological benefits of having separate breakout areas available for employees to recharge. The basic principle being that it allows employees to temporarily disengage from the steady stream of daily tasks. It was therefore believed that re-purposing spaces with the intention of developing permanent re-charge hub facilities on both the North Tees and Hartlepool hospital sites would be significantly beneficial to the health and wellbeing of our employees and volunteers. The programme of works internally across both sites began in October 2020 and were completed in December 2020. The theme of the rooms were “bringing the outdoors indoors”, with natural and calming colours and materials throughout. The rainbow symbol also featured in the both the design and the naming of the areas which became the Rainbow Room at North Tees and the Ramplin Rainbow Room at Hartlepool.

Whilst the need to adapt our delivery model, Schwartz rounds have continued over the last 12 months. These are a multidisciplinary forum designed for staff to come together on a regular basis to discuss and reflect on the non-clinical aspects of caring for patients - that is, the emotional and social challenges associated with their jobs. The rounds were adapted during the pandemic, by implementing Team Time sessions for staff. During Team Time, the sessions are shorter and the audience is reduced in size and is drawn from an area or department rather than across the organisation.

The Trust’s internal mediation service continues to support staff through the resolution of issues that individuals may have relating to working relationships with colleagues. Mediation allows staff to reflect on relationships in a confidential and safe environment and this has been successful in resolving the majority of the cases referred.

The Culture group provides a governance framework for the development of new initiatives in relation to improving the working lives of our staff and also helps develop to develop programmes of work that assist staff, through feedback from the annual staff survey and the health and wellbeing at work agenda.

The Freedom to Speak Up (FTSU) Guardian is supported by the FTSU Champions who also provide additional support to staff who may have concerns regarding bullying and harassment matters. The scheme allows staff to discuss in confidence any issues and concerns they may have and the champions are then able to direct staff to the correct source for further practical support.

Policies are in place to help our workforce maintain a good work-life balance and ensure that they are fit and well and that they are well looked after at work. These policies also ensure that staff are treated fairly and that there is no discrimination or unfair treatment towards any member of staff. They also provide a variety of options to staff in terms of flexible working opportunities for those who have other commitments outside the workplace.

The Keeping People Safe group explores the reasons why staff experience violence and aggression from patients and service users, which enables preventative measures to be put into place to reduce the number of staff experiencing this. The group has been restructured during 2020 to focus on the key themes of Report, Support and Respond.

All of these measures help to ensure that staff are able to fulfil their roles to the best of their capability, in the knowledge that there is support available to them if, and when, they experience any difficulties within the workplace

4.3.3 Managing Absence

The absence position within the Trust has provided different challenges during the previous 12 months. Whilst the more traditional reasons of absence have continued, COVID-19 has provided an unprecedented position in relation to individuals being absent from the workplace, from a sickness, isolation and shielding position.

A full risk assessment programme has supported the Trust with ensuring staff are and remain safe, with a reduced risk of them contracting the virus.

In addition to absence result from staff being positive or isolating, there has been a number of cases where COVID-19 related anxiety has played a significant part in attendance at work.

This year, more than ever, the support put in place across the Trust via the Workforce directorate has been critical in ensuring individuals are supported from both a physical and mental health perspective. The learning experienced throughout the last 12 months will be taken forward into future plans, ensuring the support offer to our people remains current and fit for purpose and in line with the People Plan principles.

Annual Report Sickness Table 2020

Average FTE	Adjusted FTE Days Lost to Cabinet Office Definitions	Average Sick Days per FTE	FTE Days Available	FTE Days Lost to Sickness Absence
4,568	56,841	12.4	1,667,296	92,209

Average Sickness Rate 2020
5.53%

Source: NHS Digital – Cumulative Period From Jan - Dec 2019: data includes Trust, NTH Solutions and Optimus Pharmacy.

4.3.4 Occupational Health and Wellbeing

As an organisation that employs over 5,700 staff, health and wellbeing is one of our main priorities. To this end, 2020 saw the development of a Trust Health & Wellbeing Strategy. This document sets out the Trust's Health and Wellbeing strategy for the next two years, providing a clear overview of the current provision whilst exploring improvements that can be made. To achieve our strategic aims we must provide a safe environment with access to help and support when needed which will ensure a mentally and physically well workforce. The Trust's Health and Wellbeing strategic aim is to provide 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. This will be achieved by supporting staff to assess and take responsibility for their own health as well as promoting health and wellbeing and providing prevention, intervention and rehabilitation services.

This strategy is driven by the NHS People Plan, which details the importance of improving the health and wellbeing of employees; we must ensure that 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.

There have been many achievements for health and wellbeing in last year with initiatives and activities increasing as we continue to focus on supporting the people who work in our organisation. We recognise the safety of our people is important and over the previous months, due to the pandemic, we have supported home working from a health and wellbeing perspective.

The Occupational Health and Wellbeing teams continues to provide a range and accessibility of activities, advice, guidance and training available for staff and managers.

The Trust continues to support staff that may be experiencing stress, either work-related, or otherwise. As a Trust, we continue to adopt a number of approaches to try and address this, one of which is the role of the Mental Health Work place advisor. The role provides 1:1 therapy sessions, along-side workshops to raise awareness, tackle stigmatism and discrimination whilst providing opportunity for individuals to develop new coping skills aimed at both employees and managers. We also continue to provide workplace counselling via an external provider.

The annual flu campaign engagement with staff remains positive with 80% of frontline staff having their 'flu jab' in 2020-21. Such an achievement was made even notable given the overlap of the programme with the COVID vaccination programme. The first batches of the Pfizer vaccine were received into the Trust on 22 December. The Trust responded to the challenge and initiated a robust vaccination delivery model located from the Rapid Assessment Unit.

The initial ask was to ensure Trust staff were vaccinated in a timely manner with the scope broadening, at pace, to include other priority groups and agencies across the health and care system in line with the guidance from the Joint Committee on Vaccination & Immunisation (JCVI). Initially, the vaccine was also being offered to inpatients over 70 years old and other highly vulnerable patients groups including those undergoing chemotherapy treatment. To date, over 20,000 vaccines have been administered with the programme expected to continue into May 2021.

Government guidance identified individuals deemed as clinically vulnerable in relation to the both the first and second waves of the COVID-19 health pandemic. A task and finish was established, with representatives from Workforce, the Nursing and Patient Safety directorate and medical expertise provided by the Occupational Health Physician, with the purpose of considering the identified CEV cases in more detail and understanding how best to provide support during this time. Where appropriate, staff who have been identified as clinically extremely vulnerable have been allocated laptops/VPN's in order to allow them to work from home.

The Trust has been a holder of the Better Health at Work award for a number of years, climbing the levels of award to the highest level of Maintaining Excellence. The rigorous assessment considers a number of areas such as stop smoking, healthy eating and weight management, physical activity, stress and mental health and MSK support.

4.3.5 Development and Education of Staff

The Trust recognises the importance of high quality education and development for staff in order to sustain a workforce that is confident and competent in delivering care. The directorate continues to contribute to the Trust's strategic aims by supporting the delivery of high quality education and training, which is available to all. The COVID-19 pandemic has created the opportunity to look innovatively at the way education and training is delivered, with staff adapting quickly to the ever-changing need for increasing technology usage within education delivery.

The Apprenticeship Levy continues to be highly utilised for the development of staff within the Trust with over 350 people who either have completed or are currently undertaking apprenticeship programmes. Apprenticeships are available in areas such as medical administration, team leading, customer service, IT specialist, management programmes, nursing associate, assistant practitioner, occupational therapy, business administration, CIPD, digital marketing, advanced clinical practitioner, global leadership and many more. Although uptake of the apprenticeships has been reduced by the on-going pandemic, many staff have been supported to continue with their studies throughout the year.

The simulation team continue to run simulation training within several clinical environments across multiple specialties, including Paediatrics, Obstetrics and Gynaecology and Outpatient Departments. At University Hospital of Hartlepool, medium fidelity simulations have been developed as part of the up-skilling programme for the Advanced Nurse Practitioners. This will also provide other on-site staff with acute illness management.

Introduction to Simulation courses have been attended by several internal and external staff, who can now competently run their own simulation scenarios. Medical simulations continue to run for doctors from undergraduate final years, through Foundation to Core Medical training covering a range of scenarios relevant to each group's curricula and programmes of practice. In-situ simulations continue to be delivered across both sites for various allied healthcare staff with good feedback. COVID-19 in situ simulations were well received by our staff within clinical areas, providing them with a chance to run through serious clinical scenarios that are true to life and require the full use of personal protective equipment as if there was an infected patient.

Despite the incredibly challenging year in the NHS, the Trust has developed a comprehensive CPD programme for our registered nurses, midwives and AHPs, funded through Health Education England. Funding has been provided per registrant over 3 years, which has been invested in a 3-year development

programme with University of Teesside, which will provide up to date knowledge based on core Trust values for example, Quality Improvement, Leadership, Mental Health Awareness and Making Every Contact Count. Various clinical topics relevant to registrants in all clinical areas have been included for staff to choose from, for example midwifery clinical skills, motivational interview and forensic radiography.

Medical Education continues to be busy with both undergraduate and postgraduate trainees. Hospital placements were suspended from March 2020 for all undergraduate medical students and Physician associate students. Placements started again September with a mixture of virtual and face-to-face teaching adhering to social distancing rules. Students were trained on the use of PPE and avoided COVID areas on clinical placement. In January, all students were offered COVID vaccinations. Plans are in place for the delivery of placements to students from Sunderland Medical School starting in September 2021. In April 2021, the Trust is delivering a clinical skills week to the Sunderland students who have missed hospital visits due to the pandemic.

Due to COVID, the only quality visit undertaken was the Joint Schools visit from Newcastle University and Northern Foundation School, with very positive feedback received in regards to supporting students and trainees through the pandemic. The Health Education England annual Self-Assessment Report and Quality Improvement Plan was submitted in January and the Annual Dean Quality Monitoring meeting is scheduled for July 2021.

In 2020, the Trust received funding from the British Medical Association (BMA) to make improvements to Doctors in Training facilities. Working with the trainees, the medical education team led on the transformation of the Doctor's Lounge and creation of facilities for rest during night shift and rooms within hospital residencies for doctors to rest before travelling home or if they could not travel due to poor weather conditions. All facilities have been well received by the BMA and the Doctors in Training Forum

The Education team continue to deliver training within care homes in Stockton and Hartlepool as commissioned by Tees Valley Clinical Commissioning Group. This involves collaborating with staff from Tees, Esk and Wear Valleys NHS Foundation Trust, Alice House Hospice and Stockton Borough Council to deliver a suite of training modules and support National Early Warning Scores using digital technology within the care homes.

The Trust is working with local education providers with a view to sustaining future supply of a future workforce. This includes working with children in both schools and colleges to educate them about working in the NHS as a career option and the variety of different job roles and opportunities the NHS can offer. This work has led to the Trust submitting a bid to the Towns Deal fund in conjunction with Hartlepool Borough Council and Hartlepool College of Further Education to fund a Health and Social Care Academy at the University Hospital of Hartlepool site. The aim of this is to provide a state of the art simulation unit and learning environment for Trust staff and the local community. Confirmation of funding due shortly after the trust bid successfully being added to the development plan submitted to the government for approval. Training options for this project are vast and will allow the Trust to be one of the leading training establishments in the region providing health and social care related training.

Mandatory training has also remained a focus throughout the pandemic, with staff continuing to complete their training via MyESR. Face-to-face sessions have continued with appropriate physical distancing in place to maintain the safety of staff and trainers. Some topics have seen decreases in compliance due to increased sickness levels; however, work is ongoing to re-establish increases in compliance.

4.3.6 Equality and Diversity

The Trust is committed to Equality, Diversity and Inclusion (EDI) in all aspects of the services we deliver and the employment of our staff. Our aim is to continue to look after each other and foster a culture of inclusion and belonging, as well as actions to grow our workforce, train our people, and work together differently to deliver patient care.

As a Foundation Trust, 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.

Our annual Equality and Diversity report demonstrates our commitment to this and can be viewed on the Trust website at https://www.nth.nhs.uk/about/equality-diversity/

Our customer services charter is developed in conjunction with our staff. Our vision and values promote a human rights based approach, which serves as a constant reminder that the patient is placed at the very heart of all that we do. This is reflected through our core values of CARE: Collaborative, Aspirational, Respect and Empathy.

The Trust is positive about employing disabled people and ensures that as a 'Disability Confident' employer any applicant who indicates that they have a disability as part of their application and who meets the essential criteria of the post being recruited to, is guaranteed an interview. We require Trust employees to comply with all appropriate policies and procedures, including the equal opportunities policy, when recruiting staff.

The Trust has policies on employing individuals with disabilities, long-term conditions and those on ill health and disability redeployment. This includes permanent adjustments to the role an individual undertakes, in order to help retain staff who may have a disability or long-term condition. Through the appraisal process, reasonable adjustments are also considered in relation to training and development opportunities.

The Trust works in partnership with Project Choice, which is a scheme that offers young adults with learning difficulties, disabilities or autism the opportunity to receive structured support via a work placement. This project equips students with work-based transferable skills enabling them to be work ready after completion of an academic year and provides a recognised qualification in employability skills.

We are committed to creating a more diverse and inclusive organisation and ensuring that we harness the talents of all our staff fully. One of the ways we aim to support this is through the development of specific staff networks that contribute to addressing and solving problems for all under-represented and disadvantaged groups and individuals within our organisation. During 2020, we have committed to expand our staff networks across eight groups including: Black, Asian and minority ethnic (BAME); LGBT+; Disability; Women's Development; Men; Age (Younger); Age (Older), and; Faith and Belief.

The Trust continues to promote the Workforce Race Equality Standard (WRES) and the Workforce Disability Equality Standard (WDES), which requires us to demonstrate and publish progress against a number of indicators relating to BAME and Disability workforce representation and progression within the organisation.

We continue to develop and drive further improvements, which are monitored, by both the Culture Group and the Workforce Committee. Our WRES and WDES reports (2020) are available on our website: https://www.nth.nhs.uk/about/equality-diversity/

We have pledged to implement the Cultural Ambassador's programme within North Tees and Hartlepool NHS Foundation Trust and we currently have four individuals who have completed the formal training, with plans in place for this number to increase during 2021. Cultural ambassadors are trained to identify and challenge discrimination and cultural bias. They use these skills in their role as a neutral observer within disciplinary processes, formal investigations and grievance hearings involving staff from BAME backgrounds.

The Trust complies with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 and the Gender Pay Gap report as at 31 March 2020 (the snap shot date) shows that male employees are paid more than females, with an average pay gap of 35.67% and a median pay gap of 22.34%. A further breakdown of the results shows that the average and median pay gap is higher amongst the medical workforce as compared to non-medical staff.

Men account for 64% of all Trust medical staff compared to 36% female. There has been an increase in female medical staff commencing employment with the Trust in recent years and if this trend continues, this is likely to have a positive impact on our gender pay gap results. The Trust gender pay analysis can be found at https://www.nth.nhs.uk/about/trust/how-we-are-doing/gender-pay/

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.


Care Quality Commission
NHS
North Tees and Hartlepool
NHS Foundation Trust
GOOD
MARCH 2018 RESULTS
has been accredited as a
2021 digital leader
Congratulations

4.3.7 Staff Survey

Employee Engagement is a positive attitude held by the employee towards the organisation and its values. An engaged employee is aware of business context, and works with colleagues to improve performance within the job for the benefit of the organisation. For engagement to flourish there must be a two-way relationship between employer and employee.

The NHS People Plan recognises that the experience of COVID-19 has thrown into even sharper relief the need to engage with and listen to our people. The plan sets out that the NHS must support its people in the long-term, building on the momentum created by the pandemic and continue to transform its engagement approaches. It is acknowledged that to create successful health and care systems, the NHS should engage with their people and develop system-wide people plans that deliver the ambitions set out in the People Plan, recognising that the uncertainty we all face makes this an even more pressing priority.

Evidence tells us that organisations with higher engagement scores deliver better patient experience, have fewer errors and lower infection and mortality rates. Financial management is stronger, staff morale and motivation is higher and there is less stress and absenteeism. These engaged staff are more productive, happier and overall healthier. Engaged employees demonstrate care, dedication, enthusiasm, accountability, they go the extra mile and a results focus. Employee engagement is a critical issue for organisations that want to be 'high-performing'.

A range of activity currently takes place across the Trust to support and encourage employee engagement, including: -

- **Listening into Action (LiA)** - The Trust invested in the LiA app to gather the thoughts and feedback from our staff, both in areas that we do well and areas that we can do better. There have been varieties of actions undertaken since the introduction of the LiA app in blended approach with the engagement activities that already take place within the Trust. The app was an additional tool to allow two-way communication with staff throughout the pandemic.

- **Schwartz Rounds** – These provide a structured forum where all staff, clinical and non-clinical, come together regularly to discuss the emotional and social aspects of working in healthcare. Rounds can help staff feel more supported in their jobs, allowing them the time and space to reflect on their roles. Evidence shows that staff who attend Rounds feel less stressed and isolated, with increased insight and appreciation for each other's roles. They also help to reduce hierarchies between staff and to focus attention on relational aspects of care.

- **Leadership development** – there is a comprehensive commitment to developing current and future leaders via a range of leadership development programmes delivered by the Workforce directorate.

- **Staff Recognition** – Work continues to recognise excellence and achievements of staff and teams; something that has been very much supported through social media to reach both staff and members of the public. The 'employee of the month' has been in place since April 2016, which has generated very positive comments and feedback. This was extended in April 2017 to include team of the month and is now referred to as 'Stars of the Month' to tie into the annual shining stars event.

- **NTH App** – innovative method of communicating to our staff utilising mobile devices as a means of pushing messages our and for staff to keep in touch with what is happening in the organisation.

- **Engagement Surveys** – The Staff, Friends and Family Tests provide us with a quarterly measure of engagement and advocacy. The national NHS staff survey provides staff with a forum to express their opinions on a range of organisational metrics. This method also allows the Trust to benchmark against other NHS organisations.

- **Listening Events** – A number of listening events have occurred in the last year including the Pandemic Learning Events, which have been extremely successful and have complemented other director-led engagement sessions, which focus on key themes identified through the staff survey/LiA. Regular visits to clinical areas by executive team/senior Managers have also been implemented as a response to previous feedback requesting senior visibility.

Staff engagement is also one of the ten key themes within the 2020 NHS staff survey; this is then split into three sub sections: motivation, ability to contribute to improvements and recommend the Trust as a place to work/receive treatment. The Staff Engagement indicator considers the ability of staff to contribute to improvements at work; a willingness to recommend the Trust as a place to work or receive treatment and; the extent to which staff feel motivated and engaged in their work. There are nine questions overall with three in each of the above areas.

Two of the questions relating to motivation have remained above the national average, despite seeing a decline in score, whilst the question relating to 'time passing quickly when I am working' has dropped below the national average and seen a 4.4% decline. The three questions relating to contributing to improvements have remained above the national average with staff being able to make improvement happen in their area of work seeing a positive increase of 0.9%. It is pleasing to see that staff have felt empowered to make changes happen. The other two questions whilst above national average have seen a decline with less staff feeling there are opportunities for them to show initiative (2.8% decline) and less staff feeling they can make suggestions that improve their team/department (3.4% decline).

The three questions which relate to recommending the organisation two are above the national average and one has fallen just below. The question relating to 'care being the organisation top priority' remains above 80% despite seeing a slight decline of 0.2%. Staff recommending the organisation as a place to work has increased by 0.8% and recommending to friends or relatives that need treatment has increased by 2.5% however the national average increased by 3.8% (from 70.5% to 74.3%). Whilst overall, the theme of engagement has seen a decline going from 7.2 in 2019 to 7.1 in 2020, the staff engagement score national average has also seen a decline from 7.1 to 7.0.

Summary of performance

The full results from the national staff survey for 2020 were published in March 2021. A mixed mode census approach was undertaken which allowed all staff the opportunity to complete the survey, with 2097 surveys received. This gave a response rate of 48%, which was above average when compared to similar Trusts in our benchmarking group (45%). Given that the survey was undertaken during the pandemic, it was pleasing to see such a positive response rate.

It is positive to note that of the ten themes covered in the 2020 staff survey, the Trust scored above average for all ten themes. The Trust's highlights from the staff survey results (2020) show that almost three quarters of staff feel enthusiastic about their job. More than seven out of ten staff would recommend the organisation to family and friends for treatment with a five-year positive trend and a year-on-year improvement in staff being satisfied with the quality of care they provide to patients and service users.

Within the local Integrated Care Partnership (ICP) we achieved the highest scores against all of the ten themes. We recognise that such an achievement for this Trust does not happen by chance and it is important that we highlight that our performance in this area is testament to the way in which we invest in our staff and value the contribution that they make. We continuously strive to be an employer of choice, to attract and retain quality staff and support them with continued development throughout their employment with us. Throughout the pandemic, we have adapted to staff needs to provide support whether that is through wellbeing support or provision of resources. Our commitment to providing engagement and organisation development activities also has a positive impact on our performance.

The table below compares the Trust results to both the previous year and against the benchmarked group and best in class: -

Theme	North Tees and Hartlepool NHS Foundation Trust			Benchmark Group			Best Score 2020
	2020	2019	2018	2020	2019	2018	
Equality and Diversity	9.3	9.3	9.2	9.1	9.2	9.2	9.5
Health & Wellbeing	6.3	6.1	6.2	6.1	6.0	5.9	6.9
Immediate Managers	6.9	7.1	7.0	6.8	6.9	6.8	7.3
Morale	6.4	6.4	6.3	6.2	6.2	6.2	6.9
Quality of Care	7.7	7.8	7.7	7.5	7.5	7.4	8.1
Safe environment – bullying and harassment	8.3	8.2	8.2	8.1	8.2	8.1	8.7
Safe environment – violence	9.6	9.5	9.5	9.5	9.5	9.5	9.8
Safety Culture	7.0	7.0	7.0	6.8	6.8	6.7	7.4
Staff Engagement	7.1	7.2	7.2	7.0	7.1	7.0	7.6
Team Working	6.8	6.9	6.8	6.5	6.7	N/A	7.1

It is right to that we celebrate the areas of good practice that are clearly demonstrated throughout the 2020 staff survey results. Despite what has been an incredibly difficult year for all staff working across the Trust, we have continued to build upon our culture providing a place to work that people can be proud to be part of. These achievements are a product of the dedicated focus provided across the Trust in relation to improving engagement, recognition, values and behaviours, equality, diversity and inclusion, and many other cultural related elements that can be measured through the staff survey.

The Trust's culture group takes a lead on the staff survey results, ensuring appropriate priorities are identified and actions are put in place where required. The results from the 2020 survey have been shared across the organisation with work underway with managers in every area to understand what the date means for them and their staff with a view to continuing to provide high quality patient care and be the best place to work.

By working through the staff data we have been able to provide information at a more focussed level, a request made by teams across the organisation, meaning that there are 60 departments which will be provided with data for each theme and the questions contained within those themes. There is a three-step feedback approach, which has been implemented as follows: -

1. Feedback to each Care Group Director
2. Feedback to senior managers
3. 1:1 feedback with line managers for each of the 60 departments.

Whilst it is easy to focus entirely on data we need to ensure that we do not forget to make meaning of the information, after all it is the largest opportunity each year to truly understand how staff feel working for the Trust. It is evident from the data that we have maintained our score from the previous year which is a massive achievement considering the difficult year that has been experienced, however to ensure a meaningful approach we have to truly reflect on what we would like to achieve in the coming year.

A vital part of our on-going engagement with staff is communicating the results and asking for their comments, as well as providing feedback on the various initiatives that have been put in place and improved upon, based on what staff are telling us. This year has seen the addition of Care Groups, which means information, can be shared by Care Group highlighting key priorities for each group.

Amid our benchmarked group (community and acute trusts) of which there are 140 Trusts, North Tees and Hartlepool NHS Foundation Trust came 16th in terms of employee satisfaction. Locally, this placed the Trust second across the North East and North Cumbria. This is testament to the way in which we invest in our staff and value the contribution that they make. We continuously strive to be an employer of choice to attract and retain quality staff and support them with continued development throughout their employment. By enhancing our staff engagement function and continuing to invest in organisational development activities, we believe that this has had a significant impact on our performance.

Last year saw a focus on improving staff engagement, leadership and quality through the introduction of focused dashboards which allowed areas to review their results for the 27 key questions, a 'how to' guide was created sharing Organisation Development (OD) knowledge around how to increase each of these questions. The results positively showed 25 of the questions had shown improvements from the previous year. Masterclasses were delivered to the staff survey leads to help them make changes in their scores. Reports were shared utilising a 1:1 session facilitated by the OD team to allow action planning.

Future priorities

Our next steps are to look closely at the specific issues behind the themes in order to identify any gaps in the already established action planning. This includes examining information at a Care Group and department level; working with areas to explore their results and assisting with local action plans. This also includes identifying areas across the Trust that are exemplar; learning from them and sharing this good practice in areas that did less positively and publicising this excellence.

There are clear areas of focus which can result in improvements across a range of scores. The overall score for the engagement theme has seen a decline this year with the key questions relating to motivation either being close to the average or slightly below. We need to spend time understanding what makes people look forward to coming to work, and increases their enthusiasm to ensure we see improvements in these results in the coming year.

We have a strong quality improvement approach across the organisation however; some of the questions within this area have seen quite a decline and are now closer to the national average, compared to being closer to the best scores last year. We have a variety of teams across the organisation to support quality improvement from PMIO to QI leads; we need to work with these teams to understand how we can increase improvement opportunities. The questions relating to recommending the organisation have remained stable however, the national averages all saw more positive increases than the trust. All of these questions link to how staff feel working for the Trust demonstrating the need to focus on people.

We must continue to invest in our people resource, if we want to see improvements in some of the staff survey metrics we need to consider whether we have invested in the right parts of the organisation to deliver on these metrics. Whilst there is a need to balance the finance without the appropriate resources improvements will struggle to be delivered, adding more tasks to staff that already feel overstretched will not result in positive outcomes. The organisation development team will work with managers in areas to help them understand their staff survey results and help with development of action plans. We will maintain our focus on engagement, leadership and quality.

Whilst the pandemic has challenged the workforce in ways we could never imagine it has never been clearer that a focus on the people who are the beating heart of the organisation is needed to continue on our journey to excellence as our standard. Without the dedicated and compassionate people who work for the organisation, we would be unable to provide the quality care that we always strive for our patients and population. There is much to celebrate in the organisation and we must continue to tap into the potential and skills of a diverse and talented workforce.

The improvements must take place at differing levels across the Trust. At an organisational level we need to determine the key actions, which must be undertaken to achieve a further positive increase in results in the coming year. At a Care Group level we must understand and implement actions which are department specific as each area will have differing needs. At a department level, we must ensure that staff are involved in making improvements and provided with a voice to offer suggestions, which would make their department a better place to work.

The launch of the NHS People Plan provides an opportunity to focus on our most precious resource – our people. It is clear that the eight areas of priority within the People Plan have clear linkage to the staff survey and focussing and implementing these key actions will result in a positive culture change.

4.3.8 Facility Time Publication

On 1 April 2017, the Trade Union (Facility Time Publications Requirements) Regulations 2017 came into force. The Regulations require the Trust, as an NHS Body to collate and publish on an annual basis, a range of data on the amount and cost of “facility time” within the organisation.

The current reporting year is for 12 months from 1 April 2020 to 31 March 2021 and this will be the fourth year of reporting, since the regulations came into effect.

Facility time is the provision of paid or unpaid time off from an employee’s normal role to undertake Trade Union duties and activities as a Trade Union representative. There is a statutory entitlement to reasonable paid time off for undertaking Trade Union duties. There is no statutory entitlement to paid time off for undertaking Trade Union activities.

The facility time data the Trust is required to collate and publish under the 2017 regulations are:

- **Table 1:** the number of employees who were relevant union officials during the relevant period, and the number of full time equivalent employees.
- **Table 2:** the percentage of time spent of facility time for each relevant union official.
- **Table 3:** the percentage of pay bill spent on facility time.
- **Table 4:** the number of hours spent by relevant union officials on paid trade union activities as a percentage of total paid facility time hours.

The data has now been collated for the reporting year 1 April 2020 to 31 March 2021 and is shown below.

Table 1 - Relevant union officials

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

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
18	15.99 fte

Table 2 - Percentage of time spent on facility time

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

Percentage of time	Number of employees
0%	4
1 - 50%	12
51% - 99%	1
100%	1

Table 3 - Percentage of pay bill spent on facility time

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

First Column	Figures
Provide the total cost of facility time	£78,913
Provide the total pay bill	£234,550,000
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.03%

Table 4 - Paid trade union activities

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

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	22.62%

4.3.9 Disclosure of Concerns (Whistleblowing)

The number of concerns raised under the Trust's Disclosure of Concerns Policy for the period 1 April 2020 to 31 March 2021 are shown in the following table:

Cases carried forward from 2019-20	Cases commenced in 2020-21	Cases concluded in 2020-21 (with outcome)	Total on-going cases carried forward
8	12	14	6

The table shows that 12 new cases were referred to the Freedom to Speak Up Guardian during the period 2020-21 and eight cases were brought forward from 2019-20.

The themes for the 12 new cases can be summarised as follows:

Bullying and Harassment (6)

- Disclosures raised around management and workload. Case has been closed.
-
  been closed.
- Disclosures raised regarding culture in department. Case has been closed.
- Disclosures raised relating to management. Case ongoing.
- Disclosures raised relating to management. Case ongoing.
- Disclosures raised covering discrimination. Case ongoing.

Patient Safety (6)

- Concerns raised around patient safety, confidentiality, culture and discrimination. Case has been closed.
- Concerns raised around patient safety and procedures. Case is ongoing.
- Concerns raised anonymously around culture and management on ward. Case has been closed.
- Concerns raised regarding patient safety and fraud, (one case has been closed, one case is ongoing).
- Concerns raised around Patient Safety, Staff Safety, Bullying and Harassment and culture. Case is ongoing.

Fourteen cases have been investigated, resolved and closed, with a further six cases remaining under review with the outcome to be confirmed following conclusion of the investigation process.

One staff member raised concerns with the Freedom to Speak Up Guardian and was advised to speak to Workforce.

4.3.10 Staffing Analysis

The Trust employs circa 5,700 staff and the table below shows staff numbers at 31 March 2021. 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 2021

	Headcount		WTE	
	Male	Female	Male	Female
Directors (including Non-Executive directors and chairman)	12	6	11.79	6
Senior Managers	81	146	76.35	129.12
Employees	1,008	4,456	852.83	3,563.87
Grand Total	**1,101**	**4,608**	**940.97**	**3,698.99**

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

Average number of employees

The information in the following table has not been subject to audit review.

			2020-21	2019-20
	Permanent	Other	Total	Total
Medical and dental	522	1	523	535
Ambulance staff	-	-	-	-
Administration and estates	1,474	20	1,494	1,451
Healthcare assistants and other support staff	872	106	978	950
Nursing, midwifery and health visiting staff	1,347	60	1,407	1,381
Nursing, midwifery and health visiting learners	-	-	-	-
Scientific, therapeutic and technical staff	405	3	408	399
Healthcare science staff	140	3	143	142
Social care staff	-	-	-	-
Agency and contract staff	-	-	-	-
Bank staff	-	-	-	-
Other	9	-	9	9
Total average numbers	**4,767**	**194**	**4,962**	**4,867**
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.

			2020-21	2019-20
	Permanent	Other	Total	Total
			£000	**£000**
Salaries and wages	183,665	-	183,665	166,870
Social security costs	15,531	-	15,531	14,557
Apprenticeship Levy	814	-	814	771
Employer's contributions to NHS pensions	26,236	-	26,236	25,091
Pension cost - other	242	-	242	214
Agency/contract staff	-	8,062	8,062	8,857
NHS charitable funds staff	-	-	-	-
Total gross staff costs	**226,488**	**8,062**	**234,550**	**216,360**
Recoveries in respect of seconded staff	-	-	-	-
Total staff costs	**226,488**	**8,062**	**234,550**	**216,360**

Expenditure on consultancy

The Trust, in 2020-21, spent a total of £1,013,000 on services provided by external consultancies, compared to £572,000 in 2019-20.

Staff exit packages

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

Exit package cost band	Number of compulsory redundancies 2020-21	Number of other departures agreed 2020-21	Total number of exit packages 2020-21	Number of compulsory redundancies 2019-20	Number of other departures agreed 2019-20	Total number of exit packages 2019-20
<£10,000	-	-	-	1	2	3
£10,001 - £25,000	-	1	1	-	1	1
£25,001 - £50,000	-	-	-	2		2
£50,001 - £100,000	-	2	2	-	-	-
£100,001 - £150,000	-	-	-	-	-	-
£150,001 - £200,000	-	-	-	-	-	-
>£200,000	-	-	-	-	-	-
Total number of exit packages by type	-	3	3	3	3	6
Total resource cost (£)	**£0**	**£144,239**	**£144,239**	**£28,000**	**£41,000**	**£69,000**

The Trust had three non-compulsory departure payments in 2020-21, and three in 2019-20.

Off-payroll arrangements

The Trust, as of 31 March 2021, 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 2020 and 31 March 2021.

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 2021, for more than £245 per day and that last for longer than six months.	**Number of existing engagements as of 31 March 2021**
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 2020 and 31 March 2021, for more than £245 per day and that last for longer than six months.	Number of new engagements between 1 April 2020 and 31 March 2021
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 2020-21
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.	17

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. 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.

4.5 NHS Oversight Framework

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

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

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

Segmentation

During 2020-21, North Tees and Hartlepool NHS Foundation Trust has moved from segment 3 to segment 2 of the Single Oversight Framework risk assessment, for strategy undertakings. This now means the Trust is in segment 2 for strategy and finance which is an improved overall position.

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.

4.6 Statement of accounting officer's responsibilities

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
28 June 2021


STOP
Happy
To
Help
North Tees
and
Hartlepool
NHS
Richard
Hewitson
Volunteer

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 2021 and up to the date of approval of the Annual Report and Accounts.

3. Capacity to Handle Risk

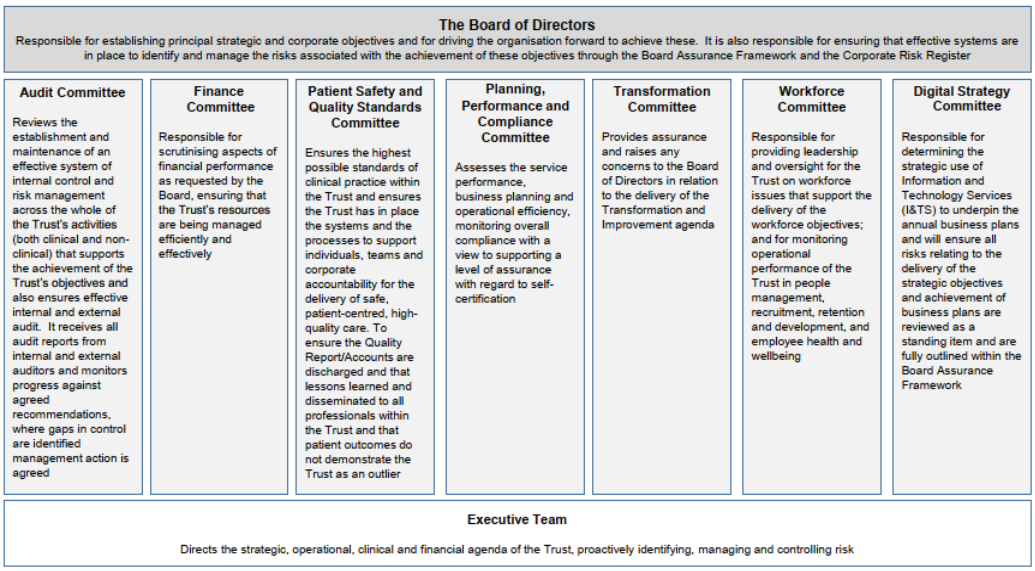
Leadership
The Trust is committed to a Risk Management Strategy, which minimises risk to all of its stakeholders through a comprehensive system of internal controls, based on support and leadership offered by the Board of Directors, its Committees, the Chief Executive and the Executive Management Team. The Risk Management Strategy provides a framework for taking this forward through internal controls and procedures, which encompass 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 Board of Directors brings together the corporate, financial, workforce, clinical and non-clinical, information and health and safety governance risk agendas. The Board Assurance Framework (BAF) ensures that there is clarity about the risks that may impact on the Trust's ability to deliver its strategic objectives together with any gaps in control or assurance, the Trusts Risk Register has been developed to support the linking of operational risks to those risks identified in the BAF supporting greater transparency and integration of risk identification and management at all levels.

During the COVID-19 Pandemic the Trust has taken a flexible and responsive approach to the emergent risks that have manifested during this time, a weekly report on the trust's response and management of risks directly related to the pandemic was reviewed by the Executive Team, to ensure the response was coordinated and consistent meeting the needs of both patients and staff.

The Executive team work within the parameters of the agreed level of risk, 'risk appetite', agreed by the Board of Directors. A recent audit undertaken by AuditOne in February 2021 identified that the governance, risk management and control arrangements provided a good level of assurance that risks identified are being managed effectively, with a high level of compliance with the control framework.

The high level Board committee structure discharges overall responsibilities for risk management and maintaining and reviewing the effectiveness of the systems of internal control and include:



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

The Care Group structure introduced in April 2019 continues to support the Trusts journey a radical shift away from a traditional acute hospital model in its ambition and responsibilities. Under the leadership and oversight of the Chief Operating Officer, the three Care Group Directors and Clinical Leads have responsibility for the effective and efficient use of resources, including the proactive identification and mitigation of risks to the delivery of annual business plans. They have responsibility for providing leadership to, and ensuring appropriate oversight of the achievement of Care Group objectives, quality, operational and financial performance, through mitigation of risk and review of relevant assurance. The Care Groups are supported through highly skilled and competent staff within the Corporate and Support Service functions that are a central resource for training, advice and guidance on all areas of risk management.

Training

The Board of Directors participates in an annual review of skills and competence to undertake the challenges of interpreting strategy into delivery and this is accompanied by regular training, networking and attendance at nationally led events. This enables the Board of Directors to contribute to the whole Trust agenda and in particular safety and quality at a strategic level whilst challenging the delivery of performance and scrutinising the impact of risks. A Senior Independent Director at Non-Executive Board level is available and holds regular meetings with Governors in order to provide a conduit for Governors to raise concerns on an informal basis, if required.

All members of staff have responsibility for participation in the risk/patient safety management system and have access to training in areas such as information governance, risk management, reporting systems and guidance on how to understand the processes for managing risks, which are appropriate to their authority and duties. Following the introduction of the revised Risk Management Strategy, particular focus has continued in relation to the development and rollout of training in respect to risk management and risk registers to ensure consistency and standardisation of application and process.

Staff of all grades can access this training in areas such as risk assessment, risk management and the use of the Trust's risk reporting system. The training opportunities 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

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.

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;
- Patient Experience;

• Equality and Diversity.

All QIAs are reviewed and approved by the Chief Nurse/Director of Patient Safety and Quality and the Medical Director prior to implementation. Initially QIAs were introduced to support the planning of changes within the service improvement and efficiency programme, however, it was recognised this assessment could be utilised 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 Trust recognises that it is operating in a competitive healthcare economy where patient safety, quality of service and organisational viability are vitally important. The Trust also 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 Care Quality Commission, NHS England, NHS Improvement and statutory regulators of healthcare professions.

There were a number of changes to Board membership during the year. Further details about Board members and changes to Board membership during the year can be found in the Directors' Report and the Remuneration Report.

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 and 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 2020-21 as follows:

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.
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
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 2020-21 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 risk identified via the Board Assurance Framework related to the Trust's ability to deliver the 2020-21 financial plan as submitted to NHS Improvement. The Finance Committee has maintained close overview of the Trust's performance against financial plan throughout the course of the year. Significant actions and plans were identified and progressed through the year, which included robust grip and control processes and governance arrangements that were strengthened to ensure support for the appropriate management, monitoring and implementation of actions.

In addition, an earned autonomy financial framework to support the introduction of the Care Groups, was introduced during 2019-20. This included an internal single oversight framework, associated governance structure and escalation process. This structure enabled strategic plans to be reviewed, potential strategic and operational risks to be identified and support structure developed to ensure delivery throughout 2020-21. As a result, the Trust achieved a year-end position of a surplus of £9.38m (subject to audit).

Historically, the Trust was placed into segment 3 within the Single Oversight Framework risk assessment during 2018-19, with enforcement actions in place aligned to the financial deficit position. However, as a result of significant improvements demonstrating a strong recovery against the agreed financial plan with the subsequent removal of the finance enforcement undertakings, the NHSE/I assessment places the Trust in segment 2 from April 2021.

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.

To comply with the governance conditions of the NHS Provider Licence, the Trust is required to provide a governance statement to NHS Improvement that sets out any risks to compliance with the governance conditions and the actions taken or being taken to maintain future compliance. The statement sets out a number of key questions essential for quality governance, with evidence gathered through self-assessment or review. The Board of Directors certifies on-going compliance with the governance condition, via the Corporate Governance Statement, using performance against governance indicators, financial performance, exception reports and third party information to test the certification.

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 annually refreshes the strategic vision for their service(s) within a business plan including a fully scoped workforce plan for the coming financial year which is aligned and ultimately achievable with service and financial planning. Aligning service, finance and workforce planning fosters relationship building between specialists in each area providing creativity and professional challenge in considering and designing a multi-disciplinary workforce who can contribute to new or changing service demands and need. Plans include details of any predicted gaps in workforce and any skills deficit by staff group, taking account of gaps from a demographic perspective, consideration of age profile and difficult to recruit to positions and affordable solutions to overcome these challenges. This acknowledges that the future position is likely to be exacerbated by national and regional workforce shortages and a local ageing workforce.

The Care Group structure supports an agile organisation that can respond to changing and developing needs to effectively meet the organisations objectives working with less borders, to deliver objectives efficiently, safely and to a high quality. The Care Group structure therefore reduces the unhelpful separation of Acute and Community Care and health and social care services.

The Trust's People Plan has been developed which describes the overarching direction for the Trust for the next five years and provides 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. Patient safety and workforce sustainability are at the forefront of Trust thinking, ensuring staff are individually and collectively responsible for making

judgements about staffing and delivering safe, effective, compassionate and responsive care within available resources.

The Trust was inspected by the Care Quality Commission (CQC) with an unannounced inspection, which took place from 21-23 November 2017, and a planned well-led inspection, which took place from 19-21 December 2017. The overall rating for the Trust improved from 'requires improvement' to 'good' in all five of the domains (announced March 2018). An independent external Well Led review was undertaken by the Good Governance Institute and reported to the Board in October 2018. The review concluded that the organisation is well-led Trust, with effective governance arrangements and a satisfactory system of internal control in place.

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

The Trust recognises that balancing high quality care with long-term financial sustainability and delivering integrated care are significant and challenging strategic risks and are integral to the BAF. The Trust is working with its partners in the Tees Valley Health and Care Partnership to find workable solutions to these very challenging strategic risks. In addition, during 2020-21, the Trust embarked on a transformative governance journey to establish a provider collaborative with the neighbouring Trust at 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. An interim Joint Chair was appointed to lead the two Trusts through the formation of a Joint Strategic Board that will operate within a committees-in-Common structure. The recruitment of a permanent Joint Chair is planned to commence in May 2021.

The Trust has actively supported and assisted the development of the North East and North Cumbria ICS, providing data, challenging evidence and enabling its clinical leaders to contribute to the development of robust clinical models. The ICS seeks to address challenges in providing services, which meet best practice clinical standards by the most appropriate workforce in the correct setting. It is critically important that these proposals are supported by robust evidence, by clinical opinion, engagement, and consultation and the Trust is providing a lead role in the gathering of data and contribution to strategic plans.

The Board of Directors is committed to, and actively promotes the identification, sharing and delivery of best practice; this includes identifying and managing current risks to the quality of care; as well as scoping for any future issues that may impact on this. The internal control mechanisms support the management of risk to a reasonable level rather than to eliminate all risk of failure to achieve patient safety and quality; the infrastructure of support therefore provides reasonable, and not absolute, assurance of effectiveness.

The Board of Directors assesses its performance and discusses associated risks at each meeting, through the presentation of the Integrated Performance Report, which includes all NHS Improvement Single Oversight Framework metrics. An exception report on these measures is discussed in more detail at the Planning, Performance and Compliance Committee and the more detailed quality issues at the Patient Safety and Quality Standards Committee.

The Patient Safety and Quality Standards Committee receives reports and updates from appropriate departments in relation to any external assurance visits undertaken to assess compliance with national standards. The Committee also request reviews of published national reports, to establish if there are any identified gaps in service provision in the organisation as a result of findings and recommendations made. The Trust has a policy advising on the process of follow up of external reports and inspections to ensure agreed actions are implemented accordingly. Three Non-Executive Directors are members of the Patient Safety and Quality Standards Committee, one of whom chairs the meeting.

The Board understands and promotes staff empowerment in relation to quality. This ensures all staff, including front line staff, are involved and therefore empowered to implement Trust practices and behaviours and challenge colleagues appropriately who have not followed Trust procedures. This Just Culture is taken in relation to incident reporting and investigation as the organisation actively promotes a culture of safety, quality improvement and continuous learning and encourages incident reporting from all staff.

Examination of any human factors and system problems linked with safety incidents permits actions to be implemented to mitigate against recurrence where possible. In line with the approach to a Just Culture, if, following investigation of any incident, 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 promotes a shared governance approach and encourages multidisciplinary 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 this role will support the development of training processes in the organisation working closely with the Workforce Investigator to continue develop investigation skills and methodologies in line with national guidance stop

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. There has been one Never Event reported in the period of 2020-21 in relation to wrong site surgery, a patient received a pain relieving injection in the wrong limb, which was investigated, processes and procedures have been changed in response to the findings.

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 are presented to the Patient Safety and Quality Standards Committee as well as other linked committees or groups.

Information obtained through the Friends and Family Test (FFT) for both patients and staff is analysed and reviewed on a regular basis. In 2020-21, the trust implemented a text-based system for feedback for FFT, increasing the number and quality of feedback through this process. To support analysis this is shared with departments through the yellowfin business intelligence software, in 2020 – 21 word clouds will be available to display clearly patients and carers quality feedback received by wards and departments. Further information can be found in the Quality Report, Section 5. The national Staff Survey results are analysed and examined to identify where issues have been identified so that initiatives can be introduced to support improvements; the Board of Directors is actively involved in this planning.

To be able to demonstrate the excellent work undertaken by the trust staff, the trusts incident reporting technology has been utilised to create "Greatix". This allows staff to record compliments and feedback from patients and relatives on the care that they received whilst on the ward or department, this is fed back to staff directly and to the departments. Patient stories, both positive and negative, are regularly used throughout the organisation in order to promote the impact of issues that are raised and remind all staff that behind each complaint or incident is a patient and their family.

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.

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.

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

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

The foundation trust has undertaken risk assessments and Carbon Reduction Delivery Plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

5. COVID-19 Pandemic

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 NHS received notification from NHS England on 25 March 2021 NHS Chief Executive, Simon Stevens, announced that the national incident level for the NHS COVID-19 response would be reduced from level 4 to level 3, with immediate effect. The NHS England Board noted that since the peak of COVID demand in late January, there had been a steady decline in overall cases of COVID-19 in England, with pressures on bed occupancy and critical care reducing accordingly.

The Trust continues to manage our internal incident response although the organisation reverted to normal site management arrangements during March 2021. It is important to note that the pandemic continues to have an international and national implications and rapid escalation of the Trust's incident management provisions are in place if required. Learning from the response to the pandemic has informed an iterative review of incident management planning and the Trust Resilience Forum monitors the response to risks associated with incident management and EPRR. During 2020-21, this has included a review and revision of Business Continuity Plans (BCPs) and a work programme to revise the major incident plan to incorporate the learning from the last twelve months.

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 prepared detailed recovery plans in line with the 2020-21 NHS Priorities and Operational Planning Guidance, which was published by NHS England on the 25 March 2021.

The guidance sets the following priorities for 2021-22:

- Supporting the health and wellbeing of staff and taking action on recruitment and retention
- Delivering the NHS COVID vaccination programme and continuing to meet the needs of patients with COVID-19
- Building on what we have learned during the pandemic to transform the delivery of services, accelerate the restoration of elective and cancer care and manage the increasing demand on mental health services
- Expanding primary care capacity to improve access, local health outcomes and address health inequalities

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 2020-21 was on plan or 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 following processes and mechanisms were in place or have been enhanced in year:

- Complying with national block contract arrangements during months 1-6 and delivering a breakeven position in each month. For months 7-12, the Trust consistently reported ahead of the revised plan 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 direction of travel into the future;
    - 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 and forecasts.
    - Strengthened governance arrangements to ensure greater 'grip and control' with regular presentations from service areas on performance against plan and targets;
    - Receipt and compliance with national COVID-19 guidance throughout 2020-21;
    - The introduction 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 more 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 Orders, 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;
    - New collaborative arrangements with South Tees Hospitals NHS Foundation Trust (Provider Collaborative).
    - 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.

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 such a transition will be managed for the benefits of the patients the Trust serves. The Integrated Care System 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; GP federations 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.

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 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 has seen improvements in its incident levels with the number of serious/high risk incidents falling over the past six-year period, the Trust reported three incidents to the ICO during 2020-21, a reduction of one from the previous year. The reported incidents were one instance of a 'disclosure in error' and two of 'inappropriate access'.

As in previous years, in order to further strengthen existing Trust policy and to prevent repeat incidents in areas where incidents have occurred during 2020-21 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 in light of the updated Data Protection Act 2018 and the General Data Protection Regulations (GDPR).
- Increased the 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. 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 through the completion of the Data Security Protection Toolkit (DSPT). All organisations that have access to NHS patient data and systems use this toolkit to provide assurance that they are demonstrating good data security and that personal information is handled correctly.

The DSPT sets out 111 mandatory evidence items in 42 assertions (37 mandatory), which cover these 10 standards that the Trust must evidence compliance against in order to gain compliance.

For 2020-21, the deadline for submission of the DSPT has again been moved from 31 March 2020 to 31 June 2021 due to the impact of COVID-19; as such the Trust has not yet submitted its annual return via the DSPT.

At the time of writing, the Trust is complaint with 80 of the 111 evidence items and have confirmed compliance with 22 of the 42 assertions. The Trust remains on plan to submit the remaining evidence items by the new June 2021 deadline and submit a fully compliant DSPT submission for 2020-21.

The 2020-21 DSPT is also subject to external audit, the audit was carried out during March 2021 and the Trust awaits the final assessment report.

8. Data Quality and Governance

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

The following steps have been implemented to provide assurance to the Board of Directors that the Quality Report presents a balanced view and there are appropriate controls in place to ensure the accuracy of data:

- The draft Quality Report/Account was issued to key stakeholders in May 2021 with the Third Party Declarations to be received by June 2021. Stakeholders were consulted throughout the year starting in January 2021 and concluding in March 2021; the Stakeholders requested to review the Quality Accounts document and comment on whether they felt it accurately reflected their understanding of the Trust position in relation to quality; and
- 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.

All the key stakeholder 3rd Party Statements are due back into the Trust by early June 2021, to meet the 30 June 2021 deadline.

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.

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 Single Oversight Framework segmentation methodology. Triggers of escalation identify directorates requiring additional support, based on key performance standards, with corporate resource available to provide further assistance.

The impact of the COVID-19 pressures has significantly impacted on day-to-day service delivery and the associated performance standards; however, this has been managed through the robust planning and implementation of revised patient pathways, encompassing the need to manage COVID and non-COVID attendances and admissions. This is acknowledged as a key risk going forward into 2021-22.

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 Assurance Framework is well established and is designed to meet the requirements of the 2020-21 Annual Governance Statement and provide reasonable assurance that there is an effective system of internal control to manage the principle 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, objective assurance and consulting activity designed to add value, and improve the Trust's operations. Through an active 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 (Monitor) – 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 would normally undertake quarterly assurance visits, however, due to COVID-19 these were stood down for 2020-21. Regular contact has been maintained with the CCG during this period to ensure an ongoing focus on safety and quality within the Trust's services.

Review and assurance mechanisms are in place but continue to be developed and ensure that:

- All managers including the Board regularly review the risks and controls for which they are responsible;
- All reviews are monitored, documented and reported to the next level of management;
- Any changes to priorities or controls are documented and appropriately referred or actioned;
- Lessons, which can be learned from both successes and failures, are identified and promulgated to those who can gain from them, both within and without the organisation.

An appropriate level of independent assurance is provided on the whole process of risk identification, evaluation and control.

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

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.

Signed:

Julie Gillon
Chief Executive
28 June 2021

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 2021 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 for the year ended 31 March 2021;
- the Consolidated and Foundation Trust Statements of Financial Position as at 31 March 2021;
- the Consolidated and Foundation Trust Statements of Changes in Taxpayers' Equity for the year ended 31 March 2021;
- the Consolidated and Foundation Trust Statements of Cash Flows for the year ended 31 March 2021; and
- the related notes 1 to 37.

We have also audited the information in the Remuneration Report and Staff Report that is subject to audit, being:

- the table of salaries and allowances of senior managers and related narrative notes on page 59;
- the table of pension benefits of senior managers and related narrative notes on page 61;
- the pay multiples disclosure on page 58; and
- the table of exit packages on page 78.

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 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 and Accounts, 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 and Accounts. 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 and Internal Audit 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, provisions and deferred income recorded at 31 March 2021 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 2021; we tested a sample of provisions to supporting documentation to understand the rationale for the inclusion of a provision, checking that it is a valid liability and that there was an event during 2020/21 that meant it was appropriate for the provision to be disclosed; we tested a sample of deferred income items to supporting documentation and evaluated management's assessment as to whether the criteria for revenue recognition had been met as to 31 March 2021.

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, 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 trust's arrangements is not complete at the date of our report on the financial statements. We will report the outcome of our work on the trust's arrangements 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.

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.

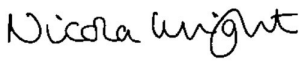
We have nothing to report in respect of these matters.

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). We are satisfied that our remaining work in this area 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 (Key Audit Partner)
For and on behalf of Deloitte LLP
Appointed Auditor
Newcastle upon Tyne
28 June 2021

Independent auditor's certificate of completion of the audit to the Council of Governors and Board of Directors of North Tees and Hartlepool NHS Foundation Trust

Issue of opinion on the audit of the financial statements

In our audit report for the year ended 31 March 2021 issued on 28 June 2021, we reported that, in our opinion, the financial statements:

- gave a true and fair view of the state of the Group's and the Foundation Trust's affairs as at 31 March 2021 and of the Group's and the Foundation Trust's income and expenditure for the year then ended;
- had been properly prepared in accordance with the accounting policies directed by NHS Improvement – Independent Regulator of NHS Foundation Trusts; and
- had been prepared in accordance with the requirements of the National Health Service Act 2006.

Foundation Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

As part of our audit, we are required to report to you if we are not able to satisfy ourselves that the Foundation Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

As at the date of issue of our audit report for the year ended 31 March 2021 on 28 June 2021, we had not completed our work on the Foundation Trust's arrangements and had nothing to report in respect of this matter as at that date.

Certificate of completion of the audit

In our audit report for the year ended 31 March 2021 issued on 28 June 2021, we explained that we could not formally conclude the audit on that date until we had completed our work in respect of the Foundation Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources. We have now completed our work in this area.

No matters have come to our attention since that date that would have a material impact on the financial statements on which we gave our opinion.

We have nothing to report in respect of the Foundation Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources.

We certify that we have completed the audit of North Tees and Hartlepool NHS Foundation Trust in accordance with requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice.

Nicola Wright

Nicola Wright (Key Audit Partner)
For and on behalf of Deloitte LLP
Appointed Auditor
Newcastle upon Tyne
14 September 2021


NHS Care Identity Service

6. Financial Performance 2020-21

6.1 Foreword to the accounts

These accounts for the year ending 31 March 2021 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 2021 including its income and expenditure for the period.

This report contains the four primary financial statements:

- the statement of comprehensive;
- the statement of financial position;
- statement of changes in equity;
- 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
28 June 2021

6.2 Financial Performance 2020-21

The Trust's primary focus in 2020-21 was responding to the COVID-19 pandemic whilst maintaining financial control. The challenging demands on NHS services and 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 2019-20, and continues to make substantial progress towards ensuring financial sustainability, in line with the Trust's 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 2020-21.

The Trust continues to consolidate the accounts of its wholly owned subsidiary, Optimus Health Limited. This company 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. This is the fourth year the Trust has also consolidated North Tees and Hartlepool Solutions, a wholly owned NHS subsidiary company, which commenced trading on 1 March 2018.

The Trust achieved a surplus £9.7m in 2020-21 (excluding accounting entries that have no impact on cash). The improvement in the financial position demonstrates the Trust is continuing to improving its underlying deficit position and is underpinned by efficient and effective cost containment controls and processes.

Analysis of Surplus/(Deficit) for the year	Group	
	2020-21	**2019-20**
	£000	**£000**
Surplus/(Deficit) from continuing operations – before consolidation of the charity	**8,509**	**(17,010)**
Movement in fair value of investment property and other investments	5,356	17,618
Gain losses on asset disposals	-	-
Remove capital donations/grants I&E impact	(2,622)	62
Remove net impact of consumables donated from other DHSC bodies	(1,524)	-
Surplus/(Deficit) for the financial period before impairments, revaluations and charitable funds including PSF – Performance against control total	**9,719**	**671**
Remove impact of PSF/FRF, MRET and top-up income	(15,728)	(10,208)
Surplus/(Deficit) for the financial period before impairments	**(6,009)**	**(9,538)**
The result for the financial period before impairment, revaluation, centrally sourced PPE stock adjustment and the impact of the charitable funds is one of the primary financial KPIs used by the Trust and NHSE/I. This non-GAAP measure has been referred to as 'Operational Deficit' in the Annual Report.		

The further consolidated group position (including charity adjustments) is a surplus of £8.768m. This includes an exceptional item of £5.4m of asset impairments and also the centrally sourced PPE stock adjustment of £1.5m, which, along with donated asset and asset disposal adjustments, does not count against NHS England and Improvement control total target.

The improvement in the reported financial position between 2019-20 and 2020-21 is the reduction in activity levels across the year and over-performing subsidiary companies. It is not anticipated that this level of improvement will continue into 2021-22.

The MEA valuation for March 2021 resulted in an overall decrease in the building valuation. This included an impairment of £5.4m and an increase in the revaluation reserve of £3.2m, so a net reduction in value of £2.2m.

The main reason for the material impairment is due to an overall increase in the MEA report between March 2020 and March 2021 of £2.5m, however the capital spend on the estate this year, less depreciation (£4.7m) far exceeds this value, resulting in an overall reduction in non-current assets for buildings, land and dwellings of £2.2m.

The reason that the capital spend on the estate, less depreciation has been so high in 2020-21 is due mainly to external funding received in relation to urgent and emergency care building works (£3m) and additional critical infrastructure funding (£1.2m).

Statement of Comprehensive Income (SoCI) Group Position excluding charity			
Reporting period 1 April 2020 to 31 March 2021	**Actual**	**Exceptional Items**	**Revised Position**
	£000	**£000**	**£000**
Income	**367,550**	**-**	**367,500**
Pay expenditure	(234,550)	-	(234,550)
Non-pay expenditure	(106,809)	-	(106,809)
Total expenditure	**(341,359)**	**-**	**(341,359)**
EBITDA	**26,191**	**-**	**26,191**
Depreciation	(16,146)	-	(16,146)
Interest receivable	-	-	-
Interest payable	(568)	-	(568)
PDC	(803)	-	(803)
Corporation Tax	(28)	-	(28)
Other gains and losses on disposal	(137)	-	(137)
Interest. Depreciation and PDC	**(17,682)**	**-**	**(17,682)**
Surplus/(Deficit) for the period/year including PSF/FRF/MRET and top up	8,509	-	8,509
PSR/FRF and MRET Income	-	-	-
Surplus/(Deficit) before impairments and excluding donated assets – i.e. control total	**8,509**	**-**	**8,509**
Impairment	5,356	(5,356)	-
I&E impact of capital grants and donations	(2,622)	-	(2,622)
PPE centrally procured stock adjustment	**(1,524)**	**1,524**	**-**
Total Trust Surplus/(Deficit)	**9,719**	**(3,832)**	**5,887**

The Trust's primary focus in 2020-21 was responding to the COVID-19 pandemic whilst maintaining financial control. The funding regime for 2020-21 is set out below:

- For the first half of the year (April to September 2020), simplified block contract arrangements were introduced for the first half of the year with the opportunity to retrospectively claim for COVID-19 related expenditure and recovery of lost income as a result of COVID-19. In each of the first six months of the year, the Trust delivered a breakeven position.
- For the second half of the year (October 2020 to March 2021), financial system envelopes were introduced and funding was distributed via the Clinical Commissioning Group to provider organisations.

The table below summarises the financial performance 2020-21 and 2019-20.

Income and expenditure Summary as at 31 March 2021 (including consolidation of Charity)	Group	
	2020-21	**2019-20**
	£000	**£000**
Operating income from patient care activities	319,267	291,857
Other operating income	48,949	33,826
Operating expenses	(352,596)	(322,375)
Operating surplus(deficit) from continuing operations excluding impairment	**15,620**	**3,308**
Impairment	(5,356)	(17,618)
Operating surplus(deficit) from continuing operations	10,264	(14,310)
Finance income	40	228
Finance expenses	(568)	(598)
PDC dividends payable	(803)	(1,881)
Net finance costs	**(1,331)**	**(2,251)**
Other gains/(losses)	(137)	(182)
Corporation Tax	(28)	-
Surplus/(deficit) for the year	**8,768**	**(16,743)**
Other comprehensive income		
Will not be reclassified to income and expenditure:		
Impairments	(713)	(4)
Revaluations	3,896	4,246
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	233	(37)
Total comprehensive income/(expense) for the period	**12,184**	**(12,538)**
Surplus/(deficit) for the period attributable to:		
North Tees and Hartlepool NHS Foundation Trust	8,768	(16,743)
Total	**8,768**	**(16,743)**
Total comprehensive income/(expense) for the period attributable to:		
North Tees and Hartlepool NHS Foundation Trust	12,184	(12,538)
Total	**12,184**	**(12,538)**

Table 1 – Financial Performance against Plan 2020-21

	Plan	Actual	Variance
Closing Cash Balance (excluding Charitable Funds)	35,102	53,229	18,127
Control Total (excluding Charitable funds, including PSF, FRF & MRET)	-871	9,719	10,590

6.3 Income and contract performance

Income in 2020-21 totalled £368.2m. The majority of the Group's income (£315.4m, 86%) 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 £15.7m of COVID-19 re-imbursement and top-up funding from NHS England, £10.7m of education and training income, support services provided to other Trusts, and miscellaneous fees and charges.

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

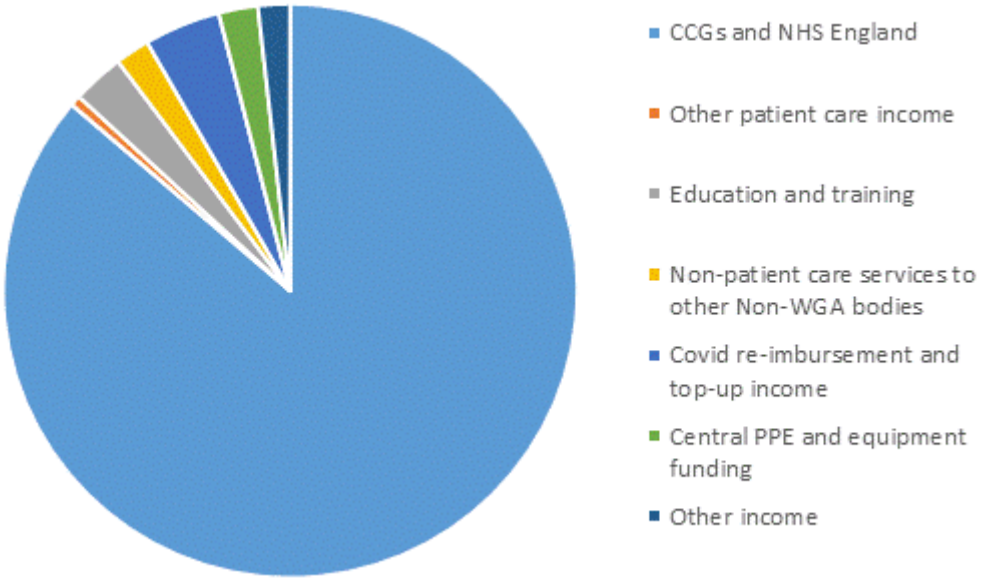


Table 2 – Analysis of Sources of Operating Income 1 April 2020 to 31 March 2021

Operating Income	£m	%
CCGs and NHS England	317.1	86%
Other patient care income	2.2	1%
Education and training	10.7	3%
Non-patient care services to other Non-WGA bodies	7.1	2%
COVID re-imbursement and top-up income	15.7	4%
Central PPE and equipment funding	8.1	2%
Other income	7.4	2%
Total Operating Income	**368.2**	**100%**

Services provided to the patients of NHS Tees Valley CCG accounted for 74% of total income received from Clinical Commissioning Groups and NHS England.

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

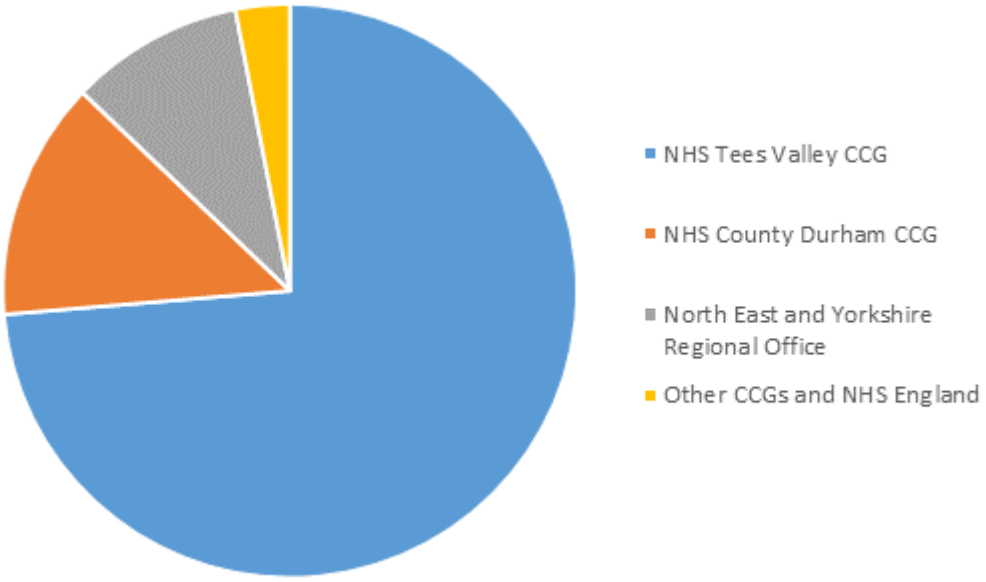


Table 3 – Analysis of Patient Care Income from Clinical Commissioning Groups and NHS England 1 April 2020 to 31 March 2021

CCGs and NHS England Patient Care Income	£m	%
NHS Tees Valley CCG	234.1	74%
NHS County Durham CCG	42.5	13%
North East and Yorkshire Regional Office	30.9	10%
Other CCGs and NHS England	9.6	3%
Total CCGs and NHS England Income	**317.1**	**100%**

Expenditure

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

Table 4 – Analysis of Operating Expenses 1 April 2020 to 31 March 2021

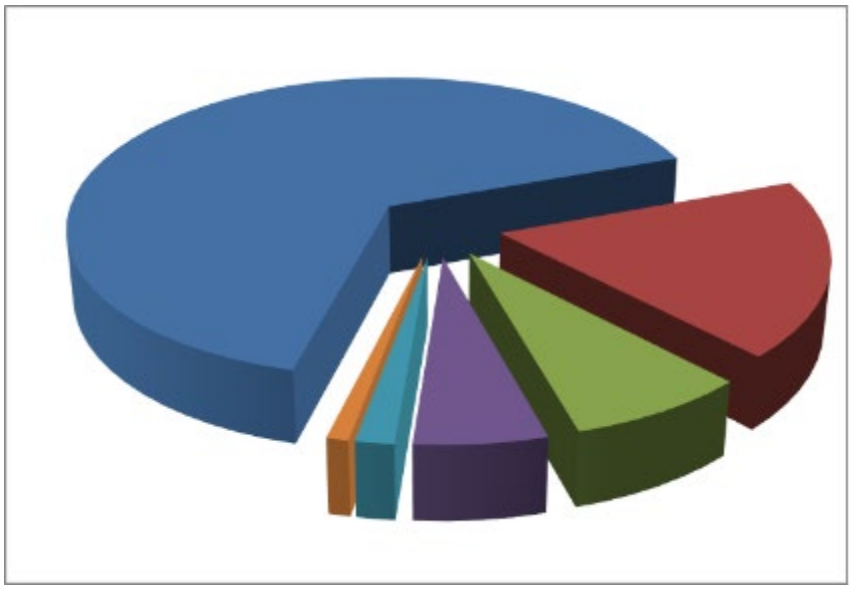


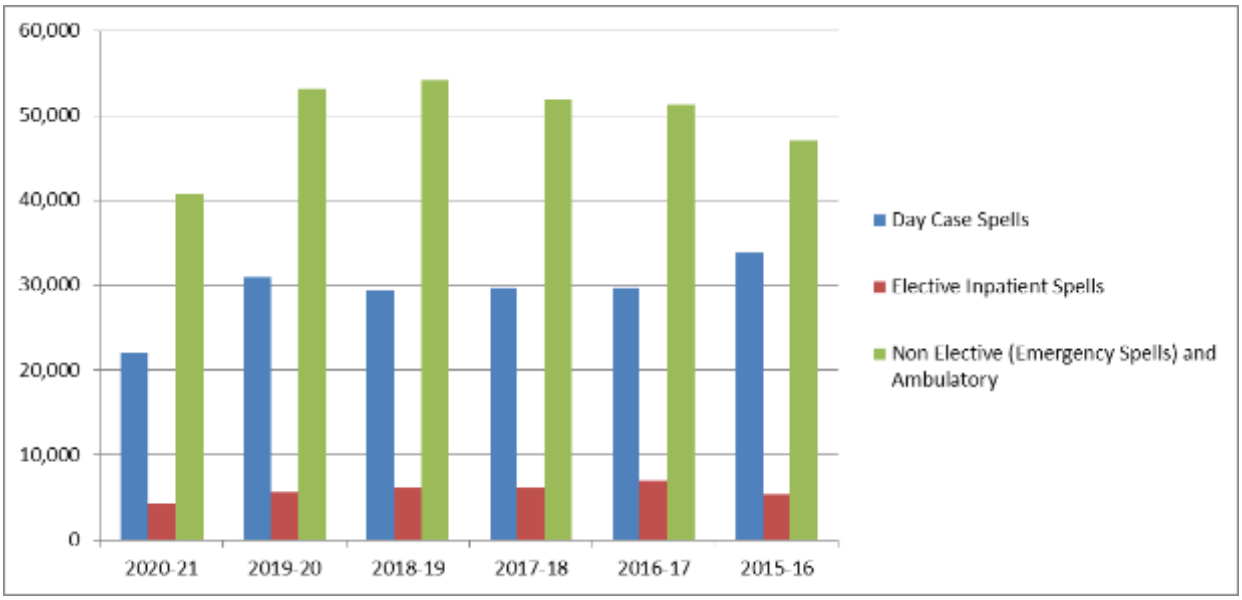
Table 4

Operating Expenses	£m	%
Employee Expenses	234.736	66%
Other Costs	66.038	18%
Supplies and Services – Clinical	27.977	8%
Drugs Costs	20.000	6%
Supplies and Services – General	5.919	2%
Services from NHS organisations	3.392	1%
Total Operating Income	**358.284**	**100%**

Tables 5 and 6 overleaf show the Trust's activity profile over current and previous years. The key highlights to note are as follows and have been impacted by COVID-19:

- Elective performance shows a decrease of 10,387 (-28%) spells compared to 2019-20;
- Non-elective performance shows a decrease of 12,421 (-23%) spells;
- First outpatient attendances have decreased by 7,780 (-13%);
- Follow-up attendances have decreased by 6,678 (-4%); and
- Outpatient procedures have decreased by 12,180 (-52%).

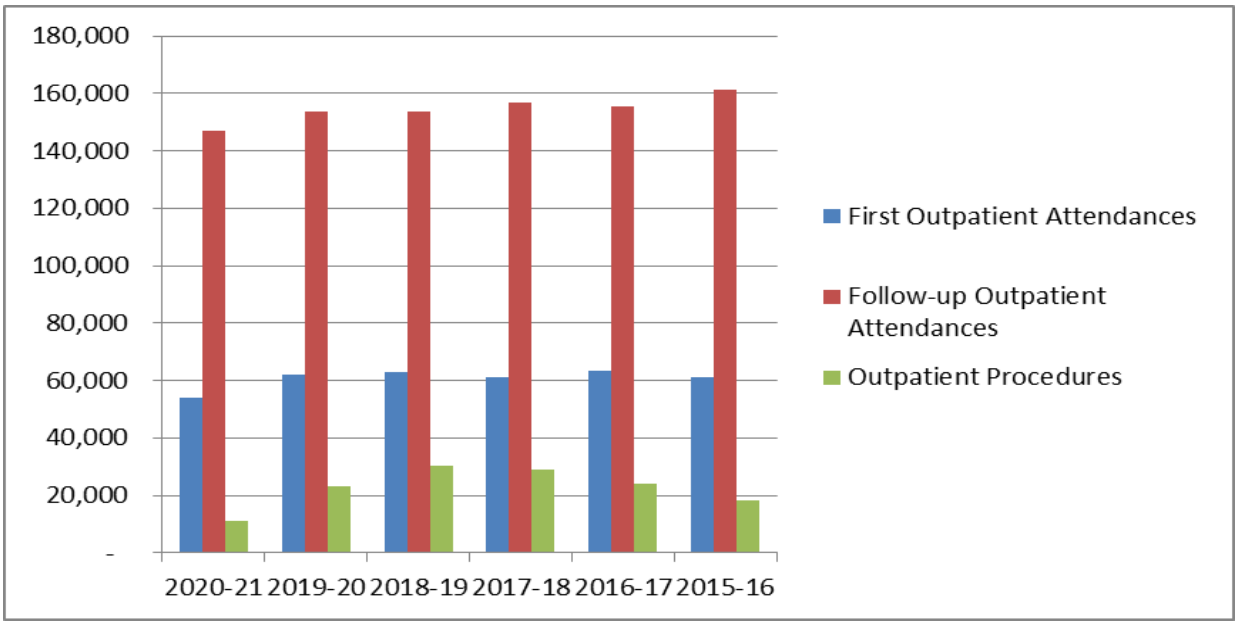
Table 5 – Analysis of the financial components of the 2020-21; 2019-20; 2018-19; 2017-18; 2016-17; and 2015-16 Contract Activity



Analysis of Activity	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Day Case Spells	22,034	30,997	29,490	29,671	29,747	33,839
Elective Inpatient Spells	4,253	5,677	6,123	6,099	7,038	5,318
Non-Elective (Emergency Spells) and Ambulatory	40,751	53,172	54,172	51,907	51,317	47,069

COVID-19 has had a significant impact on the ability to undertake patient activity, but levels started to increase towards the end of the year and are expected to further increase in 2021-22.

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



Analysis of Activity	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
First Outpatient Attendances	54,082	61,862	62,840	61,204	63,330	61,004
Follow-up Outpatient Attendances	147,044	153,722	153,672	156,632	155,484	161,277
Outpatient Procedures	11,239	23,419	30,522	28,794	23,957	18,098

The COVID-19 pandemic affected the number of patients able to access our services in the month of March 2020 to a significant level and this continued during 2020-21. Activity has continued to grow throughout the year as the Trust embarked on the recovery plan but the impact of COVID-19's subsequent waves has had an impact on the pace of recovery.

6.4 Capital Investment

During 2020-21, the Trust maintained its commitment to the improvement of clinical services and invested £21.4m in the following areas during 2020-21:

- Medical Equipment including additional funding received for Breast equipment– £3.153m
- ICT schemes – £3.346m
- GDE - £0.887m
- Other IT externally funded schemes £0.673m
- COVID-19 funded assets £1.055m
- Service developments and transformation, including increasing endoscopy capacity and a new CT scanner – £1.819m
- Estates and backlog maintenance schemes £2.907m, including critical infrastructure additional funding £3.517m and Urgent and Emergency Care additional funding £3.000m
- Donated Assets from various sources including equipment loaned from DHSC and transferred to the Trust in response to COVID-19 on 31 March 2021 – £2.703m

6.5 Financial Outlook for 2021-22

Financial Outlook

The Trust's 'Long Term Plan' (LTP) was submitted as part of the regional ICS submission to NHSE/I in late 2019. The financial target for the Trust for 2021-22 was to deliver a breakeven position. The Trust originally signed up to these trajectories and has subsequently, devised a five-year financial strategy to achieve them. This model is based on a series on planning assumptions (i.e. inflation and pay awards) provided by NHSE/I, as well as commissioner affordability from a contractual perspective. CIP targets were subsequently devised in order to bridge the residual financial gap.

Despite the proposed financial arrangements for H1 of 2021-22, the Trust has planned and approved budgets on delivering the original 2021-22 LTP trajectories. This is on the basis that the NHS is expected to revert to pre-COVID-19 arrangements.

The Trust 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 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. The commissioner and Trusts within the ICP have agreed to work closely to identify system solutions that will enable both provider and commissioner to meet their financial obligations for 2021-22.

The Trust's original financial plan for 2021-22 approved at the Board of Directors meeting in March 2021, required the Trust to deliver a break-even position and required the Trust to deliver a CIP requirement of £7m (approx. 2.2% of turnover).

Since approval of the plan at the Board, the ICP system financial envelopes have now been finalised. In order to ensure a breakeven position across the ICP, the Trust agreed to deliver a £2m surplus in the first half of the year. Further discussions took place between Directors of Finance due to worsening forecasted financial positions of South ICP organisations. As a result, the Trust agreed to deliver a £3m surplus position at the end H1 and a planned breakeven position for the second half of the year, with an overall surplus of £3m at year-end. The Trust is confident that it can support the system in this manner and deliver its financial plan for 2021-22, but it is not without system risks.

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 with South Tees Hospitals NHS Foundation Trust.

Planning and Recovery

At the time of writing this annual report, the Trust was in the process of developing a comprehensive and robust operational recovery plan as a result of the impact of COVID-19, which will ensure we continue 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 2020-21 capital programme reflected this position. The capital plan for 2021-22 includes PDC funding drawdown £1.602m, carry forward external funding of £2.907m and internal funding of £12.116m. The PDC funding within 2020-21 relates to Digital Pathology.

In total, the capital programme is funded to the value of £17.024m in 2021-22 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:

6.6 Summary

	2021-22
	£m
Estates Backlog	6.7
Medical Equipment and Service Developments (including Donated)	4.0
ICT & GDE & Digital Radiology & Digital Pathology and Care Scan	6.3
Total	**17.0**

In setting the financial plan for 2021-22 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 Financial 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

A number of key financial measures are translated into the Use of Resources (UOR) rating, which are reviewed on a monthly basis, based on the Trust's actual performance. The risk rating represents NHS Improvement's assessment of how likely the organisation is in relation to breaching its operating licence. There are five elements: liquidity, capital servicing capacity, agency spend, income and expenditure margin and variance from plan in relation to the income and expenditure margin. During 2020-21, North Tees and Hartlepool NHS Foundation Trust has moved from segment 3 to segment 2 of the Single Oversight Framework risk assessment, for strategy undertakings. This now means the Trust is in segment 2 for strategy and finance which is an improved overall position.

6.8 Annual Accounts 2020-21 including Financial Statements and Notes

Consolidated Statement of Comprehensive Income for the year ended 31 March 2021		Group	
		2020-21	2019-20
	Note	£000	£000
Operating income from patient care activities	3	319,267	291,857
Other operating income	4	48,949	33,826
Operating expenses	6.1	(357,952)	(339,993)
Operating surplus/(deficit)		**10,264**	**(14,310)**
Finance income	11	40	228
Finance expenses	12.1	(568)	(598)
PDC dividends payable		(803)	(1,881)
Net finance costs		**(1,331)**	**(2,251)**
Other losses	13	(137)	(182)
Corporation tax expense		28	-
Surplus/(deficit) for the year		**8,768**	**(16,743)**
Other comprehensive income/(expense)			
Will not be reclassified to income and expenditure:			
Impairments	7	(713)	(4)
Revaluations	20	3,896	4,246
Note 20 – Increase in Revaluation reserve totals £3,183k which is impairments and revaluation increases which have gone to the Revaluation Reserve			
May be reclassified to income and expenditure when certain conditions are met:			
Fair value (losses)/gains on financial assets mandated at fair value through OCI	21	233	(37)
Total comprehensive expense for the period		**12,184**	**(12,538)**
Adjusted financial performance (control total basis):			
Surplus/(deficit) for the period		8,768	(16,743)
Remove impact of consolidating NHS charitable fund		(259)	(267)
Remove net impairments not scoring to the Departmental expenditure limit		5,356	17,618
Remove I&E impact of capital grants and donations		(2,623)	62
Remove net impact of DHSC centrally procured inventories		(1,524)	-
Adjusted financial performance surplus / (deficit)		**9,718**	**671**

Statement of Financial Position		Group		Trust	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020
	Note	£000	£000	£000	£000
Non-current assets					
Intangible assets	From 15.1 to 16.2	8	9	1	2
Property, plant and equipment	From 17.1 to 18.2	119,278	114,673	119.278	114,673
Other investments / financial assets	21	1,351	1,118	-	-
Receivables	25.1	2,198	1,955	26,576	28,428
Total non-current assets		**122,835**	**117,755**	**145,855**	**143,103**
Current assets					
Inventories	24	6,367	5,071	6,067	4,826
Receivables	25.1	11,909	17,201	21,351	24,977
Cash and cash equivalents	26	53,749	17,152	50,647	15,014
Total current assets		**72,025**	**39,424**	**78,065**	**44,817**
Current liabilities					
Trade and other payables	27.1	(43,885)	(35,223)	(39,463)	(42,161)
Borrowings	29	(2,180)	(1,297)	(2,180)	(1,297)
Provisions	31.1	(14,910)	(8,723)	(14,887)	(8,723)
Other liabilities	28	(4,963)	(3,029)	(4,776)	(2,819)
Total current liabilities		**(65,938)**	**(48,272)**	**(61,306)**	**(55,000)**
Total assets less current liabilities		**128,922**	**108,907**	**162,614**	**132,920**
Non-current liabilities					
Borrowings	29	(22,044)	(22,355)	(22,044)	(22,355)
Other financial liabilities	30	-	-	(37,498)	(26,745)
Provisions	31.1	(2,277)	(2,042)	(2,277)	(2,042)
Other liabilities	28	-	(2,121)	-	(2,121)
Total non-current liabilities		**(24,321)**	**(26,518)**	**(61,819)**	**(53,263)**
Total assets employed		**104,601**	**82,388**	**100,795**	**79,657**
Financed by					
Public dividend capital		151,649	141,621	161,649	141,621
Revaluation reserve		9,813	6,630	9,813	6,630
Income and expenditure reserve		(58,908)	(67,417)	(60,667)	(68,594)
Charitable fund reserves	23	2,047	1,554	-	-
Total taxpayers' equity		**104,601**	**82,388**	**100,795**	**79,657**

The notes on pages 118 to157 form part of these accounts.

Julie Gillon
Chief Executive
28 June 2021

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

Group	Public dividend capital	Revaluation Reserve	Income and expenditure reserve	Charitable fund reserves	Total
	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2020 - brought forward	**141,621**	**6,630**	**(67,417)**	**1,554**	**82,388**
Surplus for the year	-	-	8,509	259	**8,768**
Impairments	-	(713)	-	-	**(713)**
Revaluations	-	3,896	-	-	**3,896**
Fair value losses on financial assets mandated at fair value through OCI	-	-	-	234	**234**
Public dividend capital received	10,028	-	-	-	**10,028**
Taxpayers' and others' equity at 31 March 2021	**151,649**	**9,813**	**(58,908)**	**2,047**	**104,601**

Consolidated Statement of Changes in Equity for the year ended 31 March 2020

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 2019 - brought forward	**138,639**	**2,388**	**(50,407)**	**1,324**	**91,944**
Surplus/(deficit) for the year	-	-	(17,010)	267	**(16,743)**
Impairments	-	(4)	-	-	**(4)**
Revaluations	-	4,246	-	-	**4,246**
Fair value losses on financial assets mandated at fair value through OCI	-	-	-	(37)	**(37)**
Public dividend capital received	2,982	-	-	-	**2,982**
Taxpayers' and others' equity at 31 March 2020	**141,621**	**6,630**	**(67,417)**	**1,554**	**82,388**

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	-	-	6,648	**6,648**
Impairments	-	(713)	-	**(713)**
Revaluations	-	3,896	-	**3,896**
Public dividend capital received	10,028	-	-	**10,028**
Other reserve movements	-	-	1,279	**1,279**
Taxpayers' and others' equity at 31 March 2021	**151,649**	**9,813**	**(60,667)**	**100,795**

Statement of Changes in Equity for the year ended 31 March 2020

Foundation Trust	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2019 - brought forward	**138,639**	**2,388**	**(50,104)**	**90,923**
Deficit for the year	-	-	(18,490)	**(18,490)**
Impairments	-	(4)	-	**(4)**
Revaluations	-	4,246	-	**4,246**
Public dividend capital received	2,982	-	-	**2,982**
Taxpayers' and others' equity at 31 March 2020	**141,621**	**6,630**	**(68,594)**	**79,657**

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 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.

Financial assets reserve

This reserve comprises changes in the fair value of financial assets measured at fair value through other comprehensive income. When these instruments are derecognised, cumulative gains or losses previously recognised as other comprehensive income or expenditure are recycled to income or expenditure, unless the assets are equity instruments measured at fair value through other comprehensive income as a result of irrevocable election at recognition.

Income and expenditure reserve

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

Charitable funds reserve

This reserve comprises the ring-fenced funds held by the NHS charitable funds consolidated within these accounts. These reserves are classified as restricted or unrestricted; a breakdown is provided in note 23.

Statement of Cash Flows

		Group		Foundation Trust	
		2020-21	2019-20	2020-21	2019-20
	Note	£000	£000	£000	£000
Cash flows from operating activities					
Operating surplus/(deficit)		10,264	(14,310)	7,184	(16,057)
Non-cash income and expense:					
Depreciation and amortisation	6.1	16,146	9,702	16,146	9,702
Net impairments	7	5,356	17,618	5,356	17,618
Income recognised in respect of capital donations	4	(4,812)	(173)	(4,812)	(173)
Decrease/(Increase) in receivables and other assets		6,156	(6,394)	6,293	(5,960)
(Increase)/Decrease in inventories		(1,296)	657	(1,241)	723
Increase in payables and other liabilities		7,906	2,391	7,420	1,926
Increase in provisions		6.402	7,650	6,379	7,669
Movements in charitable fund working capital		(194)	(6)	-	-
Tax paid		(28)	-	-	-
Other movements in operating cash flows		2,109	(411)	3,387	(479)
Net cash flows generated from operating activities		**48,009**	**16,724**	**46,112**	**14,969**
Cash flows used in investing activities					
Interest received		-	189	972	189
Purchase of PPE		(19,060)	(12,857)	(19,060)	(12,857)
Receipt of cash donations to purchase assets		847	584	847	584
Net cash flows used in charitable fund investing activities		40	39	-	-
Net cash flows used in investing activities		**(18,173)**	**(12,045)**	**(17,241)**	**(12,084)**
Cash flows generated from/(used in) financing activities					
Public dividend capital received		10,028	2,982	10,028	2,982
Movement on loans from DHSC		(1,088)	(1,088)	(1,088)	(1,088)
Interest on loans		(560)	(574)	(560)	(574)
PDC dividend paid		(1,618)	(1,796)	(1,618)	(1,796)
Net cash flows generated from / (used in) financing activities		**6,762**	**(476)**	**6,762**	**(476)**
Increase in cash and cash equivalents		**36,598**	**4,203**	**35,633**	**2,409**
Cash and cash equivalents at 1 April – brought forward		**17,151**	**12,948**	**15,014**	**12,605**
Cash and cash equivalents at 31 March	26	**53,749**	**17,151**	**50,647**	**15,014**

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 accounts 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 accounts have been prepared in accordance with the GAM 2020-21 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

The Department of Health and Social Care Group Accounting Manual 2020-21 requires that the accounts of the Trust should be prepared on a going concern basis unless management either intends to apply to the Secretary of State for the dissolution of the NHS Foundation Trust without the transfer of the services to another entity, or has no realistic alternative but to do so. 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. National system funding envelope arrangements that have been operational since Month 7 of 2020-21 will rollover into Quarter 2 of 2021-22 and will allow the Trust to continue to provide services. When these arrangements cease, the currently suspended contracting and commissioning processes will then resume to confirm the financial arrangements for the remainder of the year. It is anticipated that these financial arrangements will have no bearing on the Trust's ability to operate on a going concern basis. The Trust remains a going concern and these accounts have been prepared on that basis.

Note 1.3 Consolidation

NHS Charitable Funds

North Tees and Hartlepool NHS Foundation 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 are consolidated in the Statement of Financial Position.

The amounts consolidated are drawn from the subsidiary underlying accounting records for the year to 31 March 2021 for Optimus Health Limited and for 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

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

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

Revenue from NHS contracts

The accounting policies for revenue recognition and the application of IFRS 15 are consistently applied. The contracting arrangements in the NHS changed between 2019-20 and 2020-21 affecting the application of the accounting policy under IFRS 15. This difference in application is explained below.

2020-21

The main source of income for the Trust is contracts with commissioners for health care services. In 2020-21, the majority of the Trust's income from NHS commissioners was in the form of block contract arrangements. During the first half of the year the Trust received block funding from its commissioners. For the second half of the year, block contract arrangements were agreed at an Integrated Care System level. 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 has received additional income outside of the block and system envelopes to reimburse specific costs incurred and other income top-ups to support the delivery of services. Reimbursement and top-up income is accounted for as variable consideration.

Comparative period (2019-20)

In the comparative period (2019-20), the Trust's contracts with NHS commissioners included those where the Trust's entitlement to income varied according to services delivered. A performance obligation relating to delivery of a spell of health care was generally satisfied over time as healthcare was received and consumed simultaneously by the customer as the Trust performed it. The customer in such a contract was the commissioner, but the customer benefited as services were provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligned with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that were substantially the same and have a similar pattern of transfer. At the year-end, the Trust accrued income relating to activity delivered in that year, where a patient care spell was incomplete. This accrual was disclosed as a contract receivable as entitlement to payment for work completed was usually only dependent on the passage of time.

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 have been 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 Secretary of State for Health and Social Care in England and Wales. The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as though it is a defined contribution scheme: the cost to the trust is taken as equal to the employer's pension contributions payable to the scheme for the accounting period. The contributions are charged to operating expenses as and when they become due.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the Trust commits itself to the retirement, regardless of the method of payment.

Note 1.7 Expenditure on other goods and services

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

Note 1.8 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 a cost of at least £5k; or
- collectively, a number of items have a cost of at least £5k and individually have a cost of more than £0.25k, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control.

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 economic 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.

All 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 a modern equivalent asset basis.

For specialised assets, current value in existing use is interpreted as the present value of the asset's remaining service potential, which is assumed to be at least equal to the cost of replacing that service potential. Specialised assets are therefore valued at their depreciated replacement cost (DRC) on a modern equivalent asset (MEA) basis. An MEA basis assumes that the asset will be replaced with a modern asset of equivalent capacity and meeting the location requirements of the services being provided.

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 contract with the valuation Office Agency for production for 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 all of the following criteria are met. The sale must be highly probable and the asset is 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. 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. The donation/grant is then deferred within liabilities to match the associated depreciation charges associated with donated assets through the statement of comprehensive income. This is in line with IAS20 but not in line with the GAM.

The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

In 2020-21, 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
Buildings, excluding dwellings	-	91
Dwellings	91	91
Plant & machinery	-	25
Transport equipment	5	15
Information technology	-	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

Internally generated intangible assets

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets.

Expenditure on research is not capitalised. Expenditure on development is capitalised where it meets the requirements set out in IAS 38.

Software

Software which is integral to the operation of hardware, 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. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value 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	Max life
	Years	Years
Software licences	7	7

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.

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 shown net of bank overdrafts that are repayable on demand and that form an integral part of the Trust’s cash management. Cash, bank and overdraft balances are recorded at current values.

Note 1.12 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 are classified as subsequently measured at amortised cost, fair value through income and expenditure.

Financial liabilities classified as subsequently measured at amortised cost or fair value through income and expenditure.

Financial assets and financial liabilities at amortised cost

Financial assets and financial liabilities at amortised cost are those held with the objective of collecting contractual cash flows and where cash flows are solely payments of principal and interest. This includes cash equivalents, contract and other receivables, trade and other payables, rights and obligations under lease arrangements and loans receivable and payable.

After initial recognition, these financial assets and financial liabilities are measured at amortised cost using the effective interest method less any impairment (for financial assets). The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

Interest revenue or expense is calculated by applying the effective interest rate to the gross carrying amount of a financial asset or amortised cost of a financial liability and recognised in the Statement of Comprehensive Income and a financing income or expense. In the case of loans held from the Department of Health and Social Care, the effective interest rate is the nominal rate of interest charged on the loan.

Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income where business model objectives are met by both collecting contractual cash flows and selling financial assets and where the cash flows are solely payments of principal and interest. Movements in the fair value of financial assets in this category are recognised as gains or losses in other comprehensive income except for impairment losses. On derecognition, cumulative gains and losses previously recognised in other comprehensive income are reclassified from equity to income and expenditure, except where the Trust elected to measure an equity instrument in this category on initial recognition.

The Trust has irrevocably elected to measure the following 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 the following financial assets / financial liabilities at fair value through income and expenditure:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets

The Trust's loans and receivables comprise: Cash at bank and in hand, NHS receivables, accrued income and 'other receivables'.

Loans and receivables are recognised initially at fair value, net of transactions costs, and are measured subsequently at amortised cost, using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter year, to the net carrying amount of the financial asset.

Interest on loans and receivables is calculated using the effective interest method and credited to the Statement of Comprehensive Income.

Other financial liabilities

All 'other' financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter year, to the net carrying amount of the financial liability.

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
- 10% expected credit losses is assumed on average for invoices between 3 months and 6 months
- 0% expected credit losses is assumed on average for invoices between 0 months and 3 months

For NHS, expected credit losses have only been assumed on specific disputed invoices. 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 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

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability 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

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 for 31 March 2021:

		Nominal Rate
Short-Term	Up to 5 years	Minus 0.02%
Medium-term	After 5 years up to 10 years	0.18%
Long-term	Exceeding 10 years	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 31 March 2021:

	Inflation Rate
Year 1	1.20%
Year 2	1.60%
Into perpetuity	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of minus 0.95% in real terms.

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 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 32 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 32 unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

Note 1.16 Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

The Secretary of State can issue new PDC to, and require repayments of PDC from, the Trust. PDC is recorded at the value received.

A charge, reflecting the cost of capital utilised by the Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, with certain additions and deductions as defined by the Department of Health and Social Care.

This policy is available at https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts.

In accordance with the requirements laid down by the Department of Health and Social Care (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-audit" version of the annual accounts. The dividend calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

Note 1.17 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 1.18 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 first time since incorporation. Corporation tax is payable on its trading year of £28k. The Foundation Trust has assessed that no tax liability arises from North Tees and Hartlepool Solutions LLP.

Note 1.19 Third party assets

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 1.20 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 1.21 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature, they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis.

The losses and special payments note is compiled directly from the losses and compensations register, which reports on an accrual basis with the exception of provisions for future losses.

Note 1.22 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 1.23 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2020-21.

Note 1.24 Standards, amendments and interpretations in issue but not yet effective or adopted

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 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 £5k, 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. Currently this rate is 0.91% but this may change between now and adoption of the standard. 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 £5k). 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 implementation date for IFRS 16 in the NHS was revised to 1 April 2022 in November 2020. Due to the need to reassess lease calculations, together with uncertainty on expected leasing activity in from April 2022 and beyond, a quantification of the expected impact of applying the standard in 2022-23 is currently impracticable. However, the Trust does expect this standard to have a material impact on non-current assets, liabilities and depreciation.

The new leases standard IFRS 16 may see a number of operating leases currently included within note 10 operating lease expenses being included in the Statement of Financial Position. There are also other operating expenditure such as managed service contracts, which will also be included in the Statement of Financial Position. A great deal of work has been completed to review all potential contract affected and this will be reviewed and amended as appropriate through 2021-22 in preparation for the 2022-23 accounting change.

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. The DHSC GAM does not require IFRS 16 and Interpretation to be applied in 2020-21. This standard is still subject to HM Treasury FReM adoption, with IFRS 16 being for implementation in 2022-23. There will be no significant impact from the other standards.

Note 1.25 Critical judgements in applying accounting policies

The following are the judgements, apart from those involving estimations (see below) that management has made in the process of applying the trust accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

a) Material provision for flowers court case.

Flowers provision. This is a court case in relation to overtime and annual leave entitlement. In May 2019, the court of appeal has concluded that voluntary overtime is likely to form part of "normal pay" and to be relevant to the calculation of holiday pay in many cases unless it is exceptional. Therefore, based on a number of assumptions, a provision has been made.

b) MEA land and buildings valuation

This is referenced in note 20.

Note 1.26 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:

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. 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 2020-21, where these contracts are not yet settled. These risks specifically relate to contract challenges relating to coding and counting. The Trust continues to pursue recovery but has judged these revenues sufficiently uncertain to derecognise revenues associated them.

Note 2 Operating Segments

The Board of Directors act as the Chief Operating Decision Maker for the Foundation Trust and the monthly financial position of the Foundation 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 period are set out in the table below. Further information can be found in note 37, Related Party transactions.

	2020-21	2019-20
Tees Valley Clinical Commissioning Group / Hartlepool and Stockton-on-Tees Clinical Commissioning Group 2019-20	64%	65%
County Durham Clinical Commissioning Group / Durham Dales, Easington and Sedgefield Clinical Commissioning Group 2019-20	12%	12%
North East and North Yorkshire Area Team	4%	3%
NHS England North East Commissioning Hub	4%	5%
NHS England	5%	3%

Note 3 Operating income from patient care activities (Group)

All income from patient care activities relates to contract income recognised in line with accounting policy 1.4.

Note 3.1 Income from patient care activities (by nature)

	2020-21	2019-20
	£000	£000
Acute services		
Block contract/system envelope income*	255,039	235,790
High cost drugs income from commissioners (excluding pass-through costs)	13,330	13,481
Other NHS clinical income	2,209	-
Community services		
Block contract/system envelope income*	36,189	33,827
Income from other sources (e.g. local authorities)	651	710
All services		
Private patient income	15	125
Additional pension contribution central funding**	7,984	9,642
Other clinical income	3,850	282
Total income from activities	**319,267**	**291,857**

*As part of the coronavirus pandemic response, transaction flows were simplified in the NHS and providers and their commissioners moved onto block contract payments at the start of 2020-21. In the second half of the year, a revised financial framework built on these arrangements but with a greater focus on system partnership and providers derived most of their income from these system envelopes. Comparatives in this note are presented to be comparable with the current year activity. This does not reflect the contracting and payment mechanisms in place during the prior year; the Trust had an aligned incentive contract with the CCGs and a full PbR/tariff contract with the specialist commissioner.

**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)

	2020-21	2019-20
Income from patient care activities received from:	**£000**	**£000**
NHS England	41,471	34,392
Clinical commissioning groups	275,616	253,755
Department of Health and Social Care	45	-
Other NHS providers	288	582
NHS other	145	288
Local authorities	651	710
Non-NHS: private patients	15	125
Non-NHS: overseas patients (chargeable to patient)	76	101
NHS injury cost recovery scheme	340	1,126
Non NHS: other	620	778
Total income from activities	**319,267**	**291,857**
Of which:		
Related to continuing operations	319,267	291,857
Related to discontinued operations	-	-

Note 3.3 Overseas visitors (relating to patients charged directly by the provider

	2020-21	2019-20
	£000	**£000**
Income recognised this year	76	101
Cash payments received in-year	23	31
Amounts added to provision for impairment of receivables	41	107
Amounts written off in-year	-	151

Note 4 Other operating income (Group)

	2020-21			2019-20		
	Contract Income	Non-contract income	Total	Contract Income	Non-contract income	Total
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Research and development	1,187	-	1,187	1,141	-	1,141
Education and training	10,685	-	10,685	9,383	-	9,383
Non-patient care services to other bodies	7,069	-	7,069	6,465	-	6,465
Provider sustainability fund (2019-20 only)	-	-	-	5,617	-	5,617
Financial Recovery Fund (2019-20 only)	-	-	-	2,867	-	2,867
Marginal rate emergency tariff funding (2019-20 only)	-	-	-	1,724	-	1,724
Reimbursement and top up funding	15,728	-	15,728	-	-	-
Receipt of capital grants and donations	-	4,812	4,812	-	173	173
Charitable and other contributions to expenditure	-	6,233	6,233	-	-	-
Rental revenue from operating leases	-	593	593	-	519	519
Charitable fund incoming resources	-	666	666	-	574	574
Other income	1,976	-	1,976	5,364	-	5,363
Total other operating income	**36,645**	**12,304**	**48,949**	**32,561**	**1,266**	**33,827**
Of which:						
Related to continuing operations			48,949			33,827
Related to discontinued operations			-			-

'- Other income includes £340k car parking income (£2,120k in 2019-20), £785k catering income (£943k in 2019-20), £561k lease car income (£560k in 2019-20).

Note 5.1 Additional information on contract revenue (IFRS 15) recognised in the period

	2020-21	2019-20
	£000	£000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	2,298	317
Revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods	-	-

Note 5.2 Transaction price allocated to remaining performance obligations

	31 March 2021	31 March 2020
	£000	£000
Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised:		
within one year-	-	-
after one year, not later than five years	-	-
after five years	-	-
Total revenue allocated to remaining performance obligations	-	-

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:

	2020-21	2019-20
	£000	£000
Income from services designated as commissioner requested services	304,558	280,001
Income from services not designated as commissioner requested services	62,992	44,994
Total	**367,550**	**324,995**

Note 5.4 Fees and charges (Group)

HM Treasury requires disclosure of fees and charges income. The following disclosure is of income from charges to service users where income from that service exceeds £1 million and is presented as the aggregate of such income. The cost associated with the service that generated the income is also disclosed.

	2020-21	2019-20
	£000	£000
Income	-	-
Full costs	-	-
Surplus/(deficit)	**-**	**-**

Note 6.1 Operating expenses (Group)

	2020-21	2019-20
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	3,133	4,108
Purchase of healthcare from non-NHS and non-DHSC bodies	158	554
Staff and executive directors costs	234,736	216,444
Remuneration of Non-Executive directors	119	84
Supplies and services - clinical (excluding drugs costs)	27,977	24,621
Supplies and services - general	5,919	5,440
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	20,222	20,367
Inventories written down	265	66
Consultancy costs	1,042	572
Establishment	3,942	4,756
Premises	18,652	16,823
Transport (including patient travel)	391	350
Depreciation of property, plant and equipment	16,145	9,689
Amortisation of intangible assets	1	13
Net impairments	5,356	17,618
Movement in credit loss allowance: all other receivables and investments	691	(2,254)
Increase/(decrease) in other provisions	6,443	7,441
Change in provisions discount rate(s)	55	93
Audit fees payable to the external auditor		
audit services- statutory audit	126	107
other auditor remuneration (external auditor only)	-	18
Internal audit costs	259	271
Clinical negligence	9,451	9,024
Legal fees	211	241
Insurance	339	370
Research and development	4	14
Education and training	1,096	822
Rentals under operating leases	1,482	1,200
Car parking & security	29	22
Other NHS charitable fund resources expended	255	258
Losses, ex gratia & special payments	21	169
Other	(568)	692
Total	**357,952**	**339,993**
Of which:		
Related to continuing operations	357,952	339,993
Related to discontinued operations	-	-

Other expenditure is recharge income from other FTs for system capital depreciation charges.

Note 6.2 Other auditor remuneration (Group)

	2020-21	2019-20
	£000	£000
Other auditor remuneration paid to the external auditor:		
Audit-related assurance services	-	18
Total	**-**	**18**

Note 6.3 Limitation on auditor's liability (Group)

The limitation on auditor's liability for external audit work is £1m (2019-20: £1m).

Note 7 Impairments of assets (Group)

	2020-21	2019-20
	£000	£000
Net impairments charged to operating surplus/(deficit) resulting from:		
Changes in market price	5,356	17,618
Total net impairments charged to operating surplus/(deficit)	**5,356**	**17,618**
Impairments charged to the revaluation reserve	713	4
Total net impairments	**6,069**	**17,622**

Changes in market price of £5.4m relate to the MEA valuation for March 2021 and corresponding decreases in individual building valuations. The revaluation reserve has increased by £3.2m also, so a net reduction in value of £2.2m.

The main reason for the material impairment is due to an overall increase in the MEA valuation between March 2020 and March 2021 of £2.5m, however the capital spend on the estate this year, less depreciation (£4.7m) far exceeds this value, resulting in an overall reduction in non-current assets for buildings, land and dwellings of £2.2m.

The reason that the capital spend on the estate, less depreciation, has been so high in 2020-21 is due mainly to external funding received in relation to urgent and emergency care building works (£3m) and additional critical infrastructure funding (£1.2m).

Note 8 Employee benefits (Group)

	2020-21	2019-20
	Total	Total
	£000	£000
Salaries and wages	183,665	166,870
Social security costs	15,531	14,557
Apprenticeship levy	814	771
Employer's contributions to NHS pensions	26,236	25,091
Pension cost - other	242	214
Temporary staff (including agency)	8,062	8,857
NHS charitable funds staff	186	84
Total gross staff costs	**234,736**	**216,444**
Recoveries in respect of seconded staff	-	-
Total staff costs	**234,736**	**216,444**

Further details on employee benefits and staff numbers can be found in the staff report

Note 8.1 Retirements due to ill health (Group)

During 2020-21 there were 4 early retirements from the Trust agreed on the grounds of ill health (1 in the year ended 31 March 2020). The estimated additional pension liabilities of these ill-health retirements is £148k (£50k in 2019-20).

These estimated costs are calculated on an average basis and will be borne by the NHS Pension Scheme.

Note 8.2 Directors' remuneration

The aggregate amounts payable to directors were:

	Group	
	2020-21	2019-20
	£000	£000
Salary	1,617	1,510
Taxable benefits	11	11
Other remuneration	32	10
Employer's pension contributions	183	177
Total	**1,843**	**1,708**

Further details of directors' remuneration can be found in the remuneration report.

Note 10 Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that “the period between formal valuations shall be four years, with approximate assessments in intervening years”. An outline of these follows:

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary’s Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2021 is based on valuation data as at 31 March 2020, updated to 31 March 2021 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.

Full actuarial (funding) valuation

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 at 20.6% of pensionable pay. The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. In January 2019, the Government announced 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.

The Government subsequently announced in July 2020 that the pause had been lifted, and so the cost control element of the 2016 valuations could be completed. The Government has set out that the costs of remedy of the discrimination will be included in this process. HMT valuation directions will set out the technical detail of how the costs of remedy will be included in the valuation process. The Government has also confirmed that the Government Actuary is reviewing the cost control mechanism (as was originally announced in 2018). The review will assess whether the cost control mechanism is working in line with original government objectives and reported to Government in April 2021. The findings of this review will not impact the 2016 valuations, with the aim for any changes to the cost cap mechanism to be made in time for the completion of the 2020 actuarial valuations.

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.

	2020-21	2019-20
	£000	£000
Operating lease revenue		
Minimum lease receipts	593	519
Total	**593**	**519**
	31 March 2021	31 March 2020
	£000	£000
Future minimum lease receipts due:		
- not later than one year;	502	523
- later than one year and not later than five years; and	1,024	1,933
- later than five years.	1,971	1,958
Total	**3,497**	**4,414**

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 lease vehicles over a three-year period. Other agreements include the provision of medical equipment.

	2020-21	2019-20
	£000	£000
Operating lease expense		
Minimum lease payments	1,482	1,200
Total	**1,482**	**1,200**
	31 March 2021	31 March 2020
	£000	£000
Future minimum lease payments due:		
- not later than one year;	1,422	1,269
- later than one year and not later than five years; and	2,995	3,604
- later than five years.	107	117
Total	**4,524**	**4,990**

Note 11 Finance income (Group)

Finance income represents interest received on assets and investments in the year.

	2020-21	2019-20
	£000	£000
Interest on bank accounts	-	189
NHS charitable fund investment income	40	39
Total	**40**	**228**

Note 12.1 Finance expenditure (Group)

Finance expenditure represents interest and other charges involved in the borrowing of money or asset financing.

	2020-21	2019-20
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	548	578
Total interest expense	**548**	**578**
Unwinding of discount on provisions	20	20
Total finance costs	**568**	**598**

Note 12.2 The late payment of commercial debts (interest) Act 1998/ Public Contract Regulations 2015 (Group)

	2020-21	2019-20
	£000	£000
Interest expense:		
Total liability accruing in year under this legislations as a result of late payments	-	-
Amounts included within interest payable arising from claims made under this legislation	-	-
Compensation paid to cover debt recovery costs under this legislation	-	-

Note 13 Other gains / (losses) (Group)

	2020-21	2019-20
	£000	£000
Losses on disposal of assets	(137)	(182)
Total losses on disposal of assets	(137)	(182)
Total other losses	**(137)**	**(182)**

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 surplus for the period was £6,648k (2019-20: £18,490k deficit). The Trust's total comprehensive income for the period was £9,832k (2019-20: £14,248k expense).

Note 15.1 Intangible assets – 2020-21

Group	Software licences	Total
	£000	£000
Valuation / gross cost at 1 April 2020 - brought forward	214	214
Valuation / gross cost at 31 March 2021	214	214
Amortisation at 1 April 2020 - brought forward	205	205
Provided during the year	1	1
Amortisation at 31 March 2021	206	206
Net book value at 31 March 2021	8	8
Net book value at 31 March 2020	9	9

Note 15.2 Intangible assets – 2019-20

Group	Software licences	Total
	£000	£000
Valuation / gross cost at 1 April 2019	214	214
Valuation / gross cost at 31 March 2020	214	214
Amortisation at 1 April 2019	192	192
Provided during the year	13	13
Amortisation at 31 March 2020	205	205
Net book value at 31 March 2020	9	9
Net book value at 31 March 2019	22	22

Note 16.1 Intangible assets – 2020-21

Foundation Trust	Software licences	Total
	£000	£000
Valuation / gross cost at 1 April 2020 – brought forward	207	207
Valuation / gross cost at 31 March 2021	207	207
Amortisation at 1 April 2020 – brought forward	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 31 March 2020	2	2

Note 16.2 Intangible assets - 2019-20

Foundation Trust	Software licences	Total
	£000	£000
Valuation / gross cost at 1 April 2019	207	207
Valuation / gross cost at 31 March 2020	207	207
Amortisation at 1 April 2019	192	192
Impairments	13	13
Amortisation at 31 March 2020	205	205
Net book value at 31 March 2020	2	2
Net book value at 31 March 2019	15	15

Note 17.1 Property, plant and equipment – 2020-21

Group	Land	Buildings excluding dwellings	Dwellings	Assets under constructio	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 – brought forward	**5,883**	**82,313**	**230**	**271**	**31,420**	**767**	**25,635**	**1,514**	**148,033**
Additions	-	9,577	-	205	8,113	7	4,850	309	**23,061**
Impairments	-	(9,433)	-	-	-	-	-	-	**(9,433)**
Reversals of impairments	-	343	4	-	-	-	-	-	**347**
Revaluations	-	2,123	-	-	-	-	-	-	**2,123**
Reclassifications	-	(87)	(4)	(95)	(1,137)	6	(226)	(10)	**(1,553)**
Disposals / derecognition	-	-	-	-	(1,398)	(3)	(437)	(28)	**(1,866)**
Valuation/gross cost at 31 March 2021	**5,883**	**84,836**	**230**	**381**	**36,998**	**777**	**28,822**	**1,785**	**160,712**

Accumulated depreciation at 1 April 2020 – brought forward	**-**	**-**	**-**	**-**	**20,239**	**677**	**11,289**	**1,155**	**33,360**
Provided during the year	-	4,784	6	-	6,105	26	5,141	83	**16,145**
Impairments	-	(2,643)	-	-	-	-	-	-	**(2,643)**
Reversals of impairments	-	(368)	(6)	-	-	-	-	-	**(374)**
Revaluations	-	(1,773)	-	-	-	-	-	-	**(1,773)**
Reclassifications	-	-	-	-	(1,553)	-	-	-	**(1,553)**
Disposals / derecognition	-	-	-	-	(1,344)	(3)	(353)	(28)	**(1,728)**
Accumulated depreciation at 31 March 2021	**-**	**-**	**-**	**-**	**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 31 March 2020	**5,883**	**82,313**	**230**	**271**	**11,181**	**90**	**14,346**	**359**	**114,673**

Note 17.2 Property, plant and equipment - 2019-20

Group	Land	Buildings excluding dwellings	Dwellings	Assets under constructio	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2019 – as previously stated	**6,018**	**76,274**	**230**	**20,748**	**27,359**	**775**	**18,663**	**1,464**	**151,531**
Additions	-	4,389	10	234	3,501	-	5,674	51	**13,859**
Impairments	(135)	(20,403)	(10)	-	-	-	-	-	**(20,548)**
Reversals of impairments	-	784	-	-	-	-	-	-	**784**
Revaluations	-	1,847	-	-	-	-	-	-	**1,847**
Reclassifications	-	19,422	-	(20,711)	1,526	-	1,317	(1)	**1,553**
Disposals / derecognition	-	-	-	-	(966)	(8)	(19)	-	**(993)**
Valuation/gross cost at 31 March 2020	**5,883**	**82,313**	**230**	**271**	**31,420**	**767**	**25,635**	**1,514**	**148,033**
Accumulated depreciation at 1 April 2019 – as previously stated	**-**	**-**	**-**	**-**	**17,283**	**657**	**8,462**	**1,067**	**27,469**
Provided during the year	-	4,534	6	-	2,187	28	2,846	88	**9,689**
Impairments	-	(1,660)	(6)	-	-	-	-	-	**(1,666)**
Reversals of impairments	-	(476)	-	-	-	-	-	-	**(476)**
Revaluations	-	(2,399)	-	-	-	-	-	-	**(2,399)**
Reclassifications	-	1	-	-	1,552	-	-	-	**1,553**
Transfers to/from assets held for sale	-	-	-	-	-	-	-	-	**-**
Disposals / derecognition	-	-	-	-	(783)	(8)	(19)	-	**(810)**
Accumulated depreciation at 31 March 2020	**-**	**-**	**-**	**-**	**20,239**	**677**	**11,289**	**1,155**	**33,360**
Net book value at 31 March 2019	**5,883**	**82,313**	**230**	**271**	**11,181**	**90**	**14,346**	**359**	**114,673**
Net book value at 31 March 2019	**6,018**	**76,274**	**230**	**20,748**	**10,076**	**118**	**10,201**	**397**	**124,062**

Note 17.3 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
Net book value at 31 March 2021									
Owned – purchased	5,883	84,324	230	381	12,012	77	11,100	475	**114,482**
Finance leased	-	-	-	-	-	-	2,543	-	**2,543**
Owned – donated	-	512	-	-	1,539	-	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 17.4 Property, plant and equipment financing – 2019-20

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
Net book value at 31 March 2020									
Owned – purchased	5,883	81,873	230	271	10,142	90	14,238	269	**112,996**
Owned – donated	-	440	-	-	1,039	-	108	90	**1,677**
NBV total at 31 March 2020	**5,883**	**82,313**	**230**	**271**	**11,181**	**90**	**14,346**	**350**	**114,673**

Note 18.1 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 - brought forward	**5,883**	**82,313**	**230**	**271**	**31,420**	**767**	**25,635**	**1,514**	**148,033**
Additions	-	9,577	-	205	8,113	7	4,850	309	**23,061**
Impairments	-	(9,433)	-	-	-	-	-	-	**(9,433)**
Reversals of impairments	-	343	4	-	-	-	-	-	**347**
Revaluations	-	2,123	-	-	-	-	-	-	**2,123**
Reclassifications	-	(87)	(4)	(95)	(1,137)	6	(226)	(10)	**(1,553)**
Disposals / derecognition	-	-	-	-	(1,398)	(3)	(437)	(28)	**(1,866)**
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 - brought forward	**-**	**-**	**-**	**-**	**20,239**	**677**	**11,289**	**1,155**	**33,360**
Provided during the year	-	4,784	6	-	6,105	26	5,141	83	16,145
Impairments	-	(2,643)	-	-	-	-	-	-	(2,643)
Reversals of impairments	-	(368)	(6)	-	-	-	-	-	(374)
Revaluations	-	(1,773)	-	-	-	-	-	-	(1,773)
Reclassifications	-	-	-	-	(1,553)	-	-	-	(1,553)
Disposals / derecognition	-	-	-	-	(1,344)	(3)	(353)	(28)	(1,728)
Accumulated depreciation at 31 March 2021	**-**	**-**	**-**	**-**	**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 31 March 2020	**5,883**	**82,313**	**230**	**271**	**11,181**	**90**	**14,346**	**359**	**114,673**

Note 18.2 Property, plant and equipment – 2019-20

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 2019 – as previously stated	**6,018**	**76,274**	**230**	**20,748**	**27,359**	**775**	**18,663**	**1,464**	**151,531**
Additions	-	4,389	10	234	3,501	-	5,674	51	**13,859**
Impairments	(135)	(20,403)	(10)	-	-	-	-	-	**(20,548)**
Reversals of impairments	-	784	-	-	-	-	-	-	**784**
Revaluations	-	1,847	-	-	-	-	-	-	**1,847**
Reclassifications	-	19,422	-	(20,711)	1,526	-	1,317	(1)	**1,553**
Disposals / derecognition	-	-	-	-	(966)	(8)	(19)	-	**(993)**
Valuation/gross cost at 31 March 2020	**5,883**	**82,314**	**230**	**271**	**31,420**	**767**	**25,635**	**1,514**	**148,033**
Accumulated depreciation at 1 April 2019 - as previously stated	**-**	**-**	**-**	**-**	**17,283**	**657**	**8,462**	**1,067**	**27,469**
Provided during the year	-	4,534	6	-	2,187	28	2,846	88	9,689
Impairments	-	(1,660)	(6)	-	-	-	-	-	(1,666)
Reversals of impairments	-	(476)	-	-	-	-	-	-	(476)
Revaluations	-	(2,399)	-	-	-	-	-	-	(2,399)
Reclassifications	-	1	-	-	1,552	-	-	-	1,553
Disposals / derecognition	-	-	-	-	(783)	(8)	(19)	-	(810)
Accumulated depreciation at 31 March 2020	**-**	**-**	**-**	**-**	**20,239**	**677**	**11,289**	**1,155**	**33,360**
Net book value at 31 March 2020	**5,883**	**82,313**	**230**	**271**	**11,181**	**90**	**14,346**	**359**	**114,673**
Net book value at 31 March 2019	**6,018**	**76,274**	**230**	**20,748**	**10,076**	**118**	**10,201**	**397**	**124,062**

Note 18.3 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
Net book value at 31 March 2021									
Owned – purchased	5,883	84,324	230	381	12,012	77	11,100	475	**114,482**
Finance leased	-	-	-	-	-	-	2,543	-	**2,543**
Owned – donated	-	512	-	-	1,539	-	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 18.4 Property, plant and equipment financing – 2019-20

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
Net book value at 31 March 2020									
Owned – purchased	5,883	81,873	230	271	10,142	90	14,238	269	**112,996**
Owned – donated	-	440	-	-	1,039	-	108	90	**1,677**
NBV total at 31 March 2020	**5,883**	**82,313**	**230**	**271**	**11,181**	**90**	**14,346**	**359**	**114,673**

Note 19 Donations of property, plant and equipment

	2020-21 £000
NHSE/I equipment transfer	1,858
Bronchoscopy System	212
EVIS X1 Wireless System - Endoscopy System	161
Endoscopy Patient Reporting System	103
NHSE Pillcam colon service pilot	68
Staff Well Recharge Hub Enabling works	48
Mortuary Body Storage Racks	32
Detector TR	30
FLUENT Fluid Management System	27
Lucera Bronchoscope	27
OMNIT Hysteroscope Instrument Tray	25
Furniture & Fittings	22
SonoSite S 111 Ultrasound System	17
Refurbishment Works - Theatres Critical Care Staff Room	17
24" touchscreen PC - tablet and trolley - elderly care	12
Mammomat Revelation	11
Paging Systems - General Fund	9
Mortuary Chiller Split System	9
LED Ceiling Lights Haematology Consulting room	8
Defibrillators - Occupation Health	6
Other Medical Equipment	2
	2,704

Note 20 Revaluations of property, plant and equipment

	2020-21	2019-20
	£000	£000
Impairment charged/(credited) to the Statement of Comprehensive Income		
Dwellings	(10)	-
Land	-	135
Buildings excluding Dwellings	5,366	17,483
Total	**5,366**	**17,618**
Increase in Revaluation Reserve	**2020-21**	**2019-20**
	£000	**£000**
Buildings excluding dwellings	3,183	4,246
Dwellings	-	(4)
Land	-	-
Total	**3,183**	**4,242**

The effective date of the Valuation Office Agency valuation is 31 March 2021. The outbreak of COVID-19, declared by the World Health Organisation as a “Global Pandemic” on the 11 March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. In some cases, “lockdowns” have been applied to varying degrees and to reflect further “waves” of COVID-19; although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to ‘material valuation uncertainty’ as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

For the avoidance of doubt, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date.

Note 21 Other investments / financial assets (non-current)

	Group		Foundation Trust	
	2020-21	2019-20	2020-21	2019-20
	£000	£000	£000	£000
Carrying value at 1 April - brought forward	**1,118**	**1,155**	**-**	**-**
Movement in fair value through OCI	233	(37)	-	-
Carrying value at 31 March	**1,351**	**1,118**	**-**	**-**

Note 22 Disclosure of interests in other entities

The Trust Group Accounts include North Tees and Hartlepool NHS Foundation Trust and two subsidiaries, Optimus Health Limited and North Tees and Hartlepool Solutions LLP. Optimus Health Limited is a wholly owned subsidiary and North Tees and Hartlepool Solutions LLP is 95% shareholding with the Trust and 5% Northumbria Healthcare NHS Foundation Trust.

Note 23 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 2021	31 March 2020
	£000	£000
Unrestricted funds:		
Unrestricted income funds	816	467
Restricted funds:		
Other restricted income funds	1,231	1,087
	2,047	**1,554**

Unrestricted income funds are accumulated income funds that are expendable at the discretion of the trustees in furtherance of the charity's objects. Unrestricted funds may be earmarked or designated for a specific future purpose, 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 24 Inventories

	Group		Foundation Trust	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£000	£000	£000	£000
Drugs	1,321	1,214	1,020	969
Consumables	5,047	3,857	5,047	3,857
Total inventories	**6,367**	**5,071**	**6,067**	**4,826**

Inventories recognised in expenses for the year were £48,534k (2019-20: £81,803k). Write-down of inventories recognised as expenses for the year were £265k (2019-20: £66k).

The reason the inventories recognised in the year is significantly lower in 2020-21 compared to 2019-20 is due to the pandemic and lower levels of both elective and non-elective activity due to a reduction in bed capacity as many beds were occupied by COVID patients and also "lockdown" guidelines, resulting in patients being unable/reluctant to attend.

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 2020-21, the Trust received £6,233k of items purchased by DHSC.

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. The remaining stock of these items at 31 March is included in the inventory figures above and is valued at £1,524k.

Note 25.1 Receivables

	Group		Foundation Trust	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£000	£000	£000	£000
Current				
Contract receivables	7,206	12,992	9,298	15,870
Allowance for other impaired receivables	(2,305)	(1,719)	(2,305)	(1,719)
Prepayments	2,784	3,263	2,657	2,474
PDC dividend receivable	1,106	291	1,106	291
VAT receivable	2,336	2,224	1,701	1,440
Other receivables	502	136	8,894	6,621
NHS charitable funds receivables	280	14	-	-
Total current receivables	**11,909**	**17,201**	**21,351**	**24,977**
Non-current				
Contract receivables	63	-	-	-
Contract assets	1,401	1,380	1,401	1,287
Other receivables	734	575	25,175	27,141
Total non-current receivables	**2,198**	**1,955**	**26,576**	**28,428**
Of which receivables from NHS and DHSC group bodies:				
Current	4,379	4,494	4,064	5,155
Non-current	797	690	734	-

Note 25.2 Allowances for credit losses – 2020-21

	Group	Foundation Trust
	All receivables	All receivables
	£000	£000
Allowances as at 1 April 2020 – brought forward	**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 March 2021	**2,305**	**2,305**

Note 25.3 Allowances for credit losses – 2019-20

	Group	Foundation Trust
	All receivables	All receivables
	£000	£000
Allowances as at 1 April 2019 – as previously stated	**3,973**	**3,973**
New allowances arising	814	814
Reversals of allowances	(3,068)	(3,068)
Allowances as at 31 March 2020	**1,719**	**1,719**

Note 25.4 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 2021 are in receivables from private sector bodies. Note 25.1 details total receivables for the Group at £13,656k. The receivable value attributable to private sector bodies is £1,959k (£13,656k, less NHS and DHSC £5,176K, prepayments £2,784k, VAT receivable £2,336k and injury cost recovery debtor £1,401k).

Note 26 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	
	2020-21	2019-20	2020-21	2019-20
	£000	£000	£000	£000
At 1 April	**17,152**	**12,948**	**15,014**	**12,605**
Net change in year	36,597	4,204	35,633	2,409
At 31 March	**53,749**	**17,152**	**50,647**	**15,014**
Broken down into:				
Cash at commercial banks and in hand	3,443	2,609	341	471
Cash with the Government Banking Service	50,306	14,543	50,306	14,543
Total cash and cash equivalents as in SoFP	**53,749**	**17,152**	**50,647**	**15,014**
Total cash and cash equivalents as in SoCF	**53,749**	**17,152**	**50,647**	**15,014**

Note 26.1 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 foundation 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 2021	31 March 2020
	£000	£000
Bank balances	16	15
Total third party assets	**16**	**15**

Note 27.1 Trade and other payables

	Group		Foundation Trust	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£000	£000	£000	£000
Current				
Trade payables	9,462	8,258	4,169	4,543
Capital payables	2,039	1,568	2,039	804
Accruals	25,197	18,395	25,990	24,403
Social security costs	6,868	6,380	6,448	6,006
Other payables	214	589	813	6,405
NHS charitable funds: trade and other payables	105	33	-	-
Total current trade and other payables	**43,885**	**35,223**	**39,459**	**42,161**
Of which payables from NHS and DHSC group bodies:				
Current	1,385	3,083	1,385	2,831
Non-current	-	-	-	-

Note 28 Other liabilities

	Group		Foundation Trust	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£000	£000	£000	£000
Current				
Deferred income: contract liabilities	4,963	2,819	4,776	2,609
Deferred grants	-	210	-	210
Total other current liabilities	**4,963**	**3,029**	**4,776**	**2,819**
Non-current				
Deferred grants	-	2,121	-	2,121
Total other non-current liabilities	**-**	**2,121**	**-**	**2,121**

Deferred income has increased in year due to a number of cash payments notified and received in quarter 4 from other NHS organisations and due to timing, the Trust were unable to appoint/secure contracts/start the service.

Note 29 Borrowings

	Group		Foundation Trust	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£000	£000	£000	£000
Current				
Loans from DHSC	1,285	1,297	1,285	1,297
Obligations under finance leases	895	-	797	-
Total current borrowings	**2,180**	**1,297**	**2,082**	**1,297**
Non-current				
Loans from DHSC	21,267	22,355	21,267	22,355
Obligations under finance leases	777	-	875	-
Total non-current borrowings	**22,044**	**22,355**	**22,142**	**22,355**

Note 29.1 Reconciliation of liabilities arising from financing activities

Group 2020-21	Loans from DHSC	Finance leases	Total
	£000	£000	£000
Carrying value at 1 April 2020	**23,652**	**-**	**23,652**
Cash movements			
Financing cash flows – payments and receipts of principal	(1,088)	**-**	**(1,088)**
Financing cash flows – payments of interest	(560)	**-**	**(560)**
Non-cash movements			
Additions		**1,672**	**1,672**
Application of effective interest rate	548	**-**	**548**
Carrying value at 31 March 2021	**22,552**	**1,672**	**24,224**

Group 2019-20	Loans from DHSC	Finance leases	Total
	£000	£000	£000
Carrying value at 1 April 2019	**24,736**	**-**	**24,736**
Cash movements			
Financing cash flows – payments and receipts of principal	(1,088)	**-**	**(1,088)**
Financing cash flows – payments of interest	(574)	**-**	**(574)**
Non-cash movements			
Application of effective interest rate	578	**-**	**578**
Carrying value at 31 March 2020	**23,652**	**-**	**23,652**

Note 29.2 Reconciliation of liabilities arising from financing activities

Foundation Trust 2020-21	Loans from DHSC	Finance leases	Total
	£000	£000	£000
Carrying value at 1 April 2020	**23,652**	**-**	**23,652**
Cash movements			
Financing cash flows – payments and receipts of principal	(1,088)	**-**	**(1,088)**
Financing cash flows – payments of interest	(560)	**-**	**(560)**
Non-cash movements			
Additions		**1,672**	**1,672**
Application of effective interest rate	548	**-**	**548**
Carrying value at 31 March 2021	**22,552**	**1,672**	**24,224**

Foundation Trust 2019-20	Loans from DHSC	Finance leases	Total
	£000	£000	£000
Carrying value at 1 April 2019	**24,736**	**-**	**24,736**
Cash movements			
Financing cash flows – payments and receipts of principal	(1,088)	**-**	**(1,088)**
Financing cash flows – payments of interest	(574)	**-**	**(574)**
Non-cash movements			
Application of effective interest rate	578	**-**	**578**
Carrying value at 31 March 2020	**23,652**	**-**	**23,652**

Note 30 Other financial liabilities

	Group		Foundation Trust	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£000	£000	£000	£000
Current				
Other financial liabilities	**-**	**-**	**-**	**-**
Total current other financial liabilities	-	-	-	-
Non-current				
Other financial liabilities	**-**	**-**	(37,498)	(26,745)
Total non-current other financial liabilities	**-**	**-**	**(37,498)**	**(26,745)**

This is the financial creditor of the Trust with the LLP. There is a value of £727k included in current trade and other payables also (total value £38,225k).

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 2020	**772**	**822**	**136**	**524**	**8,512**	**10,766**
Change in the discount rate	21	34	-	-	-	**55**
Arising during the year	85	58	48	159	6,979	**7,329**
Utilised during the year	(84)	(50)	(98)	(23)	-	**(255)**
Reversed unused	-	-	-	(1)	(727)	**(728)**
Unwinding of discount	12	8	-	-	-	**20**
At 31 March 2021	**806**	**872**	**86**	**659**	**14,764**	**17,187**
Expected timing of cash flows:						
- not later than one year;	85	50	86	659	14,030	**14,910**
- later than one year and not later than five years; an	721	822	-	-	734	**2,277**
- later than five years.	-	-	-	-	-	**-**
Total	**806**	**872**	**86**	**659**	**14,764**	**17,187**

- A redundancy provision has been included within the accounts for 2020-21. 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 2020-21. Potential costs arise from decisions made and communicated in 2019-20. Three 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:

- 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 2020	**772**	**822**	**136**	**524**	**8,509**	**10,763**
Change in the discount rate	21	34	-	-	-	**55**
Arising during the year	85	58	48	159	6,960	**7,310**
Utilised during the year	(84)	(50)	(98)	(23)	-	**(255)**
Reversed unused	-	-	-	(1)	(727)	**(728)**
Unwinding of discount	12	8	-	-	-	**20**
At 31 March 2021	**806**	**872**	**86**	**659**	**14,742**	**17,165**
Expected timing of cash flows:						
- not later than one year;	85	50	86	659	14,008	**14,888**
- later than one year and not later than five years; and	721	822	-	-	734	**2,277**
- later than five years.	-	-	-	-	-	**-**
Total	**806**	**872**	**86**	**659**	**14,742**	**17,165**

* Same as for the Group with the exception of £22k Optimus provisions (NEST ERS pension contribution £2.5k and corporation tax potential liability £20k due to carried forward losses discrepancy).

Note 31.3 Clinical negligence liabilities

At 31 March 2021, £220,772k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of North Tees and Hartlepool NHS Foundation Trust (31 March 2020: £195,364k).

Note 32 Contingent assets and liabilities

	Group		Foundation Trust	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£000	£000	£000	£000
Value of contingent liabilities				
Other	-	(250)	-	(250)
Gross value of contingent liabilities	**-**	**(250)**	**-**	**(250)**
Amounts recoverable against liabilities	-	-	-	-
Net value of contingent liabilities	**-**	**(250)**	**-**	**(250)**

Note 33 Contractual capital commitments

	Group		Foundation Trust	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£000	£000	£000	£000
Property, plant and equipment	4,812	4,198	-	-
Total	**4,812**	**4,198**	**-**	**-**

Note 34 Defined benefit pension schemes

The Trust (and its subsidiaries, North Tees and Hartlepool Solutions LLP and Optimus Health Ltd) offers the National Employment Savings Scheme (NEST) to employees.

NEST payments	2020-21 £000	2019-20 £000
North Tees and Hartlepool NHS Foundation Trust	162	162
North Tees and Hartlepool Solutions LLP	76	47
Optimus Health Limited	4	5
Total	**242**	**214**

Note 35 Financial instruments

Note 35.1 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 Trusts 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 2021 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 35.2 Carrying values of financial assets (Group)

Group	Held at amortised cost	Total book value
	£000	£000
Carrying values of financial assets as at 31 March 2021		
Trade and other receivables excluding non-financial assets	6,867	**6,867**
Cash and cash equivalents	53,229	**53,229**
Consolidated NHS Charitable fund financial assets	2,151	**2,151**
Total at 31 March 2021	**62,247**	**62,247**

Group	Held at amortised cost	Total book value
	£000	£000
Carrying values of financial assets as at 31 March 2020		
Trade and other receivables excluding non-financial assets	12,789	**12,789**
Cash and cash equivalents	16,697	**16,697**
Consolidated NHS Charitable fund financial assets	1,587	**1,587**
Total at 31 March 2020	**31,073**	**31,073**

Note 35.3 Carrying values of financial assets (Trust)

Foundation Trust	Held at amortised cost	Total book value
	£000	£000
Carrying values of financial assets as at 31 March 2021		
Trade and other receivables excluding non-financial assets	41,729	**41,729**
Other investments / financial assets	-	**-**
Cash and cash equivalents	50,647	**50,647**
Total at 31 March 2021	**92,376**	**92,376**

Foundation Trust	Held at amortised cost	Total book value
	£000	£000
Carrying values of financial assets as at 31 March 2020		
Trade and other receivables excluding non-financial assets	48,625	**48,625**
Other investments / financial assets	-	**-**
Cash and cash equivalents	15,014	**15,014**
Total at 31 March 2020	**63,639**	**63,639**

Note 35.4 Carrying values of financial liabilities (Group)

Group	Held at amortised cost	Total book value
	£000	£000
Carrying values of financial liabilities as at 31 March 2021		
Loans from the Department of Health and Social Care	22,552	**22,552**
Obligations under finance leases	1,672	**1,672**
Trade and other payables excluding non-financial liabilities	36,912	**36,912**
Provisions under contract	17,187	**17,187**
Consolidated NHS charities fund financial liabilities	105	**105**
Total at 31 March 2021	**78,428**	**78,428**

Group	Held at amortised cost	Total book value
	£000	£000
Carrying values of financial liabilities as at 31 March 2020		
Loans from the Department of Health and Social Care	23,652	**23,652**
Trade and other payables excluding non-financial liabilities	28,810	**28,810**
Provisions under contract	10,766	**10,766**
Total at 31 March 2020	**63,228**	**63,228**

Note 35.5 Carrying values of financial liabilities (Foundation Trust)

Foundation Trust	Held at amortised cost	Total book value
	£000	£000
Carrying values of financial liabilities as at 31 March 2021		
Loans from the Department of Health and Social Care	22,552	**22,552**
Obligations under finance leases	1,672	**1,672**
Trade and other payables excluding non-financial liabilities	70,509	**70,509**
Provisions under contract	17,164	**17,164**
Total at 31 March 2021	**111,897**	**111,897**

Foundation Trust	Held at amortised cost	Total book value
	£000	£000
Carrying values of financial liabilities as at 31 March 2020		
Loans from the Department of Health and Social Care	23,652	**23,652**
Trade and other payables excluding non-financial liabilities	62,899	**62,899**
Provisions under contract	10,763	**10,763**
Total at 31 March 2020	**97,314**	**97,314**

Note 35.6 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 2021	31 March 2020 restated*	31 March 2021	31 March 2020 restated*
	£000	£000	£000	£000
In one year or less	54,108	39,406	87,577	73,494
In more than one year but not more than five years	6,400	5,693	6,400	5,693
In more than five years	17,922	18,130	17,922	18,130
Total	**78,430**	**63,229**	**111,899**	**97,317**

* This disclosure has previously been prepared using discounted cash flows. The comparatives have therefore been restated on an undiscounted basis.

Note 36 Losses and special payments

Group and Foundation Trust	2020-21		2019-20	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Bad debts and claims abandoned	54	12	169	166
Stores losses and damage to property	2	1	4	-
Total losses	**56**	**13**	**173**	**166**
Special payments				
Ex-gratia payments	16	8	13	3
Total special payments	**16**	**8**	**13**	**3**
Total losses and special payments	**72**	**21**	**186**	**169**
Compensation payments received	-	-	-	-

NHS Foundation Trusts are required to report to the Department of Health and Social Care any losses or special payments, as the Department still retains responsibility for reporting these to Parliament.

By their very nature, such payments should not arise, and they are therefore subject to special control procedures compared to payments made in the normal course of business.

There were no payments which exceeded £300k.

The Trust has not made any losses or special payments other than those disclosed in the table above.

Note 37 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 Trust, 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 note includes all of the main entities within the public sector that the Trust has had dealings with. However, no information has been provided about these transactions, as this is not required in accordance with IAS 24. The transactions included in the note relate to transactions with non-Government bodies and intra-group transactions between the Trust and its subsidiaries.

	31 March 2021				31 March 2020			
	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
	£	£	£	£	£	£	£	£
Mr Neil Mundy Director through N Mundy Ltd for Northumberland Theatre Company, Sole Director for N Mundy PLC for Charitable Trusteeships, Chair of Joint Independent Audit Committee of Northumbria Police. Professional membership of Medilink North of England Ltd. Family members are founders of forward Clinical Ltd - Trading as PANDO (clinical communications platform)	0-	0	0	0	0	0	0	0
Mr Paul Garvin Family member employed by the Trusts legal advisors Wardhadaway	0	0	0	0	0	0	0	0
Mrs Barbara Bright Company Secretary, Trading Company of North Tees and Hartlepool NHS Foundation Trust (Optimus Health Ltd)	(5,845,373)	75,997	0	2,070	(4,822,489)	128,172	0	24,116
Mrs Lynne Taylor Director, Trading Company of North Tees and Hartlepool NHS Foundation Trust (North Tees and Hartlepool Solutions LLP)	(71,009,251)	164,722	(1,271,295)	1,739,241	(86,180,130)	474,900	(5,067,184)	305,179
Mr Jonathon Erskine Executive Director of European Health Property Network and Self Employed Research Consultant/Honorary Prof of the Bartlett School of Construction and Project Management, University College of London	0	0	0	0	0	0	0	0
Mr Jonathon Erskine Family member is on the governing body of Teesside University	0	0	0	0	0	0	0	0
Mr Stephen Hall Shareholder in Regional Training Partners Limited	0	0	0	0	0	0	0	0
Mr Stephen Hall Director, Trading Company of North Tees and Hartlepool NHS Foundation Trust (Optimus Health Ltd)	(5,845,373)	75,997	0	2,070	(4,822,489)	128,172	0	24,116
Mr Kevin Robinson Consultant with Auriola Consulting (Justice Services)	0	0	0	0	0	0	0	0
Professor Graham Evans Honorary Professor at Teesside University	0	0	0	0	0	0	0	0
Professor Graham Evans Designated Board member for Health Call, Chief Digital Officer for NENC Integrated Care System	0	0	0	0	0	0	0	0
Professor Graham Evans Family member employed by Trading Company of North Tees and Hartlepool NHS Foundation Trust (North Tees and Hartlepool Solutions LLP)	(71,009,251)	164,722	(1,271,295)	1,739,241	(86,180,130)	474,900	(5,067,184)	305,179
Mr Neil Schneider Director of Flying Geese Leadership and Development Company	0	0	0	0	0	0	0	0

	31 March 2021				31 March 2020			
	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
	£	£	£	£	£	£	£	£
Mr Neil Schneider Director, Trading Company of North Tees and Hartlepool NHS Foundation Trust (Optimus Health Ltd)	(5,845,373)	75,997	0	2,070	(4,822,489)	128,172	0	24,116
Ms Elizabeth Ann Baxter Independent Scrutiny Darlington Safeguarding Partnership Ann Baxter Ltd – Independent Consultancy	0	0	0	0	0	0	0	0
Mr Alan Sheppard Vice President of the NE&NC Branch of the Healthcare People Management Association	(695)	0	0	0	0	0	0	0

The Trust has also received revenue and capital payments from a number of charitable funds, certain of the trustees for which are also members of the NHS Foundation Trust Board.

The audited accounts of the Funds held on Trust are available from the Charity Commission website www.charity-commission.gov.uk.


NHS

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:

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University Hospital of North Tees
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Stockton-on-Tees
TS19 8PE

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