



# **Virtual Council of Governors Meeting**

**Thursday, 6 August 2020**

***To be held via videoconferencing***

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PG/SH

30 July 2020

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

Dear Colleague

Telephone: 01642 617617  
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A meeting of the **Council of Governors** will be held on Thursday, 6 August 2020 at 10.00am via video conferencing. The dial-in details will be provided separately.

Yours sincerely



**Paul Garvin**  
Chairman

### Agenda

- |      |            |   |                                |
|------|------------|---|--------------------------------|
| (1)  | (10.00am)  | Apologies for Absence   | Chairman                       |
| (1a) | (10.00 am) | Declaration of Members Interests  |                                |
| (1b) | (10.00am)  | Minutes of the meeting held on, Thursday 7 May 2020 ( <b>enclosed</b> )   |                                |
| (2)  | (10.05am)  | Chief Executive's Report ( <b>enclosed</b> )  | Julie Gillon                   |
| (3)  | (10.25am)  | North East and North Cumbria Integrated Care System and Tees Valley Health and Care Partnership ( <b>enclosed</b> ) | Julie Gillon                   |
| (4)  | (10.45am)  | Integrated Compliance and Performance Summary ( <b>enclosed</b> )   | Lynne Taylor                   |
| (5)  | (11.05am)  | Annual Report and Accounts 2019-20 ( <b>enclosed</b> )<br>[PwC dialing in]  | Barbara Bright / Neil Atkinson |
| (6)  | (11.25am)  | External Audit Services Review ( <b>enclosed</b> )  | Phil Craig                     |
| (7)  | (11.35am)  | Sub-Committee Membership Review ( <b>enclosed</b> )   | Barbara Bright                 |
| (8)  | (11.40am)  | Sub-Committee Minutes   |                                |
|      |            | (8.1) Draft Membership Strategy Committee Minutes<br>-10 February 2020 ( <b>enclosed</b> )                          | Wendy Gill                     |
|      |            | (8.2) Draft Nominations Committee Minutes<br>- 23 July 2020 ( <b>enclosed</b> )                                     | Phil Craig                     |

### Items to Receive

- |      |           |   |                         |
|------|-----------|---|-------------------------|
| (9)  | (11.50am) | Governor Elections 2020 ( <b>enclosed</b> )               | Barbara Bright          |
| (10) | (11.55am) | Any Other Notified Business                               | Chairman                |
| (11) | (12 noon) | Chairman Appointment / Re-appointment ( <b>enclosed</b> ) | Julie Gillon/Phil Craig |

### Date and Time of Next Meeting

The next meeting is scheduled to take place on Thursday, 8 October 2020.

**Paul Garvin**  
Chairman

**Julie Gillon**  
Chief Executive

## **Governors Roles and Responsibilities Holding the Board of Directors to Account**

### **1. Key Principles**

- 1.1 The overall responsibility for running an NHS Foundation Trust lies with the Board of Directors.
- 1.2 The Council of Governors is the collective body through which the directors explain and justify their actions.
- 1.3 Governors must act in the interests of the NHS Foundation Trust and should adhere to its values and Code of Conduct.

### **2. Standard Methods for Governors to Provide Scrutiny and Assistance**

- 2.1 Receiving the Annual Report and Accounts.
- 2.2 Receiving the Quality Report and Account.
- 2.3 Receiving in-year information updates from the Board of Directors.
- 2.4 Receiving performance appraisal information for the Chair and other Non-executive Directors.
- 2.5 Inviting the Chief Executive or other Executive and Non-executive Directors to attend the Council of Governors meetings as appropriate.

### **3. Further Methods Available for Governors**

- 3.1 Engagement with the Board of Directors to share concerns.
- 3.2 Employment of statutory duties.
- 3.3 Dialogue with Monitor via the lead Governor (if necessary and only in extreme circumstances)

# **Glossary of Terms**

## **Strategic Aims and Objectives**

### **Putting Our Population First**

- Create a culture of collaboration and engagement to enable all healthcare professionals to add value to the healthcare experience
- Achieve high standards of patient safety and ensure quality of service
- Promote and demonstrate effective collaboration and engagement
- Develop new approaches that support recovery and wellbeing
- Focus on research to improve services

### **Valuing People**

- Promote and 'live' the NHS values within a healthy organisational culture
- Ensure our staff, patients and their families, feel valued when either working in our hospitals, or experiencing our services within a community setting
- Attract, Develop, and Retain our staff
- Ensure a healthy work environment
- Listen to the 'experts'
- Encourage the future leaders

### **Transforming Our Services**

- Continually review, improve and grow our services whilst maintaining performance and compliance with required standards
- Deliver cost effective and efficient services, maintaining financial stability
- Make better use of information systems and technology
- Provide services that are fit for purpose and delivered from cost effective buildings
- Ensure future clinical sustainability of services

### **Health and Wellbeing**

- Promote and improve the health of the population
- Promote health services through full range of clinical activity
- Increase health life expectancy in collaboration with partners
- Focus on health inequalities of key groups in society
- Promote self-care

## North Tees and Hartlepool NHS Foundation Trust

### Video-conference meeting of the Council of Governors'

Thursday, 6 August 2020 at 10 am

Due to the current position regarding COVID-19 the decision was made that the Council of Governors' meeting would be conducted via video-conferencing. This approach enabled the Council of Governors' to discharge its duties and gain assurance whilst providing effective oversight and challenge, and supporting the national guidance regarding social distancing.

These minutes represent a formal record of the video-conferencing meeting.

#### The electronic pack of papers was circulated to the full Council of Governors

#### Governor representation in the Boardroom: -

Tony Horrocks, Lead Governor / Elected Governor for Stockton  
John Edwards, Elected Governor for Stockton

#### Governor representation via video conferencing: -

Ann Cains, Elected Governor for Stockton  
Margaret Docherty, Elected Governor for Stockton  
Mark White, Elected Governor for Stockton  
Pauline Robson, Elected Governor for Hartlepool  
Ian Simpson, Elected Governor for Hartlepool  
Wendy Gill, Elected Governor for Sedgfield  
Mary King, Elected Governor for Easington  
Asokan Krishnaier, Elected Staff Governor  
Andy Simpson, Elected Staff Governor  
Jim Beall, Appointed Governor for Stockton Borough Council  
Linda Nelson, Appointed Governor for Teesside University

#### Governor representation via audio conferencing: -

Roger Campbell, Elected Governor for Hartlepool  
Carol Alexander, Elected Staff Governor  
Dave Russon, Elected Staff Governor

#### Attendance in the Boardroom: -

Paul Garvin, Chairman*	Chairman
Steve Hall, Vice-Chair/Non-Executive Director*	SH
Philip Craig, Non-Executive Director*	PG
Julie Gillon, Chief Executive*	CE
Barbara Bright, Director of Corporate Affairs and Chief of Staff	DoCA&CoS
Samantha Sharp, Personal Assistant (note taker)	

#### In attendance via video conferencing: -

Ann Baxter, Non-Executive Director*	AB
Jonathan Erskine, Non-Executive Director*	JE
Kevin Robinson, Non-Executive Director*	KR
Neil Schneider, Associate Non-Executive Director	NS
Rita Taylor, Associate Non-Executive Director	RT
Levi Buckley, Chief Operating Officer	COO

#### In attendance to present: -

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\* voting member

Item 4 – Lynne Taylor, Director of Planning and Performance  
Item 4 & 5 – Neil Atkinson, Director of Finance  
Item 5 – Kerry Wallace, PwC

DoP&P  
DoF

### **CoG/938 Apologies for Absence / Welcome**

Apologies for absence were received from Kate Wilson, Elected Governor for Stockton, Janet Atkins, Elected Governor for Stockton, Jean Kirby, Elected Governor for Stockton, Victor Manerjero, Elected Governor for Stockton, Gavin Murrigan, Elected Governor for Stockton, Pat Upton, Elected Governor for Stockton, George Lee, Elected Governor for Hartlepool, Geoff Northey, Elected Governor for Hartlepool, Pauline Robson, Elected Governor for Hartlepool, Alan Smith, Elected Governor for Hartlepool, Carole Lawford, Elected Governor for Sedgefield, Alison McDonough, Elected Governor for Non-Core Public, Manuf Kassem, Elected Staff Governor, Siva Kumar, Elected Staff Governor, Prof Tony Alabaster for University of Sunderland, Eunice Huntington, Appointed Governor for Durham County Council, Dominic Johnson, Appointed Governor for Newcastle University and Cllr Mike Young for Hartlepool Borough Council

The Chairman welcomed members to the meeting and provided an outline of how the meeting would progress using video conferencing.

### **CoG/939 Declaration of Members Interests**

Declarations of interest were noted from SH (Non-Executive Director), NS (Associate Non-Executive Director) and the DoCA&CoS in respect to their roles with Optimus Health Ltd.

### **CoG/940 Minutes of the meeting held on, Thursday, 7 May 2020 / Matters Arising**

#### **a. CoG/936 (a) Birthing Centre at Hartlepool**

The CE provided an update in respect to birthing opportunities and the maternity hub in Hartlepool highlighting that appointments in the unit were expected to commence in September 2020. There had been positive discussions with local authority colleagues who were supportive of the hub and giving women the choice to birth in Hartlepool.

- Resolved:** (i) that, the minutes of the meeting held on Thursday, 7 May 2020 be confirmed as an accurate record; and  
(ii) that, the verbal update be noted.

### **CoG/941 Chief Executive's Report**

A summary of the report of the Chief Executive included: -

- The Trust continued to respond to the COVID-19 pandemic and the focus remained on protecting patients, staff and visitors in addition to balancing preparedness for any spike in the infection rate and the requirement for continued recovery to all points of delivery. The Trust currently had three confirmed inpatient cases of which one was in critical care. There had been no new COVID-19 admissions to ITU in July and no deaths. There had been a total of 508 COVID admissions, with 42 of these being admitted to ITU. There had been a total of 133 (26.18%) COVID-19 related deaths at the Trust. It was noted that Hartlepool had the second highest rate of COVID-19 infections in the North East and North Cumbria, behind Middlesbrough. A debrief session was held with public leaders across the country on 16 July 2020 with both Sir Patrick Vallance and Professor Jonathan Van-Tam speaking candidly about the complexities of the processes. This virtual event provided the opportunity to connect

with other public leaders to reflect and learn from each other on the role that leaders play in resilience, response and staff wellbeing. The Trust were currently planning Phase 3 of restoration and recovery and guidance had been published which focused on recovery and maximising capacity. The emphasis was now on regional management of potential outbreaks of COVID-19.

- Julie Lane would be retiring as CN/DoPS&Q at the end of October and following a rigorous recruitment process Lindsey Robertson, Care Group Director: Responsive Care had been appointed to the post with effect from September 2020 with a period of transition during September.
- The research team at the Trust had been a leading performer in the COVID-19 RECOVERY trial and was consistently being placed in the top five recruiting hospital sites across the country by percentage of available patients who had taken part. Ben Prudon, Consultant Respiratory Physician was individually awarded a Clinical Research Network NENC Outstanding Research Contribution Award;
- 44 physiotherapists from the Trust took part in the Physio World Virtual Run race finishing at the top of the league table which had given them the opportunity to become part of a pilot, Moving Hospitals, to encourage increased activity for both staff and patients.

In response to a query, the CE highlighted the amount of pressure she and her team were under in response to COVID-19 highlighting that the safeguarding and safety of patients and staff remained paramount with a number of support initiatives available to staff. The Executive Team remained cohesive and supported each other to move forward into the future.

A member asked whether COVID-19 had impacted on the turnover of staff which currently stood at 8.83%. The CE responded that there was no evidence of this and that turnover had remained consistent with previous months. However, there was an impact on sickness absence, particularly in critical care, where resources had been adapted to ensure delivery of safe and effective patient care. Sickness levels had improved with circa 2% of sickness absence being attributable to COVID-19 that week. Staff were also returning to work following periods of shielding and support was available for these staff.

In response to a query, the CE reported that all clinics had recommenced, albeit some being held virtually. The CE highlighted that patient pathways had remained open in relation to RTT, cancer and diagnostics, with patients being treated in order of 'clinical category' and 'clinical prioritisation' rather than access 'treat by dates'.

**Resolved:** that, the content of the report and the pursuance of strategic objectives amongst the COVID-19 pandemic crisis be noted.

#### **CoG/942 North East and North Cumbria Integrated Care System (ICS) and Tees Valley Health and Care Partnership (TVHCP) Update**

The CE provided an update in respect to the North East and North Cumbria Integrated Care System highlighting that the ICS continued to concentrate on its core duties. The CE reported that the Trust had received a capital allocation in respect to A&E and critical infrastructure with £2.5m and £1.2m being allocated respectively. Work continued on the Clinical Service Strategy for the South and how services would be commissioned across the Tees Valley. A positive Tees Valley re-envisioning event took place on 2 July 2020 where a draft programme of design principles and expectations for the future were developed and would be progressed by the key workgroups. A follow-up event was scheduled for 7 September 2020.

The CE provided an update on the Tees Valley Health and Care Partnership highlighting the focus on governance arrangements and the work being undertaken, with the Accountable



Officer, Tees Valley CCG on reinvigorating the work programme. An update was provided in respect to the Tees Valley Acute Hospitals Group, which had proceeded with the appointment of an interim independent Chair to facilitate and oversee progress at pace, with governance fully considered including a Memorandum of Understanding, terms of reference and work programme. Following a number of meetings of the Group Board, individual Boards met to discuss and agree all proposals, however, the Board of South Tees Hospitals NHS Foundation Trust were unable to endorse the proposals due to a pressing need for them to focus on and address issues impacting them specifically as an organisation. The outcome of this decision meant that further consideration needed to be given to next steps, with involvement of the regulators in respect to a strategic way forward ensuring robust governance arrangements, due diligence and accountability frameworks were in place to support partnership working across the Tees Valley.

The CE restated the absolute commitment of the organisation to work in collaboration with partners in order to deliver services for the future, with a focus on this being on a wider footing across the integrated care partnership. This approach would demonstrate greater benefits and efficiencies, supporting the future delivery of sustainable services for the benefit of patients.

In response to a query, the CE acknowledged that the current position around the Group structure had involved significant effort and resources from within the organisation, which had to be managed alongside the response to COVID-19 and business as usual operational activity. However, she highlighted that it was right to focus on partnership arrangements and the Clinical Service Strategy ensuring that appropriate governance arrangements were in place to proceed into a partnership which was open and transparent.

- Resolved:**
- (i) that, the reframing and focus of the Clinical Services Strategy for the region and the partnership working that is involved be noted; and
  - (ii) that, the progress and current effort to take the TVHCP forward into implementation, engagement with key stakeholders and next steps be noted; and
  - (iii) that, further consideration to the longer term strategic intent of the three organisations in the Tees Valley be noted; and
  - (iv) that, the recent proceedings linked to group arrangements be noted.

### **CoG/943      Integrated Compliance and Performance Summary**

The DoP&P presented the Integrated Compliance and Performance Summary for the month of June 2020. The Trust had experienced unprecedented pressures as a result of the COVID-19 pandemic which had ultimately impacted upon a number of indicators, however a relatively positive position was maintained in comparison to national and regional positions. The Trust had now moved into recovery mode to ensure capacity could return to 'normal' levels as soon as possible. Key points were: -

- **Single Oversight Framework:** The Trust remained one of the top reporting organisations in the region, with 16 patients waiting more than 52 weeks at this stage. The range nationally was 3 to 597. Pressures remained around the 62-day cancer standard with the Trust underachieving in May (latest validated position). Despite routine diagnostic procedures being minimised during April, May and most of June, patients waiting longer than 6 weeks had reduced in June;
- **Operational Efficiency and Productivity Standards:** The Trust had performed well against a number of efficiency standards in year, including new to review ratios and outpatient DNAs;
- **Quality and safety:** The Trust remained within the expected range for both HSMR and

SHMI values. The Trust achieved the year-end trajectory for the reduction in Clostridium Difficile cases during 2019/20. No cases of MRSA were reported in year. An overall reduction in stage 2 and 3 complaints was noted during 2019/20, with an increased number being addressed at stage 1, reducing the need for formal escalation. The number of falls had reduced and during March, April, May and June there had been no falls resulting in fracture. Positive performance was noted in VTE assessments, dementia standards and Friends and Family Test;

- Workforce: Sickness absence continued to be the key pressure within workforce and reported at 6.5% for May with 2.15% being attributable to COVID-19 related sickness. The Workforce Directorate continued to support the COVID-19 response providing psychological support to staff together with implementing a number of health and wellbeing initiatives. June had seen a reduction in COVID-19 related absence and staff returning to working following a period of shielding were being supported. Antibody testing for all staff was available and BAME risk assessments continued. In addition, a number of platforms were being initiated for staff to express their views and anxieties. Overall compliance for mandatory training for June was 86% which was consistent with the previous month. Similarly, appraisal compliance was 86%. Turnover remained consistent with previous months reporting at 8.83% in June. The Trust were also welcoming volunteers back to the organisation.
- Finance: Revised financial arrangements remained which aimed to fund providers for cost based on run rates which was underpinned by an Interim Financial Management Framework. At the end of Month 3 2020/21, the Group had delivered a breakeven position. It was essential that the Trust operated within its run rates to ensure it continued to deliver a breakeven position. The year to date contributions from Optimus and the LLP were £113k and £353k respectively. The Group cash balance was £52.9m which was £37m favourable to the NHSI plan, driven by cash received in advance from the Centre for July 2020 block payment and delays to the capital programme.

Kevin Robinson, Chair of the Performance, Planning and Compliance Committee provided an update and overview of the ongoing work of the Committee highlighting that the Trust continued to plan for recovery and had been ahead of the curve. Currently, circa 30% of appointments were held virtually and KR highlighted the impact of patients not following guidance to isolate for 14 days prior to undergoing procedures at the Trust. Assurance had been gained that recovery plans were appropriate taking into account the potential for a surge in referrals with ongoing changes being presented to the Committee.

Jonathan Erskine, Chair of the Patient Safety and Quality Standards Committee reported that the Committee continued to meet highlighting a number of positive achievements. JE made particularly note of a presentation given by Hemal Mohan, ITU Lead on the experiences in Critical Care during COVID-19 highlighting the challenges she and her colleagues faced. Hemal would be presenting this to the Board at their meeting in September and it was suggested that this was also presented to the Governors at a future development session.

Neil Schneider, Chair of the Workforce Committee provided an overview of the ongoing work of the Committee and the Culture Group highlighting the work undertaken in response to COVID-19 particularly around communication and engagement to address concerns of staff. Recruitment to available posts within the organisation was positive and a piece of work to develop a new welcome and induction pack for newly appointed staff was complete.

The COO reported on the current operational position highlighting that the focus remained on recovery and that this was being looked at from an ICP perspective. There were currently shared urology lists and endoscopy lists which took place at the Nuffield Hospital.

Philip Craig, Chair of the Finance Committee acknowledged the work of the finance team

highlighting the Interim Financial Management Framework. The Trust were currently on a Block Contract and reimbursement for COVID-19 expenditure continued. Going forward funding for COVID-19 would be via the ICS.

Further to a query from a member, the CE clarified the position of an alternative workforce and skill mix changes, particularly in Anaesthetics. The CE explained that although some procedures were undertaken by non-medics, these individuals were highly skilled and had received rigorous training to ensure delivery of safe care to patients. In addition, it was noted that all patients undergoing procedures had a named medic who held responsibility.

A member highlighted the personal benefits of recent virtual consultations highlighting that there would be some benefits to continuing this type of care post-Covid-19.

Following a query from a member, a number of initiatives were highlighted in respect to recruiting and retaining staff.

- Resolved:**
- (i) that, the performance against the key operational, quality, finance and workforce standards during March and Quarter 4 in light of the impact of the COVID-19 pandemic be noted; and
  - (ii) that, the on-going financial pressures be recognised; and
  - (iii) that, the on-going operational monitoring and management of service delivery during 2019/20, including the intense mitigation work that has taken place to reduce the impact of in-year pressures be acknowledged; and
  - (iv) that, Hemal Mohan, ITU Lead to be invited to a Governor development session to present on the experiences in Critical Care during COVID-19.

#### **CoG/944 Annual Report and Accounts 2019/20**

The DoCA&CoS reminded members of the statutory requirements for Foundation Trusts confirming that the Trust's 2019/20 Annual Report and Accounts had been prepared in accordance with regulatory requirements, had been laid before parliament on 2 July 2020 and would be formally presented at the Trust's Annual General Meeting which had been deferred until later in the year due to difficulties in holding public meetings during the current time. As an interim measure, a video presenting the Annual Report and Accounts, highlighting performance and achievements would be published on the Trust's website, along with showcasing from each of the Care Groups.

The DoCA&CoS reported that NHSI had issued revised guidance in response to the escalation of the pandemic crisis and highlighted a number of changes which had been made.

There was no requirement for external audit review and assurance of the Quality Accounts and Report, however, there had been full involvement of Governors and third parties in production and review of the report. In addition, third party declarations had also been received from key stakeholders. As work had commenced prior to COVID-19, the Quality Report was included within the Annual Report.

The DoF reported on key points from the 2019/20 financial position highlighting a surplus of circa £700k. There was a technical adjustment made to address the £17m impairment relating to the devaluation of the energy centre which was non-cash related. There was also two weeks of COVID-19 expenditure in the 2019/20 accounts which had since been reimbursed. Steps would be taken to strengthen the balance sheet and to mitigate future risk. Cash in the bank at the end of 2019/20 reported at circa £17m compared to £13m the previous year.

Kerry Wallace from PWC joined the meeting by video link presenting the auditors findings and highlighting key points. A material uncertainty paragraph had been included which was in relation to the current COVID-19 position and the impact on financial planning and status as a going concern, however, this was reflected in many other trusts across the country.

Kerry highlighted the challenges of working remotely during the COVID-19 pandemic but commended the Trust in its responsiveness despite current challenges.

- Resolved:** (i) that, the Annual Report and Accounts 2019/20 be received; and  
(ii) that, the external auditors report to the Council of Governors be noted.

#### **CoG/945 External Audit Services Review**

The DoF reported that the contract with PricewaterhouseCoopers the Trust's external auditors, expired upon the completion of the audit of the Trust's accounts for 2019/20. PwC had indicated that they would not be re-tendering for the new contract and the DoF highlighted options to appoint a new service provider. It was proposed that the Council of Governors approve the option to undertake a mini-tender exercise with the oversight of the External Audit Working Group. Following this, a recommendation would be made to a future Council of Governors' meeting to formally approve the preferred supplier. The DoF highlighted that a number of Trusts had gone through a similar process and raised concerns that there were only a few firms who were currently bidding for this type of work.

The DoF provided clarity and answers to a number of queries highlighting the need to appoint an external auditor who had a national profile with a high level of experience and reputation.

- Resolved:** (i) that, the content of the update be noted; and  
(ii) that, a mini-tender approach with oversight from the External Audit Working Group be approved.

#### **CoG/946 Sub-Committee Membership Review**

The DoCA&CoS presented the Council of Governors Sub-Committee Membership Review pertaining to the four Governor Sub-Committees:

- Strategy and Service Development Committee;
- Membership Strategy Committee;
- Nominations Committee;
- External Audit Working Group.

A full review of the Terms of Reference (ToR) for these committees were undertaken and ratified by the Council of Governors in 2019. However, minor changes were required to the Strategy and Service Development Committee to reflect an open membership and to the Nominations Committee to increase the quoracy to meet best practice.

It was noted that due to the impact of COVID-19, meetings across the Trust, including Governor meetings, had been cancelled and therefore there had been a delay in inviting new Governors to attend individual Committees. New Governors would be invited to express their interest in joining the Strategy and Service Development Committee and the Membership Strategy Committee which had both increased their Committee membership.

A revised list of membership was provided, taking into account Governors resignations and changes, and expressions of interest.

- Resolved:** (i) that, the revised Governor sub-committee membership be noted; and  
(ii) that, the proposed changes to the Nominations and Strategy and Service Development Committee Terms of Reference be noted.

## **CoG/947 Sub-Committee Minutes**

### **a. Draft Membership Strategy Committee Minutes – 10 February 2020**

Wendy Gill, Elected Governor for Sedgefield presented the minutes of the Membership Strategy Committee which was held on 10 February 2020, highlighting that the meeting was not quorate although proceeded with decisions being deferred to the next meeting. A general reduction in members was noted with mobile stations located throughout the Trust not generating any new members. A number of suggestions to increase membership was made which will be discussed further at the next meeting.

- Resolved:** that, the minutes of the Strategy and Service Development Committee held on 10 February 2020 be noted.

### **b. Draft Nominations Committee Minutes – 23 July 2020**

The Chairman and Non-Executive Directors were not present for this item.

PC presented the minutes of the Nominations Committee which was held on 23 July 2020, highlighting the key points from the five substantive items considered.

#### *Chair and Non-Executive Remuneration*

In September 2019, NHSI published guidance on remuneration for Chairs and Non-Executive Directors with the aim of standardising remuneration levels across Trusts and Foundation Trusts. It was noted that the Trust was a slight outlier and it was recommended that the Chairman's and Non-Executive Directors' remuneration remain unchanged for 2020/21. This was approved by the Council of Governors.

#### *Neil Schneider, Non-Executive Director Proposal*

As Neil Schneider had now taken up Chairmanship of the Workforce Committee and Culture Group in addition to being appointed as Chair of Optimus Board, it was recommended that he now be appointed as a Non-Executive Director with immediate effect and remunerated accordingly. This was approved by the Council of Governors.

#### *Outcome of Chairman's Appraisal 2019/20*

Questionnaires had been circulated to the Board and Council of Governors to obtain their views of the performance of the Chairman. A good response rate (72.9%) was achieved that demonstrated that the Chairman was very effective at setting clear objectives and the strategic direction for the organisation. A number of objectives were set for 2020/21.

#### *Terms of Reference for the Nominations Committee*

It was recommended that the Terms of Reference for the Nominations be revised to include an annual review of the Committee membership and to increase the quoracy to three members to reflect best practice guidance of 50% membership. This was approved by the Council of Governors.

#### *Chairs Appointment / Re-Appointment Proposal – Led by Julie Gillon, Chief Executive*

The CE proposed that Paul Garvin be reappointed as Chair for a further year from 1 November 2020 highlighting the exceptional circumstances and justification in support of the proposal. This was a process previously agreed and endorsed by NHSI/E and would ensure stability, continuity and consistency at a time when the Trust was facing significant challenges including

likely changes under the Integrated Care System and Tees Valley Health and Care Partnership as well as the financial challenges faced by the organisation. The importance of succession planning in 2021 to consider a future Chair was noted and the Council of Governors' would be kept up to date on progress. This was approved by the Council of Governors.

- Resolved:**
- (i) that, the minutes of the Nominations Committee held on 23 July 2020 be noted; and
  - (ii) that, the remuneration of the Chairman and Non-Executive Directors remain unchanged for 2020/21; and
  - (iii) that, Neil Schneider be appointed as a Non-Executive Director with a salary of £15,790 with immediate effect; and
  - (iv) that, the outcome of the Chair's appraisal be received; and
  - (v) that, the revised Terms of Reference for the Nominations Committee be approved; and
  - (vi) that, the term of office for the Chairman be extended for one year with effect from 1 November 2020 and that succession planning for the Chair role/appointment be considered in 2020/21 whether individual, group or joint chair in the context of collaborative approach in Teesside and for Governors to be kept up to date on progress.

#### **CoG/948 Governor Elections 2020**

The DoCA&CoS presented the Governor Elections Timetable for the 2020 elections, reminding Governors due for re-election to be mindful of the timelines for nominations to be received. Electoral Reform Services would again be undertaking the 2020 Election campaign.

In response to a query, the DoCA&CoS confirmed that members of the same family could put themselves forward to become a Governor and that there was nothing in the constitution to say that this was unacceptable.

It was noted that those Governors appointed for the first time in 2019 had only been able to provide limited input due to COVID-19. There was currently no guidance available to address this and the Chairman asked that consideration be given to amending the Constitution to allow those newly elected in 2019 to extend their term of office by one year.

- Resolved:**
- (i) that, the 2020 Governor Election Timetable be noted; and
  - (ii) that those Governors' whose term of office will end on 30 November 2020 be noted; and
  - (iii) that, the DoCA&CoS review the Trust Constitution to allow those Governors newly elected in 2019 to extend their term of office by one year.

#### **CoG/949 Any Other Notified Business**

##### **a. Connectivity Issues**

A number of members raised concern in respect to connectivity and sound issues at today's meeting together with poor functionality of the CISCO system. The DoCA&CoS agreed to seek an improved solution for future meetings.

- Resolved:** that, the DoCA&CoS seek an improved solution for future meetings following connectivity issues experienced at this meeting.


#### **CoG/950 Chairman Appointment / Re-appointment**

Reported as part of CoG/947(b)

**CoG/951      Date and Time of Next Meeting**

**Resolved:** that, the arrangements for the meeting to be held on Thursday, 8 October 2020 be confirmed in due course.

The meeting closed at 12:10 pm

Signed: 

Date: 8 October 2020

## Council of Governors

Title of report:	Chief Executive Report									
Date:	6 August 2020									
Prepared by:	Julie Gillon, Chief Executive Barbara Bright, Director of Corporate Affairs and Chief of Staff									
Executive Sponsor:	Julie Gillon, Chief Executive									
Purpose of the report	The purpose of the report is to provide information to the Council of Governors on key local, regional and national issues.									
Action required:	Approve		Assurance		Discuss	X	Information	X		
Strategic Objectives supported by this paper:	Putting our Population First	X	Valuing People	X	Transforming our Services	X	Health and Wellbeing	X		
Which CQC Standards apply to this report	Safe	X	Caring	X	Effective	X	Responsive	X	Well Led	X
Executive Summary and the key issues for consideration/ decision:										
<p>The report provides an overview of the health and wider contextual related news and issues that feature at a national, regional and local level from the main statutory and regulatory organisations of NHS Improvement, NHS England, Care Quality Commission and the Department of Health and Social Care.</p> <p>In addition, information is provided on strategic delivery and positioning and operational issues not covered elsewhere on the agenda.</p> <p>Key issues for Information:</p> <ul style="list-style-type: none"> <li>• Coronavirus (COVID-19) update</li> <li>• Community Payback</li> <li>• Executive Director retirements/appointments</li> <li>• Integrated Care System/Integrated Care Partnership (ICS/ICP) Update</li> <li>• Tees Valley Acute Hospitals Group</li> <li>• Amanda Pritchard Webinar</li> <li>• Teesside research team at the forefront of search for COVID-19</li> <li>• Physio World Virtual Run</li> </ul>										
How this report impacts on current risks or highlights new risks:										
Consideration will be given to the information contained within this report as to the potential impact on existing or new risks.										
Committees/groups where this item has been discussed	Items contained in this report will be discussed at Executive Team and other relevant committees within the governance structure to ensure consideration for strategic intent and delivery.									
Recommendation	The Council of Governors are asked to receive and note the content of this report and the pursuance of strategic objectives.									



# North Tees and Hartlepool NHS Foundation Trust

## Meeting of the Council of Governors

6 August 2020

### Report of the Chief Executive

#### 1. Introduction

This report provides information to the Council of Governors on key local, regional and national issues. In addition, information is provided on strategic delivery and positioning and operational issues not covered elsewhere on the agenda.

#### 2. Key Issues and Planned Actions

##### 2.1 Strategic Objective: Putting our Population First

##### 2.1.1 Coronavirus (COVID-19) Current Position

The Trust continues to respond to the COVID-19 pandemic under the Civil Contingencies Act and the focus remains on protecting patients, staff and visitors in addition to balancing preparedness for any spike in the infection rate and the requirement for continued recovery to all points of delivery. My continued thanks therefore goes to everyone in the Trust who are committed to playing their part in limiting the opportunities for the spread of infection both on duty and at home. The Executive Team is providing strong and unequivocal decision-making during this protracted and unprecedented period, ensuring a tight strategic view of the risks, challenges and opportunities facing the organisation, including the systems and processes put in place over and above the national guidance during this period.

#### Trust Context

Within the Trust, COVID activity peaked during mid-April with 74 cases in the Trust. Critical care demand also peaked during Mid-April with 22 confirmed cases and 6 patients on Non-Invasive ventilation on respiratory wards. This peak for critical care reflects the longer length of stay for these patients but also demonstrates a pattern in preparing for future spikes. As at 30 July 2020, the Trust had 5 confirmed inpatient cases of COVID-19, of which 1 case was in critical care. During July the daily number of beds occupied by COVID patients has averaged at 4, ranging between 3 and 15, with the daily number of admissions ranging between 0 and 2. There have been 3 new COVID admissions to ITU during July.

The profile surrounding the Trust's COVID-19 experience is reflected in the table below:

<b>Total COVID Admissions</b>	<b>508</b>
Total Admissions Base Wards	466
Total Admissions ITU	29
Number of Discharges	370
<b>% Discharged</b>	<b>72.83%</b>
<b>Number of Deaths Positive Covid</b>	133
<b>% Deceased</b>	<b>26.18%</b>
<b>% still in Hospital</b>	<b>0.98%</b>

#### National Context

The COVID-19 pandemic was declared as a 'level 4 incident' nationally in March 2020 and a system of more directive command and control structures introduced. The local response to COVID-19 has seen a huge effort across all parts of the health and care system with Trust staff

continuing to provide high quality support to patients and quickly adopting new ways of working which supported the delivery of essential services.

The Trust's focus has shifted from this initial response phase to a focus on the restoration of key services and recovery and transformation. In terms of restoration and recovery, all of the Trust's essential services were re-established in advance of a national directive to restore essential services before 15 June 2020.

### **Planning for the next phase of COVID and Non-COVID response**

The Trust has put in place a robust recovery plan to meet the health care needs of communities and has commenced the process of reinstating services across care pathways whilst acknowledging the risks that remain within the health economy surrounding a potential surge in key clinical areas.

The restoration and recovery of services following the first peak of the pandemic was an unparalleled challenge for the Trust and the wider health and care system. However, the delivery of rapid innovation and transformation during Phase 1 presents the Trust with a unique opportunity to embed sustainable change and continue to develop the strategic aims of the organisation, including the continued development of community provision and population health approaches. The Trust is using this opportunity to establish a new operating model which reflects the changes introduced during the COVID-19 pandemic.

#### **2.1.2 National Leadership Centre Debrief Sessions – COVID-19**

A debrief session was held with public leaders across the Country on 16 July 2020. Insightful key note speakers Sir Patrick Vallance and Professor Jonathan Van-Tam spoke candidly about the complexities of processes, how being a leader can be lonely and the importance of being true to oneself. The session also provided an opportunity to connect with other public leaders to reflect on the leadership experiences through this crisis and to learn from each other on the role that leaders play in resilience, response and staff wellbeing.

#### **2.1.3 Community Payback**

Staff at the Trust have pledged to give back to the people of Teesside for the incredible generosity they have shown during the COVID-19 pandemic. As part of a more comprehensive pay back package staff have committed to giving generously to local foodbanks in Stockton and Hartlepool. Supplies will be left at several collection points across the organisation and then taken by the Trust's volunteer drivers to local foodbanks.

### **2.2 Strategic Objective: Valuing our People**

#### **2.2.1 Executive Director retirement/appointments**

The Trust's Chief Nurse/Director of Patient Safety and Quality, Julie Lane, has taken the decision to retire from her post after 11 years with the Trust and 38 years in the NHS overall. Julie will leave her post at the end of October 2020 and on behalf of the Executive team and Board members I would like to thank Julie for her service and emphatic support over the years. A more formal celebration of Julie's service to the Trust and the NHS will take place later in the year.

A rigorous recruitment process for the Chief Nurse replacement took place at the beginning of this month and I am delighted to report that Care Group Director: Responsive Care, Lindsey Robertson, has been appointed to the post with effect from September. Lindsey has a wealth of experience within the organisation and previously held the post of Deputy Director of Nursing, Patient Safety and Quality. On behalf of colleagues I would like to welcome Lindsey to the Board of Directors and Council of Governors.

## **2.3 Strategic Objective: Transforming our Services**

### **2.3.1 Integrated Care System/Integrated Care Partnership (ICS/ICP) Update**

Whilst there has been limited opportunity to progress key aspects of the ICS and ICP development due to the intensity of COVID activity in the region, work has commenced on refocusing and reframing key work streams to support the strategic intent of the ICS and ICP and to re-envision a new clinical services strategy for the region.

### **2.3.2 Tees Valley Acute Hospitals Group**

An inaugural meeting was held on 27 May 2020 involving the Chairs and Chief Executives from the three organisations where discussions focussed on comprehensive and coherent support papers on partnership working; strategic rationale and intent; work programme; governance; and stakeholder engagement. An interim independent Chair/Facilitator was appointed to support and enable development of a Group approach, working closely with myself as Executive Lead for the evolving group and leaders within all three Trusts. Following a series of Provider Board meetings, it is evident that further consideration needs to be given to the longer term strategic intent of all three organisations.

The move toward an accountable care system, which takes control of transformation, improvement and financial success, is essential and will require the right leadership and an overt governance infrastructure. The process and governance discipline will add to the requirement of shared accountability and to the success of services and quality outcomes for patients and the population. A further update will be provided for Council members following discussions with NHSE/I.

### **2.3.3 Amanda Pritchard Webinar – 14 July 2020**

Amanda Pritchard, the Chief Operating Officer for NHS England/Improvement visited the region for a second time, albeit virtually, on Tuesday, 14 July 2020 to participate in a number of presentations from NHS Leaders across the North East and North Cumbria (NENC). Discussion centred on the prioritisation of elective care services during the COVID recovery phase and beyond; population health approach to manage both the direct and indirect impact of COVID and medical and social vulnerability; digital transformation for the NENC; and progress toward the concept of a lighthouse laboratory for the ICS region based upon focused leadership and the concept of a single managed service and the benefits of collaboration.

### **2.3.4 Teesside Research Team at the forefront of search for COVID-19**

The Research team at the Trust has been taking part in a national clinical trial to identify treatments beneficial for people hospitalised with suspected or confirmed COVID-19. It has been a leading performer in the RECOVERY trial – consistently being placed in the top five recruiting hospital sites across the country by percentage of available patients who have taken part. The study has also recently had significant news with the finding that the steroid treatment, dexamethasone, has helped reduced the risk of death by a third for patients on ventilators.

The team are also working with the NHS Blood and Transplant service who are making appointments for people to donate COVID-19 convalescent plasma, including for NHS staff

## **2.4 Strategic Objective: Health and Wellbeing**

### **2.4.1 Leading by example - most active physio team in the world.**

Forty-four physiotherapists from the Trust took part in the Physio World Virtual Run race against other physiotherapists from the UK and abroad. Physio World Run was set up by the Trust to promote the importance of physical activity and for the department to set a positive example for

their patients and others within the Trust. Each team member committed to regular running, cycling, walking or swimming recording their logged miles on the Strava App. The team competed against local organisations and teams as far away as New Zealand. The team finished firmly at the top of the table, leading the way in encouraging and inspiring the local population to focus on more aspirant goals for their own health.

### **3. Recommendations**

The Council of Governors is asked to note the content of this report and the pursuance of strategic objectives amongst the COVID-19 Pandemic crisis.

**Julie Gillon**  
**Chief Executive**

## Council of Governors

Title of report:	North East and North Cumbria Integrated Care System (ICS) and Tees Valley Health and Care Partnership Update								
Date:	6 August 2020								
Prepared by:	Hilton Heslop, Head of Strategy and Corporate Affairs Linda Hunter, Deputy Director of Planning and Performance Barbara Bright, Director of Corporate Affairs and Chief of Staff								
Executive Sponsor:	Julie Gillon. Chief Executive								
Purpose of the report	This report presents an overview of progress specifically with regard to current and future plans for the North East and North Cumbria (NENC) Integrated Care System (ICS) and advancements made locally with regard to the Tees Valley Health and Care Partnership (TVHCP).								
Action required:	Approve	X	Assurance		Discuss	X	Information	X	
Strategic Objectives supported by this paper:	Putting our Population First	X	Valuing our People	X	Transforming our Services	X	Health and Wellbeing	X	
Which CQC Standards apply to this report	Safe	X	Caring	X	Effective	X	Responsive	X	Well Led
Executive Summary and the key issues for consideration/ decision:									
<p>The key issues of note are as follows:</p> <ul style="list-style-type: none"> <li>• The Trust continues to balance system wide working, local place based planning and Trust operational performance, quality and financial management.</li> <li>• The Trust continues to work with partners across the Tees Valley Health and Care Partnership to support the key work streams, specifically the clinical services strategy.</li> <li>• The ambition of developing a collaborative bid for capital for the Tees Valley</li> </ul>									
How this report impacts on current risks or highlights new risks:									
This report impacts on the current strategic risk identified on the Board Assurance Framework in relation to delivery of the Integrated Care Partnership which is managed and monitored through the Planning, Performance and Compliance Committee and Transformation Committee.									
Committees/groups where this item has been discussed	Executive Management Team ICS and TVHCP Programme Board Transformation Committee Planning and Performance Committee								
Recommendation	<p>The Council of Governors is asked to note:</p> <ul style="list-style-type: none"> <li>• the focus of the NENC ICS;</li> <li>• the reframing and refocus of the clinical services strategy for the region and the partnership working that is involved;</li> <li>• the progress and current effort to take the TVHCP forward into implementation engagement with key stakeholders and next steps; and</li> <li>• the recent proceedings linked to Tees Valley Group arrangements.</li> </ul>								

# **North Tees and Hartlepool NHS Foundation Trust**

## **Council of Governors**

**6 August 2020**

### **North East and North Cumbria Integrated Care System (ICS) and Tees Valley Health and Care Partnership (TVHCP)**

#### **Report of the Chief Executive**

#### **1. Introduction**

- 1.1 This report presents an overview of the progress specifically with regard to the North East and North Cumbria (NENC) Integrated Care System (ICS) plans and to the current and future plans for the Tees Valley Health and Care Partnership (TVHCP).

#### **2. Integrated Care System (ICS)**

- 2.1 The ICS is currently concentrating on coordinating COVID-19 recovery with partners across health and social care, planning for further resilience options in the advent of anticipated multiple peaks or a second wave and winter pressures, moving into phase 3 planning, recovery of access standards and financial performance, including management of the 2020/21 capital envelope.
- 2.2 A full review of all work streams is underway with the principal focus being devolvement to Integrated Care Partnerships, where appropriate.
- 2.3 The vast majority of ICS engagement has taken place at a local partnership level during May and June 2020 with developments within and around the TVHCP which is covered later in this paper.

#### **3. Tees Valley Health and Care Partnership**

##### **3.1 Overview**

The TVHCP continues to focus on governance arrangements, decision making, leadership and partnership working including the development and implementation of a robust work programme to ensure progress is delivered with pace and purpose. Leadership arrangements have been agreed with a specific emphasis on development from the ICS. An Integration and Partnership Officer has been appointed to support the strategic development and programme management for the Partnership.

- 3.1.1 The programme of work continues on key work streams including Clinical Services Strategy - Acute Service Reconfiguration and finance and efficiencies including the Long-Term Plan deliverables.

##### **3.2 Clinical Services Strategy - Acute Care Reconfiguration**

- 3.2.1 In order to re-energise the development of the clinical networks, considerable effort has progressed across the partnership to frame the scope and focus of the work with the aim of delivering better outcomes, reducing health inequalities, improving staffing recruitment and retention, improving services, and achieving better value for the investment in the region.
- 3.2.2 A re-envisioning event took place on 2 July 2020 at the new Nightingale hospital in Washington, led by partner Chief Executives in the Tees Valley and facilitated by Cap Gemini.

- 3.2.3 Clinical staff from all three Trusts, senior management and the broader TVHCP leadership were brought together to build a common understanding of baseline of existing work and the need to drive the further development of the TVHCP by taking what has been learnt from the COVID-19 experience so far.
- 3.2.4 The event provided the opportunity for broad-based discussion and debate, with agreement from the day that pace of change and delivery of outcomes should be both rapid and reasonable.
- 3.2.5 The leadership of the TVHCP has given the commitment to work as a trusted integrated partnership with honesty and transparency. In short, a commitment to work closely with the clinicians to support the work, make swift decisions and ensure the right resource is made available to ensure rapid progress with assumed autonomy. A detailed programme management infrastructure is currently under development.
- 3.2.6 The following support structure has been put in place with representation from all three Trusts and the CCG. A Senior Responsible Officer (SRO) lead for each work group has been identified, with other key leads to be confirmed in due course.

<b>Clinical work stream</b>	<b>Senior Responsible Officer</b>
Women and Children's Services	Julie Gillon North Tees & Hartlepool NHS Foundation Trust
Urgent and Emergency Care	Sue Jacques County Durham & Darlington NHS Foundation Trust
Stroke	Dave Gallagher Tees Valley CCG
Planned Care	Sue Page South Tees NHS Foundation Trust
Diagnostics	David Gallagher Tees Valley CCG

- 3.2.7 The clinical workstreams will focus on the completion of Value Impact Assessments which will describe the new operational model building on the previous work and lessons learnt through COVID-19 ensuring a networked model of delivery that will support short term recovery and long term sustainability. The requirement for any additional support for the work streams will be arranged through the SRO and the Integration and Partnership Officer alongside a Programme Management and Improvement Office to identify and draw down required resources.
- 3.2.8 The TVHCP Leadership Group has given a commitment to make regular and programmed contact with work group leads to provide required support and capacity to enable swift progress and to agree the design principles for options appraisals. This will provide the impetus for a refreshed Tees Valley Clinical Strategy and will facilitate the formation of a refreshed Clinical Strategy Board supported by the Clinical Lead of the ICS.

### 3.3 Capital Plans

- 3.3.1 A priority for Tees Valley is the potential for investment in estate, which aligns to the ambition for the Clinical Service Strategy.

The Trust has a well-developed service strategy and investment plan based on phased approaches to the service offer for the population. This is centred around asset maximisation to meet the future direction of travel and is contextualised in the service strategy for Tees and the Long Term Plan.

The further maturity of the service strategy will require funding options explored in line with expected capital investment opportunities with the current pledges of the new government, notwithstanding the requirement for due diligence, robust costing planning and affordability requisites.

### **3.4 Finance and Efficiencies**

- 3.4.1 Whilst a number of corporate and support function (finance and efficiency) projects are being pursued at organisational level, work is being scoped at TVHCP level post first wave COVID-19 with the focus being on streamlining at scale.

### **3.5 Tees Valley Acute Hospitals Group**

- 3.5.1 An inaugural meeting was held on 27 May 2020 involving the Chairs and Chief Executives from the three organisations where discussions focussed on comprehensive and coherent support papers on partnership working; strategic rationale and intent; work programme; governance; and stakeholder engagement. An interim independent Chair/Facilitator was appointed to support and enable development of a Group approach, working closely with myself as Executive Lead for the evolving group and leaders within all three Trusts. Following a series of Provider Board meetings and NHSI/E meetings, it is evident that further consideration needs to be given to the longer term strategic intent of all three organisations and specifically the two Tees Trusts.

## **4. Summary**

- 4.1 The Trust continues to proactively participate and lead in an extensive programme of work including:
- Leadership and governance in the ICS to enable system by default, capitalising on subsidiarity.
  - Operating, decision making frameworks and leadership in the Tees Valley Health Care Partnership including the specific projects of work.
  - The focus on the collaboration across Acute Providers in the Tees Valley
  - Development of capital plans and potential for the Tees Valley.
- 4.2 COVID-19 response, recovery and associated transformation has opened the possibility of further more radical options of delivery across Tees Valley and the wider system. The emphasis on recovery should not be underestimated with the need for intense planning for phase 3 in the context of level 4 incident command.

## **5. Recommendations**

- 5.1 The Council of Governors is asked to note:
- the reframing and refocus of the clinical services strategy for the region and the partnership working that is involved;
  - the progress and current effort to take the TVHCP forward into implementation engagement with key stakeholders and next steps;
  - further consideration to the longer term strategic intent of the three organisations in the Tees Valley.
  - the recent proceedings linked to group arrangements.

**Julie Gillon**  
**Chief Executive**



# North Tees and Hartlepool NHS Foundation Trust

## Council of Governors

Title:	Integrated Compliance and Performance Report									
Date:	6 August 2020									
Prepared by:	Lindsey Wallace									
Executive Sponsor:	Lynne Taylor									
Purpose of the report	To provide an overview of the integrated performance for compliance, quality, finance and workforce.									
Action required:	Approve		Assurance	x	Discuss	x	Information	x		
Strategic Objectives supported by this paper:	Putting Patients First	x	Valuing our People	x	Transforming our Services		Health and Wellbeing	x		
Which CQC Standards apply to this report	Safe	x	Caring	x	Effective	x	Responsive	x	Well Led	x
Executive Summary and the key issues for consideration/ decision:										
<ul style="list-style-type: none"> <li>The report outlines the Trust's compliance against key access standards in June and Q1 including quality, workforce and finance in accordance with the SOF.</li> <li>The Trust has experienced unprecedented pressures during the Q1 period as a result of the Covid-19 pandemic, which has ultimately impacted upon delivery of both emergency and elective clinical pathways.</li> <li>As such, the Trust has inevitably seen a significant influence upon the delivery of the associated operational standards, which has been recognised nationally as a risk. Despite this the Trust has continued to delivery safe, patient centred, quality services through revised models of care, which have been supported through robust resilience planning and escalation frameworks.</li> <li>Despite the significant pressures placed upon the Trust and the negative impact this has had on the key standards compliance and performance has maintained a relatively positive position in comparison to the regional and national position, with some recovery evident</li> <li>The Trust continues to perform well against the Safety and Quality metrics, despite the current pressures being experienced.</li> <li>The Trust has implemented initiatives aimed at supporting staff through the current Covid-19 period, including the launch of the 'Listening into Action' app and 'Recharge Hubs' where staff can have some downtime. Work is also on-going with volunteer and partner organisations, plus individuals, to identify the best ways to utilise the many offers of support which have been received during the crisis.</li> </ul>										
How this report impacts on current risks or highlights new risks:										
<p>A key challenge going forward is the management of the Covid-19 pressures alongside the delivery of 'business as usual' service provision in the longer term. This will include new ways of operational delivery to ensure patient pathways, and the associated standards, can be recovered at the earliest point.</p> <p>A continued challenge will be the financial impact of Covid-19 on the in-year financial recovery.</p>										
Committees/groups where this item has been discussed	ETM is the first committee for presentation of the Trusts latest position on performance in relation to key metrics followed by the Board of Directors.									
Recommendation	The Council of Governors is asked to note the performance against standards within compliance, quality, finance and workforce whilst recognising on-going pressures.									

# North Tees and Hartlepool NHS Foundation Trust

## Meeting of the Council of Governors

6 August 2020

### Integrated Compliance and Performance Report

#### Report of the Director of Planning and Performance, Chief Nurse and Director of Patient Safety and Quality, Director of Workforce and Director of Finance

#### Strategic Aim and Strategic Objective: Putting Patients First

##### 1. Introduction/Purpose

- 1.1 The Integrated Compliance and Performance Report highlights performance against a range of indicators against the Single Oversight Framework (SOF) and the Foundation Trust terms of licence for the month of June and Q1 2020.
- 1.2 The Trust has experienced unprecedented pressures during the Q1 period as a result of the Covid-19 pandemic, which has ultimately impacted upon delivery of both emergency and elective clinical pathways.
- 1.3 As such, the Trust has inevitably seen a significant influence upon the delivery of the associated operational standards, which has been recognised nationally as a risk. Despite this the Trust has continued to delivery safe, patient centred, quality services through revised models of care, which have been supported through robust resilience planning and escalation frameworks.
- 1.4 This Trust has already started to progress the implementation of recovery plans, with the aim of mobilising 'business as usual' as the Covid-19 situation allows. This includes close collaboration across the regional network in relation to cancer management, with cancer 'cells' agreed to manage those most at risk through the available capacity across all provider organisations, including the independent sector. A staged approach is underway with elective and routine services re-instated, in line with national guidance and local planning.
- 1.5 Key highlights of performance are outlined below, with additional detail within Appendix 1.

##### 2. Performance Overview

###### 2.1 Compliance and Performance

- 2.1.1 Despite the significant pressures placed upon the Trust, compliance and performance has maintained a relatively positive position in comparison to national and regional positions, with the aim to keep any delays to an absolute minimum. However, the pandemic has inevitably impacted upon the Trusts ability to achieve compliance with key standards which is unavoidable.
- 2.1.2 The latest position against key access standards are as follows;
  - Referral to Treatment pathways have historically always delivered however has under achieved this quarter. The Trust remains one of the top reporting organisations in the region, with 16 patients waiting more than 52 weeks at this stage. Recovery plans are underway to ensure any delayed pathways are kept to an absolute minimum as the Covid situation allows and in line with national guidance with patients given clear instructions regarding self-isolation prior to attendance.
  - Mays validated cancer position reflects the pressures of Covid-19 on all pathways with under achievement of the cancer 62-day standard. Delays to pathways were unavoidable as the Trust and patients alike adhered to national guidance with many patients 'Shielding' and some treatments delayed as a result of clinical categorisation and prioritisation. The 62-day referral to treatment standard performed relatively well considering the variables affecting it reporting at 80% (validated for May) and 81.4% for Q1 (unvalidated). Only 1 Trust in the

region achieved the 62-day standard with performance across the region in the month of May ranging from 39.7% to 87.2%. North East position for May is reporting at 70%.

- Alongside in-year capacity issues, delivery of the '6 week' Diagnostic standard has been challenging in-year, further impacted by the restricted activity during the pandemic. Work has now commenced to start to recover the business as usual alongside the current pressures with good recovery noted in June.
- All referrals are now being clinically categorised based on priority and longest wait which may see a reduction in the overall waiting list size but an increase in patients waiting longer than 6 weeks. Recovery plans are in place.
- The Trust has maintained a positive position in relation to reducing extended lengths of stay, with Delayed Transfers of Care reporting a decrease in year, and Super Stranded patients also delivering an overall reduction which has continued in Q1.
- The Trust has performed well against a number of the efficiency standards in-year, including new to review ratios and outpatient DNAs resulting in an increased productivity across services.

## **2.2 Quality**

2.2.1 The Trust continues to perform well against the Safety and Quality metrics, despite the current pressures being experienced. The latest position against key the indicators are as follows;

- The Trust remains in the expected range for both HSMR and SHMI mortality indicators.
- The Trust achieved the year end trajectory for the reduction in Clostridium Difficile cases during 2019/20. No cases of MRSA were reported in year, with a positive position reported against a number of the other monitored Infection Control indicators. Reduction in E-coli infection rates continues to be a key area of focus going forward.
- The Trust reported an overall reduction in stage 2 and stage 3 complaints during 2019/20, with an increased number of complaints being addressed at stage 1, reducing the need for formal escalation.
- The Trust has reported a reduced number of falls during 2019/20 across all reported categories, including 'falls with no injury', 'falls with no fracture' and 'falls with fracture'.
- Other quality indicators reporting a positive performance during March and 2019/20 include VTE assessment, Dementia standards and the Friends and Family test.

## **2.3 Workforce**

2.3.1 During quarter 1 the Workforce teams have continued with initiatives, activities and interventions aimed at supporting staff through the recent stages of the Covid-19 pandemic, including co-ordinating the anti-body testing, liaising with managers to conduct risk assessments for BAME staff and continuing to provide platforms for staff to express their views, concerns and anxieties. The HR team are also preparing to welcome staff currently shielding at home back into the workplace, the Health and Wellbeing and Employee Engagement teams are busy canvassing staff for ideas for a 'wellbeing' room and promoting the 'love your landscape' initiative, and the Trust is starting to welcome back volunteers who have been on hiatus during the Covid-19 crisis.

2.3.2 Key workforce indicators are outlined below:

- The sickness rate eased slightly to 6.50% in May 2020, from 6.93% the previous month. The cost of sickness also reduced to £406,609 from £470,648 in April.
- Sickness rates for June are not yet available, however, the number of Covid-related staff absences in the month was 129 compared to 396 in May.
- Other workforce indicators for June report a position consistent with previous months, with Turnover at 8.83%, Mandatory Training at 86% and Appraisal at 86%.

### **3. Finance Overview**

- 3.1 NHSI/E issued guidance setting out the revised financial arrangements for 1st April to 31st July 2020 with the main aims to ensure; that the NHS has sufficient money to do what it is needed during this period, that the costs of dealing with COVID-19 are captured and funded, and that financial governance is maintained.
- 3.2 As a Trust, we are applying the same internal arrangements to match the national arrangements which aim to fund providers for cost based run rates and this is underpinned by an Interim Financial Management Framework which has been agreed at the Executive and Care Group Director meetings.
- 3.3 At the end of M3 the Group is showing a break-even position. The year to date contributions from Optimus and the LLP are £113k and £353k respectively. It is essential that we continue to operate within run rates for the remainder of the 4-month period to 31st July 2020 to deliver a break-even position.
- 3.4 The Group cash balance is £52.9m which is £37.0m favourable to the NHSI plan, driven to cash received in advance from the Centre for July activity and delays in the capital programme.
- 3.5 Debtors days have decreased by 1 day in comparison to June 2019/20 and creditor days have increased by 20 days in comparison to 2019/20 – due to washable gowns business case purchases and a general delay in timeliness of invoices sent to the Trust due to Covid-19.

### **4. Key Challenges**

- 4.1 A key challenge going forward is the management of the Covid-19 pressures alongside the delivery of 'business as usual' service provision in the longer term. This will include new ways of operational delivery to ensure patient pathways, and the associated standards, can be recovered at the earliest point.
- 4.2 A continued challenge will be the financial impact of Covid-19 on the in-year financial recovery.

### **5. Conclusion/Summary**

- 5.1 Robust governance and monitoring of patients' pathways has been adapted to align with national and local guidance, ensuring quality and patient safety is maintained at all times.
- 5.2 The significant impact of Covid-19 staff and patient 'self- isolation' has contributed to the overall pressures; however, this has been managed through robust return to work testing and processes.

### **6. Recommendations**

The Council of Governors is asked to note:

- The performance against the key operational, quality and workforce standards during June and Q1 and in year, in light of the impact of the Covid -19 pandemic.
- Recognise the on-going financial pressures.
- Acknowledge the operational monitoring and management of service delivery during 2019/20, including the intense mitigation work that has taken place to reduce the impact of in-year pressures.

**Lynne Taylor, Director of Planning and Performance**  
**Julie Lane, Chief Nurse and Director of Patient Safety and Quality**  
**Alan Sheppard, Director of Workforce**  
**Neil Atkinson, Director of Finance**

Measure	Report ng per od	Target	Actual	Q1	Trend	
<b>Cancer</b>	New Cancer 31 days subsequent Treatment (Drug Therapy)	May-20	98.0%	100.0%	99.0%	
	New Cancer 31 days subsequent Treatment (Surgery)	May-20	94.0%	84.6%	89.5%	
	New Cancer 62 days (consultant upgrade)	May-20	85.0%	83.3%	90.3%	
	New Cancer 62 days (screening)	May-20	90.0%	27.0%	59.6%	
	New Cancer GP 62 Day (New Rules)	May-20	85.0%	80.0%	81.4%	
	New Cancer Current 31 Day (New Rules)	May-20	96.0%	93.3%	94.1%	
	New Cancer Two week Rule (New Rules)	May-20	93.0%	94.6%	91.0%	
	Breast Symptomatic Two week Rule (New Rules)	May-20	93.0%	93.8%	73.0%	
<b>RTT</b>	RTT incomplete pathways wait (92%)	Jun-20	92.00%	69.66%	79.73%	
	RTT incomplete pathways wait (92nd percentile)	Jun-20	28.00	28.90	23.30	
	RTT incomplete pathways wait (Median)	Jun-20	7.20	14.10	10.80	
	RTT incomplete pathways >52 week wait	Jun-20	0	16	19	
<b>Diagnostics</b>	Number of patients waiting less than 6 weeks for diagnostic procedures	Jun-20	99.00%	64.59%	48.60%	
<b>DTOC</b>	Delayed Transfers of Care	Jun-20	3.50%	1.13%	0.71%	
<b>Super Stranded</b>	Super Stranded Reduction (per day average)	Jun-20	64	27	20	

Cancer quarter 1 is a provisional position

Measure	Report ng per od	Target	Actual	Q1	Trend	
<b>Falls</b>	Fall - No Injury (In-Hospital)	Jun-20	76	61	175	
	Fall - Injury, No Fracture (In-Hospital)	Jun-20	21	13	36	
	Fall - With Fracture (In-Hospital)	Jun-20	0	0	0	
<b>Infection Control</b>	Clostridium difficile (C.diff)	Jun-20	3	3	10	
	Methicillin-Resistant Staphylococcus Aureus (MRSA) bacteraemia	Jun-20	0	0	0	
<b>Complaints</b>	Complaint Stage 1 - Informal	Mar-20	87	60	153	
	Complaint Stage 2 - Formal Meeting	Mar-20	6	0	3	
	Complaint Stage 3 - Formal Chief Executive Letter	Mar-20	13	8	15	
<b>Pressure Ulcers</b>	Category 3 Pressure Ulcers (In-Hospital)	May-20	3	1	-	
	Category 4 Pressure Ulcers (In-Hospital)	May-20	0	0	-	
<b>HSMR</b>	HSMR Mortality Rates (Rolling 12 month value)	Mar-20	108.00	91.01		
<b>SHMI</b>	SHMI Mortality rate (Rolling 12 month value)	Feb-20	109.00	98.26		

Measure	Report ng per od	Target	Actual	Q1	Trend	
<b>Staff</b>	Sickness	May-20	4.00%	6.50%	-	
	Turnover (12 months rolling data)	Jun-20	10.00%	8.83%	8.83%	
	Mandatory Training	Jun-20	80%	86%	86%	
	Appraisals	Jun-20	95%	86%	86%	

**REPORTS FOR INCLUSION IN THE INTEGRATED PERFORMANCE REPORT MONTHLY**

**Statement of Comprehensive Income (SoCI)**

	Annual Budget (£'000s)	Current Month £000's			Year to Date £000's		
		Budget (£'000s)	Actual (£'000s)	Variance (£'000s)	Budget (£'000s)	Actual (£'000s)	Variance (£'000s)
Income exc. PSF/FRF/MRET and donated asset income	303,475	26,214	35,755	9,541	303,475	314,564	(11,088)
Pay	211,356	17,097	21,809	(4,712)	211,356	217,020	(5,664)
Operating Non Pay	75,972	6,906	13,563	(6,657)	75,972	81,651	(5,679)
Pass through drugs and devices	13,070	957	1,239	(283)	13,070	13,396	(326)
Total Operating Costs	300,398	24,959	36,611	(11,652)	300,398	312,067	(11,668)
EBITDA	3,077	1,255	(856)	(2,111)	3,077	2,497	(580)
Interest, Depreciation and PDC	13,285	1,107	891	217	13,285	12,085	1,200
Surplus/Deficit before PSF	(10,208)	148	(1,746)	(1,894)	(10,208)	(9,588)	620
PSF/FRF/MRET income	10,208	1,135	1,152	17	10,208	10,258	50
Performance against control total	0	1,283	(595)	1,878	0	670	670
Impairments	0	0	17,618	(17,618)	0	17,618	(17,618)
Capital donations / grants I&E impact	0	0	62	62	0	62	62
Surplus/(Deficit) for the year	0	1,283	(18,275)	19,558	0	(17,010)	(17,010)

**Statement of Financial Position**

	Plan (£'000s)	Actual	Commentary
Assets, Non Current	129,618	116,085	The year end position for 2019/20 has resulted in the Trust achieving a surplus against control total of £0.67m. This compares to a planned breakeven position. The Group therefore finished the year £0.67m ahead of plan.
Assets, Current	27,781	39,508	
Total Assets	157,399	155,593	
Liabilities, current	(41,554)	(48,623)	Included in the position is £17.6m relating to impairments, which predominantly relates to the energy centre. 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
Net current assets (current assets less current liabilities)	(13,773)	(9,115)	
Liabilities, non current	(24,541)	(25,943)	
Total Assets Employed	91,304	81,026	The Trust met the 2019/20 CIP requirements through a combination of corporate, directorate and non recurrent schemes. The emphasis remains on converting non recurrent schemes into recurrent cost improvement.
Taxpayers Equity	91,304	81,026	Cash levels stand at £16.7m at the end of March. Debtor days have worsened by 7 days in comparison to March 2018/19 and creditor days have improved by 1 day in comparison to March 2018/19 levels.

## Council of Governors

	Audited Annual Report and Accounts 2019/20							
Date:	6 August 2020							
Prepared by:	Barbara Bright, Director of Corporate Affairs & Chief of Staff							
Executive Sponsor:	Barbara Bright, Director of Corporate Affairs & Chief of Staff Neil Atkinson, Director of Finance							
Purpose of the report	<p>It is a statutory requirement for the Trust to produce an annual report and accounts which is required to be in the format as laid down within the NHS Foundation Trust Annual Reporting Manual (ARM). In addition, trusts are also required to follow the Department of Health Group Accounting Manual 2019/20 (DH GAM 2019/20) for detailed requirements for their accounts.</p> <p>The purpose of the report is to present the Audited Annual Report and Accounts 2019/20 to the Governors prior to presentation at a future Annual General Members meeting.</p>							
Action required:	Approve		Assurance	X	Discuss		Information	X
Strategic Objectives supported by this paper:	Putting Patients First	x	Valuing our People		Transforming our Services		Health and Wellbeing	
Which CQC Standards apply to this report	Safe		Caring		Effective		Responsive	
							Well Led	X
Executive Summary and the key issues for consideration/ decision:								
<p>NHS Foundation Trusts are required to provide information on their performance and achievements annually. One of the statutory roles of the Council of Governors is to be presented with the Annual Report and Accounts, along with the auditor's opinion. The report provided is the final version of the Annual Report and Accounts for 2019/20, submitted to, and laid before Parliament on 2 July 2020, as required by the Health and Social Care (Community Health and Standards) Act 2003.</p> <p>NHS Improvement requires that Foundation Trusts make a significant number of disclosures in the Annual Report, including all the requirements set out in the NHS Foundation Trust Annual Reporting Manual (ARM), Department of Health Group Accounting Manual 2019/20 (DH GAM 2019/20) and the NHS Foundation Trust Code of Governance.</p> <p>NHS Improvement issued revised guidance in response to the escalation of the pandemic crisis, with the aim being to reduce the burden on providers. A number of changes were identified as follows:</p> <ul style="list-style-type: none"> <li>• Final audited accounts and annual report to be submitted by 25 June (originally 29 May)</li> <li>• Quality Accounts will not be subject to the June deadline specified in the regulations</li> <li>• Auditor assurance work on Quality Accounts and Quality reports to be ceased for 2019/20</li> <li>• The Quality Accounts is not required to be included in the Annual Report</li> </ul>								

- Hard copies of documents are not required to be submitted to NHS Improvement or Parliament

The annual report and annual accounts have been subject to a full and robust audit process. The external auditors PricewaterhouseCoopers have worked with key leads in the trust to ensure that all of the information contained within the report complied fully with requirements of the FT ARM and other guidance. The external auditors have scrutinised all the information, which was also presented at the Audit Committee on 21 May 2020 and Board of Directors on 28 May 2020.

In respect to the Quality Accounts and Report there is no requirement for external audit review and assurance, however, there has been full involvement of governors and third parties in production and review of the report. As well as external audit assurance and opinion, third party declarations are received from the CCGs, Healthwatch in Hartlepool and Stockton, Stockton Adult Services and Health Select Committee, Hartlepool Borough Council Audit and Governance Committee, Council of Governors and the Healthcare User group.

The Quality Report is included in the Annual Report and Accounts and in line with Department of Health and Social Care requirement has also been separated from the consolidated document, and published as the Trust's Quality Accounts.

Kerry Wallace, PricewaterhouseCoopers LLP and the Trust's statutory auditor will attend the meeting to present the Auditor's conclusions and answer any questions Governors may have, including the areas examined as part of the audit. Their Annual Audit letter is appended to this report.

The Annual report and Accounts 2019/20 was laid before Parliament on 2 July 2020 and in addition to the Council of Governors will be presented at an Annual General Meeting, which will be deferred and held later in the year due to the difficulties in holding a public meeting during the current time. As an interim measure, a video presenting the annual report and accounts, highlighting performance and achievements, will be published on the website, along with showcasing from each of the Care Groups. This will be publicised to all members and the wider public for information.

How this report impacts on current risks or highlights new risks:

The areas within the Annual Report and Accounts are covered within the Board Assurance Framework in respect to quality, safety, performance, finance and leadership, therefore are managed through this process.

Committees/groups where this item has been discussed	Executive Team meetings Audit Committee Board of Directors
Recommendation	The Council of Governors are asked to: <ul style="list-style-type: none"> <li>• receive a copy of the Annual Report and Accounts 2019/20; and</li> <li>• note the external auditor's report to the Council of Governors.</li> </ul>



## ***Independent auditors' report to the Council of Governors of North Tees and Hartlepool NHS Foundation Trust***

### **Report on the audit of the financial statements**

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#### **Opinion**

In our opinion, North Tees and Hartlepool NHS Foundation Trust's Group and Foundation Trust financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and Trust's affairs as at 31 March 2020 and of the Group's and Trust's income and expenditure and the Group's and Trust's cash flows for the year then ended to 31 March 2020; and
- have been properly prepared in accordance with the Department of Health and Social Care Group Accounting Manual 2019/20.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Consolidated and Trust's Statement of Financial Position as at 31 March 2020; the Consolidated Statement of Comprehensive Income for the year then ended; the Consolidated and Trust's Statement of Cash flows for the year then ended; the Consolidated and Trust's Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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#### **Basis for opinion**

We conducted our audit in accordance with the National Health Service Act 2006, the Code of Audit Practice and relevant guidance issued by the National Audit Office on behalf of the Comptroller and Auditor General (the "Code of Audit Practice"), International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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#### **Material uncertainty relating to going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.2 to the financial statements concerning the Group's and the Trust's ability to continue as a going concern.

The Trust is currently operating under interim financial arrangements. Interim financial arrangements have only been confirmed for the four months to 31 July 2021. At this stage, it is unclear how exactly financial funding will flow to the Trust after these initial financial arrangements. Consequently, the Trust is unable to confirm a cash position for the remainder of the financial year as explained in note 1.2 to the financial statements.

These conditions, along with the other matters explained in note 1.2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group and Trust's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Trust were unable to continue as a going concern.

#### **Explanation of material uncertainty**

In the year, the Trust achieved its Control Total for the year ended 31 March 2020 and had agreed a Control Total with NHS England and NHS Improvement ("NHSE&I") for the year ending 31 March 2021. However, due to recent events concerning COVID-19, the financial planning process for 2020/21 has been suspended nationally and interim financial arrangements put in place, initially covering the period from April to July 2020.

Providers have been notified that they should continue to expect NHS funding to flow for the next 12 months to July 2021, at similar levels to that previously provided where services are reasonably still expected to be commissioned. However, the timings and values remain uncertain and therefore the Trust is unable to confirm a cash position for the remainder of the financial year.

### What audit work we performed

In considering the appropriateness of the going concern basis used in the preparation of the financial statements, we obtained the 2020/21 financial plan and cash flow forecasts to July 2021, and:

- compared the Trust's 2019/20 financial performance and outturn against budget to assess management's forecasting ability;
- understood the Trust's response to the COVID-19 pandemic and the interim guidance and measures in place from NHSE&I;
- assessed the reasonableness of the original plan assumptions before the interim financial arrangements; and
- inspected correspondence from NHSE&I outlining funding arrangements for 2020/21.

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## Our audit approach

### Context

Our audit for the year ended 31 March 2020 was planned and executed having regard to the fact that the Group's and Trust's operations and financial stability were largely unchanged in nature from the previous year. In light of this, our approach to the audit in terms of scoping and key audit matters was largely unchanged apart from one key audit matter that was new this year in respect of the Trust's response to COVID-19.

Our audit also involved forming a conclusion on the arrangements for securing economy, efficiency and effectiveness in the use of resources (the "3 Es"), in accordance with the Code of Audit Practice.

### Overview



- Overall Group materiality: £6,511,380 (2019: ££5,769,100) which represents 2% of total revenue.
- In establishing our overall approach, we assessed the risks of material misstatement and applied our professional judgement to determine the extent of testing required over each balance in the financial statements.
- Risk of fraud in revenue and expenditure recognition and management override of controls
- Valuation of Property, Plant and Equipment
- COVID-19

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### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and the conclusion on the arrangements for securing economy, efficiency, and effectiveness in the use of resources, and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

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## Key audit matter

### Valuation of Property, Plant and Equipment - Trust

We focused on this area because Property Plant and Equipment ("PPE") represents the largest balance in the Trust's statement of financial position and is an area of judgement. As at 31st March 2020 the carrying value of PPE is £114.7m of which 77% relates to land and buildings that have been to subject to revaluation in year.

Land and buildings are initially measured at cost and subsequently measured at fair value. The valuations are carried out by the District Valuer using the Modern Equivalent Asset Method of valuation, which involves a range of assumptions being used. The District Valuer is an external independent valuer of the Trust who is a professionally qualified member of the Royal Institute of Chartered Surveyors.

Valuations are required to be performed with sufficient regularity to ensure that the carrying value is not materially different from fair value at the reporting date.

A full revaluation of the Trust's portfolio of land and buildings was undertaken during 2019/20 by the Trust's valuation experts.

Specific areas of risk include:

- The accuracy and completeness of detailed information on assets;
- Whether the Trust's assumptions underlying the classification of properties are appropriate; and

The valuers' methodology, assumptions and underlying data, and our access to these.

The group's valuers noted that the Covid-19 pandemic has impacted on property valuations.

## How our audit addressed the key audit matter

We obtained direct from the valuer and read the relevant sections of the full valuation performed by the Trust's valuers. We used our valuation experts and our knowledge of the Trust to evaluate and challenge the assumptions and methodology applied in the valuation exercise. We found the assumptions and methodology applied to be consistent and in line with our expectations. The valuation continued to be prepared net of VAT as the LLP would procure this site on behalf of the Trust.

We assessed the competence and objectivity of the Trust's valuers, performing a review of the qualifications, resources, objectivity and approach in respect of their work for NHS bodies. We compared that the useful economic lives assigned to assets by the Trust agreed to the useful economic lives assigned by the District Valuer.

Management have also included commentaries in the financial statements outlining the basis for the valuation and represented to us that valuing on an alternative site basis, exclusive of VAT, is the most appropriate method.

We have obtained management's business case for providing the Trust's services on a single site. We have compared the capacity of the single site against the current operating capacity of the current site.

We checked whether the change in valuation was appropriately disclosed in the Annual Report and that the accounting treatment had been recorded appropriately in the Trust's financial statements.

We physically verified a sample of assets to confirm existence and completeness and in doing so assessed if there was any indication of physical obsolescence which would indicate potential impairment.

Due to the uncertainty created by the COVID-19 pandemic regarding the valuation of the Trust's land and buildings, we asked for additional disclosures to be added to the financial statements to reflect the impact of COVID-19 on the valuation process as at 31 March 2020. The Trust has disclosed this as part of note 20 of its financial statements.

No issues were noted on our work in respect of this key audit matter.

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### COVID-19 – Group, Trust, and 3 Es

During the audit, both management and the engagement team considered the impact that the ongoing COVID-19 pandemic has had on the activities, suppliers and wider economy of the Group and its financial statements.

In response to the current crisis, NHSE&I have introduced interim guidance and measures that were outlined in their joint letter dated 17th March 2020. This letter outlines the interim financial arrangements until July 2020. A further letter has been issued on the 27th May 2020 stating Providers should continue to expect NHS funding to flow at similar levels to that previously provided however exact arrangements are not yet in place. At this stage, it is therefore unclear the exact cash funding flow from August 2020.

Discussions are ongoing nationally around proposals for returning to normal levels of elective activity and levels of future funding.

Management's assessment is that they are unable to determine the future cash position for the next 12 months and due to the significance of the pandemic, the financial statements in note 1.2 include disclosure of this.

As a result of this, we determined that the impact of COVID-19 should be a key audit matter.

We performed the following procedures to address the impact that COVID-19 has on the financial statements:

- We evaluated the processes and models used by management in its assessment of COVID-19
- We evaluated whether the assumptions are realistic and achievable and consistent with the guidance and measures outlined in the letter from NHSE&I
- We have considered the appropriateness of the disclosures made by management and the board of the potential impact of COVID-19.

We concluded that management's assessment of the impact of COVID-19 on the financial statements and the arrangements for securing economy, efficiency and effectiveness (the "3Es") in its use of resources is reasonable as disclosed in page 90 of the Annual Report.

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## **Key audit matter**

### **Risk of fraud in revenue and expenditure recognition – Trust**

We focused on this area because there is heightened risk due to:

- The Trust being incentivised to achieve the 2019/20 Control Total due to the funding available on achievement;
- The inherent complexities in a number of contractual arrangements entered into by the Trust; and
- The timing and complexity of the intra-NHS balance reconciliation process.

Given these incentives, we considered the key areas of focus to be:

- Recognition of revenue and expenditure;
- Manipulation through journal postings; and
- Items of income or expenditure whose value is dependent upon estimates.

#### **Income**

The Trust's principal source of income is from Clinical Commissioning Groups ("CCGs") and NHSE, accounting for 87% and 12% respectively of income during the year. The most significant of these are with Hartlepool and Stockton on Tees CCG and Durham, Darlington and Easington CCG (the "CCGs"). The contracts with the CCGs are renegotiated annually, with variations to the contract made for additional funding that becomes available throughout the year.

#### **Expenditure**

We focused our work on the elements of expenditure that are the most susceptible to manipulation, being operating expenses (excluding payroll costs), including non-standard journal transactions and transactions occurring around the period end to ensure these have been recorded in the correct period, considering specifically the date of service delivery to verify existence/occurrence in 2019/20.

#### **Assertions**

The Trust signed up to a Control Total with NHSE&I for 2019/20 with Provider Sustainability Funding attached based on achievement. On this basis we have considered the risk to be that income could be recognised in advance or fictitiously increased for 2019/20. The risk in relation to expenditure is that it may be incomplete or deferred into 2019/20 in order to assist in the achievement of the 19/20 Control Total.

Our work therefore focused on the existence of income; and completeness of expenditure.

## **How our audit addressed the key audit matter**

### **Income**

We reconciled the income received from the CCGs to the signed contracts and traced significant contract variations received in year to correspondence from the CCGs. We traced all material invoices and a sample of immaterial invoices raised to cash receipt.

We traced a sample of cash receipts to supporting documentation and to the general ledger to assess completeness of the revenue balance disclosed in the financial statements.

### **Intra-NHS balances**

We obtained the Trust's mismatch reports received from NHSE, which identified balances (debtor, creditor, income or expenditure balances) that were different with the counterparty.

We checked that management had investigated all differences over £300k (based on the National Audit Office's reporting criteria).

We read correspondence with the counterparties, which was consistent with these results. We then considered the impact, if any, that the remaining disputed amounts would have on the Trust's financial statements. Expenditure

For a sample of transactions recognised during the year and around (both before and after) the year end, we confirmed that the expenditure had been recognised in line with the accounting policies and in the correct accounting period by agreeing the transactions, including the date of delivery of the goods or services, to the supporting invoice to ensure that the service/receipt of goods had occurred in the period in which the expense/liability was recorded.

We have performed a high level analytical review of payroll costs, as well as testing a sample of monthly payments from payroll records to bank clearance, performed a year end payroll reconciliation and tested a number of payroll controls to gain evidence over the standing data on the ESR system.

### **Manipulation through journal postings**

We selected a sample of manual and automated journal transactions that had been recognised in both income and expenditure, focusing in particular on those with unusual account combinations.

We traced these journal entries to supporting documentation (for example, invoices, good received notes and cash receipts and payments) to check that the transaction was valid and had been correctly accounted for within the financial statements.

Our testing identified no issues that required further reporting.

### **Management estimates**

We evaluated and tested management's accounting estimates, focusing on; accruals, provisions, accrued and deferred income; and Property, Plant and Equipment Valuation (see specific area of focus below).

We evaluated and challenged the key accounting estimates on which management's estimates were based and the basis of their calculation on a sample basis by comparing the assumptions used by management in the calculation of their estimate with independent assumptions and investigating any differences.

Our testing identified no matters that required amendment within the financial statements of the Trust.

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Other than the matters noted in the 'Material Uncertainty relating to going concern' and 'Arrangements for securing economy, efficiency, and effectiveness in the use of resources' paragraphs. We determined that there were no further key audit matters relating to the financial statements of the Group arrangements for securing economy, efficiency, and effectiveness in the use of resources to communicate in our report.

#### *How we tailored the audit scope*

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Trust and the Group, the accounting processes and controls, and the environment in which the Group operates.

The Group includes the parent, North Tees and Hartlepool NHS Foundation Trust, the charitable funds controlled by the Trust, North Tees and Hartlepool NHS Foundation Trust General Charitable Fund, a second subsidiary, Optimus Health Limited, and a Limited Liability Partnership, North Tees and Hartlepool Solutions which are consolidated into the group accounts.

#### *Materiality*

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

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

	<i>Group financial statements</i>	<i>Trust financial statements</i>
<b>Overall materiality</b>	£ 6,511,380 (2019: £5,769,100 )	£6,222,207 (2019: £5,708,040)
<b>How we determined it</b>	2% of total revenue (2019: 2% of revenue)	2% of total revenue (2019: 2% of revenue)
<b>Rationale for benchmark applied</b>	Consistent with last year, we have applied this benchmark, a generally accepted auditing practice, in the absence of indicators that an alternative benchmark would be appropriate.	Consistent with last year, we have applied this benchmark, a generally accepted auditing practice, in the absence of indicators that an alternative benchmark would be appropriate.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was £8,600 to £6,222,207. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £50,000 (Group audit) (2019: £50,000) and £50,000 (Trust audit) (2019: £50,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Performance Report and the Accountability Report, we also considered whether the disclosures required by the NHS Foundation Trust Annual Reporting Manual 2019/20 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) and the Code of Audit Practice require us also to report certain opinions and matters as described below.

#### *Performance Report and Accountability Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Performance Report and Accountability Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2019/20.

In light of the knowledge and understanding of the Group and the Trust and their environment obtained in the course of the audit, we did not identify any material misstatements in the Performance Report or Accountability Report.

In addition, the parts of the Remuneration and Staff reports to be audited have been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2019/20.

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## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the directors for the financial statements*

As explained more fully in the Accountability Report set out on page 37, the directors are responsible for the preparation of the financial statements in accordance with the Department of Health and Social Care Group Accounting Manual 2019/20, and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine 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 directors are responsible for assessing the Group's and Trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and Trust or to cease operations, or have no realistic alternative but to do so.

The Trust is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

### *Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We are required under Schedule 10 (1) of the National Health Service Act 2006 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and to report to you where we have not been able to satisfy ourselves that it has done so. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively. We have undertaken our work in accordance with the Code of Audit Practice, having regard to the criterion determined by the Comptroller and Auditor General as to whether the Trust has proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary.

### *Use of this report*

This report, including the opinions, has been prepared for and only for the Council of Governors of North Tees and Hartlepool NHS Foundation Trust as a body in accordance with paragraph 24 of Schedule 7 of the National Health Service Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## **Other required reporting**

### **Arrangements for securing economy, efficiency and effectiveness in the use of resources**

Under the Code of Audit Practice we are required to report, by exception, if we conclude we are not satisfied that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020. Key audit matters relating to this reporting requirement are set out in the Key audit matters table above, and identified as relating to the 3 Es conclusion, and in the Basis for qualified opinion paragraph below.

### *The scope of our work in respect of arrangements for securing economy, efficiency and effectiveness in the use of resources*

The scope of our work is determined by the requirements outlined in Auditor Guidance Note 3 'Auditors' Work on Value for Money Arrangements' ("AGN 03") issued by the National Audit Office in November 2017. We tailored the scope of our work to address the evaluation criterion specified in AGN 03, that in all material respects, the Group had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

### *Qualified opinion*

Except for as set out in the basis for qualified opinion paragraph below and key audit matter included in the table above, we have nothing to report as a result of this requirement.

### *Basis for qualified opinion and key audit matter*

The Trust delivered a surplus for the year ended 31 March 2020 excluding revaluation impairments of £11m, due to the realised performance-based funding of £10.2m secured through the achievement of the Control Total as agreed with NHSE&I. Without the performance-based funding, the Trust would have achieved a deficit position. In addition, the Trust has partially complied with section 11 of the Health and Social Care Act 2012 paragraph 1 (strategy) of the Enforcement Undertakings, namely 1.3 (investment appraisal) but some actions remain outstanding and ongoing. The Trust have in place a 5-year financial plan to return the Trust to financial stability, and progress against this plan is monitored. The Trust delivered ahead of this financial plan for the year ended 31 March 2020.

### *What audit work we performed*

We performed the following procedures:

- Reviewed the outcomes of regulatory findings including the 2018 CQC inspection;
- Considered financial performance and financial sustainability by reviewing 2019/20 outturn, future budgets and achievement of cost improvement targets;
- Considered the level of agency spend considering recent government focus in this area;
- Reviewed performance against significant contracts in year, including adherence to requirements within those contracts;
- Reviewed performance against Quality Improvement Priorities;
- Reviewed how the Trust interacts with partners and third parties to increase efficiency and reduce costs;
- Reviewed the work of Internal Audit; and
- Reviewed the Trust's risk register and assessed risks applicable to Value for Money.

As a result of these conditions, along with the other matters explained in the material uncertainty paragraph, we have included a qualified conclusion in relation to economy.

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### **Other matters on which we report by exception**

We are required to report to you if:

- the statement given by the directors on page 37, in accordance with provision C.1.1 of the NHS Foundation Trust Code of Governance, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for patients, regulators, and other stakeholders to assess the Group's and Trust's performance, business model, and strategy is materially inconsistent with our knowledge of the Group and Trust acquired in the course of performing our audit.
- the section of the Annual report on page 47, as required by provision C.3.9 of the NHS Foundation Trust Code of Governance, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- the Annual Governance Statement does not meet the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2019/20 or is misleading or inconsistent with our knowledge acquired in the course of performing our audit. We have not considered whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.
- we have referred a matter to Monitor under Schedule 10 (6) of the National Health Service Act 2006 because we had reason to believe that the Trust, or a director or officer of the Trust, was about to make, or had made, a decision which involved or would involve the incurring of expenditure that was unlawful, or was about to take, or had taken a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency.
- we have issued a report in the public interest under Schedule 10 (3) of the National Health Service Act 2006.
- we have not received all the information and explanations we require for our audit.

We have no exceptions to report arising from this responsibility.

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## **Certificate**

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



John Minards (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle upon Tyne  
24 June 2020

## Council of Governors

	External Audit Services Review									
Date:	6 August 2020									
Prepared by:	Stuart Irvine, Deputy Director of Finance									
Executive Sponsor:	Neil Atkinson, Director of Finance									
Purpose of the report	To provide the Council of Governors with an update regarding the Trust's external audit service provision, details of the options regarding future service provision and seeks an agreement of a process to identify a preferred supplier which will be presented to a future Council of Governors meeting for formal approval.									
Action required:	Approve	X	Assurance		Discuss	X	Information	X		
Strategic Objectives supported by this paper:	Putting Patients First		Valuing our People		Transforming our Services	X	Health and Wellbeing			
Which CQC Standards apply to this report	Safe		Caring		Effective		Responsive		Well Led	X
Executive Summary and the key issues for consideration/ decision:										
<p>The contract with PWC, as the Trust's external auditors, expired upon the completion of the audit of the Trust's accounts for 2019/20. The annual cost of the service was £124.8k. PWC have indicated that they will not be re-tendering for the new contract.</p> <p>In order to appoint a new service provider, the Trust has 4 options;</p> <ul style="list-style-type: none"> <li>- Do nothing (not an option).</li> <li>- Direct award from a national framework.</li> <li>- Mini-tender exercise (proposed option) – 4-6 week duration.</li> <li>- Full tender process – 5-8 month duration.</li> </ul> <p>It is proposed that the Council of Governors approves the option to undertake a mini-tender exercise with the oversight of the External Audit Working Group. Following the exercise, a recommendation will be made to a future Council of Governors meeting to formally approve the preferred supplier.</p>										
How this report impacts on current risks or highlights new risks:										
This report links to the risk that is identified in Board Assurance Framework – Transforming Our Services – Financial Stability & Sustainability (Ref. 3C).										
Committees/groups where this item has been discussed	Audit Committee (previously)									
Recommendation	The Council of Governors are asked to:									



- |  |   |
|--|---|
|  | <ul style="list-style-type: none"><li>• Note the content of the update.</li><li>• Approve the mini-tender exercise approach with oversight from the External Audit Working Group.</li></ul> |
|--|---|

# North Tees and Hartlepool NHS Foundation Trust

## Meeting of the Council of Governors

6 August 2020

### External Audit Services Review

#### Report of the Director of Finance

## 1. Introduction

- 1.1 This paper provides information explaining the Trust's current position regarding External Audit services, details the options regarding future service provision and seeks an agreement from the Council of Governors regarding a process to identify a new provider which will be presented back to a future Council of Governors meeting for formal approval.

## 2. Future of External Audit Services 2020/21 onwards

### 2.1 Current Arrangements

The Trust's existing contract with Price Waterhouse Coopers LLP has now expired following the conclusion of the 2019/20 accounts process which was a two-year contract plus two-year extension. A new provider is required to be appointed with sufficient time to familiarise with the Trust in preparation to audit the accounts for 2020/21 onwards. For information purposes, the cost of the external audit service for the last four years is set out below which includes the Trust, Charitable Funds and subsidiary accounts and quality accounts.

	2016/17	2017/18	2018/19	2019/20
Total Group audit fee (inclusive of VAT)	93,678	110,820	111,000	124,800

The Trust must now consider the options available for securing external audit services, which is a regulatory requirement as an NHS Foundation Trust.

It is worth noting that the current market conditions and appetite for the uptake of external audit services is changing. There is a noted shift from the traditional 'big four firms' in the North-East moving away from providing external audit services in favour of more lucrative and profitable work. This is important context that should be considered as part of this paper.

### 2.2 Options appraisal

There are four options available to the Trust that need to be considered. The chosen option will be led by the Procurement Department.

#### Option 1 – Do nothing

This is not an option to the Trust as the provision of external audit services is a statutory requirement.

**Option 2 – Direct award from a national contract framework**

The Trust has the ability to access and direct award from the national SBS framework which includes the following external audit providers:

- Price Waterhouse Coopers LLP
- Ernst and Young
- KPMG
- Deloitte LLP
- Grant Thornton LLP
- Mazaars LLP
- BDO Ltd

The framework includes hourly rates based upon the seniority of the auditor of each organisation and comparisons are detailed in the table below:

<b>Post Title</b>	<b>BDO Ltd</b>	<b>Deloitte LLP</b>	<b>Ernst &amp; Young (North East)</b>	<b>Grant Thornton LLP</b>	<b>KPMG</b>	<b>Mazaars LLP</b>	<b>Price Waterhouse Coopers LLP</b>
	<b>£ excl VAT</b>	<b>£ excl VAT</b>	<b>£ excl VAT</b>	<b>£ excl VAT</b>	<b>£ excl VAT</b>	<b>£ excl VAT</b>	<b>£ excl VAT</b>
Director/ Partner	900.00	1,350.00	1,890.00	900.00	1,200.00	1,350.00	1,900.00
Managing Consultant	0.00	0.00	0.00	0.00	1,000.00	0.00	0.00
Principal Consultant	0.00	0.00	0.00	0.00	825.00	0.00	0.00
Senior Consultant	0.00	0.00	0.00	0.00	700.00	0.00	0.00
Specialist Staff	0.00	0.00	0.00	0.00	1,200.00	0.00	0.00
Audit Manager	700.00	850.00	816.00	650.00	0.00	950.00	950.00
Senior Auditor	450.00	625.00	540.00	450.00	0.00	750.00	610.00
Audit Assistant	350.00	485.00	408.00	350.00	0.00	400.00	390.00
Trainee (Junior Staff)	250.00	310.00	408.00	300.00	0.00	250.00	230.00
Specialised Staff	1,500.00	850.00	1,800.00	500.00	0.00	950.00	1,500.00
Other	0.00	0.00	0.00	300.00	0.00	950.00	263.00
Other - Senior Manager	0.00	0.00	1,260.00	0.00	0.00	0.00	0.00
Other - Audit Junior	0.00	0.00	240.00	0.00	0.00	0.00	0.00
Blended rate	550.00	540.00	630.00	500.00	957.50	525.00	625.00

If the Trust decided to directly award, any of the suppliers from the SBS framework could be chosen. Based on the Trust external audit service specification, the chosen supplier would

estimate days required for the external audit service and provide a quote. The Supplier does have the right to decline the work if they don't feel that they have the capacity to undertake the service.

A direct award, dependent on time taken to receive internal signatures is a matter of days.

There are also two other possible frameworks (NOEPC and CCS) which could also be utilised for direct award. These frameworks and rates could also be considered. The rates included in each of the frameworks for the same supplier may differ slightly and the Trust will endeavour to achieve the greatest value for money when choosing the framework.

PWC have informed the Trust that they are moving away from the external audit services market and therefore will not be tendering or accepting a direct award from the Trust.

Therefore, if the Trust were to direct award, this would be to a new supplier.

#### *Advantages*

- The timescale to complete the process is only a matter of days and will have little/no impact on Trust resources.
- If the Trust is not satisfied with the quote received for the service, the Trust can reconsider options with little time lost.

#### *Disadvantages*

- We will not have comparable quotes from other suppliers.
- There is a risk that the supplier may return a quote which is materially higher than the market rate as they cannot be both external auditor and also provide any other consultancy service, such as VAT advice, which is likely to be more profitable for these organisations.

### **Option 3 – Mini-tender exercise**

This option would involve an invitation to tender from the Trust to all suppliers within the SBS framework and this process would take 4-6 weeks to complete.

#### *Advantages*

- 4-6 weeks to appoint and less impact on Trust staff resources than a full tender exercise.
- The Trust would receive comparable quotes from all suppliers within the chosen framework to demonstrate value for money.

#### *Disadvantages*

- There is a risk that suppliers may not tender and in particular that the larger accountancy organisations may not tender as they cannot be both external auditor and also provide any other consultancy service, such as VAT advice, which is likely to be more profitable for these organisations. There is also a risk that suppliers may submit materially higher quotes than the audit fee paid for the Trust 2019/20 accounts for this same reason.

### **Option 4 – Full tender exercise**

This option would involve an invitation to tender from the Trust to all suppliers within the UK and this process would take 5-8 months to complete.

#### *Advantages*

- The Trust would receive comparable quotes from a number of suppliers to demonstrate value for money.

#### *Disadvantages*

- The full tender exercise will take 5-8 months to complete and will impact on Trust scarce resources.
- There is a risk that Suppliers may not tender and in particular that the larger accountancy organisations may not tender as cannot be both external auditor and also provide any other consultancy service, such as VAT advice, which is likely to be more profitable for these organisations. There is also a risk that suppliers may submit materially higher quotes than the audit fee paid for the Trust 2019/20 accounts for this same reason.

#### **Further considerations**

As part of the decision making process, the following considerations should also be made;

- Reputational status of the provider.
- The quality of audit work undertaken and subsequent assurance.
- Ensuring independence and objectivity.
- Value for money (considering the current market conditions).

### **3. Recommendation**

3.1 In light of the above options and taking into account the current market conditions for external audit service provision, we are seeking Council of Governors approval for **Option 3 – Mini-tender exercise** for the following reasons:

- The timescale to complete the process is 4-6 weeks as opposed to 5-8 months for a full tender exercise.
- The Trust would receive comparable quotes from all suppliers within the chosen framework to demonstrate value for money.

It is proposed that this exercise is overseen by the External Audit Working Group with a view to recommending a preferred supplier to a future Council of Governors meeting for formal approval.

**N Atkinson**  
**Director of Finance**

## Council of Governors

Title of Report:	Sub-Committee Membership Review									
Date:	6 August 2020									
Prepared by:	Sarah Hutt, Assistant Company Secretary									
Executive Sponsor:	Barbara Bright, Director of Corporate Affairs and Chief of Staff									
Purpose of the report	The purpose of the report is to outline proposed changes to the membership and terms of reference for the Council of Governors Sub-Committees.									
Action required:	Approve	X	Assurance		Discuss		Information	X		
Strategic Objectives supported by this paper:	Putting Patients First	X	Valuing our People	X	Transforming our Services	X	Health and Wellbeing	X		
Which CQC Standards apply to this report	Safe	X	Caring	X	Effective	X	Responsive	X	Well Led	X
Executive Summary and the key issues for consideration/ decision:										
<p>The report outlines the Trust's annual review of the Governor sub-committee membership and terms of reference for the sub-committees.</p> <p>Due to the impact of COVID-19 on the usual programme of meetings across the Trust, including Governor meetings, there has been the need to cancel sub-committee meetings and therefore there has been a delay in inviting new Governors to attend individual Committees.</p> <p>Existing Governors have now confirmed their preferences regarding membership of the sub-committees, which largely remains unchanged from the previous year, a list is attached at Appendix 1. Following the expansion of the membership of the Strategy and Service Development Committee to all Governors and a change in numbers for the Membership Strategy Committee interest will be invited from the new Governors to join these groups. It is hoped the re-commencement of these meetings will be possible in the near future.</p> <p>In respect of the Terms of Reference, a full review was undertaken in 2019 and any changes were ratified at the Council of Governors meeting on 9 May 2019. This year small changes were required to the Strategy and Service Development Committee to reflect an open membership and to the Nominations Committee to bring it in line with an annual review and to increase the quoracy to meet best practice. These are appended as Appendix 2 and 3 respectively.</p>										
How this report impacts on current risks or highlights new risks:										
No new risks are identified in this report.										
Recommendation	The Council of Governors are asked to note the content of this report.									

# North Tees and Hartlepool NHS Foundation Trust

## Meeting of the Council of Governors

6 August 2020

### Council of Governors Sub-Committee Membership Review

#### Report of the Director of Corporate Affairs and Chief of Staff

## 1. Introduction

- 1.1 This report outlines the annual review of the membership and terms of reference for each of the Council of Governor sub-committees.

## 2. Background

- 2.1 The Trust has four Governor sub-committees, which report to the Council of Governors. These include:
- Strategy and Service Development Committee;
  - Membership Strategy Committee;
  - Nominations Committee;
  - External Audit Working Group.
- 2.2 In line with good practice, terms of reference and membership requirements should be reviewed regularly, but as a minimum every three years.

## 3. Terms of Reference

- 3.1 The Terms of Reference for each of the sub-committees were reviewed in 2019 to ensure they continue to be fit for purpose and have fair representation. A full review of each of the terms of reference was not required this year, however a small change was required to be made to those for the Nominations and Strategy and Service Development Committee

The changes include:

- Extending the membership of the Strategy and Service Development Committee to all Governors;
- To increase the quoracy to eight for the Strategy and Service Development Committee to reflect the increase in permitted members;
- To annually review the membership of the Nominations Committee;
- To increase the quoracy of the Nominations Committee to three, to be in line with best practice of 50% of membership.

The terms of reference for the two committees are provided for information at Appendix 2 and 3.

## 4. Membership

- 4.1 Each year Governors are invited to give their preferences regarding membership of the sub-committees to ensure each group is adequately represented. Expressions of interest have been made by existing Governors despite the committees being unable to meet since the start of the COVID-19 pandemic. The newly elected Governors will now be

invited to join the Membership Strategy Committee and Strategy and Service Development Committee with the anticipation that meetings of these groups will be able to recommence in the near future.

A revised list of membership has been compiled and is appended as Appendix 1.

## **5. Recommendations**

5.1 The Council of Governors are asked to:

- note the revised Governor Sub-Committees membership; and
- note the proposed changes to the Nominations and Strategy and Service Development Committees Terms of Reference.

**Barbara Bright**  
**Director of Corporate Affairs and Chief of Staff**



## North Tees and Hartlepool NHS Foundation Trust

### Governor Representation on Sub-committees 2020

#### **Strategy and Service Development Committee**

**Chair: Steve Hall, Non-Executive Director**

**Executive Director: Lynne Taylor**

Janet Atkins, Elected Governor (Stockton)

Ann Cains, Elected Governor (Stockton)

Margaret Docherty, Elected Governor (Stockton)

John Edwards, Elected Governor (Stockton)

Wendy Gill, Elected Governor (Sedgefield)

Tony Horrocks, Elected Governor (Stockton) / Lead Governor

Mary King, Elected Governor (Easington)

Alison McDonough, Elected Governor (Non-core public)

Alan Smith, Elected Governor (Hartlepool)

Mark White, Elected Governor (Stockton)

Kate Wilson, Elected Governor (Stockton)

Dave Russon, Elected Governor (Staff)

Gavin Morigan, Elected Governor (Stockton)

#### **Membership Strategy Committee**

**Chair: Wendy Gill, Elected Governor (Sedgefield)**

**Executive Director: Barbara Bright**

Carol Alexander, Elected Governor (Staff)

Janet Atkins, Elected Governor (Stockton)

Ann Cains, Elected Governor (Stockton)

Tony Horrocks, Elected Governor (Stockton) / Lead Governor

Mary King, Elected Governor (Easington)

Pauline Robson, Elected Governor (Hartlepool)

Alan Smith, Elected Governor (Hartlepool)

Dave Russon, Elected Governor (Staff)

#### **Nominations Committee**

**Chair: Paul Garvin, Chairman**

Carol Alexander, Elected Governor (Staff)

Wendy Gill, Elected Governor (Sedgefield)

Tony Horrocks, Elected Governor (Stockton) / Lead Governor

Janet Atkins, Elected Governor (Stockton)

Alan Smith, Elected Governor (Hartlepool)

Linda Nelson, Appointed Governor, Teesside University

#### **External Audit Working Group**

**Chair: Phil Craig**

**Executive Director: Neil Atkinson**

Janet Atkins, Elected Governor (Stockton)

John Edwards, Elected Governor (Stockton)

Mark White, Elected Governor (Stockton)

Alan Smith, Elected Governor (Hartlepool)

Tony Horrocks, Elected Governor (Stockton)/ Lead Governor

Victor Manejero, Elected Governor (Stockton)

**North Tees and Hartlepool NHS Foundation Trust****Nominations Committee****Terms of Reference****1. Constitution**

- 1.1 The Nominations Committee is a Sub-committee of the Council of Governors.
- 1.2 The Committee is authorised by the Council of Governors to act within its terms of reference.
- 1.3 The Standing Orders of the Council of Governors shall, as far as they are applicable, apply to meetings of the Committee.
- 1.4 The Committee may seek any information that it requires from any employee in the Trust in order to perform its duties.

**2. Membership**

- 2.1 The Committee shall, at least annually, review its membership and terms of reference. It will recommend any changes it considers necessary to the Council of Governors. Support will be provided by the Assistant Company Secretary.
- 2.2 Membership of the Committee will include the Chairman of the Trust and a maximum of 6 Governors representative of the balance of public, staff and appointed governors. The Director of Corporate Affairs & Chief of Staff will be the Secretary to the Committee.
- 2.3 If the Chairman is standing for appointment then he will be replaced by the Vice-Chairman. If both are standing for appointment, then a Non-Executive Director will act as Chairman of the Committee.
- 2.4 Only members of the Committee have a right to attend Committee meetings. However, other individuals such as the Chief Executive, the Lead Governor, and external advisers may be invited to attend for all or part of any meeting, as and when required.
- 2.5 **Appointments to the Committee, other than for the Chairman, will be reviewed annually.**
- 2.6 The Committee will be quorate with the Chair or his nominated deputy plus **3** other members present.

**3. Aims**

- 3.1 The Committee will be responsible to the Council of Governors for the recruitment, appointment, reappointment, retention and removal of the Chairman and Non-Executive Directors including matters of remuneration and conditions of service. The Committee will also have oversight of the appraisal system for the Chairman and Non-Executive Directors, as well as the continued assessment against the fit and proper persons' test.

- 3.2 The Committee will make recommendations to the Council of Governors on the following matters in respect to the Chairman, Vice-Chairman, Senior and Non-Executive Directors:
- Recruitment and selection process for the roles of Chairman, Vice-Chairman and Non-Executive Directors;
  - Remuneration policy;
  - Increases in salary and allowance.

#### **4. Objectives**

- 4.1 Review the balance of skills, knowledge and experience of the Board and, in consideration of the outcome of this review, prepare a description of the role and the competencies required for a particular appointment having due regard to the advice of the Board of Directors.
- 4.2 Identify suitable candidates for each vacancy on the basis of agreeing:
- An open process of recruitment;
  - All documentation associated with the appointment;
  - The use of professional recruitment advisors where appropriate;
  - An objective short listing process to enable fair assessment of all candidates against the person specification of the role, the required competencies and assessment of the capability to commit the required time to the duties of the position;
  - Due regard to the principles of equality and diversity;
  - Due regard to the advice of the Board of Directors.
- 4.3 Determine the schedule for advertising, short-listing, assessment, interview and appointment of the suitable candidates.
- 4.4 Make recommendations to the Council of Governors regarding suitable candidates.
- 4.5 Maintain current knowledge regarding strategic issues affecting the Trust and the environment in which it operates.
- 4.6 Make recommendations to the Council of Governors as appropriate concerning:
- 4.6.1 The re-appointment of any Non-Executive Director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to perform adequately in the light of the knowledge, skills and experience required at the time re-appointment is to be made.
- 4.6.2 Give full consideration to the succession planning for the Chairman, Vice-Chairman and Non-Executive Directors in the course of its work, taking into account the challenges and opportunities facing the Trust, and what skills and expertise are therefore needed on the Board in the future.
- 4.6.3 Any matters relating to the continuation in office or removal of any Non-Executive Director (in considering such matters the Committee must have regard to the prevailing legislation and the relevant service contract and may take professional advice if it thinks it fit to do so).

- 4.6.4 Receive on behalf of the Council of Governors reports on the process and outcome of appraisal of the Chairman and Non-Executive Directors.
- 4.6.5 The Committee will meet at least annually to determine the remuneration of the Chairman, Vice-Chairman and Non-Executive Directors.

## **5. Reporting Arrangements**

- 5.1 The Committee will report on its activities to the Council of Governors after each meeting.
- 5.2 The Committee shall make whatever recommendation to the Council of Governors it deems appropriate on any area within its remit where action or improvement is needed.
- 5.3 The Committee will make a statement in the Trust's Annual Report about its activities.

## **6. Frequency of Meeting**

- 6.1 The Committee will meet as and when required but not less than once a year. Meetings of the Committee shall be called by the Director of Corporate Affairs and Chief of Staff at the request of the Chairman.

## **7. Agenda and Minutes**

- 7.1 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed and supporting papers will be sent to each member of the Committee and any other person required to attend no less than five working days before the date of the meeting by email, or post where required.
- 7.2 A defect in the notification of the meeting will not invalidate the proceedings of the Committee.
- 7.3 The Private Office shall keep minutes of the proceedings and resolutions of all Committee meetings including the names of those present and in attendance.
- 7.4 Minutes of Committee meetings shall be circulated to all members of the Committee within fourteen days of the meeting having taken place.

## **8. Confidentiality**

- 8.1 A member of the Committee shall not disclose any matter dealt with by, or brought before, the Committee without its permission until the Committee has reported on the matter to the Council of Governors or has otherwise concluded the matter.
- 8.2 Irrespective of the provisions of section 8.1, a member of the Committee shall not disclose any matter if the Committee or the Council of Governors resolves that it is confidential. Where a member is uncertain about releasing information, they should seek advice from the Director of Corporate Affairs and Chief of Staff.

## North Tees and Hartlepool NHS Foundation Trust

### Strategy and Service Development Committee

#### Terms of Reference

#### 1. Constitution

- 1.1 The Strategy and Service Development Committee is a Sub-committee of the Council of Governors.

#### 2. Membership

- a. The Council of Governors will nominate members and review membership at least every 36 months. It will recommend any changes it considers necessary to the Council of Governors. **The membership is open to all public, staff and appointed governors.**
- b. The Board of Directors will nominate a Non-Executive Director to chair the Committee and an Executive Director to link the Committee to the Board, who will be Vice-Chair. Managers will be invited to meetings as and when required. Support will be provided by a member of staff from the Private Office. Ex officio members of the Committee will include the Chairman, the Director of Corporate Affairs and Chief of Staff and the Lead Governor.
- 2.3 The Committee will be quorate with the Chair or Vice-chair of the Committee plus **8** other governors present.

#### 3. Aims

- 3.1 The aim of the Committee is to:
- advise on the long-term direction of the Trust and provide a steer on how the Trust carries out its business in order that the Board of Directors can effectively determine policies;
  - to ensure that the Trust operates in a way that fits with the Trust's vision and values to comply with its authorisation and to enable governors to act in a trustee/ambassadorial role for the welfare of the organisation; and
  - to hold the Board of Directors to account.

#### 4. Objectives

The objective of the Committee is to receive, review and update information on:

- Strategic direction and corporate strategy;
- Annual and Business Plans;
- Supporting and enabling strategies;
- Strategic business, service development and patient treatment pathway proposals;
- Service performance;
- Single Oversight Framework;
- Patient experience, involvement and environment.

#### 5. Reporting Arrangements

5.1 The Committee will report on its activities to the Council of Governors after each meeting.

**6. Frequency of Meeting**

6.1 The Committee will meet as a minimum 4 times per year, to be reviewed annually. One meeting will focus and be a culmination of events leading up to the development of the strategic direction and plan. Meetings of the Committee shall be called by the Director of Corporate Affairs and Chief of Staff at the request of the Chair of the Committee.

**7. Agenda and Minutes**

7.1 The agenda and papers will be distributed to Committee members five days prior to each meeting by email, or post where required. Minutes from the previous meeting will be distributed within two weeks following each meeting.

7.2 A defect in the notification of the meeting will not invalidate the proceedings of the Committee.

7.3 The Private Office shall keep minutes of the proceedings and resolutions of all meetings including the names of those present and in attendance.

**8. Confidentiality**

8.1 A member of the Committee shall not disclose a matter dealt with by, or brought before, the Committee without its permission until the Committee has reported on the matter to the Council of Governors or has otherwise concluded the matter.

8.2 Irrespective of the provisions of section 8.1, a member of the Committee shall not disclose any matter if the Committee or the Council of Governors resolves that it is confidential.

# **North Tees and Hartlepool NHS Foundation Trust**

## **Minutes of the Membership Strategy Committee held on Monday 10 February 2020**

### **University Hospital of North Tees**

**Present:** Wendy Gill, Elected Governor (Sedgefield) (WG) Chair  
Tony Horrocks, Elected Governor (Stockton) (TH)  
Alan Smith, Elected Governor (Hartlepool) (AS)  
Carol Alexander, Elected Governor (Staff) (CA)

**In Attendance:** Sarah Hutt, Assistant Company Secretary (SH) (note taker)  
Paul Wharton, Volunteer Co-ordinator (PW)  
Ruth Dalton, Head of Communications & Marketing (RD)

#### **1. Welcome**

WG welcomed members to the meeting and confirmed due to apologies the meeting was not quorate, however, it would go ahead with any decisions deferred to the next meeting.

#### **2. Apologies for Absence**

Apologies for absence were received from Barbara Bright, Director of Corporate Affairs & Chief of Staff, Ann Cains, Elected Governor (Stockton), Pauline Robson, Elected Governor (Hartlepool), Mary King, Elected Governor (Easington), Gavin Murrigan, Elected Governor (Stockton), and Janet Atkins, Elected Governor (Stockton)

#### **3. Minutes of the last meeting held on Monday 16 September 2019**

The minutes of the last meeting were confirmed as an accurate record.

#### **4. Matters Arising**

There were no matters arising.

#### **5. Membership Statistics**

SH gave an overview of the membership statistics which were broken down into staff and public members and highlighted that there had been an overall decrease in public members of 61 since the meeting held in September 2019.

Although recruitment was still a priority, the numbers recruited had been offset against those deceased or gone away following data cleanses being undertaken at the end of 2019 for the Governor elections.

#### **6. Volunteer/Membership Engagement and Recruitment**

SH reported that the mobile member stations situated in a number of areas both at North Tees and Hartlepool Hospitals had not generated any new members to date, which was disappointing. Although there were a number of on-going membership engagement activities such as posts on social media inviting new members to join and ad hoc events where membership was promoted, it was recognised that a fresh approach needed to be adopted, which prompted a useful discussion including feedback from RD as to current trust wide engagement including blogs from the Chief Executive. A number of the suggestions made included:

- Re-instating circulating the Chairman & Chief Executive Briefing to members;

- Set-up profiles of individual governors on the Trust website and post short video clips describing what it means to be a Governor on social media;
- Send out regular news bulletins including feedback from board meetings from individual governors via e-broadcasts;
- Freshen up membership section of the Trust website once the new site has been built;
- Link in with other local trusts for a joint approach to membership;
- Consider accepting members under the age of 16 and engage with local schools;
- Explore hospital groups such as Friends of the Hospital to promote membership;
- Find out when new student nurse induction sessions take place to circulate membership forms.

It was agreed that a plan of activities be established and circulated to the Committee and wider Council of Governors.

PW gave an update on the Trust's 'Home but not Alone' project which had developed significantly since the last meeting, which was very positive. The initiative was now operating in the ward areas: 26, 27, 30, 33, 36 and EAU with plans eventually to roll out trust wide from April 2020 if sufficient resource was available.

From a volunteering perspective overall, PW reported that there was a steady flow of new volunteer applications enabling new initiatives to be supported including having a presence in A&E. CA reported this was pleasing as there was a new project being developed to help with patient flow by accompanying patients who were mobile to X-ray rather than waiting for a wheel chair or bed transfer which often took time and used up a lot of space in the X-ray department.

**Action:**

- **SH/RD to create a plan of engagement activities based upon suggestions provided to be circulated to Governors.**

## **7. Strategy Action Plan**

The Action Plan from the Membership Strategy was circulated as part of discussions regarding future plans for member engagement and recruitment. Members of the Committee were asked to consider and check if the action plan was still fit for purpose, with a view to feeding any comments back to SH.

**Action:**

**All to review action plan and feedback any comments to SH.**

## **8. Future Member Events 2020**

SH reported that unfortunately the joint member event with Hartlepool Borough Council planned for December was unable to go ahead due to a lack of interest, which was really disappointing. It was proposed to explore holding a similar event with Stockton Borough Council and some good suggestions for a venue were suggested. In respect of other member events it was suggested to send out a briefing to members to ask what topics they would like to see.

**Action:**

- **Contact members for future member event ideas.**

## **9. Any other Business**

No other business was notified.

## **Date and Time of the Next Meeting**

Subject to Information.



## In Confidence

### North Tees and Hartlepool NHS Foundation Trust

#### DRAFT Minutes of the Nominations 23 July 2020

#### in the Board Room, University Hospital of North Tees

In line with national guidance regarding the requirement for social distancing in meeting rooms, as part of safety measures following COVID-19, members were given the choice to attend the meeting in person or via video-conferencing. The meeting was conducted with a mixture of both virtual attendees and in person.

These minutes represent a formal record of the meeting.

**Present:** Phil Craig, Non-Executive Director / Senior Independent Director (Chair)  
Janet Atkins, Elected Governor for Stockton  
Tony Horrocks, Elected Governor for Stockton

**Virtually:** Wendy Gill, Elected Governor for Sedgefield  
Linda Nelson, Appointed Governor (Teesside University)  
Alan Smith, Elected Governor for Hartlepool

**In attendance:** Julie Gillon, Chief Executive – for item 8 only  
Barbara Bright, Director of Corporate Affairs and Chief of Staff  
Sarah Hutt, Assistant Company Secretary (Note taker)

#### 1. Apologies for Absence

Apologies for absence were reported from Carol Alexander, Staff Governor.

#### 2. Declaration of Interests

The Chair made a declaration of interest in respect of item 5.

#### 3. Minutes of the Meeting held on, 19 September 2019

**Resolved:** that, the minutes of the meeting held on 19 September 2019 were accepted as a true record.

#### 4. Matters Arising

There were no matters arising.

#### 5. Non-Executive Director Remuneration Review

The Director of Corporate Affairs and Chief of Staff presented the Chairman and Non-Executive Director Remuneration Review and reminded members about the discussion held at the meeting on 19 September 2019 on this item where the Committee had been split in terms of a clear decision on whether to recommend a cost of living increase or maintain the current levels, with no consensus reached. It was agreed the proposals would be shared with the wider Council of Governors at the pre-Council of Governors meeting on Wednesday 2 October 2019, to gain further views in advance of the Council of Governors meeting on 10 October 2019. The outcome was for the cost of living rise to be deferred pending an end of year performance review.

## In Confidence

In September 2019 NHSI published a document 'A remuneration structure for NHS provider chairs and Non-Executive directors', with the aim of standardising remuneration levels for Chairs and Non-Executive Directors for both trusts and foundation trusts, and to address longstanding disparities of remuneration for these positions between both NHS trusts and NHS foundation trusts.

The guidance sets out a single annual rate of £13,000 for a Non-Executive Director with scope to locally award limited supplementary payments of up to £2,000 per annum in recognition of individual extra responsibilities such as chairing of a Committee, Senior Independent Director etc. For the role of Chair ranges of salary are recommended dependent upon the size and complexity of the Trust. For a medium sized trust, the remuneration range is between £44,100 and £50,000. The current remuneration for the Trust's Non-Executive Directors was £15,790; £13,500 for the Associate Non-Executive Directors and £52,633 for the Chair.

In addition, comparative benchmarking data from similar sized acute foundation trusts in the North East and Yorkshire was provided as part of a national remuneration survey undertaken by NHS Providers in 2019. Taking all the information into account, it was recommended to retain the current levels of remuneration and not to award a cost of living increase for 2020/21, as an increase of 3% had been awarded in 2018, in line with agenda for change proposals. Following discussion, it was agreed to support the recommendation.

- Resolved:**
- i) that, the Chairman's and Non-Executive Directors' remuneration remain unchanged; and
  - ii) that, no cost of living increase be awarded for 2020/21.

### 6. Neil Schneider, Non-Executive Director Proposal

The Director of Corporate Affairs and Chief of Staff presented proposals for Neil Schneider, Associate Non-Executive Director to be appointed as a full Non-Executive Director with immediate effect following a period of transition.

In 2019 three Associate Non-Executive Directors were appointed as part of succession planning arrangements to strengthen the board in meeting the broader health and care developments taking place as part of the system wide working across the Tees Valley Health and Care Partnership and North East and North Cumbria ICS. They supported the existing Non-Executive Directors through a period of shadowing to learn the role before assuming chairmanship in their own right for a number of committees.

Neil was now the Chair of the Workforce Committee and Culture Group, and had been appointed as the Chair for Optimus Health Ltd. It was noted that the other two other Associate Non-Executive Directors appointed with Neil had subsequently been appointed as Non-Executive Directors. The recommendation was to make the appointment with immediate effect and increase the level of remuneration accordingly.

The Director of Corporate Affairs and Chief of Staff explained that at some point in the future the Constitution would be updated as to the number of voting members, to reflect these recent appointments.

Following discussion, it was agreed to support the recommendation.

- Resolved:**
- i) that, Neil Schneider be appointed as a Non-Executive Director with immediate effect; and
  - ii) that, his salary be increased to £15,790 with immediate effect.

## In Confidence

### 7. Outcome of Chairman's Appraisal 2019/20

The Senior Independent Director presented the outcome of the Chairman's appraisal for 2019/20 and outlined the process. Questionnaires comprising 15 questions used to collect evidence in areas that were part of the role and responsibility of an NHS Foundation Trust Chairman were distributed to Board and Council of Governors members. A total of 35 completed questionnaires were received, (a response rate of 72.9%), which was very positive.

In summary the Appraisal responses demonstrated that the Chairman was very effective at setting clear objectives and strategic direction for the organisation; recognised the needs of the local population and the wider ICS, always 'putting patients first' by actively promoting collaboration to achieve better patient outcomes and delivery of clinical services; and had a wealth of experience and knowledge of public service, encouraging new ideas and innovation to develop the capacity and strength of the Trust's Board of Directors.

During their meeting to discuss the outcome of the Chairman's Appraisal, the Non-Executive Directors wished to document that they were unanimous in their view that the Chairman had had a very impressive year particularly during very challenging circumstances.

Following discussion between the Non-Executive Directors and the Senior Independent Director, a number of objectives were agreed with the Chairman for 2020/21:

- To build on the processes that enable the Governors to hold NED's to account by a use of a development activity that clarifies the roles of each and the means by which this can be best achieved;
- To ensure that a record be kept of the site visits, and engagement with Trust staff by the Chairman and the NED's (as his representatives) to allow for a demonstration of the strong links that exist between the Board and the wider Trust;
- To impress upon the Executive Team, the need for Board reports to be kept concise, focused and relevant to the strategic goals of the Trust;
- To ensure that a recruitment / succession plan for Board membership is developed that fully embraces the need for greater diversity within the Board;
- To ensure that the work of the Trust relating to the "Group" does not allow the Board to lose focus on the core activities of the Trust.

Following discussion, the members agreed the proposed objectives.

**Resolved:** (i) that, the Outcome of the Chairman's Appraisal 2019/20 be accepted as a true reflection; and  
(ii) that, the Outcome of the Chairman's Appraisal be reported at the Council of Governors meeting on 6 August 2020.

### 8. Chairman Appointment / Re-appointment Proposal

The Chief Executive presented proposals for the appointment / re-appointment of the Trust Chair, as the Chairman, Paul Garvin's term of office was due to end on 31 October 2020. The proposed appointment / re-appointment options were in line with the process for Chair/Non-Executive Director Recruitment/Re-appointment that was approved in February 2009 by the Nominations Committee.

## In Confidence

The Chief Executive reminded members of the previous re-appointment granted to the Chairman in 2018 and reaffirmed in 2019, to ensure stability, continuity and consistency at a time when the Trust was facing significant challenges including likely changes under the Integrated Care System (ICS) and Tees Valley Health and Care Partnership, as well as the financial challenges facing the organisation. Given the recent unprecedented situation of Covid-19 and the current period of recovery as well as the degree of uncertainty facing the Trust following further consideration being required in respect to Group arrangements it was vital to sustain and maintain strong oversight and leadership.

It was noted the Chairman was a long standing and valued member of the Board of Directors who brought a plethora of experience and skills coupled with a vast amount of knowledge and understanding of the health sector. The Chief Executive outlined the options to be considered to ensure continuity of the role from 1 November 2020:

1. Consider the re-appointment of the Chairman for a further one-year term of office.
2. Undertake a recruitment process to fill the role substantively, with the Vice-Chair undertaking the role on an interim basis until the post is filled.
3. Consider the appointment of the Vice-Chair to the role on an interim basis whilst the work of the Tees Valley Health and Care Partnership and collaborative working/arrangements progress.

The Chief Executive advised the Committee on the exceptional circumstances and justification put forward for consideration in support of the proposal. These included:

- The Chairman's existing knowledge of the Trust and local system would be hugely beneficial when progressing system redesign;
- There is a need to sustain and maintain strong oversight and leadership with focus to ensure historical memory is not lost in terms of the Trusts position in future negotiations on behalf of the population of Stockton, Hartlepool and parts of Durham to achieve ambitious improvements in health outcomes, with subsidiarity vitally important.
- For the next 12 months, there would be benefit for preserving existing relationships within the Trust and across the local system in order to achieve collaborative goals;
- The Chairman, would have a grasp on current challenges, especially in light of COVID19, ensuring business as usual balanced against the need for consideration of new collaborative structures;
- The Trust faced a huge challenge as a result of the COVID-19 pandemic moving into recovery phase and the winter period whilst also facing the prospect of further peaks hitting the organisation and country. During this period having the continuity and stability would ensure the Trust could benefit from the Chairman's knowledge and experience. A new appointment at this time would be extremely challenging for any individual in terms of building knowledge, experience and relationships, managing the pressures, whilst familiarising themselves with the Trust, the locality and system approaches.
- The Chairman's appraisal in 2019/20 demonstrated he had made an outstanding contribution to the work of the Trust, the Board of Directors and Council of Governors to help drive the Trust forward and hold the Executive Directors to account for Trust performance and delivery against the strategy. It demonstrated overwhelming support, from the Board and Governors, on his leadership style, values driven approach, clear focus and vision for the future for the Trust and the local population; and his contribution to significant collaborative work to deliver a clinical services strategy for the benefit of all patients.
- His contribution had assisted the Board of Directors to effectively plan for the future, assessing risks to compliance with the Licence, reviewing financial viability, overall governance and quality governance;
- The Trust had maintained a high level of performance over the last financial year despite unprecedented challenges and demands, as evidenced in the Annual Report, which will be submitted to Parliament and NHS Improvement in June 2020;

## In Confidence

- The Chairman continued to meet the independence criteria, which was a component that Non-Executive Directors must be measured and reported upon within the Annual Report to Parliament and NHS Improvement. Feedback from the Board and Governors in his appraisal demonstrated his approach to constructive challenge, promoting the right level of scrutiny and oversight, notwithstanding the length of time he has served in office;
- The Chairman ensured challenge, scrutiny, self-governing processes supported by NED appointments and strengthening role of the Council of Governors and Board of Directors;
- The Chairman brought a plethora of experience, knowledge and skills to bear in his role and this would be a crucial factor in maintaining a level of stability, continuity and expertise as the Trust moves forward with a challenging agenda.

The Chief Executive recommended unequivocally that the Chairman be appointed for a further term of one year, as it was necessary to build upon the existing system wider relationships and manage the Trust's part in the group structure and collaborative arrangements. It was however noted that it was important to also think about succession planning in 2021 to consider a future chair whether that be individual, group or a joint chair, prompting discussion.

It was agreed to support the re-appointment of the Chairman for a further one year.

- Resolved:**
- (i) that, the term of office for the Chairman be extended for one year with effect from 1 November 2020;
  - (ii) that, succession planning for the chair role / appointment be considered in 2020/21 whether individual, group or joint chair in the context of the collaborative approach in Teesside; and
  - (iii) that, the recommendation be reported at the Council of Governors meeting on 6 August 2020 for ratification.

### 9. Terms of Reference

The Senior Independent Director presented the Nomination Committee Terms of Reference for approval. Two amendments were proposed which included an annual review of the Committee membership and to increase the quoracy to three members, to reflect best practice guidance of 50% of membership. The Terms of Reference were approved.

- Resolved:** that, the revised Terms of Reference for the Nominations Committee be approved at the Council of Governors meeting on 6 August 2020.

### 10. Any Other Business

There was no other business reported.

The meeting closed at 1.45pm.

## Council of Governors

Title of report:	Governor Elections 2020									
Date:	6 August 2020									
Prepared by:	Sarah Hutt, Assistant Company Secretary									
Executive Sponsor:	Barbara Bright, Director of Corporate Affairs & Chief of Staff									
Purpose of the report	The purpose of the report is to present the timetable for the 2020 Governor Elections and outline the number of vacant seats.									
Action required:	Approve		Assurance		Discuss		Information	X		
Strategic Objectives supported by this paper:	Putting Patients First	x	Valuing our People	X	Transforming our Services	x	Health and Wellbeing	x		
Which CQC Standards apply to this report	Safe	x	Caring	x	Effective	x	Responsive	x	Well Led	X
Executive Summary and the key issues for consideration/ decision:										
<p>The Model Rules for Elections requires the Trust to hold annual Governor elections to fill any vacant seats due to Governor terms of office coming to an end on 30 November 2020, or to fill any vacancies that have arisen during the course of the year following resignations or remained unfilled from the previous election.</p> <p>There are a total of 11 vacancies in the following constituencies:  Stockton - 4  Hartlepool - 2  Sedgefield – 1  Easington - 1  Non-Core - 1  Staff – 2</p> <p>Details of the vacancies are appended at Appendix 1.</p> <p>The timetable for the 2020 Governor Elections is appended at Appendix 2</p>										
How this report impacts on current risks or highlights new risks:										
This report does not highlight any new risks.										
Committees/groups where this item has been discussed	N/A									
Recommendation	The Council of Governors are asked to note the Governor Election 2020 timetable and note those Governors whose term of office will end on 30 November 2020.									

**Council of Governors**

**6 August 2020**

**Governor Elections 2020**

The 11 vacancies for the 2020 Governor Elections comprise 9 Public Governors and 2 Staff Governors and are for 3 year terms of office with the exception of that highlighted (\*) which has a 1-year term of office and is a seat that was unfilled from the previous election.

**Stockton Constituency**

Ann Cains  
Tony Horrocks  
Victor Manejero  
Pat Upton

**Hartlepool Constituency**

Roger Campbell  
Geoff Northey

**Easington Constituency**

Vacant Seat\* (unfilled)

**Sedgefield Constituency**

Carole Lawford

**Non-Core Public**

Alison McDonough

**Staff Constituency**

Carol Alexander  
Asokan Krishnaier

## Appendix 2

### Council of Governors Election Timetable 2020

<b>Notes</b>	<b>Timetable</b>
Returning Officer/Trust issue the Notice of Election. Nomination forms to be made available to Trust members.	Friday, 25 September 2020
Deadline for receipt of nominations.	Tuesday, 13 October 2020
Returning Officer and Trust to publish summary of nominated candidates.	Wednesday, 14 October 2020
Final date for candidate withdrawal.	Friday, 16 October 2020
Trust to make arrangements to provide electoral data to Returning Officer.	Monday, 19 October 2020
Returning Officer/Trust issue the Notice of Poll.	Friday, 6 November 2020
Voting packs despatched by Returning Officer to members.	Monday, 9 November 2020
Closing date for Election.	Friday, 20 November 2020
Returning Officer provides Election results/report, and the Trust write to successful/unsuccessful applicants.	Monday, 23 November 2020



## Council of Governors

Title of Report:	Chairman Appointment / Re-appointment										
Date:	6 August 2020										
Prepared by:	Sarah Hutt, Assistant Company Secretary										
Executive Sponsor:	Phil Craig, Senior Independent Director Julie Gillon, Chief Executive										
Purpose of the report	The purpose of this report is to outline proposals regarding the re-appointment / appointment arrangements for the Trust Chairman.										
Action required:	Approve	X	Assurance	x	Discuss	x	Information				
Strategic Objectives supported by this paper:	Putting Patients First	X	Valuing our People	X	Transforming our Services	X	Health and Wellbeing				X
Which CQC Standards apply to this report	Safe	X	Caring	X	Effective	X	Responsive	X	Well Led		X
Executive Summary and the key issues for consideration/ decision:											
<p>The Chairman of the Trust, Paul Garvin's term of office is due to come to an end on 31 October 2020. In May 2018 a further term of one year was agreed for the Chairman. With the commencement of collaborative working with South Tees Hospitals NHS Foundation Trust as part of the former South Integrated Care Partnership (now Tees Valley Health and Care Partnership) and recognition for the need to maintain stability it was agreed in November 2018 to extend the term of office to 2020. This position was re-affirmed in September 2019 as the organisation was facing a number of challenges including likely changes as part of the local and system wide collaboration, and the Trust's recovering financial position.</p> <p>The Trust continues to face challenges with the changing landscape of health care and the need to progress the Clinical services strategy, and the uncertainty regarding the progression of the Group structure arrangements as part of the Tees Valley Health and Care Partnership.</p> <p>It is important that the Trust maintains stability and continuity during these uncertain times whilst recognising the need for future planning. At a meeting of the Nominations Committee on 23 July 2020, the Chief Executive presented proposals regarding the re-appointment of the Chairman which were in line with the process for Chair/Non-Executive Director Recruitment/Re-appointment that was approved in February 2009 by the Nominations Committee.</p> <p>The options outlined were:</p> <ol style="list-style-type: none"> <li>1. Consider the re-appointment of the Chairman for a further one-year term of office.</li> <li>2. Undertake a recruitment process to fill the role substantively, with the Vice-Chair undertaking the role on an interim basis until the post is filled.</li> <li>3. Consider appointment to the role on an interim basis whilst the work of the Tees Valley Health and Care Partnership and collaborative working/arrangements progress.</li> </ol> <p>Following due consideration, the members of the Nominations Committee unanimously chose option one, to extend the Chairman's term of office for a further year and agreed to commence</p>											

planning in early 2021 as to the next steps and succession planning regarding recruitment to the position of Chair.

How this report impacts on current risks or highlights new risks:

No new risks are identified in this report.

Committees/groups where this item has been discussed

N/A

Recommendation

The Council of Governors are asked to formally ratify the recommendation of the Nominations Committee to re-appoint the Chairman, Paul Garvin for a further one-year term of office.

# **North Tees and Hartlepool NHS Foundation Trust**

## **Meeting of the Council of Governors**

**6 August 2020**

### **Report of the Senior Independent Director**

#### **Chairman Appointment / Re-appointment**

##### **1. Introduction**

The purpose of this report is to set-out proposals regarding the appointment / re-appointment of the Trust Chair due to his current term of office coming to an end on 31 October 2020.

##### **2. Background**

The Nominations Committee is a sub-committee of the Council of Governors which can agree in principle and make recommendations to the Council of Governors on whether appointments should be advertised or whether existing Chair/Non-Executive Directors should be considered for further terms of office (subject to legislative requirements of the NHS 2006 Act, the Trust's Constitution, satisfactory appraisal and the NHS Foundation Trust Code of Governance).

Legislative requirements of NHS Foundation Trusts state that terms of office can be offered for a maximum of 3 years followed by two periods of re-appointment to a maximum of 9 years. Thereafter appointments are considered on an annual basis in line with legislative and governance best practice guidelines. The Council of Governors, as a matter of law, can appoint the Chair to serve further terms of office.

##### **3. Process**

The Nominations Committee in May 2018 agreed a further term of office of one year for the Chairman, and following a briefing at the Council of Governors meeting on 22 November 2018 regarding collaborative working with South Tees Hospitals NHS Foundation Trust to explore the delivery of clinical services differently across the Tees Valley Health and Care Partnership (formerly the South Integrated Care Partnership) it was agreed to further extend this term of office until 2020. This was re-affirmed in September 2019 by both the Nominations Committee and Council of Governors recognising the need for stability, continuity and consistency at a time when the Trust was facing significant challenges including likely changes under the Integrated Care System (ICS) and Tees Valley Health and Care Partnership, as well as the financial challenges facing the organisation.

COVID-19 has had an unprecedented impact on the Trust and it is now moving into a period of recovery, whilst also facing the potential for further waves of infection. There is also a degree of uncertainty facing the organisation as further consideration needs to be given to the Group arrangements in order to progress and accelerate work on the Clinical Services Strategy. The Trust needs to sustain and maintain strong oversight and leadership with a focus to ensure the historical memory is not lost in future negotiations and the Trust's position in line with the strategic intent.

The Nominations Committee considered a range of evidence in respect of the Chairman's position and the requirements of the Trust, and the options available which include:

1. Consider the re-appointment of the Chairman for a further one-year term of office;

2. Undertake a recruitment process to fill the role substantively, with the Vice-Chair undertaking the role on an interim basis until the post is filled;
3. Consider the appointment to the role on an interim basis whilst the work of the Tees Valley Health and Care Partnership and collaborative working/arrangements progress.

The Chairman indicated that he would be willing to serve a further term of office, which in line with good governance would be on an annual basis. The Chief Executive and Board of Directors provided full support for option one as it would bring stability and continuity to the Trust whilst challenges and uncertainty exist for the future.

The Nominations Committee concurred with this option, agreeing a further term of office for the Chairman for one year with effect from 1 November 2020, making the recommendation based on:

- The exceptional circumstances and justification which was presented and put forward to the Committee
- A recommendation by the Trust Chief Executive;
- Chair's performance appraisal (which included input from Governors and the Board of Directors);
- Views of other board members via the Senior Independent Director;
- Confirmation that he fulfils the term of independence of the NHS 2006 Act and the NHS Code of Governance;
- The organisation's performance as measured externally.

The Chairman's Appraisal for 2019/20 demonstrated he has made an outstanding contribution to the work of the Trust, the Board of Directors and Council of Governors to help drive the Trust forward and hold the Executive Directors to account for Trust performance and delivery against the strategy. The report on the Chairman's appraisal presented to the Nominations Committee demonstrated overwhelming support, from the Board and Governors, on his leadership style, values driven approach, clear focus and vision for the future for the Trust and the local population; and his contribution to significant collaborative work to deliver a clinical services strategy for the benefit of all patients.

#### **4. Recommendation**

The Council of Governors is asked to:

- Ratify a one-year term of office for Paul Garvin, Chairman be granted with effect from 1 November 2020, with a success plan to be implemented during 2020/21.

**Prepared by Barbara Bright, Director of Corporate Affairs and Chief of Staff**

**Presented by Julie Gillon, Chief Executive  
Phil Craig, Senior Independent Director**