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North Tees and Hartlepool
NHS Foundation Trust

ANNUAL REPORT AND ACCOUNTS 2022|23

North Tees and Hartlepool NHS Foundation Trust

Annual Report and Accounts 2022-2023

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

Contents

Welcome

North Tees and Hartlepool NHS Foundation Trust supports the delivery of health and care for almost half a million residents across Stockton, Hartlepool and parts of County Durham. Additionally the Trust runs the breast and bowel screening for a wider geographical footprint across the Tees Valley and North Yorkshire.

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

Our Trust is an integrated hospital and community-based provider. Our vision as an organisation is to 'provide the best healthcare for everyone in our population'. Every member of our organisation is committed to providing the very best care to our patients, whether they are being treated in our hospitals or out in the community.

As an organisation, our commitment to delivering this vision relies heavily on integration. Our work in collaborating with key partners locally, regionally and nationally is noteworthy.

We are part of the North East and North Cumbria Integrated Care System, and we are proud to be an active participant in the ambitions of the integrated care board. We are also, more locally a part of the Integrated Care Partnership for the Tees Valley. Both of these collaborative partnerships allow for our Trust to set, support and drive an agenda for positive population health and the very best possible outcomes for the communities' right across our region.

Our Trust employs over 5,900 people and our dedication to their health and wellbeing remains a priority for this organisation. As one of our key strategic aims, our ambitions around health and wellbeing reach well into our communities. Our colleagues are a part of those communities, and as a true anchor organisation in our localities, our sustainability is tied to the populations we serve.

1. Chair's Statement

In my role as the joint chair of both North Tees and Hartlepool NHS Foundation Trust and South Tees Hospitals NHS Foundation Trust, I am delighted to present this report for North Tees and Hartlepool for 2022-23.

I would like to offer my gratitude to all of the staff in the organisation – our outstanding clinical and non-clinical teams, those working behind the scenes to help our patients across our region and our board - our executive and non-executive teams for their commitment and dedication.

This report is a review and reflection of the last year, looking at our achievements and but also ensuring we commit to improving the services we offer to our populations across our communities.

In the last 12 months, we have made significant steps forward as an organisation, working more closely in collaboration with partner organisations so we can integrate care for patients and working arrangements for staff. This is a time of great opportunity for health and care in our region, and we look forward to sharing our progress over the next 12 months.

Work with our regional partners, as part of the integrated care board and the integrated care system, has continued to progress at pace over the last year. As you will see in this report, this closer partnership working is already showing real impact. In January 2023 we announced our group model with South Tees Hospitals NHS Foundation. This continues to evolve with some key governance arrangements now in place and a number of shared agreements being made over the last few months. Our staff and our patients will be the key benefactors of this movement, building a brighter health and care landscape for Teesside, North Yorkshire and County Durham.

In the last year, we have made a number of changes to our board of directors to ensure robust governance continues to be in place, including the appointment of five permanent non-executive directors who all bring significant amount of knowledge and experience to the organisation. It is intended that our new board of directors will help support the organisation's recovery from our CQC rating in 2022.

It was also announced earlier in 2023 that chief executive Julie Gillon will leave the organisation in September 2023, stepping back from her role in April 2023 to focus, for 6 months, on key projects and priorities in support of system wide collaboration. In the interim director of finance Neil Atkinson, taking on the role of managing director, will assume responsibilities as the Trust's accountable officer from April 2023. Julie has worked at the organisation for more than 20 years – providing outstanding leadership in the role of chief executive over the last six years and I want to personally thank her for the support she has given me over my period here. I also want to welcome Neil to this new role and I am confident he will support the organisation in moving forward over the coming months and beyond.

We have faced a number of challenges over the last year. There are currently ongoing disputes between nursing and medical staff union groups with the government around pay. We have taken action to help mitigate any impact this may have had on the organisation and on our patients. The rising cost of living also continues to be a challenge for our staff and our community and we continue to do all we can to support people where we can – with several initiatives including financial wellbeing events on both hospital sites proving to be of real value to many staff and local businesses involved.

We must continue to be a leading health organisation providing innovative, high

quality care to our population under a more challenging financial situation.

Our green agenda also remains a key priority and something we have made significant strides forward with over the last year. We are on track to reduce our carbon emissions to net zero by 2040. As a responsible health and care provider and a key employer in the region, it is our duty to do what we can to reduce any negative impact we may have on the environment. There are changes you will notice if you have visited our hospitals recently – like the installation of new electric car charging points and new bicycle storage areas – but also ones you will not see within our buildings which are making a real impact too.

Of course, our focus has and always will be on how we can improve services for our patients. How we can deliver the very best care for our populations and how we can help and support the wellbeing our staff to provide this level of care.

Derek Bell
Joint Chair

2. Chief Executive's Statement

2022-23 has been another year of challenge but significantly also of opportunity. We have continued to deliver high quality care to our population over the last 12 months.

Our elective recovery has set a precedent post the COVID-19 pandemic, not only for the region, but for the country as a whole. Our work to utilise our hospital landscape over the past decade to manage our winter pressures via our Hartlepool site has paid dividends.

Similarly, our operational and financial performance has continued to demonstrate a positive commitment by all at North Tees and Hartlepool NHS Foundation Trust in ensuring that our focus on safe, quality, value for money patient care is at the centre of all that we deliver.

Our model of delivery as an organisation has reflected the challenges of our population for a long time. Our strategy has been one with particular emphasis on population health and prevention – a huge driver for the NHS at large. The initiatives I have been proud to champion for this organisation have included reducing smoking in pregnancy at the time of delivery and the investment in a dedicated smoking cessation team.

Similarly, we have been able to drive proactive initiatives to complement the prevention work we deliver. From our role as one of the first active hospitals in the country to our pioneering work with our Making Every Contact Count (MECC) and the 'Waiting Well' ambitions that will all benefit those that matter most, our patients.

Our contribution to the wider system, with the introduction of our Integrated Care Board (ICB) has been significant. I have personally been fortunate enough to work in regional roles from the inception of the Integrated Care System, dedicating to the health inequalities agenda amongst other priorities.

It has also been another year where we have made significant progress as an organisation. This was clearly demonstrated when we were visited by the prime minister and health secretary to look at the innovative model we implemented to help speed up the time it takes for patients to be discharged from hospital and get them the care they need from their own homes. The 'Hospital at Home' model to help keep frail and elderly patients in their homes is an outstanding area of practice. The service provides innovative and joined up care in the community, avoiding admission and optimising integration to the benefit of our frail patients and those with long term conditions. The Department of Health and Social Care continue to work with us on so that it might be replicated in other health organisations.

Throughout the year we have continued to dedicate to positive service developments. We have delivered this through innovation in technology – with the introduction of our new surgical robot and further investment in technologies we know will make us fit for now and indeed in the future.

One of the critical enablers for our organisation will continue to be the dedication we show to our research and development successes. The focus on evidence based practice and allied health professionals as our principal researchers will build on this ambition and allow us to better understand the populations we work to support.

Our executive team continues to evolve to ensure the right level of leadership across the Trust, and indeed the group model for the wider Tees Valley, North Yorkshire and County Durham. The strength and ambition of the team mirrors our unyielding aspirations for the populations we serve. I have driven a change in leadership with executive colleagues to ensure a focus on improving culture, enabling empowered staff and individual leadership, pushing for high performing teams to serve our communities. My own

role as lead CEO for the clinical services strategy in Teesside has offered huge insight into opportunity for improvement, and the impact we have made as part of our clinical collaboration in key service areas has been significant.

One of the key reasons I believe we are able to deliver success such as this, is because our staff are empowered to be the drivers of change. This is clearly demonstrated in the Trust's new leadership strategic plan – leadership for all. This is a new initiative that ensures every single member of our organisation understands that they are a leader. Importantly, this will support us developing our leaders of the future, ensuring we are robust enough to continue to deliver outstanding compassionate care. This work follows a period of time where we have held a number of listening exercises with our staff, asking them how we can evolve.

This year our staff survey results highlighted, as they always do that we are performing above the national average and are the second best performing trust in the region. We have also improved in all of the categories linked to the NHS People Promise, a key measure for all trusts now. This is of course a sign of the significant amount of work we have all contributed to, supporting one another through what was another incredibly challenging 12-month period. While acknowledging that, there is always more work to do and I know this journey will continue through our health and wellbeing strategic plan.

In September, we were disappointed to receive a Care Quality Commission (CQC) 'requires improvement' rating. Whilst we were disappointed by the report, we accepted its conclusions in the context of our post-COVID-19 recovery and continued collaborative efforts. Since the publication of the report, the organisation has made significant steps to review areas highlighted for improvement and I am very confident that, when we receive a further visit by the CQC, we will be able to demonstrate this to inspectors.

Before I finish, as you will have seen in the joint chair's report, I announced earlier this year that I would be leaving the organisation in September 2023. From April 2023, I will be stepping back from the role to work, in the intervening period, with the Board and the Trust to ensure a smooth transition to an alternative leadership model for the group structure. In addition, I will be focussing on and supporting the ambitions of our system-wide collaboration, hosting a series of engagement events and meeting with key stakeholders. As someone who has been incredibly privileged to work at this organisation for more than 20 years – including over six as chief executive – I could not be more proud of the achievements of our staff for the outstanding care they have consistently delivered to patients in an unrelenting environment.

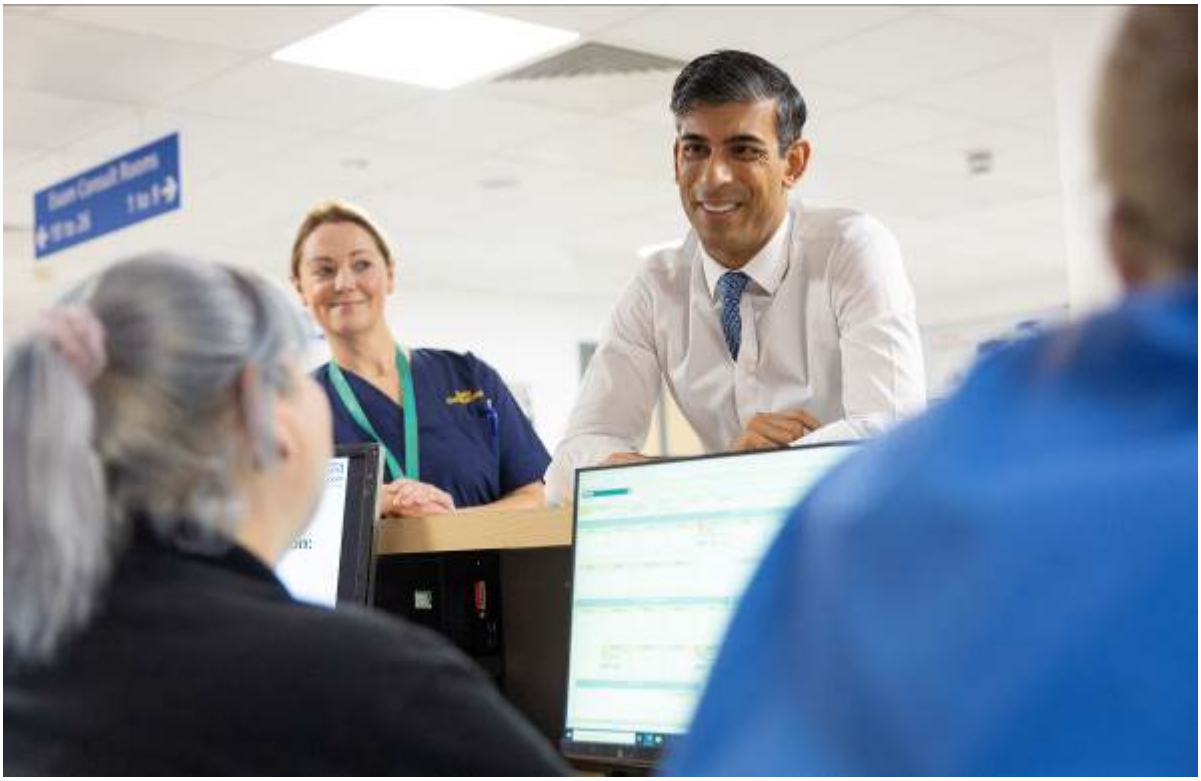
I would like to extend my sincere gratitude to our staff, communities and partners in their ongoing dedication to this organisation.

As we move into a year of opportunity in 2023-24 I know the Trust will take all opportunities to remain a successful partner toward the integration and collaborative journey of the future.

Julie Gillon
Chief Executive

3. Performance report

3.1 Overview of the Trust



The Chief Executive's statement outlines our success in operational performance and highlights some of the challenges we face, a more in depth overview and how we are addressing them can be found in this section.

Our History

North Tees and Hartlepool NHS Foundation Trust was formed when North Tees Health NHS Trust and Hartlepool and East Durham NHS Trust merged on 1 April 1999. We were authorised as an NHS Foundation Trust in December 2007. Since then, we have grown and employ over 5,900 staff who provide a wide range of health and healthcare services across and beyond its catchment area.

Key facts about us:

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

- The Trust provides bowel and breast screening services, as well as community dental services to a wider population in Teesside and Durham and has an annual turnover of around £400 million, and
- The Trust has a Council of Governors with 34 members; representing the public, staff and stakeholder organisations.

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

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

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

Our Services

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

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

Service Profile 2022-23

Diagnostics (routine and cancer services)	Inpatient/Day Case Services (routine and cancer services)	Out of Hospital
Radiology:	**Inpatients:**	
Plain Film	Breast Surgery - mastectomies	Audiology
Ultrasound	Breast Surgery - reconstructions	Community Midwifery
Magnetic resonance imaging (MRI)	Knee Replacements	Dementia Liaison Service
Obstetric Ultrasound	Hand and Wrist procedures	Cardiac Services
Computed Tomography (CT) scanning	Hip Replacements	Community Integrated Assessment Team
Nuclear Medicine	Hip and Knee revision surgery	Community Respiratory Service
Breast diagnostics	Foot Surgery	Teams around the Practice (TAPS) incl Out of Hours
Breast Screening	Hip Arthroscopies	
Fluoroscopic Imaging	Emergency Assessment Unit	Community Matrons
	Emergency Assessment Area	Continence Advisory Service
	Acute Medicine	Hospital at Home
	Stroke Services – hyperacute and rehabilitation	Community Dental
	Gastroenterology	Diabetes Team
	Cardiology	Diabetic Retinopathy Screening Service
	Respiratory	Specialist Palliative Care/Macmillan Nursing
	Care of the Elderly	Musculoskeletal Services
	Endocrine/Diabetes Care	Podiatry
	Haematology Care	Podiatry Surgery
	Acute Oncology Team	Wheelchairs
	Urology procedures including Nephrectomies	Speech and Language Therapy
	Spinal surgery	Stop Smoking Service
	Pelvic Floor Surgery	Physiotherapy (Adult & Paediatrics)
	Colorectal Cancer Surgery	Nutrition & Dietetics
	Shoulder replacements	Ear Nose and throat (ENT)
	Bariatric Surgery	Orthotics
	Upper GI Surgery	Safeguarding Children
	Thyroid Surgery	Leg Ulcer Clinic
	Diabetic Foot Service	Community Stroke
Endoscopy:	**Day Case:**	Rapid Response
Endoscopy	Hand and Wrist procedures	Holdforth Hub/Home First
Colonoscopy	Specialist Sport surgery	
Bowel Screening	Arthroscopies	
Bowel scope	Urology day case procedures	
Cardiology:	Breast day case procedures	
GP lead service for ECG's	Gynaecology day case procedures	
Echocardiogram	Hernias	
24 hour tapes	Lap Cholecystectomy	
Myocardial Perfusion Scans	Colorectal day case procedures	
Other Tests	Pain Services	
Pathology	Vascular procedures (Outreach Service)	
Elderly care Tilt testing (syncope)	Paediatric Urology	
Parkinson's Disease - DaTscan imaging technology	Paediatric Orthopaedic	
Transient Ischemic Attack- CT scans	Paediatric General Surgery	
Respiratory - Spirometry tests	Spinal day case procedures	
CPEX	Upper limb Procedures	
Emergency Department (Trauma Unit status)	Soft Tissue Knee procedures	
Adult Emergency Care		
Children and Young Peoples Emergency Department Lumeneye service		
Integrated Urgent Care	**Day Case Services:**	
Minor Injuries	Chemotherapy day unit	
Walk in Services (GP led)	Haematology day unit	
minor illnesses	Rheumatology day unit	
minor injuries	Elderly Care Rehabilitation day unit	
Out of Hours GP		

3.1.1 Business Review

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

3.1.2 Trust Strategic Direction

Our trust, alongside key partner organisations provides health and care services to over half a million residents across our locality. We continue to be dedicated to collaboration in all that we deliver as we work to positively impact our population health, and radically reduce health inequalities in our communities. Our focus on system-wide working and local collaboration means that we can continue to explore new models of care with our partners in primary, secondary, mental health and public health that help to improve the pathways for our patients and the local health economy.

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

In January 2023 our trust established a group model with South Tees Hospitals NHS Foundation Trust. Whilst our vision that - *'Providing the best possible health and care for everyone in our population'* – remains unchanged, our collaboration will bring us more opportunity and advantage for both our patients and our staff to deliver this. Through the expertise, skills and knowledge of our talented individuals within our workforce, we continue to aim for 'excellence as standard'.

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

We will deliver our objectives in a sustainable way, ensuring our clinical, operational and financial objectives are both

efficient and effective, and maintain a level of stability that is expected of a leading Foundation Trust, but we also aim to deliver sustainability in other ways.

Our corporate strategy, enabled by our underpinning strategic plans gives our Trust specific focus on the direction we need to take to ensure our populations health and care is optimised.

Our key areas of focus moving forward will be collaboration, research and development, people, digital, finance, clinical services, estates, population health, quality, safety, governance and health and well-being. This enabling strategies will link to our corporate strategy to facilitate the delivery of our vision. In terms of our strategic direction, our estate strategy will underpin much of our ambitions and aspiration. We have set out our plans for a new, redeveloped hospital estate that provides better adjacencies for patients and staff so that we can provide the level and type of services in buildings and surroundings that are fit for purpose for a modern era. This will enable the Trust to integrate other services into the fabric of the building so that we can better serve our population by helping to reduce wider health disparities within some of our more disadvantaged communities in collaboration with our partners in primary care and public health.

A key aim has been to ensure greater financial stability and we are proud to say that we have achieved that aim, and our financial performance at section 6 of this report illustrates a significant improvement which is testament to the efforts of all of our staff to ensure our services are not only safe, effective and of high quality, but they are efficient and reflect a high value for money for the public purse.

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

3.1.3 Development and service improvement

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

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

The Trust recognises the high incidence of deprivation across the population it serves and so the organisational business planning process ensures any service developments incorporate a Health Inequalities Impact Assessment as part of evaluating and prioritising service change. This assists increased visibility of associated health inequality issues with due consideration to any issues or risks.

More recently, in line with the national 2023-24 priorities and operational planning

guidance we commenced mapping of key datasets to include some health inclusion groups e.g. learning disability. Working in partnership with our Local Authorities, we have developed a profile of our catchment population to help an understanding the difference between the observed versus expected to help inform our decision making to address gaps using the Core20PLUS5 approach. This will enable us to also monitor and address any disparities observed in access, experience and outcomes of care.

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

3.1.4 The Evidence Base

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

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

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3.1.5 Clinical Services Strategy

The Trust remains committed to its vision of 'providing the best healthcare for everyone in our population' and ensures that clinical services are not only sustainable, but also fit for the future. We continue to adapt to the demands of our changing population, service requirements and alternative models of care and aligned to the 'systems strategy' to ensure that transformational work continues to progress across the Tees Valley, with care being delivered in the most cost effective and sustainable way through the best use of resources. We are currently in the processes of revising our Corporate Strategy.

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

We continue to work in close partnership with our colleagues across Teesside and within our immediate region, to develop and realise the ambitions of collaboration, which will support the eradication of health inequalities for the communities we work in.

By working together we can ensure that the populations of Teesside and the surrounding areas have access to leading health care provision, with holistic support where needed, through closer integration of clinical service delivery, so that we can ensure our services will be available for future generations.

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

expertise to enable the health and care systems to become more sustainable over time.

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

Service Developments

Over the last year our organisation has continued to achieve significant innovation and change responding to the sustained impact of the pandemic and the increased number of flu admissions upon services. Developments over the past year include:

Healthy Lives

- Deployment of virtual wards (respiratory and frailty), allowing patients to be cared for at home rather than being in hospital.
- Implementation of 2-hour urgent community response.
- Community Services triaging within the North East Ambulance Service stack function, to 'pull' patients from the stack and mobilising urgent community response to avoid presentation to the emergency department.

Responsive Care

- Implementation of the Targeted Lung Health Check programme which aims to diagnose lung cancer at an earlier stage.
- A remodelled Emergency Assessment Unit to help improve patient flow.
- Emergency Physician In Charge (EPIC) and Emergency Nurse In Charge (ENIC) roles embedded into the Emergency Department to assist with ensuring patients are seen in the right place at the right time by the right clinician.

Collaborative Care

- Implementation of robotic surgery within colorectal and upper GI surgery.
- Introduction of day case joint surgery on the University Hospital of Hartlepool site.
- Introduction of Lumineye clinics to improve cancer diagnosis and waiting times within the Outpatient department setting.
- Collaborative working with neighbouring Trust for patients on a Breast and Spinal pathway

Clinical Support Services

- Continued implementation of the Tees Valley Pathology Collaboration.
- Maximising diagnostic capacity via the Tees Valley Diagnostic Centre.
- Further roll out of the Rapid Diagnostic Service, with Phase 2 launched in January 2023.
- Additional training to increase Sonography capacity.

Corporate

- International Nursing recruitment programme has successfully delivered 60 registered nurses through 2022-23, which positively impacts the registered nursing vacancy position and supports our workforce in delivering safe and effective patient care.
- Raised the profile of the 'Freedom to Speak Up' service, embedding the principles within the organisation through recruitment of a full-time permanent Freedom to Speak Up Guardian supported by a number of champions.
- Implementation of automated Yellowfin Quality Ward Boards.
- Oversight of the planning and roll out of Appreciative Support Programme across the Trust.
- Implementation of stratified follow up across urology, colorectal and gynaecology cancer pathways.
- The new ICT Helpdesk system 'ServiceNow' has been implemented across the Trust, giving staff wider access and oversight on all requests made; making it simpler and quicker

for staff to log jobs, this includes self-service options.

- Participated in a pilot providing patients with health and wellbeing information whilst waiting for surgery. The aim to help patients prepare for their procedure and avoid short notice cancellations.
- Independent review of arrangements of the Remuneration Committee and Nominations Committee resulting in strengthened governance processes in line with the NHS Code of Governance and best practice guidance.

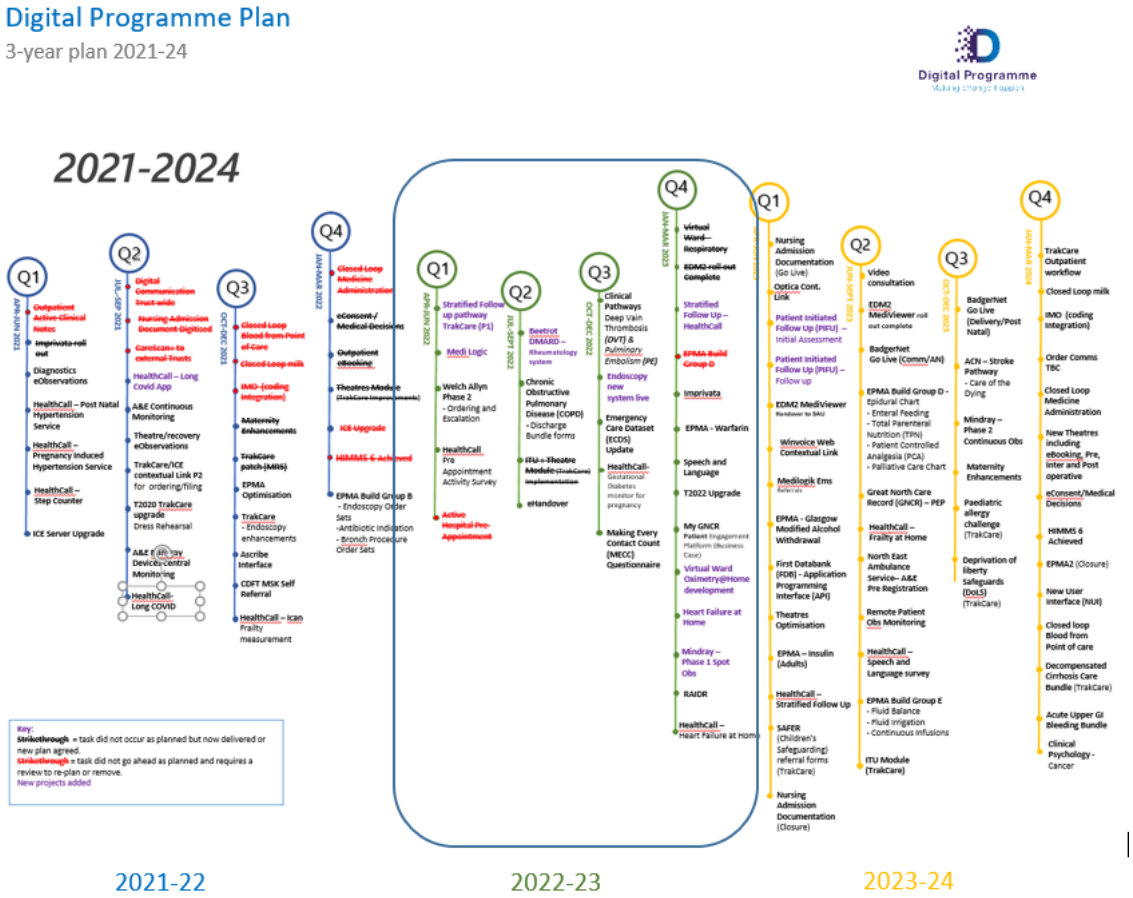
Information and Technology Services (I&TS)

The Trusts Information and Technology Services (I&TS) underpins the delivery of the organisations digital strategy, published in December 2020 and revised in 2021, which is available on the Trust's website. As previously reported, the digital strategy is fully aligned to the North East and North Cumbria (NENC) Integrated Care System (ICS) digital strategy and associated national and regional priorities.

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

We are continuing to progress towards the independently accredited Healthcare Information and Management Systems (HIMSS) level 6 (and then level 7 status), unfortunately our ambition to achieve HIMSS level 6 was impacted quite significantly by the need to respond to the COVID-19 pandemic and subsequent recovery during this reporting period. Figure 1, provides an updated delivery plan.

Figure 1



During the year 2022-23 we continued to progress the additional transformations outlined in the '*Digital Strategy'* together with maintaining a wide range of digital enabling projects to improve patient care. The Trust has undertaken a "What Good Looks Like" (WGLL) Digital Maturity Assessment (DMA) review to inform the next phase of digital focus and prioritisation.

As an organisation we are dedicated to further evolving our digital ambitions to ensure the very best for the patients and communities we serve. During the reporting year, this has included:

Trust Electronic Patient Records Platform (EPR)	A critical upgrade to allow enhancements such as flowsheets to support continuous monitoring of patients in ITU, and large number of assessments required as part of the nurse admission documentation.
Digital pathology imaging system	This will allow the regional pool of pathology expertise spread across the different Trusts to be used more effectively and delays in the system and time-consuming tasks to be automatic. This will lead to time savings for staff.
TrakCare ITU	TrakCare ITU and the hardware business case was approved last year and the project is progressing well.
Virtual wards	An experienced team of staff from across health, social care, mental health and the local GP federation replicate the care provided in hospital, in a patient's own home. HealthCall, a digital provider, helps patients give their own recordings of blood pressure, oxygen saturations, pulse and temperature at regular periods in the day using a special App.
Laboratory computer systems	All of the trusts in the region will be upgrading their laboratory computer systems. Five trusts will be using the same system, meaning patient requests and results can be reported across the region and results seen wherever needed.
Electronic document management system	The electronic document management system, MediViewer, is in use in obstetrics and gynaecology and will soon be used in other areas across the organisation.
Patient engagement platform	This allows patients to have electronic access to their health records. The GNCR patient engagement, which is part of the NHS App, will be rolled out across two more clinical areas very soon.
CareScan+	CareScan+ tracks and traces products used by staff when caring for patients. The endoscopy service is scanning all implantable medical devices and medical consumables, staff and patient details as well as procedure trays and any medical asset.
Nurse admission documentation	The system has been tested and staff training is planned. Laptops and carts are now being used by nursing teams.
Maternity	BadgerNet is the electronic patient records system for the maternity service, which is in line with local trusts and with the national plan. This forms part of the NHS Long Term Plan of all women having access to their maternity notes. BadgerNet is progressing well and will go live this year.
Imprivata	Imprivata allows staff to log on and off a device with their smart card and pin rather than having to log in with their username and password. Staff can tap their card to log off and tap on to another device, without the need to log into the applications again. It saves staff time and gives easy access to devices and applications

Data and Cyber security remains a high priority agenda item for the Trust and compliance with the Data Security and Protection Toolkit (DSPT) is taken seriously. This is strengthened further by the requirement of independent evidenced based third party audit that will support compliance of the DSPT submission. Following the Trusts fully compliant DSPT return and a "significant independent assurance rating including the strengthened evidence for the DSPT in 2021-22, we are now in the process of our submission for 2022-23 where we anticipate a similar outcome.

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

3.1.6 Population Health and Health Inequalities

Our consultant in public health is taking forward and implementing actions to improve the health and wellbeing of our staff and communities that will support reducing healthcare inequalities. Our role includes actions where we lead to implement change and reduce clinical variations in access and outcomes, collaborating with our external partners to improve wellbeing of our population or influencing policy change.

During 2022-23 we have focused on:

- Working collaboratively with our local authority health and wellbeing boards to implement the joint health and wellbeing strategies with a focus on addressing the social and economic factors that impact on health;
- Implementing preventative programmes prioritised through the NHS long-term plan. The focus has been on programmes of care and support that have the highest impact on health inequalities, namely smoking, obesity, alcohol and substance misuse, physical activity and public health prevention in maternity.
- Implementing interventions that help reduce variations in access and outcomes of care in response to the diversity of needs for our patients and carers.
- Implementing key projects that has helped maximise our opportunities as an anchor institution.

Our achievements this year:

- **Understanding inequalities in the Trust**, re-organising the data we hold about our patients and staff to help provide insight and intelligence about their health needs
- **Waiting well** - As part of our inclusive recovery programme, we implemented the waiting well service in July 2022. This service provides holistic support to help provide support to all eligible patients from the 20% most deprived communities who have the longest waiting times on our surgical waiting list. The aim of this programme is to improve the health and wellbeing of patients and reduce the chances of cancellation at the time of surgery. We have provided support to about 650 patients so far.
- **Alcohol care Team** – Our alcohol care team have been in place since June 2022. The team provides support to patients who attend our urgent and emergency care with alcohol related issues and ensure that they are able to access specialist community services as required. All eligible patients who attend our facilities have been supported to attend the right service at the right place for them, which has led to prevention of about 15 to 20 alcohol related admissions per month. We have also implemented a detox bed to care for eligible patients.
- **Tobacco Dependence Treatment Service (TDTS)** – Following initial pilot phase from June to September 2022, our TDTS was fully implemented in October 2022. All eligible patients who are admitted to our in-patient wards and maternity will be prescribed with nicotine replacement therapy (NRT) and supported by the team to quit smoking beyond their care with us.
- **Out-patient attendance -** As part of the on-going work to transform our out-patients, we have implemented a pilot project in three clinical areas to improve clinic attendance by addressing constraints for patients using a health equity lens. The focus is to provide support, by a social prescribing link worker, to our patients who

live in the 20% most deprived communities to help reduce barriers to attendance. Initial findings from the pilot is showing that we are reducing the gap in attendance between the different groups of patients. Our aim is to spread this project across all departments in 2023-24.

- **Making Every Contact Count (MECC) -** Following the successful launch of our Trust's strategy for MECC in 2021, to embed preventative health and wellbeing conversations in our care offer, we have conducted a full evaluation and revised our strategy this year. We continue collaborative work internally and with partner organisations to connect the MECC message as a thread throughout all patient prevention work streams and staff initiatives. We will be sharing our success story at the regional MECC conference in 2023.
- **Public Health Prevention in Maternity -** We have implemented a personalised care approach for our maternity care. Eligible patients are supported to quit smoking, maintain a healthy weight, minimise alcohol intake and address mental health issues and addictions.
- **Reducing health inequalities in bowel screening -** We have started a partnership project with the Tees local authorities, community and primary care cancer improvement leads and NHSE to help improve uptake of bowel screening and to break down any barriers to access our diagnostic clinics. This will help diagnose pre-cancerous conditions that could be treated to help prevent bowel cancer or identify cancer early and treat for better outcomes. This work will continue into 2023-24.
- **Substance misuse -** We have implemented the opioid substitution pathway with guidelines and a clinic in place. In addiction working with specialist community providers, we have implemented a pathway for use of naloxone kits for eligible patients.
- **Weight management -** In addition to our bariatric surgery programme, we were successful through a national bid and have implemented a pilot to refer patients to the national digital weight management programme through our iMSK service.
- **Health inequalities in all policies -** We have introduced a process to conduct a health inequalities impact assessment in all our improvement projects. We are keen to identify and eliminate avoidable actions that could result in widening the health inequalities gap for our patients.
- **Our Trust as an anchor institution -** Our workforce team have worked in collaboration with Hartlepool College and other partners to set up a Health & Care academy in Hartlepool. This programme will facilitate training of local people and enhance their opportunities for employability in the Health and Care sector.

Our catering team have also put in measures to ensure that more healthy food options are available through our hospital canteens.

3.1.7 Subsidiary Companies

Optimus Health Limited

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

Through 2022-23, Panacea Pharmacy has been able to broaden its services, demonstrating its adaptability in maintaining core provision whilst looking at new collaborations for development. This year has been the most successful for the outpatient pharmacy, dispensing more items that it ever has previously, providing a valuable dispensing service for a wider range of clinics and departments within the Trust, thus maximising benefits for patients. It has also developed its outward facing offering, adapting its influenza vaccination clinic to deliver the service more efficiently, and launching a Travel Health Clinic providing health solutions to the wider population. As we move forward into 2023-24, Panacea will continue to explore areas for further service development and growth.

North Tees and Hartlepool Solutions Limited Liability Partnership

In 2022-23, North Tees and Hartlepool Solutions Limited Liability Partnership (NTH Solutions) has maintained a strong relationship with the Trust and its staff to provide high quality estate and facilities management services to the organisation whilst continuing to develop and expand its commercial business portfolio, key highlights include:

- **Launched the NHS Implant Analysis Service – Service Development:** In January 2023 NTH Solutions launched the NHS Implant Analysis Service; the only NHS service providing independent analysis of used medical devices. Independent, expert analysis of explanted medical devices through the NHS Implant Analysis Service provides an efficient and reliable means of building insight and information which helps inform clinical practice, and enhance MDT discussion, ultimately improving patient safety and promoting better outcomes for future patients.
- **Successfully Delivered the Cleaning Contract for the Commonwealth Games:** In 2022, NTH Solutions successfully bid to be the cleaning partner for the Commonwealth Games in Birmingham. During the course of Summer 2022, NTH Solutions successfully recruited, trained and accredited nearly 300 staff who diligently and professionally supported the delivery of cleaning services during the 3-week period of the Commonwealth Games. The professional delivery of this contract led to a letter of support and thanks from the Organising Committee thanking NTH Solutions for helping to deliver a very successful Commonwealth Games.

3.1.8 Emergency Preparedness, Resilience and Response (EPRR) Assurance 2022-23

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

EPRR is of Trust-wide importance, requiring the development and implementation of a range of incident management and risk specific response plans to help ensure we are able to meet our statutory obligations as an NHS provider, whilst helping to maintain the safety of the patients and communities we serve. The agreed Trust-wide approach to EPRR, together with the specific roles and responsibilities of staff and service areas continue to be governed through the Trust's Emergency Preparedness, Resilience and Response policy.

Over the past few years we have been faced with a number of significant challenges to the ongoing delivery of services as a result of incidents such as the COVID-19 pandemic and recent periods of industrial action. Our internal EPRR arrangements have been essential in helping the Trust to manage the impact of these incidents. Although challenging, the range and circumstances of these disruptions have provided us with a clear opportunity to undertake significant live testing of our EPRR arrangements, undertake periods of reflective learning and take steps to improve

our arrangements for responding to and recover from future emergencies.

Assurance

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

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

For the 2022 EPRR core standards assessment period, and as reported to the Board of Directors in November 2022, the Trust achieved an assurance rating of 'Substantial Compliance', demonstrating that the Trust was fully compliant against 89-99% of the agreed standards.

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

Domain	Compliance Rating – Influencing Factors
D3 - Duty to Maintain Plans	Of the 11 standards associated with our duty to maintain plans 1 area of partial compliance was identified against plans relating to Evacuation and Shelter. This element formed the basis of the 2022 deep dive review and it was determined that as a result of operational pressures linked to COVID19 current arrangements had yet to be reviewed against revised 2021 national guidance for evacuation and shelter and a full programme of staff awareness training was required to ensure familiarity with existing arrangements.
D4 – Command and Control	Due to changes in the national EPRR framework introduced in July 2022 the mandatory training requirements for staff undertaking an operational, tactical or strategic 'health command' role within the NHS are now required to undertake the new national Principles of Health Command training and provide evidence of compliance against the minimum occupational standards associated with their role. Due to the short notice introduction and the availability and access to the new national training, full compliance with training relating to command and control was unable to be met at the time of the 2022 Core Standards Assessment.
D5 – Training and Exercising	The capacity and availability of resources through which to deliver and engage in EPRR training and exercising throughout the COVID 19 pandemic was significantly reduced. Although many of the Trusts incident management processes were used throughout the course of the pandemic, the reduced capacity of the Trust in being able to facilitate and maintain a full EPRR training and exercising programme resulted in 3 of the 4 standards associated with training and exercising as meeting only a partial level of compliance.
D10 - CBRN	As with other aspects of training and exercising the capacity and availability of resources over the course of the COVID19 pandemic prevented a full programme of CBRN training from being delivered, as such a rating of partial compliance was applied to standards associated with CBRN Training Programmes.

Key Areas of Improvement and Continuing Development

The EPRR work programme over the past 12 months has predominantly focused on improving areas of partial compliance as highlighted through the results of the 2021 and 2022 EPRR Core Standards assessment periods. Throughout the year we have undertaken a number of steps, both internally and through close collaborative working with system partners as part of the introduction of Integrated Care Boards in July 2022, to ensure we continue to strengthen our EPRR arrangements. Key areas of improvement

and continuing development undertaken as part of the 2022-23 EPRR work programme include:

- **Business Continuity Management**
  Following the results of the 2021 Core Standards Assessment and subsequent audit of the Trusts business continuity arrangements a significant number of steps have been taken over the past year to help improve business continuity management arrangements across the Trust. A newly developed business continuity management policy was implemented in July 2022, initiating a programme of work to improve the consistency and effectiveness of business continuity plans, enhance the knowledge and understanding of staff and further develop mechanisms to ensure that the effective governance and oversight of business continuity arrangements can be maintained.
- **CBRN and Hazmat Arrangements**
  All acute NHS Trusts have a responsibility to maintain plans and hold resources to enable the effective response to incidents involving the deliberate or accidental contamination of people as a result of exposure to hazards material (i.e. chemical, biological, radiological, nuclear or explosive materials). The density of high risk industrial activity within the Tees Valley area represents an increased risk to the Trust in the potential for treating patients who have been exposed to hazardous materials. Over the past 12 months we have undertaken significant improvements to our arrangements for responding to such incidents, including:
    - Increasing the levels of protective equipment available to help support the safe provision of patient care during contamination incidents.
    - Development and implementation of a new programme of enhanced staff training to ensure staff are fully equipped to respond appropriately to these types of incident. This work has enabled us to directly address areas of partial compliance highlighted against standards associated with CBRN as part of the 2022 Core Standards assessment.
- **Command Arrangements**
  Recent changes to the national EPRR Framework requires all staff within NHS organisations who undertake a key role in the delivery of internal command arrangements to have undertaken core national training in the Principles of Health Command. Over the past 6 months 80% of all Trust staff who have been identified as undertaking either a tactical or strategic health command role have enrolled to undertake the newly released health command training. We are on track to meet the deadline of 100% compliance by the end of 2023.

EPRR Forward Work Programme

Ongoing operational pressures and the availability of resources continue to be recognised as the biggest risk to the development, delivery and maintenance of robust EPRR arrangements within the Trust. This includes impacts relating to the capacity to deliver and undertake training, review and develop plans and to undertake actions associated with monitoring and assurance of processes. To help mitigate these impacts a Trust wide collaborative approach to the implementation of EPRR continues to be highlighted as essential.

Although significant steps have been taken over the past 12 months to progress areas of partial compliance a number of limiting factors and conflicting priorities have re-directed resources and slowed the progress of delivering improvements, including winter pressures and ongoing periods of industrial action, however, it should be recognised that significant progress still continues to be made and a number of next step actions will be progressed over the course of the next 12 months to build on the achievements of the past year and to further support continued improvements to EPRR arrangements within the Trust.

3.1.9 Stakeholder relationships

Stakeholder management and connectivity is a key priority for the Trust. Our ambitions to ensure our reach into all of our communities and partners are extensive. From dedicated locality directors and service specific connections, we recognise that true stakeholder engagement must be optimum to ensure positive patient experience.

Our dedication to partnership working is exemplified in our long held position of collaboration is key. Our Trust recognises we cannot function in isolation, and so the relationships we build are critical to our success.

We are able to celebrate our partnerships and their successes locally, regionally and nationally owing in part to our historical legacy of stakeholder engagement. Our approach is all encompassing and can be demonstrated by the graphic below:

3.1.10 Issues, opportunities and risks

The Trust has robust and established mechanisms for managing risk, which are appropriately designed to deal with rapidly emerging risks. The emergence of the COVID-19 pandemic (from March 2020) has tested these processes and controls, which has been underpinned by the Trust's Corporate Governance structure and Risk Management Strategy. We have recognised the risk relating to our ageing estate during 2022-23 and this has been added to the corporate risk register. Further detail on this can be found in the Annual Governance Statement, section 4.7, which also describes how specific risks are identified, assessed and mitigated as part of the Trust's risk management processes.

The financial year for 2022-23 was underpinned by the allocation of funding at Integrated Care System level and following local negotiations, the funding was distributed within the system and resulted in financial plans being agreed. The original financial plan of the Trust was to deliver a surplus of £4.35m by 31 March 2023.

Under the Health & Care Act 2022, the Integrated Care System is required to deliver an overall breakeven position and this is a legal duty. The Trust has an individual and collective responsibility to ensure this is met. At the end of 2022-23, per the Statement of Comprehensive Income the Trust reported a deficit of £1.3m, however after excluding technical adjustments (e.g. impairments and donated assets) the Trust has reported a surplus position of £5.5m, which is the figure that will be reported against the ICS system achievement. This evidences the continuation of a reported surplus position (£12.5m surplus in 2021-22). Furthermore, the reported position has been underpinned by efficient and effective cost containment, controls and processes.

The delivery of the continued improved financial position is due in part to the robust Financial Management Performance Framework and Capital Performance Framework, that has operated during 2022-23 which has maintained 'grip and control' over our financial position. The Trust has engaged effectively with NHS England during 2022-23.

3.1.11 Outlook for 2023-24

Our most recent 'Long Term Plan' (LTP) was submitted as part of the regional ICS submission to NHSE in late 2019, however, this was superseded by the COVID-19 pandemic and more recently the Health & Care Act 2022. The 'Act' requires Integrated Care Systems to deliver an overall breakeven position, with organisations within the ICS, being able to post a surplus or deficit so long as the system delivers a breakeven position. This means that we have and will continue to have an important role in the ICS going forward.

The Trust has followed national operational and financial planning guidance and has developed a financial plan to deliver a breakeven position at 31 March 2024. The breakeven plan contains a number of financial risks relating to excessive inflationary pressures relating to energy costs and significant efficiency saving requirements.

The Trust has set control totals for Care Groups and Corporate Directorates to operate within for 2023-24 and any performance ahead of control totals will reduce the planned deficit.

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

This plan is in keeping with our ambition to return to surplus and will be outlined in a medium term financial plan that will be developed during 2023-24 and will aim to reinforce our commitment to returning to recurrent financial balance.

The Trust is confident that it can support the system and deliver its financial plan for 2023-24, but is likely to be required to rely upon non-recurrent measures.

We will continue to play a key part in the Integrated Care Partnership (ICP) and the wider Integrated Care System (ICS), which will look at ways to address clinical and financial sustainability for the longer term. We will continue to explore the potential opportunities

as part of the Provider Collaboration arrangement and will continue collaborative work with South Tees Hospitals NHS Foundation Trust under agreed Group arrangements.

The Trust submitted an ambitious national expression of interest to redevelop its sites to ensure the Trust can continue to provide safe and effective services to its population, however, was unsuccessful in its bid. An Outline Business Case, aligned with the Trust's Estate Strategy, will be developed in preparation for the future scheduling of any works once the appropriate level of capital funding has been identified and approved.

3.1.12 Going concern

The Trust, in preparing the annual statement of accounts has undertaken an assessment of its ability to continue as a going concern. The management of the Trust has not, nor does it intend to apply to the Secretary of State for the dissolution of the foundation trust and therefore the accounts should be prepared on a going concern basis.

In reaching the decision to adopt the going concern basis of preparation, the Directors have assessed the Trust's and the Group's ability to continue as a going concern. In terms of the provision of services into the future; under the Health & Care Act 2022, funding was allocated at Integrated Care System level and financial plans have been agreed across the system. This arrangement has also been confirmed for 2023-24 and reintroduction of the contracting and commissioning process.

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

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

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

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

3.2 Performance Analysis

3.2.1 Performance and development of the Trust's Business

During 2022-23, we have continued to review and re-model services to meet the needs of the population. The Trust's bed base has regularly been re-aligned to allow greater flexibility to meet demand, whilst providing resilience for periods of seasonal demand. The Trust, like many others, has had to work very differently to accommodate increased pressures in emergency services, including significant flu admissions, whilst meeting the demands of elective recovery. In terms of performance, the trust has continued with its exceptional track record of being one of the better performing trusts in the region, as evidenced in the monthly Integrated Performance Report, where standards are benchmarked regionally and nationally. Whilst not achieving compliance against historical standards, we have demonstrated remarkable recovery against plans.

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

The table below outlines our activity within 2022-23 and clearly shows both elective and emergency activity has increased, including referral activity from primary care. We faced unprecedented operational pressures throughout the winter period with a 10.54% increase in urgent and emergency care attendances compared to the previous year, together with the impact of an increasing prevalence of flu and other respiratory illnesses.

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

Point of Delivery	2021-22 Actual	2022-23 Actual	Variance 2022-23 against 2021-22	% Variance 2022-23 against 2021-22
A&E Attendances (type 1)	42,637	47,399	4.762	11.17%
Urgent Care Attendances (type3)	121.233	133,739	12,506	10.32%
Day Case Admissions	32,531	35,177	2,646	8.13%
Inpatient Planned Admissions	4,442	4,611	169	3.80%
Inpatient Emergency Admissions	39,432	39,912	480	1.22%
Ambulatory Care Attendances	10,353	12,579	2,226	21.50%
Outpatient Attendances	181,444	204,231	22,787	12.56%
Ward Attenders	46,680	52,275	5,595	11.99%

3.2.2 Performance Review

As a Trust, we are committed to developing and improving service efficiency and productivity in collaboration with our partners and key stakeholders, our commissioners. The Trust continues to utilise the NHS England Model Health System and Getting it Right First Time (GIRFT) data to identify the operational efficiency opportunities across individual services, which has supported year on year delivery against the cost efficiency programme, however this challenge will become greater into the next year. This programme of work is overseen and supported through the organisation's Project Management Improvement Office (PMIO) function.

The Business Intelligence Team have further developed Corporate and Care Group dashboards to allow timely and proactive access to real time data, supporting informed business decisions and ward to Board to ward information flows. The Board of Directors, Executive Management Team and Council of Governors receive regular reports on performance via the Integrated Performance Report, covering performance against compliance, operational efficiency, quality and patient safety, workforce and financial metrics including the Board Assurance Framework associated to performance and compliance.

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

3.2.3 Care Quality Commission

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

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

The Trust was inspected by the Care Quality Commission (CQC) in 2022, inspecting two services maternity and children and young people. The Trust received the CQC final inspection report in September 2022, which identified that the ratings in maternity had changed to "requires improvement" and in services for children and young people was 'Good'. Therefore, this resulted in the Trust being rated as 'good' in two of the domains and 'requires improvement' in three domains. Due to the ratings given at this inspection, the trust's overall ratings of good across all domains changed to requires improvement in safe, effective and well-led. This meant that the trust's overall rating changed from 'good' to 'requires improvement'.

The report outlined 13 'Must Dos' and 18 'Should Dos' which formed the basis for our improvement plan with action statements set within achievable timescales. Clear and robust actions were identified by key work stream leads, supported by an Executive Lead. Work stream leads ensure approaches to delivering actions are consistent across all Care Groups and Corporate functions through existing governance structures

and through testing compliance methods on a regular basis. Progress with the improvement plan is monitored through the Trust's Quality Assurance Council with escalation to the Executive Management Team.

We commissioned Good Governance Institute (GGI) to undertake an independent governance review in December 2022 based around the Trust's responsibility for maintaining a sound system of internal control and governance that supports the delivery of strategy within the context of system working. The conclusion of this work and report is expected in quarter 1: 2023-24.
Major changes this year have resulted in the Trust embedding Insights Report, IPR review with examples of good practice during COVID-19, Getting It Right First Time (GIRFT) reports and benchmarking, for example, elective recovery.

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

3.2.4 Key Performance Standards

Our performance is reported through the Integrated Performance Report (IPR). The IPR provides an opportunity for a narrative to be provided within the report in regard to both current and trajectories of improvement.

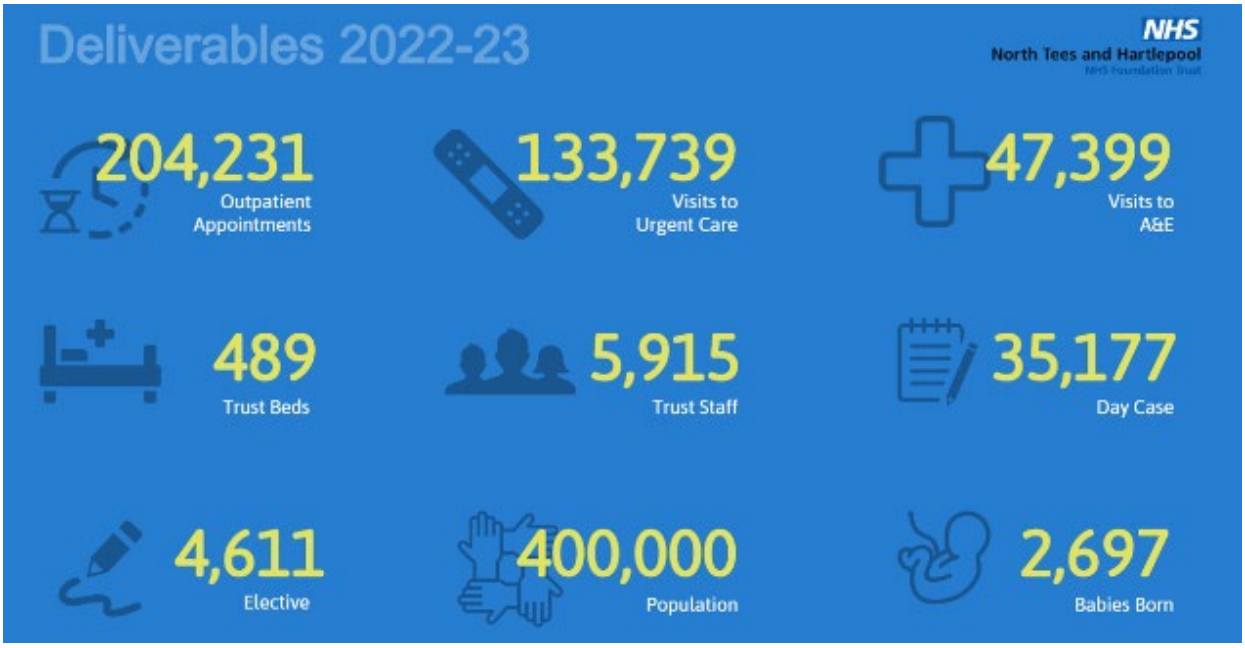
There is a robust governance structure which underpins the reporting, from operational meetings to Board committee structure with representation from members of the Care Groups and Corporate functions including a weekly update provided to Executive Team.

Key performance standards continue to be affected in terms of compliance against historical performance (performance details can be seen in the table overleaf), however we continued to recover its position against plan. The overall position for the majority of key standards, including referral to treatment, cancer and diagnostics, remain comparable to national and regional position. The focus has been, and will continue to be, on improving the overall waiting list position, reducing long waiting times, in line with the recently published national 2023-24 priorities and operational planning guidance requirements. Robust governance structures support the on-going recovery programme.

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

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

The graphic overleaf provides an overview of the Trust's deliverables during 2022-23.



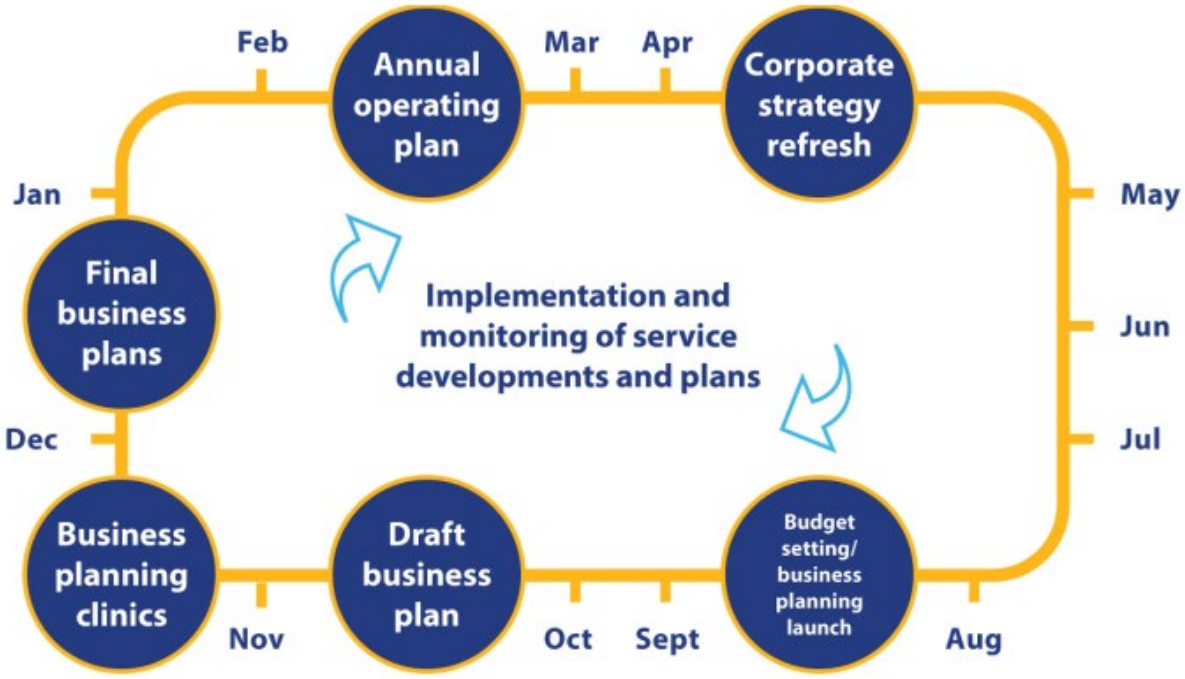
The Oversight Framework forms the basis upon which the Trust's Annual Plan and in-year reports are presented to the Board of Directors. Regulation and proportionate management remain paramount in the Trust to ensure patient safety is considered across all aspects of operational performance and efficiency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

The Trust continues its commitment to deliver safe, patient centred services, maintaining its focus on quality care

Single Oversight Framework Indicators	Standard/Trajectory	2022-23 Performance	2021-22 Performance	Achieved (cumulative)
Cancer 31 day wait for second or subsequent treatment – surgery (Apr 22 to Mar 23 Provisional)	94%	91.77%	92.43%	X
Cancer 31 day wait for second or subsequent treatment – anti cancer drug treatments (Apr 22 to Mar 23 Provisional)	98%	99.25%	99.71%	✔
Cancer 62 Day Waits for first treatment (urgent GP referral for suspected cancer) (Apr 22 to Mar 23 Provisional)	85%	60.97%	76.89%	X
Cancer 62 Day Waits for first treatment (from NHS cancer screening service referral) (Apr 22 to Mar 23 Provisional)	90%	84.84%	86.94%	X
Cancer 31 day wait from diagnosis to first treatment (Apr 22 to Mar 23 Provisional)	96%	95.64%	97.41%	X
Cancer 2 week wait from referral to date first seen, all urgent referrals (cancer suspected) (Apr 22 to Mar 23 Provisional)	93%	86.62%	90.95%	X
Cancer 2 week wait from referral to date first seen, symptomatic breast patients (cancer not initially suspected) (Apr 22 to Mar 23 Provisional)	93%	92.94%	92.32%	X
Maximum time of 18 weeks from point of referral to treatment in aggregate, patients on incomplete pathways (Mar-23)	92%	78.36%	85.58%	X
Referral to Treatment 52 Week Waits (Mar 23 frozen)	0	38	45	X
Number of Diagnostic waiters over 6 weeks (Apr 22 to Mar 23 Provisional)	99%	75.04%	92.25%	X

3.2.5 Business planning and links to key activites

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



The Business Planning Process can be seen below.

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

We continue to re-profile services and flex capacity to accommodate changes in service demand, disease profile and patient needs. The resilience in capacity management will continue into the future, especially in the face of limited public spending, further cost improvements and, more specifically, given the planning assumptions expected on growth and efficiency. Planned service development priorities for 2023-24 include:

Healthy Lives

- Delivery of Transforming Outpatients Programme.
- Birthrate+ and **n**eonatal care workforce requirements
- Maternity improvements

Responsive Care

- Endoscopy workforce model
- Cone Beam CT – Navigational bronchoscopy

- Introduction of the SpyGlass scope to visualise and facilitate access to the biliary ducts during both diagnostic and therapeutic procedures, improving cancer diagnostic yield for HPB cancers.

Collaborative Care

- To provide a sustained infrastructure to support continued elective recovery, emergency surgical and trauma demands.
- Implementation of the surgical care practitioner National framework
- To continue to improve the acute cholecystectomy pathway and commence the collaborative work across the system.

Corporate Services

- Implementation of the Patient Engagement Portal, allowing patients to access all appointment information digitally.
- Continue to embed Faculty of Learning, Leadership and Improvement.

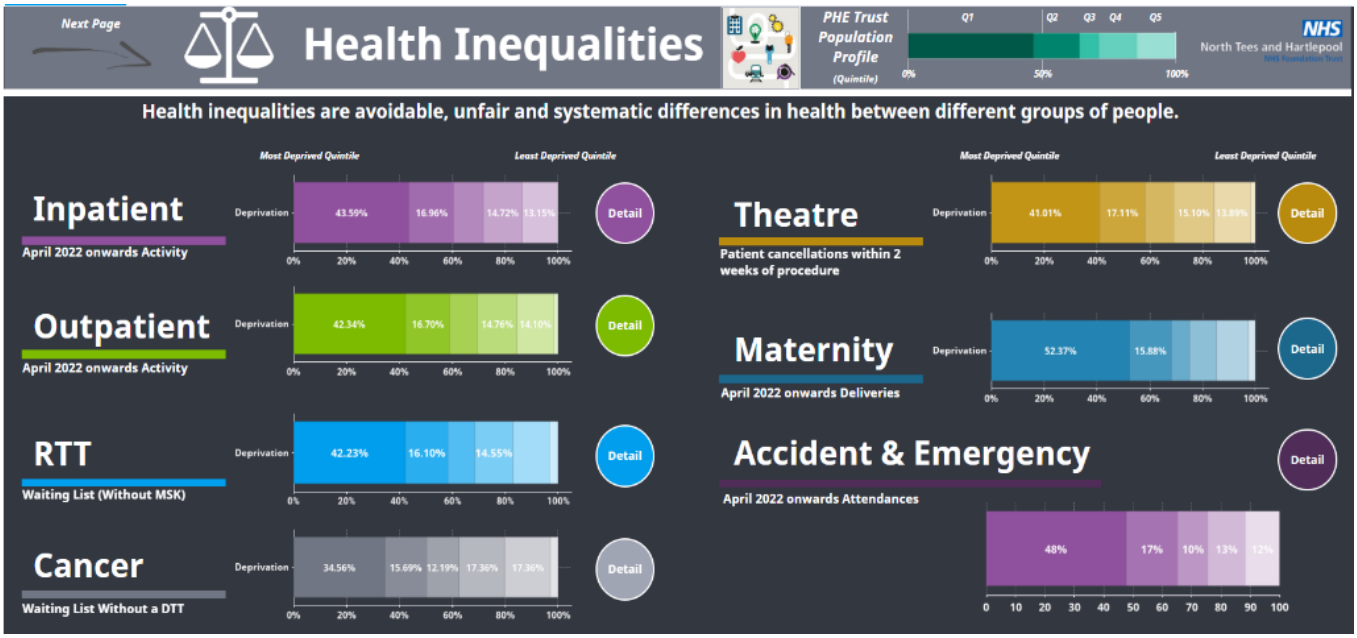
3.2.6 Future challenges to Performance Delivery

The 2023-24 priorities and operational planning guidance, aligned to the NHS Long Term Plan, outlines the performance expectations for health care systems. The overall objective is to develop and deliver an integrated approach to healthcare delivery across the whole health economy. The priorities below, in the main remain the same as last years as this is a requirement of the national agenda with an internal focus on a revised delivery model to drive forward robust planning, build on the complement of staffing, deliver against elective recovery and manage emergency care with the reintroduction of the emergency care 4 hour time to treatment standard in A&E. having the correct support structure in place will allow for a more agile bed base and increased capacity to meet demand.

Priorities removed from this year's priority includes responding to COVID-19 as this becomes business as usual together with the management of Flu.

Current and future key priorities include:

- Invest in our workforce – with more people (for example, the additional roles in primary care, expansion of mental health and community services, and tackling substantive gaps in acute care) and new ways of working, and by strengthening the compassionate and inclusive culture needed to deliver outstanding care.
- Deliver more elective care to tackle the elective backlog, reduce long waits and improve performance against cancer waiting times standards.
- Improve the responsiveness of urgent and emergency care (UEC) and build community care capacity– keeping patients safe and offering the right care, at the right time, in the right setting. This needs to be supported by creating the equivalent of 5,000 additional beds, in particular through expansion of virtual ward models, and includes eliminating 12-hour waits in emergency departments (EDs) and minimising ambulance handover delays.
- Reintroducing the 4 hour time to treatment within Emergency Department.
- Improve timely access to primary care – maximising the impact of the investment in primary medical care and primary care networks (PCNs) to expand capacity, increase the number of appointments available and drive integrated working at neighbourhood and place level.
- Improve mental health services and services for people with a learning disability and/or autistic people – maintaining continued growth in mental health investment to transform and expand community health services and improve access.
- Continue to develop our approach to population health management, prevent ill health and address health inequalities – using data and analytics to redesign care pathways and measure outcomes with a focus on



improving access and health equity for underserved communities.
The graphic overleaf provides a summary of the Trust's health inequalities dashboard supporting our approach.

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

- Make the most effective use of our resources.
- Collaborative system and Group working – working together with local authorities and other partners across their ICS.
- Maintain our focus on preventing ill-health and tackling health inequalities.

We continue to contribute to the wider system planning for resilience and the health of the population through proactive partnership working across the Integrated Care System, A&E Delivery Board, the Urgent & Emergency Care Network and Health and Wellbeing Boards for Hartlepool, Stockton and Durham

3.2.7 Volunteers

Our volunteers provide a huge service to the Trust giving up their time to provide support to our patients, families, visitors and staff. Many of our volunteers support us because of a personal connection to our hospitals or because they want to give something back. For others, it is an opportunity to develop new skills, knowledge and experience to support their employability prospects. Whatever their reason, we truly value the role they play and the contribution they make.

Some of the roles and activities undertaken by our volunteers during 2022– 23 include:

- **Clinical Volunteers** – providing support to wards and clinics by reading, talking and playing games with patients, assisting with nutrition and hydration, where appropriate, helping with hot drinks and snacks for patients and staff as necessary and undertaking errands.
- **Volunteer Driver** - collecting patients from their home and taking them to and from arranged outpatient's appointments across our hospital sites; supporting
- transport home on discharge; and delivery of medication and equipment.
- **Response Volunteer** – providing support for patients who may need to leave the ward to attend other areas of the hospital; delivery of clothing to wards for patients, collection of medication from pharmacy; collection of snack boxes from staff restaurant; supporting discharge processes; and assisting with initiatives e.g. virtual visiting.
- **Discharge Support Volunteers – Home but not Alone** – supporting patients who are potentially at risk of isolation/loneliness upon discharge; working with the Integrated Discharge Team to look at options for support at the point of discharge and back in the community; contacting and supporting discharged patients for 28 days to ensure they are integrated into the community and are given opportunities to take up further offers of support from the public and volunteer sector.
- **Volunteer Companion (End of Life)** – providing support to patients and/or families and carers with a listening ear in their last weeks/days of life.
- **Volunteer Welcome** - To work closely with staff to support the movement of visitors, patients and patients family/friends around the hospital to appointments/meetings;

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

Recently we have been successful in a bid for funding to explore and develop a Volunteer2Career model, looking at how we can develop volunteer provision to upskill volunteers, supporting them to progress into careers in the Trust, especially in relation to Team Support Worker roles. A pathway has been developed, working in conjunction with the Corporate Nursing Team, and we will be offering this opportunity to existing volunteers and advertising for further cohorts in the future. Once developed we will look to expand the provision into other areas of the Trust workforce.

3.2.8 Capital Programme

During the year, North Tees and Hartlepool Solutions have:

- Completed the capital programme for the period 2022-23 to deliver a wide range of patient environment, safety, backlog maintenance and service improvements and developments across the Trust;
- Continued with the estates strategy to rationalise the Trust-wide estate, to maximise space utilisation and to improve cost efficiencies by either generating additional income or by reducing the cost of external rents;
- Year 4 of the 5 year backlog maintenance plan has been completed to address the high backlog maintenance levels within the Trust Estates.

In terms of capital investment, the Trust maintained its commitment to the improvement of clinical services and invested £21.8M in line with its Estates Strategy. This year's programme has seen significant investment to address backlog maintenance issues associated with the ageing estate. The prominent service development projects are as follows:-

- **Community Diagnostic Hubs:** Collaborative planning continues to deliver the Tees Valley element of the national plan to develop hub and spoke arrangements for diagnostic facilities outside of acute settings and within the community to improve accessibility and build capacity to benefit the people of the Tees Valley.
  An independent option appraisal was carried out to determine the location of the main hub and The Waterfront development in Stockton was the recommended location.
  The CDC Estates Project Group, which includes representatives from North Tees, ICB, NHS PS and South Tees supported the recommendation.
  £24.19M funding has been approved by DHSE for the development of the hub. Kier have been appointed as main contractor with a target date for completion of March 2024.
- **Pathology Collaboration:** The project is a collaboration between North Tees and Hartlepool NHS FT and South Tees NHS FT to provide Tees Valley approach to the delivery of pathology services and gain the benefit of shared resources to meet the needs of the Tees Valley. The overall estate plan was for microbiology to be centralised at South Tees and for Cellular Pathology to be centralised on the University Hospital of North Tees site. Work commenced in March 2023 with completion forecast by Q3 of 2023-24.
- **Theatre Robots Infrastructure:** This project forms part of the wider clinical strategy, split over two key phases, for the development of perioperative services over the coming years. The purpose of this perioperative services strategy is to support the delivery of the Trusts business and dovetail the South ICP clinical services strategy. Phase 1 is an additional (larger) theatre to facilitate robotic surgery in location of current storage and changing facilities. Relocation of displaced storage and changing facilities. Refurbishment and structural upgrade to Theatre 1 and transformation into an integrated theatre. Following Trust approval the Theatre Robot project design progressed in 2022-23, with the facility planned to be operational in 2024-25.
- **Changing Rooms Enhanced:** As part of the overall Health and Well Being strategy for staff a project to improve the staff changing facilities at our Hartlepool site was commenced and completed during 2022-23. The work included redecoration, new flooring and lighting upgrades together with refurbishment of the shower and changing area.

3.2.9 Environment, Sustainability and Climate Change

We are aware of the significant impact the organisation has on the environment and to the threat climate change poses to human health. We continue to support the national Government targets to reduce carbon emissions by 2040, and every individual in the Trust has a part to play in helping us achieve this. From the heating and lighting and power supplies within our hospitals, to the use of recyclable and reusable consumables and resources within our daily working environment, we are encouraging and empowering all of our staff to adapt to and adopt a sustainability health and care environment.
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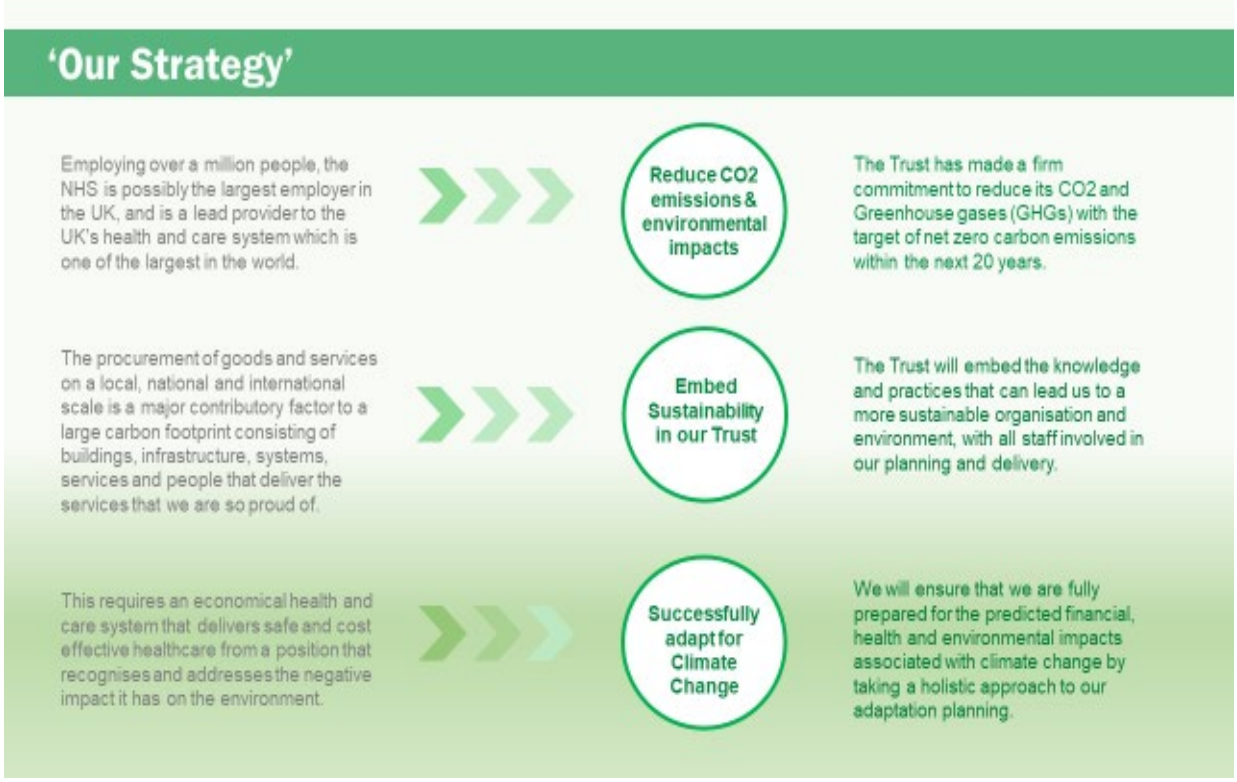


Our Green Plan sets out the aims and ambitions towards a sustainable future, establishing a pathway towards net zero. It focuses on the key things that are important to us as a sustainable healthcare organisation and sets out the things we will do over the next five years and beyond to make significant in-roads on our de-carbonisation journey. This will be aligned with our Climate Change Adaptation Plan; a Healthy travel Plan for our workforce and communities; and a Sustainable Procurement Strategy for the goods and services we provide

GREEN PLAN What we aim to achieve	
Energy and Carbon Management	• 5% reduction in carbon emissions year on year • Reduce carbon footprint by 25% within 5 years • Green champions promote cleaner, greener housekeeping
Procurement	• Help the Trust to achieve carbon reduction targets • All single use plastics to be eradicated in non-clinical areas • Ensure all staff 'live' the principles of sustainable procurement
Travel and Transport	• Reduction in car journeys by staff • Increase in electric vehicle usage within the Trust • Increase in sustainable travel for staff, patients and visitors
Clinical Pathways	• Reduce number of face to face outpatient appointments • Develop greater efficiencies in pathways to help reduce emissions • Design smarter adjacencies within an efficient estate footprint
Water	• Measure water consumption rates by locality • Monitor usage against activity data • Reduce water consumption by 33%
Waste	• Create a culture of minimising waste via waste hierarchy • Recruit 1000 green champions across the Trust • Recycle 40% of domestic waste
Climate Change Adaptation	• All sustainability planning approved at Board level • All risks mitigated to the best of our ability • Plans and strategies are aligned and shared with those of our partners
Buildings and Green Spaces	• Energy efficient buildings – existing and development • Maximise adjacencies across our estate footprint • Green spaces with access for patients, staff and the wider community
Workforce	• Increased environmental staff benefits • Staff participation in sustainability programmes • Increase knowledge and awareness through learning

Progress to date

Anaesthetic Gases – Dr Rosie Baker and Consultant Niah Pheara are leading a work stream into the use of anaesthetic gases. The group is working to procure an N2O 'cracking' machine (Mobile Destruction Unit purifies 99.6% of nitrous oxide) to mitigate the greenhouse gas emissions from Entonox on labour wards. A business case is in draft and risks are currently being assessed.

Solar panels – produced about 940MWh of electricity from the solar panels at North Tees, enough to power circa 260 houses for an entire year.

Cardboard Bailer – We have purchased a heavy duty cardboard bailer which has reduced our expenditure on the disposal of cardboard waste from £220 per tonne, to making an income of £80 per tonne.

Waste yard – a waste yard has been established, with dedicated staff employed to marshall the yard and maintain skip protocol, resulting in greater efficiency.

Repair Shop – established a project to develop a 'Repair Shop' where all items are listed, repaired, reused and/or recycled before condemning any for incineration/waste to heat and zero to landfill.

Cycle Shelters Increased and Improved: An additional 40 unit cycle parking shelters have been provided on each site (University Hospital of North Tees and University Hospital of Hartlepool) with an additional 10 bike lockers being installed at Peterlee Community Hospital.

Energy and Carbon Management

Historically we have seen a reduction in carbon emissions of around 2% year on year, however, we know that we need to significantly reduce our carbon footprint if we are to achieve the Government's goal of net zero carbon emissions by 2040. Our strategic aim is to reduce our carbon

emissions and greenhouse gases each year by a minimum of 5%.

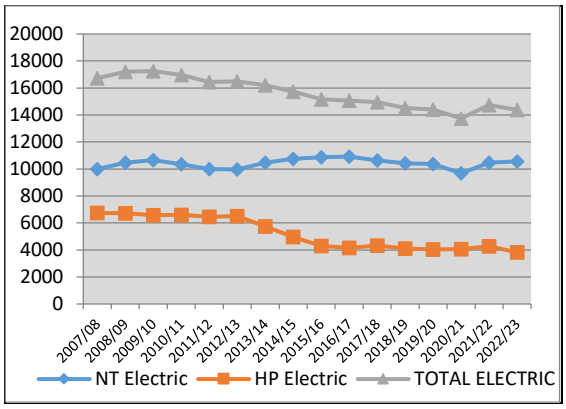
Over the past 3 years, a further £1m of Trust capital has been spent on LED lighting and upgrades to the building management system and air conditioning to improve energy efficiency and reduce the carbon impact with a return on investment of 3 years. Further funding has seen more energy efficient lifts and air handling units installed as part of the capital investment in backlog maintenance.

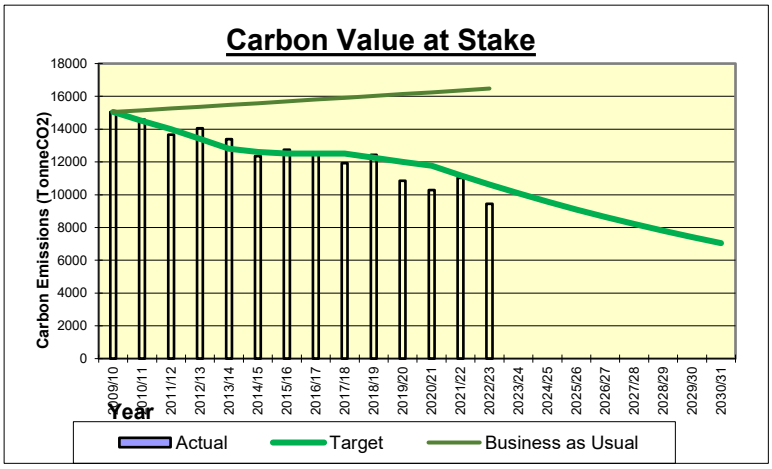
Following the COVID-19 pandemic, the carbon footprint increased as clinical activity raced to catch up, as a result the carbon footprint increased by 7.2% in 2021-22 over 2020-21. This year saw a return to more normal demand with some limited reductions:

- Electrical demand saw a 2% reduction despite increased clinical activity across the Trust due to COVID-19 recovery and new plant:
- There are now 56 electric vehicle charging points (with 8 more about to come on line) across the 3 main sites, which now accounts for 2.5% of Trust's electrical load.
- New Air Handling Plant with electric heating and cooling has come on line with more to come over the next year.
- Steam demand was down 5% due to a much milder winter.

The Carbon Footprint reduction has been significantly influenced by the project to replace the Combined Heat and Power (CHP) unit at Hartlepool Hospital; as we have imported proportionally more electricity than gas while the engine was off-line. The electricity while having less of a carbon footprint has been less efficient and more costly.

With the new CHP running the carbon footprint will increase in the coming year, so further reductions will be required elsewhere. Carbon reduction is still on a downward trend, but funding of new schemes will help advance further reductions.





As of 2020, under new legislation of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the Companies and LLP (Energy and Carbon Report) Regulations 2018, it is a requirement through the Streamlined Energy and Carbon Reporting (SECR) to present the energy use and associated greenhouse gas emissions as part of the energy report in a tabulated format as below,

		2020-21	2021-22	2022-23
Finite Resources	Electricity	1595.8 MWh	1694.3 MWh	4811 MWh
		0 tCO2	0 tCO2	0 tCO2
	Gas	56,027 MWh	57,257 MWh	48,905 MWh
		10309 tCO2	10535 tCO2	8998.52 tCO2
	Oil	102,924 kWh	174,060 kWh	284,547 kWh
		27.3 tCO2	44.6 tCO2	72.9 tCO2

		2020-21	2021-22	2022-23
Waste	**Total Waste**	**1435 t**	**1448 t**	**1281.4 t**
Hazardous Waste	Clinical waste to alternative treatment of incineration	408 t	298 t	300 t
		92.2 tCO2	67.3 tCO2	67.8 tCO2
Non-hazardous Waste	Landfill	51 t	63 t	0 t
		22.8 tCO2	37.0 tCO2	0 tCO2
	Re-used / Recycled	285 t	258 t	67 t
	Incinerated with Energy Recovery	681 t	810 t	898 t
	Electrical Waste (WEEE)	10 t	20 t	16.4 t

		2020-21	2021-22	2022-23
Travel	Commercial Vehicles Diesel	0	0	0
		0 tCO2	0 tCO2	0 tCO2
	Lease Vehicles Petrol	191,234 miles	222,326 miles	191,018 miles
		34.4 tCO2	59.8 tCO2	49.7 tCO2
	Lease Vehicles Diesel	95,519 miles	32,820 miles	23,939 miles
		17.2 tCO2	9.1 tCO2	6.5 tCO2
	Business Miles	1,000,823	1,115,121	1,204,089
		184.0 tCO2	314.0 tCO2	330.4 tCO2

		2020-21	2021-22	2022-23
Water	Water Consumption	138,894 m3	142,623 m3	121,796 m3
		56.1 tCO2	49.1 tCO2	41.9 tCO2

Premises Assurance Model (PAM)

The NHS PAM has been produced for the financial year 2022-23 and includes a self-assessment to better understand the efficiency, effectiveness and level of safety with which the Trust manages its estate and how that links to patient experience. It also includes the 2023-24 corporate action plan.

Annual Statement of Fire Safety

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

All premises owned, managed or occupied by the organisation must have fire risk assessments in accordance with the Regulatory Reform (Fire Safety) Order 2005. A significant risk has been identified from the fire risk assessments in relation to compartmentation in some areas of the estate. The risk is being addressed via a programme of improvement which has been prioritised using a risk based approach with control measures being put in place to mitigate the risk. Compliance is being achieved due to internal provisions within the Trust and North Tees Solutions LLP.

Assurance is further enhanced by regular familiarisation visits / audits being undertaken by Cleveland Fire Brigade for Hartlepool and North Tees sites and by Durham and Darlington Fire and Rescue Service for Peterlee Community Hospital who are the Regulatory bodies responsible for enforcement of the Fire Safety Order.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4. Accountability Report

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

• How the Trust is organised, with a description of the structure, membership and functions of the Board of Directors, Governors and various committees (section 4.1)
• A detailed remuneration report (section 4.2)
• The Trust's commitment to staff, including details on staff support, training and development, management of equality and diversity, absence management, findings from and action plan to address the issues raised in the Staff Survey 2022 and staffing analysis (section 4.3).
• The NHS Foundation Trust Code of Governance (section 4.4)
• Regulatory performance and ratings (section 4.5)
• The Annual Governance Statement which includes the arrangements in place for quality governance in the Trust (section 4.7)

4.1 Director's Report

Statement of Directors' Responsibilities

Under the NHS Act 2006, NHS England has directed North Tees and Hartlepool NHS Foundation Trust to prepare, for each financial year, a statement of accounts in the form and on the basis set out in the Accounts Direction. The Directors are responsible for preparing the accounts on an accrual basis, which gives a true and fair view of the state of affairs of North Tees and Hartlepool NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.
In preparing the accounts, the Directors are required to comply with the requirements of NHS Foundation Trust Annual Reporting Manual 2022-23 and in particular to:

- Observe the Accounts Direction issued by NHS England, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the NHS Foundation Trust Annual Reporting Manual have been followed, and disclose and explain any material departures in the financial statements;
- Ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance;
- Confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS Foundation Trust's performance, business model and strategy; and
- Prepare the financial statements on a going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS Foundation Trust and to enable him/her to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Directors are also responsible for safeguarding the assets of the NHS Foundation Trust and hence take reasonable steps for the prevention and detection of fraud and other irregularities. The Directors consider the Annual Report and Accounts, taken as a whole, to be fair, balanced and understandable and provide the information necessary for patients, regulators and stakeholders to assess the NHS Foundation Trust's performance, business model and strategy.

4.1.1 Organisational Structure

The Trust benefits from a strong Board of Directors, whose wide-ranging experience underpins our continued success. Our governors also play a vital and active role in our work.
As an NHS Foundation Trust, we are required to comply with specific statutory duties and with arrangements set out by the independent regulator, NHS England's NHS Foundation Trust Code of Governance. The Board of Directors and the Council of Governors ensure application and compliance with the Code to ensure the organisation is managed and governed properly.
The Trust was authorised as a Foundation Trust in December 2007; it is led by a Board of Directors who are responsible for exercising the powers of the Trust and is a body that sets the strategic direction, allocates the Trust's resources and monitors its performance taking into account the views of the Council of Governors. The Board of Directors also has responsibility for ensuring the highest standards of corporate governance, patient safety and quality, and that the Trust operates within a framework of effective controls, which enables risk to be assessed and managed appropriately.
The responsibilities of the Board of Directors and the Council of Governors are presented in the Trust's Constitution, Standing Orders and Scheme of Delegation, which sets out explicitly the decisions which are reserved to the Board of Directors, those that may be determined by standing committees and those delegated to individuals.
The Board of Directors composition and its meeting structures are described on page 56.

Working Together – the Board of Directors and Council of Governors

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

The range of development and information sessions held with the Governors during 2022-23 were on the following themes:

Collaborative Working – Patient Flow	Trust Charity
CQC Improvement Plan	Communications and Marketing
Freedom to Speak Up Guardian role	

In addition, at the start of every Council of Governor meeting a patient story is shared to provide real examples of an individual's experience as well as providing assurance regarding how the Trust actively encourages feedback and how it takes forward any learning. The patient stories during 2022-23 included feedback from a maternity patient's journey; the experience of a stroke patient and their family; and the work of the Maternity Voices Partnership.

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

Governors are invited to attend the public Board of Directors meetings to observe decision-making processes and challenge from Non-Executive Directors.
There has not been a requirement during 2022-23 to seek formal resolution for disagreement between the Board of Directors and the Council of Governors. There is an appointed Senior Independent Director, who is available to Governors and members for contact in the event of any concerns.

4.1.2 Council of Governors

Role and Composition

The Council of Governors plays a vital role in the work of the Trust, advising us on how best to meet the needs of patients and wider community, directly representing the views of members and supporting the development of forward plans and services.

The Council of Governors has a number of statutory duties, including the appointment or removal of the Joint Chair and Non-Executive Directors, and deciding on their remuneration, as well as ratifying the appointment of the Chief Executive. The Council of Governors holds the Non-Executive Directors to account individually and collectively for the performance of the Board of Directors. It also receives the Trust's Annual Report and Accounts and the auditor's report, and contributes to the Trust's strategic business planning.

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

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

Following publication of the updated *NHS Code of Governance* in October 2022 and best practice governance arrangements, the Trust reviewed the tenure of both Governors and Non-Executive Directors as part of a wider ongoing review of the Trust's Constitution, which will be complete in Quarter 1: 2023-24. After completion of six years' service, a Governor may seek re-election for a further three years up to a maximum of nine years, subject to satisfactory performance.

Elections – Public and Staff Governors

Public and staff members are elected to the Council of Governors from the Trust's membership. Governors for both public and staff are elected to office for three years, and may seek re-election for two additional terms to a maximum of nine years. Some Governors may initially be elected for a shorter term of office, as they could be filling a vacancy arising from a resignation.

Elections are held on an annual basis for Governors. The last round of elections were held in the autumn of 2022, and were conducted by Civica Election Services (CES) who were satisfied they were held in accordance with good electoral practice and constitutional requirements.

The Trust was required to fill the following vacancies at its elections to take effect from 1 December 2022:

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

The outcomes of elections are detailed in the table below:

Date of Election	Constituency	Number of Votes Cast	Turnout %	Number of Eligible Voters
21 October 2022	Hartlepool	Uncontested (1 vacant seat)	-	-
21 October 2022	Stockton-on-Tees	Uncontested (3 vacant seats)	-	-
21 October 2022	Easington	No nomination (2 vacant seats)	-	-
21 October 2022	Sedgefield	Uncontested		
21 October 2022	Staff	Uncontested (1 vacant seat)	-	-

Meetings of the Council of Governors

The Council of Governors meetings are held in public, four were held during 2022-23 and a number of extraordinary meetings of the Council of Governors were held during the year to progress Non-Executive Director recruitment and consider the CQC inspection and NHS England governance review outcomes.

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

Strategy and Service Development Committee – aimed at advising on the direction of the Trust, and to receive, review and update information relating to: patient treatment pathways; service performance; compliance; patient experience, involvement and environment. Three meetings of the Committee were held during 2022-23.

Membership Strategy Committee – aimed at raising awareness of the Trust, to enable greater engagement with current members and also develop and implement a strategy to increase the membership of patients and carers to the Trust. Three meetings of the Committee were held during 2022-23.

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

The Council of Governors has the statutory responsibility for the appointment of the external auditors. The external audit service was last tendered during 2020; the outcome being that Deloitte were awarded the contract on the basis of two years plus a further two year extension, if appropriate. The Trust extended the arrangements with Deloitte for the additional period

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

During the course of 2022, the Nominations Committee undertook the recruitment and selection process for four Non-Executive Director posts, with support provided by an external agency to maximise opportunities. Following a successful campaign, the Committee recommended appointment to five posts, which included an additional post as part of succession planning, to the Council of Governors on 8 December 2022.

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

To support the growing collaboration between the Trust and South Tees Hospitals NHS Foundation Trust a joint Council of Governors meeting and development session was held with both respective Council of Governors in January 2023. The session included some bespoke training by NHS Providers which covered a number of topics and included a refresh of the role and general duties of a Governor, effective questioning and challenge, quality matters and the role of Governors in respect of system collaborative working, which reflected the updated *NHS Code of Governance*. Further joint meetings are planned to take place regularly during 2023-24

The Joint Chair had regular 1:1 meetings with the Non-Executive Directors throughout 2022-23 and undertook reviews and appraisals of performance. Weekly collective meetings of all Non-Executive Directors were also held with the Joint Chair.

Nominations Committee Attendance

Name	Total Number of Meetings Attended	Total Number of Meetings Held
Derek Bell	5	5
Tony Horrocks	5	5
Ruth McNee	4	5
Angela Warnes	4	5
Wendy Gill	4	4
Mark White	4	5
Carol Alexander	1	5
Andy Simpson	3	5
Tim Thompson	1	1

Who's who – Council of Governors

Appointed Governors	Representing	Total number of meetings attended	Total number of meetings held (see note)	Member of committee (see key)
Jim Beall1	Stockton-on-Tees Borough Council	1	1	
Steve Nelson 2	Stockton-on-Tees Borough Council	1	3	
Cameron Stokell3	Hartlepool Borough Council	-	1	NC
Mike Young4	Hartlepool Borough Council	-	1	
Andrew Martin-Wells5	Hartlepool Borough Council	2	2	
Paul Sexton6	Durham County Council	-	-	
Dominic Johnson7	Newcastle University	-	1	
Iain Bonavia8	Newcastle University	-	1	
Tony Alabaster	University of Sunderland	-	4	
Linda Nelson9	University of Teesside	1	1	NC
Tim Thompson10	University of Teesside	1	3	NC
Natasha Judge	Stockton Healthwatch	2	4	
Christopher Akers-Belcher	Hartlepool Healthwatch	3	4	

Staff Governors	Appointment	Year term of office ends	Total number of meetings attended (see note)	Total number of meetings held (see note)	Member of committee (see key)
Carol Alexander	3 years from 2011 re-elected for 3 years 2014, 2017 and 2020	2023	4	4	SSDC, MSC & NC
Manuf Kassem11	3 years from 2012 re-elected for 3 years 2015, 1 year from 2018 & 3 years 2019	2022	3	3	SSDC
Asokan Krishnaier	3 years from 2017 re-elected for 3 years from 2020	2023	3	4	SSDC
Dave Russon	3 years from 2018, re-elected for 3 years from 2021	2024	2	4	SSDC & MSC
Andy Simpson	3 years from 2019, re-elected for 3 years 2022	2022	2	4	SSDC & NC
Stephen Yull	3 years from 2022	2025	1	1	SSDC

Public Governors	Constituency	Appointment	Year term of office ends	Total number of meetings attended (see note)	Total number of meetings held (see note)	Member of committee (see key)
Pauline Robson[12]	Hartlepool	3 years from 2013, re-elected for 3 years 2016 & 2019	2022	3	3	SSDC,MSC
Alan Smith	Hartlepool	3 years from 2015, re-elected for 3 years 2018 & 2021	2024	4	4	SSDC, MSC & EAWG
George Lee	Hartlepool	3 years from 2015, re-elected for 3 years 2018 & 2021	2024	2	4	SSDC
Geoff Northey	Hartlepool	1 year from 2019, re-elected for 3 years from 2020	2023	4	4	SSDC
Ian Simpson[13]	Hartlepool	3 years from 2019	2022	-	-	SSDC, MSC
Aaron Roy	Hartlepool	3 years from 2020	2023	4	4	SSDC
Mike Scanlon	Hartlepool	3 years from 2022	2025	1	1	SSDC
Janet Atkins	Stockton	3 years from 2009, re-elected for 3 years 2012, 2015, 2018 & 2021	2024	3	4	SSDC, EAWG & MSC
Margaret Docherty[14]	Stockton	3 years from 2013, re-elected for 3 years 2016 & 2019	2022	2	3	SSDC
Mark White	Stockton	3 years from 2015, re-elected for 3 years 2018 & 2021	2024	2	4	SSDC, EAWG & NC
Tony Horrocks **Lead Governor until 30 November 2022**	Stockton	3 years from 2014, re-elected for 3 years 2017 & 2020	2023	3	4	SSDC, MSC, NC & EAWG
Jean Kirby[15]	Stockton	3 years from 2019	2022	-	3	SSDC
Pat Upton	Stockton	1 year from 2019, re-elected for 3 years from 2020	2023	4	4	SSDC & EAWG
Raymond Stephenson[16]	Stockton	3 years from 2020	2023	2	2	SSDC
Anne Johnston	Stockton	3 years from 2020	2023	3	4	SSDC
Lynda White	Stockton	3 years from 2021	2024	3	4	SSDC & MSC
Paul Garvin	Stockton	3 years from 2022	2025	-	1	SSDC
Mary King[17]	Easington	3 years from 2010 re-elected for 3 years 2013, 2016 & 2019	2022	2	3	SSDC & MSC
Wendy Gill[18]	Sedgefield	3 years from 2010 re-elected for 3 years 2013, 2016 & 2019	2022	3	3	SSDC, MSC & NC
Ruth McNee	Sedgefield	3 years from 2020	2023	2	4	SSDC & NC
Alison Usher	Sedgefield	3 years from 2022	2025	1	1	SSDC
Angela Warnes **Lead Governor from 1 December 2022**	Non-core public	3 years from 2020	2023	4	4	SSDC, MSC & NC

Note: Total number of meetings that could be attended

The costs for Council of Governors meeting and expenses, including travel and subsistence were £595 for 2022-23 and £68.66 for 2021-22.

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

1. *Jim Beall resigned with effect from 7 June 2022.*
2. *Steve Nelson was appointed with effect from 8 June 2022.*
3. *Cameron Stokell resigned with effect from 29 May 2022*
4. *Mike Young was appointed with effect from 30 May 2022 and resigned with effect from 6 November 2022*
5. *Andrew Martin-Wells was appointed with effect from 7 November 2022*
6. *Paul Sexton resigned with effect from 1 May 2022*
7. *Dominic Johnson resigned with effect from 12 May 2022*
8. *Iain Bonavia was appointed with effect from 13 May 2022 and resigned with effect from 21 November 2022.*
9. *Linda Nelson resigned with effect from 5 May 2022.*
10. *Tim Thompson was appointed with effect from 6 May 2022.*
11. *Manuf Kassem appointment ended 30 November 2022.*
12. *Pauline Robson appointment ended 30 November 2022.*
13. *Ian Simpson appointment ended 7 April 2022*
14. *Margaret Docherty appointment ended 30 November 2022.*
15. *Jean Kirby appointment ended 30 November 2022.*
16. *Raymond Stephenson sadly passed away November 2022.*
17. *Mary King appointment ended 30 November 2022.*
18. *Wendy Gill appointment ended 30 November 2022.*

Register of Interests – Governors

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

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

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

Trust Membership

The Trust's membership is an essential and valuable asset. It helps guide our work, decision making and adherence to NHS values. It also provides one of the ways in which the Trust communicates with patients, the public and staff. Membership also brings the important benefit of being able to stand for and vote in the elections for our Governors.

The membership categories are as follows:

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

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

Staff members - employees of the Trust who hold an employment contract with our organisation of at least one year, and staff who are based at the Trust but work for a subsidiary company or partner organisation. Staff that meet these requirements are eligible to become members within the staff constituency unless they choose to inform the Trust that they do not wish to be a member.

The Trust has some 10,997 members, which comprise 5,082 public members and 5,915 staff members:

Constituency	umber of members	Percentage of membership
Hartlepool	1,434	28.22%
Stockton-on-Tees	2,223	43.75%
Easington	747	14.70%
Sedgefield	420	8.26%
Non-Core	258	5.07%
Total	**5,082**	

The Trust's Membership Strategy sets out: engagement between members, the Trust and Governors; ways to increase and maintain membership levels; communication with members (for example Anthem magazine) and benefits of membership. Members receive regular communication via email circulation of bulletins, briefings and news announcements. In addition they are invited and can attend the Annual General Meeting, public meetings of the Board of Directors and Council of Governors, and events. Social media has become a very productive medium to keep our members abreast of new developments.


STOP /
START

4.1.3 Board of Directors

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

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

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

The Trust recognises the need for balance, completeness and appropriateness with regard to its Board Members. Membership of the Board of Directors and biographical details of individual Board Members are displayed on pages 65-68.

There were a number of changes to Board membership during the year, which can be found in the Remuneration Report. The background and experience of all individual Board members as at 31 March 2023 can be found later in the report.

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

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

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

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

The Trust made no political or charitable donations during 2022-23 however, Optimus Health Limited made a charitable donation of £250 each to the British legion Stockton; British Legion Hartlepool; Foodbank Stockton; and Foodbank Hartlepool.
The Trust acknowledges the Bribery Act 2010 and strong ethical standards are expected from all Trust employees. The Trust has a policy for gifts and hospitality, which is publicly available on its website.

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

Better payment practice code	31 March 2022		31 March 2023	
	Number	£'000	Number	£'000
Non NHS				
Total bills paid in the year	66,509	133,750	69,992	159,620
Total bills paid within target	62,828	123,657	68,455	156,750
Percentage of bills paid within target	**94.5%**	**92.5%**	**97.8%**	**98.2%**
NHS				
Total bills paid in the year	1,066	17,400	926	24,033
Total bills paid within target	949	16,757	912	23,969
Percentage of bills paid within target	**89.0%**	**96.3%**	**98.5%**	**99.7%**
Total				
Total bills paid in the year	67,575	151,150	70,918	183,653
Total bills paid within target	63,777	140,414	69,367	180,719
Percentage of bills paid within target	**94.4%**	**92.9%**	**97.8%**	**98.4%**

Board of Director's Attendance

The Board held seven seminars, all of which provided the opportunity for detailed debate and discussion regarding Trust services and developments. The Board also met in formal session on 16 occasions during 2022-23, with eight sessions held in public and eight private sessions due to the confidential nature of business. The agendas and papers for the public meetings are published on the Trust's website together with dates of future meetings.

In addition, four Group Board of Director meetings were held in 2022-23 where the agenda focussed on the governance, performance and commercial activities of the Trust's subsidiary companies.

Board Development and Performance

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

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

Board of Director's Attendance

Name	Total No. of meetings attended *(see note)*	Total No. of meetings held *(see note)*	Notes
Derek Bell, Joint Chair	16	16	
Stephen Hall, Non-Executive Director	12	16	Vice Chair – resigned with effect 31 March 2023
Ann Baxter, Non-Executive Director	15	16	Vice Chair designate from January 2023, will take up role 1 April 2023
Chris Macklin, Non-Executive Director	11	16	Senior Independent Director
Fay Scullion, Non-Executive Director	14	16	
Liz Barnes, Non-Executive Director	2	2	Appointed 1 February 2023
James Bromiley, Non-Executive Director	2	2	Appointed 1 February 2023
Alison Fellows, Non-Executive Director	2	2	Appointed 1 February 2023
Ian Simpson, Interim Non-Executive Director	12	12	Term of office ended 31 December 2022
Julie Gillon, Chief Executive	16	16	
Deepak Dwarakanath, Medical Director/Deputy Chief Executive	15	16	
Levi Buckley, Chief Operating Officer	16	16	
Neil Atkinson, Managing Director/Director of Finance	16	16	
Lindsey Robertson, Chief Nurse/Director of Patient Safety & Quality	15	16	
Linda Hunter, Director of Planning & Performance	16	16	
Graham Evans, Chief Information & Technology Officer	2	2	Left the organisation on 31 May 2022
Gillian Colquhuon, Chief Information & Technology Officer	10	14	Commenced in post 1 June 2022
Susy Cook, Chief People Officer	11	16	Commenced in post 1 May 2022

(*) Total number of meetings that could be attended

Joint Partnership Board

For some time now, the Trust has been working closely with South Tees Hospitals NHS Foundation Trust to support collaborative working. In 2021-22, the trusts established a Joint Partnership Board, heralding the direction of travel for future collaboration. The purpose of the Joint Partnership Board is to provide the formal strategic leadership of the partnership arrangements between the two organisations. It is responsible for overseeing, coordinating and ensuring delivery of the strategic intent of the partnership to secure the future of high quality, safe and sustainable healthcare across the population of the Tees Valley and North Yorkshire.

In January 2023, agreement was reached by both parties to form a hospital group, bringing the working relationships closer together than ever before in order to support our shared goals for patients, service users and colleagues. Under the hospital group model, which will be developed over the next two years, both trusts will remain as statutory organisations. The Joint Partnership Board will drive the programme of work required to implement the future model ensuring appropriate governance arrangements are developed to support and enable the direction of travel.

The Joint Partnership Board meets on a monthly basis and the membership comprises:

- **Voting members**: the Joint Chair and the voting Board of Director members of
  North Tees and Hartlepool and South Tees Statutory Boards.
- **Non-voting member**: the Joint Director of Strategy and Partnerships, the Chief People Officers and Company Secretaries.

Well Led

The Trust was inspected by the Care Quality Commission during 2022, which included a Well Led inspection. The report concluded that the ratings had changed from 'good' to 'requires improvement' with 13 trust wide 'must do' actions identified.

The Trust commissioned the Good Governance Institute (GGI) in December 2022 to undertake an independent governance review of compliance with well led following the inspection findings and as part of our normal cycle of business and governance.

The review will focus on governance systems, management of risks and reflect the Trust's responsibility for maintaining a sound system of internal control and governance that supports the delivery of strategy within the context of system working and the achievement of our strategic aims and objectives, and that those systems remain fit for purpose.

In tandem with this, the Trust has asked GGI to look at how the Trust can enhance its programme of Board development, which is internally led at present with a view to shaping development activities for the next 12-18 months.

It is anticipated the final report with key findings, conclusions, recommendations for change and an action plan to support their implementation will be available by the end of quarter 1: 2023-24 with a clear roadmap for the 2023-24 Board development programme including proposed activities and timelines.

Internal Control

The Board of Directors is responsible for the Trust's system of internal control and for reviewing its effectiveness, which is designed to manage risk to achieve the Trust's objectives. The Board of Directors provides reasonable, but not absolute, assurance against material misstatement or loss. The Board has established a process which is demonstrated in the Trust's Risk Management Policy that covers identification, evaluation and management of significant risks the Trust may encounter. Further details of the Trust's risk management process can be found within the Annual Governance Statement section 4.7 pages 107-124.

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

Board Committees and Membership

Committee Name	Membership
Board Public and In-Committee	Derek Bell (Chair) including all members of the Board of Directors
Remuneration Committee	Derek Bell (Chair) including all Non-Executive Directors
Audit Committee	James Bromiley (Chair), Alison Fellows
Finance Committee	Chris Macklin (Chair) transition to James Bromiley (Chair) February 2023, Fay Scullion, Neil Atkinson
Investment Committee	Chris Macklin (Chair), Derek Bell, Neil Atkinson
Charitable Funds Committee	Chris Macklin (Chair), Derek Bell, Julie Gillon, Neil Atkinson
Patient Safety and Quality Standards Committee	Ann Baxter (Chair) transition to Fay Scullion (Chair) February 2023, Liz Barnes, Deepak Dwarakanath, Lindsey Robertson
Performance, Planning and Compliance Committee	Ann Baxter (Chair) transition to Alison Fellows (Chair) February 2023, James Bromiley, Linda Hunter
Transformation Committee	Steve Hall (Chair) transition to James Bromiley (Chair) February 2023, Derek Bell, Chris Macklin, Julie Gillon
People Committee	Ann Baxter (Chair), Derek Bell, `Liz Barnes, Susy Cook

Remuneration Committee

The Remuneration Committee considers and approves the pay and allowances and other terms and conditions of service of the Chief Executive and Executive Directors. The Committee is made up of all Non-Executive Director members of the Board of Directors, inclusive of the Joint Chair. The Committee met seven times in 2022-23.

In addition, the Chief Executive, Managing Director/Director of Finance, Chief People Officer and Interim Director of Governance attended, as and when appropriate, where they provided support and advice to assist the Committee in consideration of matters,

To support governance arrangements of both the Remuneration Committee and Nominations Committee, we commissioned an independent review during Quarter 3; 2022-23. The outcome of the review identified a number of recommendations to strengthen governance processes in line with the NHS Code of Governance and to implement best practice guidance. These have been addressed and actioned accordingly.

Name	Total number of meetings attended (see note)	Total number of meetings held (see note)
Derek Bell	7	7
Stephen Hall	6	7
Ann Baxter	7	7
Chris Macklin	7	7
Fay Scullion	6	7
James Bromiley	1	2
Liz Barnes	1	2
Alison Fellows	1	2
Ian Simpson	2	3

Note Total number of meetings that could be attended

Audit Committee

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

The Chair of the Committee from 1 April 2022 to 13 February 2023 was Chris Macklin, James Bromiley was appointed Chair with effect from 14 February 2023; both are qualified chartered accountants. The Committee provides independent assurance for external and internal audit, ensuring the standards are set and compliance is monitored for all financial, non-financial and non-clinical areas, and activities of the Trust. The Audit Committee receives its assurance on clinical risk through the interface provided by the responsible Non-Executive Director on the Patient Safety and Quality Standards Committee. The Patient Safety and Quality Standards Committee provides a report to the Audit Committee summarising its areas of concern to ensure the Audit Committee is sighted on potential risks and the actions being taken to mitigate these.

The Audit Committee investigates any activity within its terms of reference and seeks information, as required, from any member of staff of the Trust. In discharging these responsibilities, the Committee approves internal and external audit work plans, their final reports and seeks assurance from the Trust that outcomes were implemented. The Audit Committee met five times during 2022-23 to assess and critically review the key risks facing the Trust and to ensure that the key financial controls were in place and operating effectively.

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

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

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

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

Documents presented included: the annual plans for external audit and internal audit, annual reports for internal audit and the local counter fraud service, external assurance on annual accounts for 2022-23, Trust annual report and accounts and the annual governance statement. Reports on the Board Assurance Framework were presented quarterly.

The following reports were also presented to the Audit Committee:

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

Name	Total Number of meetings attended	Total number of meetings held
Chris Macklin (Chair) – 1 April 2022 to 13 February 2023	4	4
Ian Simpson – 1 April 2022 to 31 December 2022	2	4
Fay Scullion – (deputised for Ian Simpson)	2	2
James Bromiley – 14 February 2023*	1	1
Alison Fellows – 1 February 2023	1	1

* James Bromiley became Chair of the Audit Committee with effect from 14 February 2023.

Finance Committee

The Finance Committee ensures that the Trust's resources are managed efficiently and effectively. The Finance Committee met 13 times during the year to review the financial affairs of the Trust; financial arrangements; the cost improvement programme and the monthly financial and contracting performance to the Board of Directors. The Chief Executive, Medical Director, Chief Nurse/Director of Patient Safety and Quality, Director of Planning and Performance, Chief Operating Officer and Care Group Directors (for specific items) attended meetings to inform and provide assurance in relation to financial control.

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

Planning	
2022-23 Priorities & Operational Planning	New Hospital Outline Business Case
2022-23 Revenue & Capital Budget Setting	Community Diagnostic Centre Briefing
Pathology Collaboration	Board Assurance Framework & Strategic Risks
Governance	
Financial Outturn Update	HFMA Audit Checklist Update
Finance Committee Annual Report / Terms of Reference	Forecast Protocol Update
HFMA Finance Training Programme	Final Annual Auditors Report
Finance Reports	
Rolling 12-month forecasts	Temporary Staffing / Enhanced Care Reports
Monthly Financial Position Reporting	Financial Management Performance Framework Reports
National Cost Collection Report	Cost Improvement Plan Updates

Investment Committee

The Investment Committee met once during 2022-23 in November 2022 where it considered and approved the Treasury Management policy. The Committee also approved a short term cash investment with the National Loans Fund to maximise income from interest receivable.

Charitable Funds Committee

The Charitable Funds Committee met twice during the year in June 2022 and November 2022 to monitor arrangements for the control and management of the Trust's charitable funds and to make decisions involving the sound investment of charitable funds in a way that both preserved their capital value and produced a proper return, consistent with cautious and sensible investment.

The charitable funds accounts for 2021-22 were approved and were submitted to the Charity Commission. The Committee has also;

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

Patient Safety and Quality Standards Committee

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

The agenda of the Committee is informed by the domains of the Care Quality Commission and the requisite sections of the Board Assurance Framework structures providing assurance to the board on the controls and mitigations to the strategic risks to the delivery of Patient Safety, Patient Experience and Emergency Preparedness, Resilience and Response.
Following the Care Quality Commission Inspection in 2022 their report formed the basis of an improvement plan with action statements and timescales. Governance arrangements and robust project management have been implemented to monitor progress with the Quality Assurance Council, with escalation and progress reports to this Committee.

The Committee receives information and presentations from a wide range of services and departments across the trust in order to question and seek assurance on patient safety, quality and patient experience, this includes the sharing of serious incidents. The Committee provides support to staff and clinical teams to deliver safe, patient- centred, high quality care through its approach to shared clinical and quality governance.

People Committee

The People Committee takes responsibility for overseeing, monitoring and reviewing the development of the people, workforce and organisational development strategies for the Trust to provide assurance to the Board of Directors on all aspects of people practice, strategic workforce planning and organisational development. This includes workforce capacity and capability and the Trust's response to specific workforce issues.

The Committee gains assurance, on behalf of the Board of Directors that the Trust is making sufficient progress towards delivery of the strategic priorities and Trust ambitions ensuring a fair, safe and just culture, with a focus on health and wellbeing and a more consistent and positive experience for all staff. In addition, the Committee gains assurance on People Directorate related risks; in relation to them being tracked, monitored and appropriate actions are being taken to mitigate those risks.

Planning, Performance and Compliance Committee

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

Transformation Committee

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

Executive Team

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

Register of Interests – Board of Directors

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

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

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

Board of Directors – Who's Who

Non-Executive Directors

Professor Derek Bell

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

Appointed as Joint Chairman from 1 September 2021

Term of office until 31 August 2024

Current commitments include:
Chair of SEL SDEC NHS
South East London
Clinical Advisor to NHS Scotland

Former positions:
President Royal College of Physicians of Edinburgh (RCPE)
Professor of Acute Medicine, Imperial College, London.

Stephen Hall, JP

Non-Executive Director/ Vice Chair

Appointed 1 March 2007.
Term of office until 31 January 2024.

Vice Chair with effect from 1 February 2021.

Resigned with effect 31 March 2023

Current commitments include:
Justice of the Peace (JP)

Director of Optimus Health Ltd (Trust wholly owned subsidiary)

Major shareholder in Regional Training Partners Ltd.

Ann Baxter

Non-Executive Director/Vice chair designate

Appointed: 1 July 2019.
Vice Chair with effect from 1 April 2023.
Term of office until 31 March 2026

Current commitments include:
Independent Safeguarding Scrutiny Adults and Children – Darlington Statutory Safeguarding Partnership
School Governor - Thirsk School and Sixth Form College

Former Positions:
Regional Children's Improvement Advisor – Local Government Association

Independent Chair of Darlington Safeguarding Vulnerable Adult Board

Independent Consultant for a number of projects, quality assurance reviews, overview panels regionally and nationally
Director of Children, Schools and Families – London Borough of Camden

Director of Children and Adult Services – Stockton Borough Council

Chris Macklin

Non-Executive Director

Appointed: 23 March 2022

Term of office until 31 December 2025

Current commitments include:
Chair of Consortium Board – Audit One

Former Positions:
Lay Member for Audit and Non-Clinical Vice Chair – Sunderland CCG

Lay Member for Primary Care Commissioning, Sunderland CCG

Finance Director – Gateshead Hospitals/Gateshead Healthcare

Chartered Public Finance Accountant – CIPFA

Fellowship Healthcare Financial Management Association (HFMA)

Non-Executive Directors

Fay Scullion
Non-Executive Director

Non-Executive Director

Appointed: 28 April 2022

Term of office until 31 December 2025

Current commitments include:
School Governor – Jarrow School
Associate Tutor – Learning Curve Group

Former Positions:
Director for UK Partnerships – Macmillan Cancer Support

Director for England and Chief of Staff - Macmillan Cancer Support

General Manager – Macmillan Cancer Support

Deputy Director of Nursing and Midwifery – Gateshead Health NHS

James Bromiley
Non-Executive Director

Appointed: 1 February 2023

Term of office until 31 January 2026

Current commitments include:
Director/Trustee, Horizons Specialist Academy Trust
Governor – East Durham College
Governor – Northumbria University
Board Member/Safeguarding Officer – Yarm Cricket Club

Former Positions:
Deputy CEO and CFO for Elevate Multi Academy Trust

Programme Director – Tees Valley Combined Authority

Strategic Director of Corporate Services – Middlesbrough Council

Senior Civil Servant – Department of Education; HM Treasury and Cabinet Office

Member of the Institute of Chartered Accountants in England and Wales

Professor Liz Barnes
Non-Executive Director

Appointed: 1 February 2023

Term of office until 31 January 2026

Current commitments include:
Non-Executive Director – Aspire Housing
Trustee – University of Sunderland
Trustee – Middlesex University
Trustee – Peter Coates Foundation
Member – Uttoxeter Learning Trust
Member – Queen Elizabeth Grammar School Multi-Academy Trust

Former Positions:
Vice Chancellor Staffordshire University

Deputy Vice Chancellor Sheffield Hallam University

Pro-Vice Chancellor Derby University

Dean of Social Sciences and Law Teesside University

Deputy Dean of Health and Social Care Teesside University

Alison Fellows
Non-Executive Director

Appointed: 1 February 2023

Term of office until 31 January 2026

Current commitments include:
Non-Executive Director – Gentoo Group (Housing Association)
Trustee - Tyneside Cinema

Former Positions:
Commercial Director – Teesside International Airport Limited

Group Commercial Director, Tees Valley Combined Authority

Executive Director of Commercial Development, Sunderland City Council

Head of Major Projects then Assistant Director of Capital Investment, Newcastle City Council

Solicitor, Partner & Head of Commercial Team, Dickinson Dees solicitors

Non-executive Director/Senior Independent Director, North East Ambulance NHS Foundation Trust

Executive Directors

Julie Gillon
Chief Executive

Date of commencement as Chief Executive 1 October 2017.

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

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

Passionate about leadership and t improving population health outcomes, recognising the benefits of partnerships and system workin

Former positions:
Held a range of nursing and senior management positions including Registered General Nurse; Senior Sister; Senior Nurse; Deputy Director and Head of Strategic Planning. Previously held the position of Chief Operating Officer/Deputy Chief Executive at tl Trust and led the population health and health inequalities advisory group across the North East and North Cumbria alongside Public Health England/Office for Health Improvement and Disparities.

Dr Deepak Dwarakanath
Medical Director/
Deputy Chief Executive

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

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

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

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

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

Date of commencement 1 November 2020.

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

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

Neil Atkinson
Managing Director/Director of Finance

Date of commencement 1 May 2018.

Fellow of the Chartered Institute of Public Finance and Accountancy.

Background:
Extensive NHS experience, at a senior level, across a range of finance functions in provider and commissioning organisations.

Neil is the Trust Representative on North Tees and Hartlepool Solutions Management Board, a subsidiary company of North Tees and Hartlepool NHS Foundation Trust

Former positions:
Transformation Change Director at the Trust
Operational Director of Finance – Leeds Teaching Hospitals
Deputy Director of Finance and Information at the Trust
Senior finance positions in the NHS

Executive Directors

Levi Buckley
Chief Operating Officer

Date of commencement 4 November 2019.

BA in Town Planning
Masters in Health Economics and Health Policy

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

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

Former positions:
Working life started in social care, health promotion and community development before joining the NH in 1998 as a management trainee working at Newcastle Hospitals Tru and Newcastle PCT.

Linda Hunter
Director of Planning and Performance

Director of Planning & Performance

Date of commencement 1 October 2021.

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

Former position:
Deputy Director of Planning and Performance

Dr Susy Cook
Chief People Officer/Director of Corporate Affairs

Date of commencement 1 May 2022.

Chartered MCIPD
Post Graduate Certificate Learning and Teaching in Higher Education-2018
Association of Psychological Therapies

Background:
Susy has worked across the NHS and academia for over 20 years across a number of roles including Biochemist, Manager, Director, Coach, Leadership and Organisational Development lead, Improver and Academic.

Susy joined the Trust in May 2022 as Chief People Officer

Former positions:
Deputy Director Intensive Support NHSE (lead culture and HR)
Associate Dean (Learning and Teaching)
Director (Learning Research and Innovation Institute)
Divisional Manager of Academia , Leadership and OD

Gillian Colquhoun
Chief Information and Technology Officer/Senior Information Risk Owner (SIRO)

Date of commencement 1 June 2022

Background:
With more than 20 years NHS experience, Gillian is a well-established digital transformation and business operations executive leading innovative organisational change within complex environments.

Gillian is the representative for the Trust on the HealthCall Board

Former positions:
Deputy Chief Information and Technology Officer
Assistant Director of Digital Programmes

Professor Graham Evans left the organisation with effect from May 2022.

Alan Sheppard, Chief People Officer left the organisation with effect from 31 August 2022.

Ian Simpson, Interim Non-Executive Director left his role with effect from 31 December 2022.

4.2 Remuneration Report

4.2.1 Annual Statement from the Chair of the Remuneration Committee

I am pleased to present the Remuneration Report for the financial year 2022-23 on behalf of the Trust.

Within this report, the term 'senior manager' is used. Guidance issued by NHS England defines senior managers as those who influence the decisions of the Trust as a whole rather than the decisions of individual directorates within the Trust. For the purposes of this report, only members of the Board of Directors are treated as senior managers.

In accordance with the requirements of the HM Treasury Financial Reporting Manual (FReM) and reporting requirements issued by NHS England, this report is in three parts:

- **Annual statement on remuneration** describes the major decisions on senior managers' remuneration as well as any substantial changes to senior managers' remuneration which were made during the year and the context in which those changes occurred and decisions taken;
- **Senior managers' remuneration policy** sets out information about our policy; and
- **Annual report on remuneration** includes details about senior managers' service contracts and sets out other matters such as committee membership, attendance and the business transacted.

The Trust has two committees responsible for reviewing the remuneration of Non-Executive and Executive Directors:

- Council of Governors Nominations Committee
- Board of Directors Remuneration Committee

The two committees aim to ensure that both Non-Executive and Executive Directors' remuneration is set appropriately taking into account relevant market conditions.

During the course of 2022, I commissioned an independent review of governance arrangements and processes of both the Nominations Committee and Remuneration Committee. The outcome of the review identified a number of recommendations to strengthen governance processes in line with the NHS Code of Governance and to implement best practice guidance. These have been addressed and actioned accordingly.

Council of Governors Nominations Committee

The Council of Governors Nominations Committee has the delegated responsibility to recommend to the Council the remuneration levels for all Non-Executive Directors including the Joint Chair as well as the allowances and the other terms and conditions of office in accordance with all relevant legislation and regulation.

In reviewing the remuneration of Non-Executive Directors, the committee balances the need to attract and retain directors with the appropriate knowledge, skills and experience required on the Board to meet current and future business needs without paying more than is necessary and at a level which is affordable to the Trust.

Major decisions on remuneration during 2022-23

During the year, following recommendation by the Committee, the Council of Governors agreed and ratified:

- the appointment of three interim Non-Executive Directors for a period of 9 months;
- the appointment of an external recruitment agency to facilitate the recruitment process to appoint Non-Executive Directors to fill the three interim roles and two vacant roles;
- the appointment of five Non-Executive Directors on a term of office of 3 years following a successful recruitment and selection process;
- the terms and conditions for the new Non-Executive Directors in line with national NHS England guidance;
- the Joint Chair appraisal for 2021-22 and arrangements for a Joint Nominations Committee with South Tees Hospitals NHS Foundation Trusts to agree the process for 2022-23;
- Non-Executive Director appraisals for 2021-22;
- No inflationary uplift for 2022-23;
- Reappointment of Ann Baxter for a second term of office;
- The resignation of Steve Hall as Vice Chair/Non-Executive Director with effect from 31 March 2023;
- Appointment of Ann Baxter as Vice Chair Designate from January 2023, with appointment as Vice Chair for a three-year term of office, with associated remuneration, effective from 1 April 2023.

Further detail is included in the Nominations Committee section on page 50.

Remuneration Committee

The Remuneration Committee has delegated responsibility to review and agree the remuneration levels and terms and conditions of the Executive Directors.

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

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

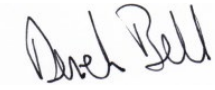
The Remuneration Committee considers the key business objectives as set out in the Trust's Corporate Strategy and objectives allocated to each Executive Director through the appraisal process. Performance is closely monitored and discussed through both an annual and on-going appraisal process. The Chief Executive takes the lead on the evaluation of Executive Directors and the Joint Chair takes the lead on the Chief Executive's performance. During 2022-23, appraisals were held with the Chief Executive and each Director and all senior managers' remuneration is subject to satisfactory performance.

In January 2023, agreement was reached with South Tees Hospitals NHS Foundation Trust to form a hospital group, with an alternative leadership model, bringing the working relationships closer together than ever before in order to support our shared goals for patients, service users and colleagues. Under the hospital group model, which will be developed over the next two years, both trusts will remain as statutory organisations. Due consideration will be given to the establishment of a Joint Remuneration Committee between the two organisations to oversee future collaborative arrangements for any senior joint appointments.

Major Decisions on Remuneration during 2022-23

A number of changes took place during 2022-23 to ensure the necessary capacity and capability within the Trust to deliver the challenging agenda:

- The Chief Executive will leave the organisatin in September 2023, and a programme of work focusing on supporting system wide collaboration, including a smooth transition to an alternative leadership model for the group structure for the benefit of the Trust and wider system partners was agreed for a 6 month period from the 1 April 2023;
- Establishment and appointment to the role of Managing Director, who on an interim basis will assume responsibilities as Accountable Officer from 1 April 2023;
- A capacity and capability review of leadership and senior management resulting in changes to roles and portfolios in support of the delivery of core business and being fit for purpose to deliver on future challenges;
- Resignation of the Chief People Officer with effect from 31 August 2022 and appointment of an Interim Chief People Officer in May 2022, with a permanent appointment made in October 2022;
- Proposals agreed and implemented in relation to a further 3-year term of office for the Medical Director and a change in job title to Chief Medical Officer effective from 1 April 2023;
- Appointment of the Interim Director of Planning and Performance on a permanent basis with effect from 1 October 2022 on very senior manager terms and conditions;
- An extension in tenure of office of a further 6 months up to 31 March 2023 for the Interim Independent Chair of North Tees and Hartlepool Solutions LLP;
- Resignation in March 2023 of the Interim Independent Chair of North Tees and Hartlepool Solutions LLP with interim arrangements implemented for 6 months from 1 April 2023;
- Review of the Joint Strategy and Partnership Director post, held with South Tees Hospitals NHS Foundation Trust, with a six-month extension until 31 March 2023 agreed.
- Agreed inflationary pay increase of 3% in line with national NHS England guidance for Executive Directors and Managing Director of North Tees and Hartlepool Solutions LLP.
- No bonus payment for 2021-22 and a review of the scheme for 2022-23



Derek Bell, Joint Chair
29 June 20

4.2.2 Senior managers' remuneration policy

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

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

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

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

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

NHS England outlined recommendations for the 2022-23 annual pay increase for very senior managers in September 2022, which was an across the board increase of 3% for all VSM's. In line with the national recommendations this was applied and back dated to 1 April 2022.

Details of Directors' remuneration and pension entitlements for the year ending 31 March 2023 are published in this Remuneration Report and the Annual Accounts section, which can be found at section 6 of this report. There have been no awards made to past senior managers. The dates of commencement of the Executive Directors in their current posts can be found in section 4.1.3, pages 65-58.

There are no components to senior manager salaries other than those disclosed within the tables on pages 77-82. Total remuneration includes salary, non–consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions for 2022-23.

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

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

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

The performance targets to be achieved within the financial year 2021-22 were determined in July 2021 and reviewed and assessed by the Remuneration Committee in December 2022. The performance related elements of remuneration were set at a maximum of 5% of salary and the performance targets and relevant weighting covered delivery of financial plans; governance; performance and recovery measures; duty to collaborate; delivery of metrics aligned to the staff survey outcomes; and delivery of core objectives.

At its meeting on 8 December 2022, the Remuneration Committee agreed that no bonus payment is made for 2021-22. In addition, agreement was reached to review the performance incentive scheme for 2022-23.

Members of the Executive Team, with the exception of the Medical Director, are appointed on permanent contracts with a notice period of three months for them to serve and a period of six months for the Trust to serve. The Medical Director is appointed for a term of office of three years, which was extended for a further 3-year period on 1 June 2022.

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

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

Future policy table

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

4.2.3 Annual report on remuneration

The Trust's Remuneration Committee membership and roles are reflected in section 4.1.3, (page 60). This Committee has responsibility for setting the salaries, allowances and terms and conditions for the Chief Executive and Executive Directors.

The Trust's Nominations Committee sets the remuneration and expenses for the Joint Chair and Non-Executive Directors. Details of the Nominations Committee can be found in section 4.1.2 (page 50). No cost of living increase was agreed by the Nominations Committee in 2022-23.

Expenses paid to Directors in the year have been £9,331 (2021-22: £8,098), and for governors £357 (2021-22 £68.66). Expenses are in relation to travel and subsistence necessarily incurred in the performance of their duties in accordance with Trust policies and in compliance with HMRC regulations or other legislation. As at 31 March 2023 there are 16 (2021-22:13) directors in office, and 8 (2021-22:10) of these have received expenses in 2022-23. As at 31 March 2023 there are 26 (2021-22:32) governors in office, with 4 (2021-22:2) of these having received reimbursement in the form of expenses.

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

The Trust is required to disclose the median remuneration of the Trust's staff and the ratio between this and the mid-point of the banded remuneration of the highest paid Director. The calculation is based on full-time equivalent staff of the reporting entity at the reporting year end date on an annual basis. The median remuneration of all Trust staff is £31,393 (2021-22: £29,201) and the ratio between this and the mid-point of the banded remuneration of the highest paid director is a ratio of 7.57 (2021-22: 7.62) to the highest paid Director being £235k - £240k (2021-22: £225k - £230k). In 2022-23, two employees of the Trust have received remuneration in excess of the highest paid director and 1 agency employee if their hours paid were annualised (2021-22:4). Remuneration ranged from £240k – £330k (2021-22: £225k – £295k). Three directors earned over £150,000. The lowest salary at the Trust in the reporting period is £10k-£15k with the highest salary £325k-£330k.

The banded remuneration of the highest-paid director in the organisation in the financial year 2022-23 was £235k-£240k (2021-22, £225-£230k). This is a change between years of +4.40%. For employees of the Trust as a whole the average percentage change from the previous financial year in respect of all employees of the entity and including agency and bank is +7.05%.

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

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

	2022-23			2021-22			
	25th percentile £	Median £	75th percentile £	25th percentile £	Median £	75th percentile £	
Salary component of pay	24,717	31,393	43,155	21,949	29,157	40,057	(This is the salary component of the total pay and benefits figure below)
Total pay and benefits excluding pension benefits	24,719	31,393	43,159	22,293	29,201	40,150	(These figures are based on annualised full-time equivalent pay and benefits inc agency and temp staff)
Pay and benefits excluding pension: pay ratio for highest paid director	9.61	7.57	5.50	10.03	7.66	5.57	(mid point of banded remuneration (excluding pension benefits) of the highest paid director in the single total figure table)

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

Julie Gillon
Chief Executive

29 June 2023

Neil Atkinson
Managing Director

29 June 2023

This table has been subject to audit.

		To 31 March 2023				
Name and Title	Salary and Fees	Expense payments (taxable)	Other remuneration	Annual performance related bonuses	Pension Related Benefits	Total Remuneration
	(bands of £5,000) £000	Rounded to the nearest £100	(bands of £5,000) £000	(bands of £5,000) £000	(bands of £2,500) £000	(bands of £5,000) £000
Professor Derek Bell – Joint Chair from 1 September 2021	80-85	-	-	-	-	80-85
Ms Julie Gillon – Chief Executive	390-395	800	10-15	-	52.5-55	455-460
Mr Anandapuram Dwarakanath – Medical Director/Deputy Chief Executive	235-240	1300	0-5	-	122.5-125	360-365
Mr Neil Atkinson – Managing Director/Director of Finance	150-155	2500	10-15	-	-	165-170
Mrs Lindsey Robertson – Chief Nurse/Director of Patient Safety & Quality	125-130	1500	-	-	-	130-135
Professor Graham Evans – Chief Information & Technology Officer and Chief Digital Officer (CDO) for the Integrated Care System (ICS) for the North East and North Cumbria region - the Trust pays 50% of Dr Evans basic salary and Newcastle & Gateshead CCG pay the other 50%. Left the Trust 31 May 2022	25-30	-	0-5	-	-	25-30
Mrs Gillian Colquhoun – Interim Chief Information & Technology Officer from 30 May 2022	75-80	-	-	-	-	75-80
Mr Alan Sheppard – Chief People Officer left the Trust 31 August 2022	45-50	-	5-10	-	-	60-65
Dr Susannah Cook– Chief People Officer from 1 May 2022	95-100	-	-	-	65-67.5	160-165
Mrs Linda Hunter – Director of Planning & Performance	100-105	-	-	-	65-67.5	165-170
Mr Levi Buckley – Chief Operating Officer	130-135	-	-	-	32.5-35	160-165
Mr Mike Worden – Managing Director of NTH Solutions LLP	130-135	2400	-	0-5	-	135-140
Mr Stephen Hall – Non-Executive Director/Vice Chair left the Trust 31 March 2023	25-30	-	-	-	-	25-30
Ms Elizabeth Ann Baxter – Non-Executive Director	15-20	-	-	-	-	15-20
Mr Christopher Macklin – Non-Executive Director	10-15	-	-	-	-	10-15
Mrs Fay Scullion – Non-Executive Director from 28 April 2022	10-15	-	-	-	-	10-15
Mr Ian Simpson –Interim Non-Executive Director from 28 April 2022 to 31 December 2022	10-15	-	-	-	-	10-15
Ms Alison Fellows – Non-Executive Director from 1 February 2023	0-5	-	-	-	-	0-5
Professor Elizabeth Barnes – Non-Executive Director from 1 February 2023	0-5	-	-	-	-	0-5
Mr James Bromiley – Non-Executive Director from 1 February 2023	0-5	-	-	-	-	0-5
Mr Graham Walton - Chair of NTH Solutions LLP left the Trust 31 March 2023	10-15	-	-	-	-	10-15

NOTES

1. *All taxable benefits relate to cars and are expressed in £000's. The method of calculating benefits in kind is based upon HMRC guidance and uses the CO2 emissions rate of the vehicle and the type of fuel used.*
2. *Professor Derek Bell is Joint Chair of North Tees and Hartlepool NHS Foundation Trust and South Tees NHS Foundation Trust. The Trust pays 50% of Professor Bell's salary*
3. *Ms Julie Ann Gillon salary includes a compulsory redundancy payment of £160k and other remuneration of £11k which consists of training and legal fees, which is included in note 4.3.8.*
4. *#Remuneration in relation to the Medical Director, Dr Anandapuram Dwarakanath includes payment for level 9 clinical excellence award of £35k-£40k. Dr Dwarakanath is over normal retirement age for the existing benefits scheme therefore the CETV calculation is only applicable on the 2015 scheme.*
5. *Mr Neil Atkinson other remuneration includes paid annual leave for financial year 2021-22 and 2022-23.*
6. *Professor Graham Evans is over normal retirement age therefore the CETV calculation is only applicable on the 2015 scheme. As Professor Evans is also employed as Chief Digital Officer (CDO) for the Integrated Care System (ICS) for the North East and North Cumbria region, the Trust received 50% of his salary from Newcastle and Gateshead CCG. Professor Evans left the Trust on 31 May 2022.*
7. *Mrs Gillian Colquhoun, Interim Chief Information & Technology Officer commenced in this role 30 May 2022 although prior to obtaining this position was already working at the Trust in a different role.*
8. *Mr Alan Sheppard, Chief People Officer left the Trust on 31 August 2022.*
9. *Dr Susannah Cook, Chief People Officer commenced in post on 1 May 2022, however, from 1 May 2022 – 31 October 2022 this was on a secondment basis from NHS England. Dr Cook transferred to the Trusts payroll on 1 November 2022, however the Trust was charged £47,916.67 from NHS England to cover the secondment period.*
10. *Mr Alan Foster was employed by the Integrated Care System (ICS) for the North East and North Cumbria region, although the Trust paid Mr Foster's salary the costs were fully reimbursed by Newcastle and Gateshead CCG.*
11. *Mr Stephen Hall, Non-Executive Director left the Trust on 31 March 2023.*
12. *Mrs Fay Scullion, Non-Executive Director commenced at the Trust on 28 April 2022.*
13. *Mr Ian Simpson, Interim Non-Executive Director worked at the Trust from 28 April 2022 to 31 December 2022.*
14. *Ms Alison Fellows, Non-Executive Director commenced at the Trust from 1 February 2023.*
15. *Professor Elizabeth Barnes, Non-Executive Director commenced at the Trust from 1 February 2023.*
16. *Mr James Bromiley, Non-Executive Director commenced at the Trust from 1 February 2023.*
17. *Mr Graham Walton, Chair of North Tees and Hartlepool Solutions LLP/Non-Executive Director left the Trust on 31 March 2023.*
18. *Pension - Related Benefits have been calculated in line with the 2021-22 NHS Foundation Trust ARM guidance and have been determined in accordance with the HMRC method of calculating less the amounts paid by employees.*
19. *On 27 April 2023 HM Treasury published updated discount rates for determining the discount rate used in calculating cash equivalent transfer values (CETVs) payable on unfunded public sector pension schemes. In May 2023 HM Treasury clarified that this updated guidance should not be used in calculations for 2022/23 annual reports. This means that 'Greenbury' information provided by NHS BSA during January to April 2023 on the 'old' basis is correct. A new paragraph has been added to the FT ARM which requires NHS foundation trusts to disclose this basis of calculation.*

Julie Gillon
Chief Executive
29 June 2023

Neil Atkinson
Managing Director
29 June 2023

		To 31 March 2022				
Name and Title	Salary and Fees	Expense payments (taxable)	Other remuneration	Annual performance related bonuses	Pension Related Benefits	Total Remuneration
	(bands of £5,000) £000	Rounded to the nearest £100	(bands of £5,000) £000	(bands of £5,000) £000	(bands of £2,500) £000	(bands of £5,000) £000
Mr Neil Mundy – Interim Joint Chair left 31 July 2021	15-20	-	-	-	-	15-20
Professor Derek Bell – Joint Chair from 1 September 2021	45-50	-	-	0-5	-	45-50
Ms Julie Gillon – Chief Executive	220-225	30	-	0-5	92.5-95	320-325
Mr Anandapuram Dwarakanath – Medical Director	225-230	2	10-15	0-5	272.5-275	510-515
Mr Neil Atkinson – Director of Finance	145-150	2	5-10	0-5	22.5-25	180-185
Mrs Lindsey Robertson – Chief Nurse/Director of Patient Safety & Quality	125-130	3	-	0-5	97.5-100	225-230
Professor Graham Evans – Chief Information & Technology Officer and Chief Digital Officer (CDO) for the Integrated Care System (ICS) for the North East and North Cumbria region - the Trust pays 50% of Dr Evans basic salary and Newcastle & Gateshead CCG pay the other 50%	70-75	-	-	0-5	22.5-25	95-100
Mr Alan Sheppard – Chief People Officer	115-120	-	5-10	0-5	52.5-55	175-180
Mrs Lynne Taylor – Director of Planning & Performance retired with effect from 31 October 2021	55-60	-	-	0-5	15-17.5	70-75
Mrs Linda Hunter – Interim Director of Planning & Performance from 1 October 2021	45-50	-	-	0-5	25-27.5	70-75
Mr Levi Buckley – Chief Operating Officer	125-130	-	-	0-5	35-37.5	165-170
Mrs Barbara Bright – Director of Corporate Affairs & Chief of Staff retired with effect from 31 March 2022	115-120	-	-	0-5	-	115-120
Mr Mike Worden – Managing Director of NTH Solutions LLP	120-125	-	-	15-20	-	135-140
Mr Stephen Hall – Non-Executive Director/Vice Chair	25-30	-	-	0-5	-	25-30
Mr Jonathan Erskine – Non-Executive Director resigned with effect from 21 February 2022	10-15	-	-	-	-	10-15
Mr Kevin Robinson – Non-Executive Director resigned with effect from 21 February 2022	10-15	-	-	-	-	10-15
Mr Philip Craig – Non-Executive Director resigned with effect from 21 February 2022	10-15	-	-	-	-	10-15
Mr Neil Schneider – Non-Executive Director left 14 April 2021	0-5	-	-	-	-	0-5
Ms Elizabeth Ann Baxter – Non-Executive Director	15-20	-	-	0-5	-	15-20
Mrs Rita Taylor – Non-Executive Director resigned with effect from 21 February 2022	10-15	-	-	-	-	10-15
Mr Christopher Macklin – Interim Non-Executive Director from 23 March 2022	-	-	-	-	-	-
Mr Brian Dinsdale – Chair of NTH Solutions LLP left 31 December 2021	10-15	-	-	-	-	10-15
Mr Graham Walton - Chair of NTH Solutions LLP from 7 February 2022	0-5	-	-	0-5	-	0-5

NOTES

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

Julie Gillon
Chief Executive
29 June 2023

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29 June 2023

This table has been subject to audit.

Salary and Pension Entitlements of Senior Managers - B) Pension Benefits								
Name & Title	Real increase in pension at pension age	Real increase in pension lump sum at pension age	Total accrued pension at pension age at 31 March 2022	Lump sum at pension age related to accrued pension at 31 March 2022	Cash equivalent transfer value at 1 April 2021	Real increase in cash equivalent transfer value	Cash equivalent transfer value at 31 March 2022	Employer's contribution to stakeholder pension
	(bands of £2,500) £000	(bands of £2,500) £000	(bands of £5,000) £000	(bands of £5,000) £000	£000	£000	£000	£000
Ms Julie Gillon	2.5-5		120-125	270-275	2,363	115	2,551	33
Dr Anandapuram Dwarakanath Medical Director	7.5-10	0-2.5	115-120	315-320	2,551	-	159	32
Mr Neil Atkinson Managing Director/Director of Finance	-	-	50-55	90-95	884	-	907	20
Mrs Lindsey Robertson Chief Nurse/Director of Patient Safety & Quality	0-2.5	-	45-50	100-105	849	15	890	17
Professor Graham Evans Chief Information & Technology Officer left the Trust on 31 May 2022.	-	-	30-35	90-95	-	15	15	3
Mrs Gillian Colquhoun Interim Chief Information & Technology Officer from 30 May 2022	-	-	20-25	30-35	386	-	382	13
Mr Alan Sheppard Chief People Officer left the Trust on 31 August 2022.	0-2.5	-	45-50	120-125	950	16	996	7
Dr Susannah Cook Chief People Officer from 1 May 2022.	2.5-5	2.5-5	30-35	65-70	495	61	578	7
Mrs Linda Hunter Director of Planning & Performance	0-2.5	0-2.5	25-30	40-45	370	72	454	14
Mr Levi Buckley Chief Operating Officer	2.5-5	-	55-60	60-65	739	50	811	19

NOTES

1. *Non-Executive Directors do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive Directors.*
2. *Dr Anandapuram Dwarakanath is over normal retirement age for the existing benefits scheme but not for the 2015 scheme therefore a CETV calculation is only applicable on the 2015 scheme.*
3. *Professor Graham Evans is over normal retirement age for the existing benefits scheme but not for the 2015 scheme therefore a CETV calculation is only applicable on the 2015 scheme. Professor Evans left the Trust on 31 May 2022.*
4. *Mrs Gillian Colquhoun, Interim Chief Information and Technology Officer commenced her role at the Trust on 30 May 2022. Mrs Colquhoun was previously employed at the Trust in a different role.*
5. *Mr Alan Sheppard, Chief People Officer left the Trust on 31 August 2022.*
6. *Dr Susannah Cook, Chief People Officer commenced in her role with the Trust on 1 May 2022. Dr Cook was seconded from NHS England to the Trust for the period 1 May 2022 – 31 October 2022, then from 1 November 2022 Dr Cook transferred to the Trust's payroll. During the seconded period the Trust was charged £47,916.67 from NHS England.*
7. *Mr Mike Worden, Managing Director, North Tees and Hartlepool Solutions LLP is not a member of the NHS Pension Scheme, therefore there is no entry in in respect of pensionable remuneration shown.*
8. *Mr Graham Walton, Interim Chair of North Tees and Hartlepool Solutions LLP/Non-Executive Director is not a member of the NHS Pension Scheme therefore, there is no entry in respect of pensionable remuneration shown.*
9. *A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and from 2004-05 the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.*
10. *Real Increase in CETV - This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.*
11. *On 27 April 2023 HM Treasury published updated discount rates for determining the discount rate used in calculating cash equivalent transfer values (CETVs) payable on unfunded public sector pension schemes. In May 2023 HM Treasury clarified that this updated guidance should not be used in calculations for 2022/23 annual reports. This means that 'Greenbury' information provided by NHS BSA during January to April 2023 on the 'old' basis is correct. A new paragraph has been added to the FT ARM which requires NHS foundation trusts to disclose this basis of calculation.*
12. *NHS Pensions are still assessing the impact of the McCloud judgement in relation to changes to benefits in 2015. The benefits and related CETVs disclosed do not allow for any potential future adjustments that may arise from this judgement.*

The above tables form part of the audited statements.

Julie Gillon
Chief Executive
29 June 2023

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stryker

4.3 Staff report

4.3.1 NHS People Plan/Context

In 2020 NHS England published its long-awaited People Plan for the NHS, setting out an overall vision for how the NHS should change over the next ten years. The People Plan 2020-21: action for us all, published at the end of July 2020 along with the People Promise, built on the interim People Plan to set out a range of actions to deliver this. These are organised around four pillars: looking after the people – with quality health and wellbeing support for everyone; belonging in the NHS, new ways of working and delivering care – making effective use of the full range of people's skills and experience and; growing for the future – how the Trust recruit and keep people, and welcome back colleagues who want to return.

This is a promise we must all make to each other – to work together to improve the experience of working in the NHS for everyone. The themes and words that make up Our People Promise have come from those who work in the NHS. Whilst the pandemic has challenged the workforce in ways our staff could never have imagined, it has never been clearer that a focus on the people who are at our beating heart is needed to continue on our journey to excellence as standard. Without the dedicated and compassionate people of the staff who work for the Trust, it would not be able to provide the quality care that it strives to achieve for our patients and population. There is much to celebrate and the Trust must continue to tap into the skills and potential of a diverse and talented workforce. Our people will continue to be recruited for their behaviours and values as well as their skills and qualifications and should be justifiably proud of the work they do and the important role they fulfil acting as ambassadors for the Trust, the wider NHS and the population in the community they serve.

4.3.2 Keeping staff informed

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

Ensuring that our staff are fully up-to-date with Trust communications is a key

objective for our organisation. We have a dedicated, well established, award-winning communications, engagement and marketing team who support our communications ambitions.

The important part of our approach to communications and engagement is the need to understand our multiple internal audiences, their needs and preferences in hearing and seeing communications messages. Our approach to strategic audience segmentation has ensured that our extension of reach is optimised to our almost 6,000 members of staff.

The graphic overleaf offers an overview of the channels we work with in order to keep our staff informed. The multi-channel approach ensures that as many of our staff as possible are hearing our key messages.

SOCIAL MEDIA

1. Facebook
2. Twitter
3. Instagram/Instagram stories
4. LinkedIn
5. TikTok

EMAIL NEWSLETTERS

1. Tuesday staff bulletin
2. Friday week in review
3. Monthly education bulletin
4. Specialist: GP/MP bulletins
5. Stand alones

SCREENSAVERS

1. Laptop screensavers
2. TV screen in main reception

MOBILE PHONE

1. Trust app
2. SMS messaging

MEDIA RELATIONS

1. Print (magazines and news)
2. TV
3. Radio
4. Specialist journals
5. Other businesses e.g. universities

WEBSITE

1. News section
2. Website alerts
3. Promotional banners

AUDIO

1. Radio Stitch
2. Podcasts

PRINT MEDIA

1. Anthem
2. Health and Wellbeing
3. Posters
4. Leaflets

4.3.3 Supporting Staff

It is recognised that to achieve our strategic aims, we must provide a safe environment for our staff with access to help and support when needed, which will ensure a mentally, emotionally and physically well workforce. This is resonated through the Trust's strategic aim of 'providing a working environment

that will enable employees to meet their full potential both in and out of the workplace and enable them to deliver excellent patient care'. It is envisaged that this will be achieved by supporting staff to assess and take responsibility for their own health as well as promoting health and wellbeing and providing prevention, intervention and rehabilitation services. The NHS People Promise sets out expectations for NHS employers on how to look after their workforce during the pandemic. Most of this remains relevant today as the impact on our people of having worked on the front line through the NHS specific challenges of the pandemic and the ongoing increased pressures is well reported and documented. Looking after our people is more important than ever if we want to prevent post pandemic burnout adversely affecting our ability to deliver services and care for our patients.

It is important to promote this agenda for many reasons: healthy people are happier in their work, have reduced absence and, if properly supported, absences are likely to be for shorter periods. The impact on the range of other metrics is also worthy of note, including but not restricted to reduced turnover. Additionally, there are intrinsic links between the happy and healthy workforce and high-quality patient care.

The Trust approach to health and wellbeing incorporates a variety of teams; Occupational Health, Organisation Development, and Psychology. All of these teams work to provide the best support possible for staff. We have over 100 health and wellbeing sponsors in the Trust who share information relating to health and wellbeing in their place of work ensuring we are able to further enhance the communication.

The Trust has been a holder of the annual Better Health at Work award for a number of years, climbing the levels of award to the highest level of 'Maintaining Excellence'. The graphic below demonstrates some of the information shared to achieve our award for 2023. A celebration event took place in April 2023 to highlight the achievement

As part of the revised health and wellbeing strategic plan the health and wellbeing information shared with staff was also improved using a design sprint with the communications team. This has allowed us to create a health and wellbeing magazine which is written by the staff for the staff. This magazine is shared on a regular basis and provided in a variety of formats to ensure increased access.

The annual vaccination campaigns which have included Flu and COVID have been delivered successfully allowing staff access to vaccinations through a range of methods

Staff Consultation and Policies

Partnership working with our trade union colleagues is well embedded in the Trust and we have a number of formal mechanisms where management representatives and staff side colleagues meet on a regular basis to consider and respond to various employee relations issues. This includes:

- Joint Forum (JF)
- Staff Side Executive Committee
- Local Negotiating Committee (LNC)
- Medical Staff Committee (MSC)
- Doctors in Training Forum

Our work in relation to policy development is closely aligned to our EDI programme of work, which sets out our desire to create an inclusive culture across the organisation and is supported by a comprehensive suite of People Policies. Our People policies are discussed and approved with trade union colleagues at Joint Forum, which is supported by a policy review group. The group works in a collaborative way to ensure that the views of all stakeholders are incorporated. The group currently manages 37 policies and as at March 2023, all of these are in date.

As a People Directorate we work closely and in partnership with our Freedom to Speak Up (FTSU) Guardian in relation to the raising of concerns, as well as our Counter Fraud colleagues where necessary and appropriate.

4.3.4 Equality, Diversity and Inclusion

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

Our customer services charter is developed in conjunction with our staff. Our vision and values promote a human rights based approach, which serves as a constant reminder that the patient is placed at the very heart of all that we do.

This is reflected through our core values of CARE: Collaborative, Aspirational, Respect and Empathy. Equality, diversity and inclusion flows through all our values, but is particularly embodied within “Respect”.

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

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

EDI Governance arrangements

Our ambition is to build an EDI governance structure that inspires ED&I practice from Board to Ward and responsibility for EDI is split between the Chief Nurse/Director of Patient Safety and Quality and the Chief People Officer. They report via the People Committee and

the Patient Safety and Quality Standards Committee, which provide assurance to the Trust Board. Our EDI Steering Group is chaired by a non-executive director who oversees and provides strategic direction for workforce equality.

The Trust is represented at an ICS level through membership of the regional Equality, Diversity and Human Rights Group, where representatives from local Trusts meet to share ideas and promote best practice. The Trust is also part of the Tees Valley EDI Network, which includes representation from wider services including police, fire, education and local authorities. Both networks seek to adopt a system wide approach to the implementation of local and national equality and diversity practices.

Staff Networks

It is important that, as a caring and compassionate employer, we understand how it feels to work for this Trust and particularly, how an individual's lived experience may be influenced by one or more protected characteristic(s) and to allow our leadership teams to learn about the real impact of policy and practice. Our staff networks are aimed at engaging with colleagues who identify with the protected characteristics of: ethnic minorities, disabilities/long-term conditions, LGBTQ+, Women and Older Workers.

Key Achievements

The Trust commissioned an external review around Equality, Diversity and Inclusion during 2021-22 and we progressed to phase two of the review during 2022-23. As part of this review we have:

- Developed a new Equality Impact Assessment process which provides detailed consideration of not only the nine protected characteristics, but also wider factors such as social deprivation and military veterans.
- Delivered training to policy leads and service managers so that they have a thorough understanding of the requirements of the Public Sector Equality Duty (PSED) and the importance of evidencing 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act (2010).
- Commenced a Board Development programme focusing on how our Board of Directors can influence ED&I and belonging across five areas of organisational oversight (strategy, governance, talent, integrity, and performance).
- Designed and delivered a series of development sessions to support the capacity of line managers to deal with challenging workplace situations, including employee relations scenarios and difficult conversations with staff members.
- Commenced a development programme to support the capacity building of our staff networks across the trust. This includes: setting purpose and direction; valuing staff networks; creating capacity, and; sustainability.
- We are proud to have increased our Disability Confident status in March 2023 and we now hold the higher level of Disability Confident Leader, which recognises our commitment to removing inequality and ensuring fairness and equity in relation to recruitment and employment processes. This is reflected further within our workforce policies and practices, all of which are assessed from an equality perspective and adopt the principles of Just Culture.
- Successfully transitioned to the new Equality Delivery System (EDS) and completed the new assessment process for 2022-23.

We are currently in the process of implementing a number of new initiatives for 2023-24, which supports our EDI programme of work. This includes: reciprocal mentoring; ethnicity representation on interview panels for senior appointments; values based recruitment and enhanced training on recruitment and selection.

Gender Pay Gap

Our Gender Pay Gap is reported on the Trust's website and is available to download here Gender pay gap report 2022 - North Tees and Hartlepool NHS Foundation Trust (nth.nhs.uk).

In 2021-22 we reported a mean gender pay gap of 35.69% and a median gender pay gap of 23.46%, which is a reduction when compared to the previous reporting year 2020-21.

The table overleaf shows our gender pay gap data for the period 31 March 2017 to 31 March 2022:

	Mean		Median		Gender Pay Gap %	
	Female	Male	Female	Male	Mean	Median
2017	£14.16	£19.57	£12.44	£14.33	27.64%	13.16%
2018	£14.84	£22.54	£13.57	£16.74	34.17%	18.95%
2019	£15.25	£23.56	£13.83	£17.42	35.27%	20.58%
2020	£15.65	£24.32	£14.18	£18.25	35.67%	22.34%
2021	£16.04	£25.35	£14.58	£19.38	36.73%	24.73%
2022	**£18.51**	**£28.78**	**£16.93**	**£22.13**	**35.69%**	**23.46%**

The Trust's workforce profile shows that there are a greater proportion of male workers within the categories of medical and dental (M&D) and very senior manager (VSM). These roles are the highest paid workers of the organisation and equate to 6.9% of the total workforce.

Our actions to improve the Trust's Gender Pay Gap align with the Trust's wider organisational strategic goals, specifically 'Valuing our People'. They also support our commitments to the NHS People Plan.

We are pleased to report an improvement in the Trust's gender pay gap information for 2021-22 and note that this is a direct reflection of our EDI programme of work and the significant investment we have made in terms of data analysis and focused interventions to improve staff experience across the range of protected characteristics.

Modern Slavery Act

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

The Trust publishes all of its key policies and strategies on its website and the Trust's annual statement on Modern Slavery can be found at Modern slavery statement - North Tees and Hartlepool NHS Foundation Trust (nth.nhs.uk)

Absence Data

The Department of Health and Social Care Group Accounting Manual requires the sickness absence data for NHS bodies to be reported in the annual report on a calendar year basis. The most current data for the Trust for the Calendar year 2022 can be found below and at: digital.nhs.uk/data-and-information/publications/statistical/nhs-sickness-absence-rates

Annual Report Sickness Table 2022

Average FTE 2022	Adjusted FTE Days Lost to Cabinet Office Definitions	Average Sick Days per FTE	FTE Days Available	FTE Days Lost to Sickness Absence	Average Sickness rate 2022
4,680	67,101	14.3	1,708,123	108,53	6.31%

Source: NHS Digital - Sickness Absence Publication - based on data from the ESR Data Warehouse
Period covered: January to December 2022
ESR does not hold details of normal number of days worked by each employee. Data on days available and days recorded sick are based on a 365-day year]
Average Annual Sick Days per FTE has been estimated by dividing the estimated number of FTE-days sick by the average FTE, and multiplying by 225 (the typical number of working days per year

Development and Education of Staff

It is recognised that the development and education of staff is a key priority for the Trust in sustaining a workforce that is confident and competent in delivering care. Education and development is an integral part of the employee journey and the organisation's ability to attract, recruit, engage, develop and retain the people needed to deliver sustainable high quality care and support achievement of the NHS People Plan and NHS Long Term Plan. The current focus of education and development activity within the NHS is to meet care demands by growing capacity, capability and resilience of the existing and future workforce and sustain recovery from the COVID-19 pandemic. The last 12 months has seen a return to more face-to-face provision for mandatory and non-mandatory education and development, however, the opportunities provided by the pandemic to innovate and integrate digital technology into activity continues, enhancing accessibility and experience.

Continuing Professional Development (CPD) and Workforce Development (WD) funded programmes
Available funds from Health Education England has enabled the Trust to continue to provide CPD opportunities for registered healthcare professionals including nurses, midwives and allied health professionals, and WD opportunities for registered and non-registered employees. Teesside University has continued to provide our commissioned programme of masterclasses, modules and short courses. We have also worked with other training providers to support development opportunities to enhance both staff and patient experience, including mental health first aid training and British sign language.

Apprenticeship Levy
The Trust continues to make sustained progress in utilising Apprenticeship Levy funding. We currently have 231 people undertaking apprenticeships across a broad range of programmes. Apprenticeships are offered within administration, leadership and management, nursing and direct care roles, allied health professions, healthcare science, IT and digital, estates and facilities. Apprenticeships support the Trust to widen participation providing opportunities to attract people from diverse backgrounds into health and care careers and 'grow our own' talent as well as supporting existing employees to develop their knowledge, skills and confidence.

T Levels Industry Work Placements
T levels are the government's new flagship technical level qualification for 16 to 19 year olds, designed with employers and equivalent to 3 A Levels. T Levels help young people develop the knowledge, values, behaviours and practical skills to progress into skilled employment, an apprenticeship or further study. Every T Level student is required to complete a mandatory industry work placement (IWP) which lasts a minimum of 315 hours or approximately 45 days

across their 2 year programme of learning. This provides young people with an invaluable opportunity to put their learning, knowledge and skills into practice in a real workplace environment and add value to the organisation.

The Trust is engaging with four local colleges and providing a small number of placements for students on the T Level Health Adult Nursing pathway. Feedback from learners and placement areas has been positive and the Trust is committed to further developing partnerships with the colleges, with the aim of expanding our support for T Level learners in the future, recognising that IWPs provide opportunities to nurture future talent and grow our own workforce for the future. As T Level providers continue to develop their offer, the Trust is scoping out opportunities to support placements across other T Level pathways, including science and digital.

North Tees and Hartlepool Education Alliance (NTHEA)

Over the last 12 months, the Education Department has completed its sixth year of supporting care home staff across Stockton and Hartlepool to maintain the wellbeing of residents and recognise deterioration through a formal education programme encompassing digital NEWS2 and the roll out of the *Is My Resident Unwell?* tool. Despite challenges presented by the pandemic and the need to switch to virtual training delivery, the programme has continued to be successful in developing and enhancing communication between the Trust and the social care sector, including quality of referrals to the Trust's Integrated Single Point of Access (ISPA), ensuring Community Matrons, District Nurses and North East Ambulance Service have the relevant information to assist with clinical assessments of residents.

The project has been commissioned for a seventh year and demonstrates the Trust's commitment to supporting population health and is helping to bridge the gap between health and social care. The programme has also been the catalyst for other improvement projects within the Trust, including collaboration between Education and Healthy Lives colleagues to develop and deliver Community Soft Signs of Deterioration training sessions. This training includes the use of NEWS2, *Is My Patient Unwell?* tool and Sepsis Screening tool on SystmOne to support the identification of deteriorating patients in the community setting.

Technology Enhanced Learning

The 2020 NHS Patient Safety Syllabus, which forms part of the NHS Patient Safety Strategy, highlighted the requirement for training across the entire NHS workforce in patient safety, with one of the core domains involving training in non-technical skills and human factors, which is commonly delivered in a simulation setting. Following a successful bid for funding from Health Education England, the Trust has purchased enhanced simulation equipment enabling us to continue to deliver regional training days for various postgraduate curriculums and expand our simulation offer, supporting patient safety work and simulation-based quality improvement programmes.

Health and Social Care Academy

Work continues to develop the Trust's upcoming Health and Social Care Academy, an exciting opportunity in partnership with Hartlepool College of Further Education and the Local Authority. The project is being funded through the Government's Towns Deal Fund for Hartlepool and supports the national levelling up agenda to provide economic growth and improve living standards. It is hoped that the Academy will open its doors in Autumn/Winter 2023 and when operational, will boast a multi-purpose facility with ambitious plans to create upskilling opportunities for health and social care staff, providing high quality commercial learning and development opportunities, support widening participation and growth of alternative routes into health and care careers and contribute to population health across the Tees Valley. The academy will support the delivery of a system wide sustainable workforce plan.

Over the last few months, the Education Delivery Teams at the Trust have delivered multiple training courses for external agencies under the Academy brand, including for dental services, GP practices, care homes and Health Education England's Flexi-Apprenticeship Scheme, supporting upskilling of the wider workforce within the local community.

4.3.5 Faculty of Leadership, Learning and Improvement

The Trust continues to support Quality Improvement development through the NTH100 programme. The programme enables staff from all levels and professional backgrounds to initiate change and deliver improvement through a courageous change project. The programme offers a unique opportunity for staff to develop leadership skills and to build their professional networks across the organisation whilst working collaboratively to drive positive changes that make a difference for patients, staff, services and systems. The Faculty of Leadership and Improvement was established at the Trust to drive forward two important priorities; leadership training and development and quality improvement training.

Leadership - The Leadership strategic plan has been developed with the foundations of 'It all starts with me'. The ability of an organisation to achieve success is through its leadership capabilities. Each component of the leadership strategic plan has been aligned to the corporate strategy. The leadership strategic plan describes the three levels of leadership which forms the development programme to support delivery. Working in collaboration with Teesside University programmes have been developed to ensure that leaders within the organisation have the right skills, behaviours and an understanding of what leadership looks like at North Tees and Hartlepool.

The Foundation of the leadership programme 'It all starts with me' is for every member of staff within the organisation. To complement the face to face delivery we have been working in collaboration with Limehouse who provide digital learning solutions. The platform allows us to share our values and the behaviours which are important to support a positive culture within the organisation.

The second level is Leading with CARE a 6 month programme delivered in collaboration with Teesside University.

The third level is Leading with Unity. This will be an 8 month programme delivered by Teesside University.

Management - The management programme has been redesign based on staff feedback and now incorporates a one-day launch session along with a passport approach to completing all the key elements to support development of managers.

Quality Improvement – A Quality improvement strategic plan has been developed to support delivery of a culture of continuous improvement this includes a range of development opportunities to support staff in their Quality Improvement journey.

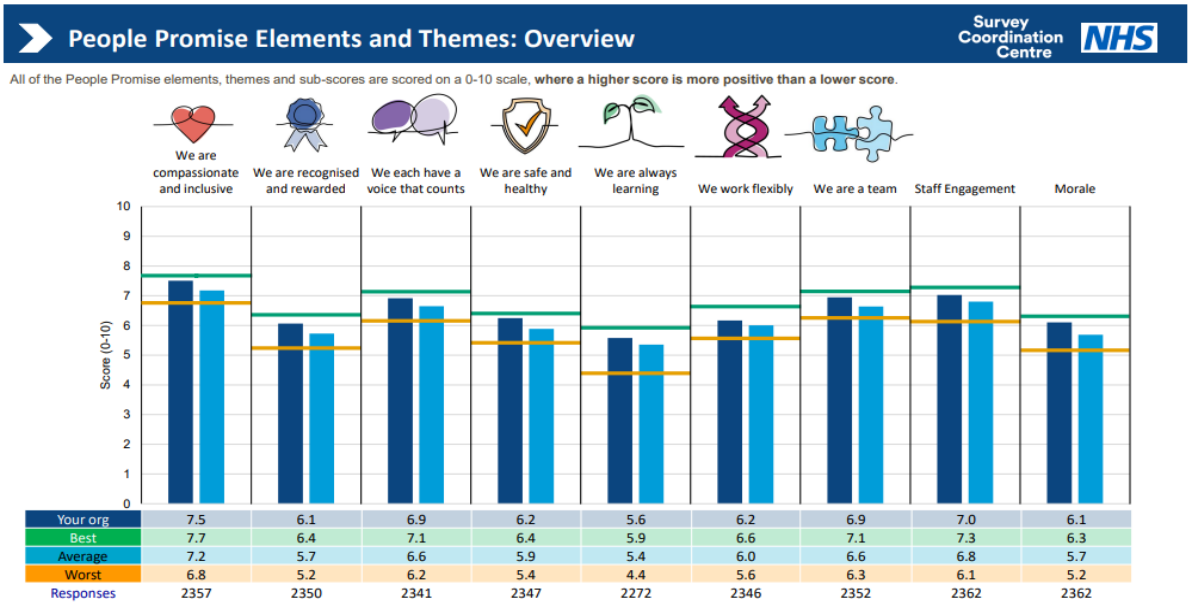
4.3.6 Staff Survey

Participation in the annual NHS Staff Survey is a mandatory requirement for all NHS organisations. NHS England sets the framework and questions for the survey and we commission a provider to manage the survey for us. The survey was issued to staff substantively employed by North Tees and Hartlepool using a full electronic method of delivery. The survey was open from September to November 2022.

The 2022 survey asked 88 questions which were categorised into the People Promise themes. A series of local questions have been included this year to allow us to analyse health and wellbeing needs of staff across the trust.

With the release of the NHS People Plan and People Promise, the NHS Staff Survey and their subsequent questions have been aligned to the nine themes which are titled; We are compassionate and inclusive; We are recognised and rewarded; We each have a voice that counts; We are safe and healthy; We are always learning; We work flexibly; We are a team; Staff engagement and Morale.

The Trust saw improvement in eight themes and one theme stayed the same, this was a positive result for the Trust as overall the NHS trend for the themes has been a decline. There were 88 questions asked in this year's survey (new questions were added focused on raising concerns) of these questions 70 showed positive improvement. The graphic below provides the themes along with the benchmarking data for acute and acute and community combined trusts which is our comparator group.



	We are compassionate and inclusive	We are recognised and rewarded	We each have a voice that counts	We are safe and healthy	We are always learning	We work flexibly	We are a team	Staff Engagement	Morale
Your org	7.5	6.1	6.9	6.2	5.6	6.2	6.9	7.0	6.1
Best	7.7	6.4	7.1	6.4	5.9	6.6	7.1	7.3	6.3
Average	7.2	5.7	6.6	5.9	5.4	6.0	6.6	6.8	5.7
Worst	6.8	5.2	6.2	5.4	4.4	5.6	6.3	6.1	5.2
Responses	2357	2350	2341	2347	2272	2346	2352	2362	2362

The table overleaf provides an overview of the nine themes and the sub themes contained within each theme, an average has been created for each sub theme score with comparison to the national comparator (trusts which have used Quality Health and are described as Acute and Community combined organisations). An overall theme score has then been created along with the Trust 2021 score. The table overleaf also shows the People Promise theme score and sub theme scores for 2022 and a comparison from 2021. The table shows those themes which have improved in green, those which have stayed the same in amber and those which have declined in red. It is positive to see that the majority of themes have improved with one staying the same. In the sub themes it is positive that seventeen have improved, three have stayed the same and two have declined.

Theme	Sub theme	Trust 2021 sub theme score	Trust 2022 sub theme score	Trust 2021 theme score	Trust 2022 theme score
We are compassionate and inclusive	Compassionate Culture	76%	74%	74%	75%
	Compassionate Leadership	68%	71%		
	Diversity and Equality	81%	82%		
	Inclusion	70%	74%		
We are recognised and rewarded	We are recognised and rewarded	55%	55%	55%	55%
We each have a voice that counts	Autonomy and Control	69%	71%	68%	70%
	Raising Concerns	65%	69%		
We are safe and healthy	Health and Safety Climate	48%	49%	55%	56%
	Burnout	31%	33%		
	Negative Experience	79%	79%		
We are always learning	Development	61%	66%	52%	56%
	Appraisals	41%	45%		
We work flexibly	Support for work-life balance & flexible working	53%	57%	53%	57%
We are a team	Team Working	68%	70%	67%	69%
	Line Management	65%	69%		
Staff engagement	Motivation	64%	64%	67%	68%
	Autonomy	67%	70%		
	Advocacy	70%	69%		
Staff morale	Job Retention	54%	56%	54%	56%
	Available Resources	44%	46%		
	Job Role	54%	57%		
	Working Relationships	63%	66%		
			Total Score	62%	63%

Benchmarking

The NHS Staff Survey data was released nationally on 9 March this provided an opportunity to understand the data across the whole of the NHS and also to benchmark with local Trusts and those within our comparator group of 'Acute and community combined' Trusts. Our performance when compared to similar trusts in the benchmarking group is shown below for the last three years.

Indicators ('People Promise' elements and themes)	2022-23		2021-22	
	Trust Score	Benchmarking group score	Trust Score	Benchmarking group score
We are compassionate and inclusive	7.5	7.2	7.4	7.2
We are recognised and rewarded	6.1	5.7	6.0	5.8
We each have a voice that counts	6.9	5.9	6.9	6.7
We are safe and healthy	6.2	5.9	6.1	5.9
We are always learning	5.6	5.4	5.3	5.2
We work flexibly	6.2	6.0	5.9	6.0
We are a team	6.9	6.6	6.8	6.6
Staff Engagement	7.0	6.8	7.0	6.8
Morale	6.1	5.7	5.9	5.7

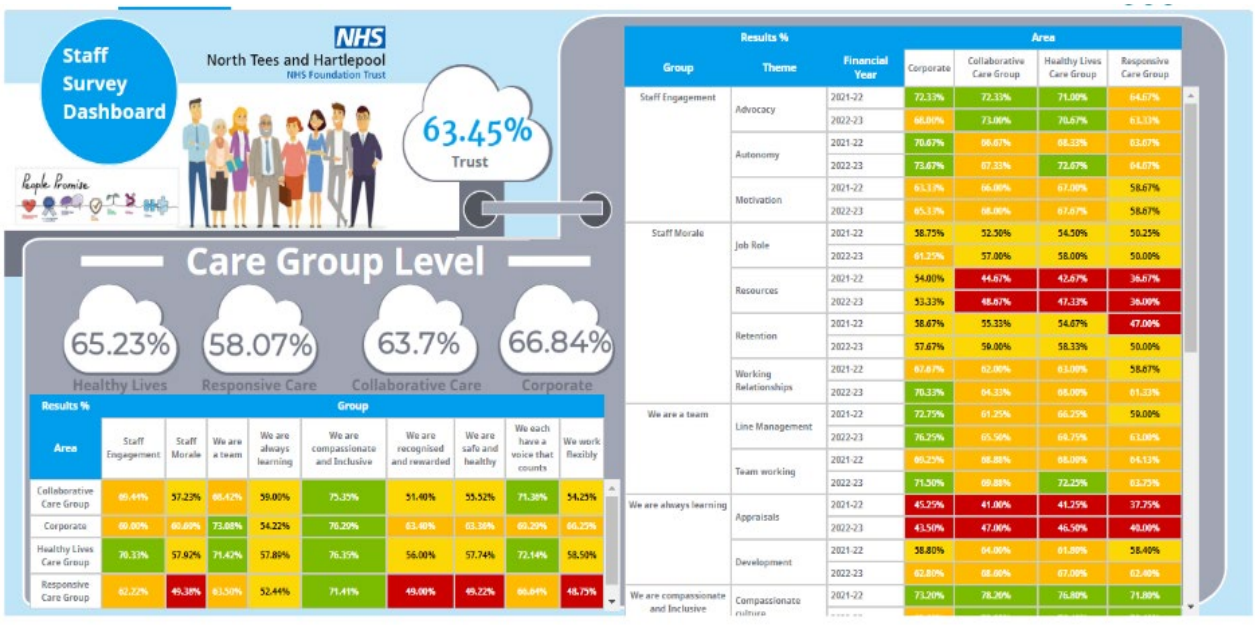
More recently detailed information has been released on the NHS Staff Survey website which allows us to explore scores and responses from every participating trust. These have been reviewed with a North East and Yorkshire regional focus, involving 33 organisations, resulting in a report providing overall scores and performance. The report highlights the regional response rate declined by 3.1% with average response rate 45.2%, we achieved 50%. The report provides a different lens with which to view the data obtained from Staff Survey, it expands the comparative Trusts and allows us to benchmark wider than our regional partners. The table below provides an overview of the People Promise elements with regional average, the highest score, Trust score and the ranking out of twenty two acute and acute and community combined trusts which is our comparative grouping.

NHS Staff Survey comparative information North East and Yorkshire

People Promise Theme	Regional average	Regional Highest	Trust	Ranking
We are compassionate and inclusive	7.3 -	7.7	7.5 ↑	4th
We are recognised and rewarded	5.8 ↓	6.2	6.1 ↑	3rd
We each have a voice that counts	6.7 -	7.1	6.9 -	4th
We are safe and healthy	6.0 -	6.4	6.2 ↑	3rd
We are always learning	5.4 ↑	5.8	5.6 ↑	7th
We work flexibly	6.1 ↑	6.6	6.2 ↑	4th
We are a team	6.7 ↑	7.1	6.9 ↑	2nd
Staff Engagement	6.8 -	7.2	7.0 -	4th
Morale	5.8 -	6.3	6.1 ↑	2nd

All reports have been broken down and shared at a Care Group/Corporate level with action planning sessions being supported by the Organisation Development Team. The team leads will be asked to engage and check with their people to understand how the scores reflect the sentiment on the ground since the survey and today, considering how they can influence these areas, what needs to be remedied or change and what needs to be escalated for wider discussion, support and action. Usage of Yellowfin, an analytical business intelligence tool, will be encouraged within these sessions.

It is important that the information contained within staff survey is accessible to as many staff as possible across the trust. To further improve the process of staff survey, information from 2021 and 2022 has been inputted into the Yellowfin system ensuring the data can be analysed and accessible to more people. The image below shows the information within Yellowfin. Utilising Yellowfin in this way allows for autonomy for the Care groups/Corporate areas and departments. They are able to review the information in as much detail as they require. They are also able to make comparisons to other areas within the trust.



The People Plan acknowledges that the people who are best placed to say when progress has been made are those who work in the NHS. Specifically, using the Staff Survey as the principal way to measure progress will enable teams and departments, as well as whole organisations, to see progress and take action to improve.

By making Our People Promise a reality will the NHS become the best place to work for all of us – where we are part of one team that brings out the very best in each other.

4.3.7 Trade Union Facility Time

The Trust will fulfil its obligations under the Trade Union (Facility Time Publications Requirements) Regulations for the year 2022-23 by reporting the information in July 2023 and then publishing this on the Trust's website.

The information reported for 2021-22 is as follows:

Table 1 - Relevant union officials

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

Table 2 - Percentage of time spent on facility time

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

Table 3 - Percentage of pay bill spent on facility time

Provide the total cost of facility time	£66,208
Provide the total pay bill (£000)	£251,400
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.03%

Table 4 - Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	3.41%

4.3.8 Disclosure of Concerns (Whistleblowing)

A full time Freedom to Speak Up Guardian (FTSUG) was appointed in August 2021. The FTSUG completed National Guardian Office refresher training (NGO) in June 2022, which is now an annual requirement for registration and practice. The FTSUG is formally registered on the NGO database and a contingency Guardian is also trained for business continuity purposes.

The FTSUG remains an established member of the North East regional Guardian network for collaboration and best practice. The role and ethos continues to be promoted across the Trust at all levels including the senior leadership team. Speak Up, Listen Up, Follow Up training modules are also available to all staff to complete to enhance their FTSU knowledge, skills and responsibilities.

The number of concerns raised under the Trust's Disclosure of Concerns Policy for the period 1 April 2022 to 31 March 2023 are shown in the following table:

Cases carried forward from 2021-22	Cases commenced in 2022-23	Cases concluded in 2022-23 (with outcome)	Total on-going cases carried forward
23	101	118	6

101 new FTSU contacts were made during the period April 2022 – March 2023. This is an increase of 51 from the previous year (50). This is primarily due to increasing awareness of FTSU across the Trust as well as promoting the speaking up ethos (Speak Up, Listen Up, Follow Up) during the annual NGO national "Speak Up" campaign in October 2022. For NGO reporting requirements, contacts were recorded on a quarterly basis as follows:

Quarter 1 April -June 2022	Quarter 2 July - September 2022	Quarter 3 October – December 2022	Quarter 4 January – March 2023
18	31	27	25

95 cases have been closed. Six will be carried forward and these are either under review or awaiting follow up outcomes to be agreed/confirmed.

Eight staff contacted FTSUG informally, i.e. for a supportive conversation only with no signposting advice requested or further action required. These cases are logged as informal contacts only and not included in formal case data.

All 23 cases which were carried forward from the previous reporting period (2021-22 data) have now been closed, resolved or have received a final outcome.

Themes / Categories

The themes/categories for the 101 new cases (across clinical and non-clinical services) can be summarised as follows:

Behavioural and relationship	27
Worker safety or wellbeing (including staffing)	16
System/process issues	14
Patient safety	9
Infrastructure	7
Leadership	7
Middle management issues	7
Bullying/harassment	4
Senior management issues	4
Cultural	3
Detriment (after speaking up)	3

National Guardian Office Data Reporting

The FTSUG reports numbers and themes quarterly to the NGO. The NGO reporting requirements has evolved over the reporting period to require Trusts to formally record the following elements within each case:

Contains an element of patient safety or quality	Contains an element of worker safety or wellbeing	Contains an element of bullying or harassment	Contains an element of inappropriate behaviour or attitudes
24	92	23	71

Method of Reporting

70 contacts were received confidentially (69.31%)
20 contacts were received openly (19.8%)
11 contacts were received anonymously (10.89%)

Anonymous reporting at the Trust is just above the national average of data reported to the NGO (10.4%). However, it should be noted it is the lowest percentage of all concerns received via the FTSU route, with the highest percentage of concerns raised confidentially. This could be considered an indicator of the "speak up" culture albeit all available routes for "speaking up" in the Trust encourage staff to start with a conversation with an appropriate colleague.

Supporting / Additional Information

As per the NGO guidelines, all Trusts should be working towards a culture where speaking up is "business as usual". The FTSU ethos is to reduce anonymous reporting where possible and to move into a confidential – open speak up culture. It is important to note that anonymous reporting happens in many organisations and confidentiality remains an important aspect of some cases and processes. Speaking up is accepted in all formats and colleagues are encouraged to report concerns responsibly, with civility and to include any suggested outcomes / improvements if able to.

For quality assurance purposes, staff are invited to provide feedback at the end of the FTSU process. Staff also to continue to offer feedback on an ad hoc and voluntary basis during the FTSU process and are encouraged to share any concerns about the speak up process. Positive feedback has been received during the reporting period, in particular relating to the support offered by the FTSUG during the "Speak Up, Listen Up, Follow Up" process i.e. regular check ins with staff and follow up information where applicable.

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

A new Speaking Up policy is ready for approval. This is a new national policy written by NHS England the National Guardian Office. All Trusts are expected to adopt this policy as minimum by January 2024.

A new speak up poster has been issued to staff, as per the latest CQC inspection "should do" recommendation to update FTSU promotional information. For joint partnership purposes, this is based on the poster used at South Tees NHS Foundation Trust.

An external audit during the reporting period recorded improvements with the rating moving from reasonable to good.


Registered
Dietitian
NHS

4.3.9 Staffing Analysis

The Trust employs circa 5,900 staff and the table below shows staff numbers at 31 March 2023. These numbers are inclusive of staff employed within the subsidiary companies, North Tees and Hartlepool Solutions LLP and Optimus Health Limited.

Headcount and FTE/WTE figures split by gender as at 31 March 2023

Headcount and FTE/WTE (as at 31st March 2023)				
	Headcount		WTE	
Category	**Male**	**Female**	**Male**	**Female**
Directors (inc non-execs and chair)	7	9	6.80	9.00
Senior Managers	81	184	72.44	164.58
Employees	1,105	4,529	911.25	3,667.82
Grand Total	**1,193**	**4,722**	**990.49**	**3,841.40**

*(*headcount figures include Bank and Locum staff: Senior Managers include Band 8A and above and senior medics))*

Average number of employees

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

			2022-23	2021-22
	Permanent	Other	Total	Total
Medical and dental	547	5	552	529
Ambulance staff	-	-	-	-
Administration and estates	1,545	16	1,561	1,518
Healthcare assistants and other support staff	900	123	1,023	1,000
Nursing, midwifery and health visiting staff	1,384	86	1,470	1,409
Nursing, midwifery and health visiting learners	-	-	-	-
Scientific, therapeutic and technical staff	405	4	409	402
Healthcare science staff	150	11	161	149
Social care staff	-	-	-	-
Agency and contract staff	-	-	-	-
Bank staff	-	-	-	-
Other	7	-	7	7
Total average numbers	**4,938**	**245**	**5,183**	**5,014**
Of which:				
Number of employees (WTE) engaged on capital projects	-	-	-	-

Analysis of staff costs

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

			2022-23	2021-22
	Permanent	Other	Total	Total
	£000	£000	£000	£000
Salaries and wages	212,213	-	212,213	194,595
Social security costs	18,518	-	18,518	16,550
Apprenticeship Levy	976	-	976	1,048
Employer's contributions to NHS pensions	28,719	-	28,719	27,031
Pension cost - other	345	-	345	289
Agency/contract staff		17,810	17,810	11,738
NHS charitable funds staff	205		205	123
Total gross staff costs	**-**	**-**	**278,786**	**251,374**
Recoveries in respect of seconded staff	-	-	-	--
Total staff costs			**278,786**	**251,374**

Expenditure on consultancy

The Trust, in 2022-23, spent a total of £1,054,457 on services provided by external consultancies, compared to £1,585,000 in 2021-22.

Staff exit packages

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

Exit package cost band	Number of compulsory redundancies 2022-23	Number of other departures agreed 2022-23	Total number of exit packages 2022-23	Number of compulsory redundancies 2021-22	Number of other departures 2021-22	Total number of exit packages 2021-22
<£10,000	-	-	-	-	-	-
£10,001 - £25,000	-	-	-	-	-	-
£25,001 - £50,000	1	-	1	-	3	3
£50,001 - £100,000	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-
£150,001 - £200,000	1	-	-	-	-	-
Total number of exit packages by type	2	-	-	-	3	3
Total resource cost (£)	**184,041**	**-**	**13,241**	**£0**	**£89,853**	**£89,853**

The Trust had two compulsory departure payments in 2022-23, and three non-compulsory departure payments in 2021-22.

Off-payroll arrangements

The Trust, as of 31 March 2023, had no off-payroll engagements for more than £245 per day and that lasted for longer than six months.

The Trust had no off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 April 2022 and 31 March 2023.

The Trust has a policy of not employing senior staff, directors and senior managers via off payroll arrangements. For other staff, the Trust ensures that contracted individuals declare that they are paying an appropriate

level of tax to HMRC. The Trust implemented procedures to ensure that new IR35 regulations were followed as of April 2017 and a review of these procedures took place during 2019 to ensure continued compliance with the regulations.

For all off-payroll engagements as of 31 March 2023, for more than £245 per day and that last for longer than six months.	Number of existing engagements as of 31 March 2023
Number that have existed for less than one year at time of reporting	-
Number that have existed for between one and two years at time of reporting	-
Number that have existed for between two and three years at time of reporting	-
Number that have existed for between three and four years at time of reporting	-
Number that have existed for four or more years at time of reporting	-
For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2022 and 31 March 2023 for more than £245 per day and that last for longer than six months.	**Number of new engagements between 1 April 2022 and 31 March 2023**
Not subject to off-payroll legislation	-
Subject to off-payroll legislation and determined as in-scope of IR35	-
Subject to off-payroll legislation and determined as out-of-scope of IR35	-
Number of engagements reassessed for compliance or assurance purposes during the year	-
Number of engagements that saw a change to IR35 status following review	-
	Number of engagements 2022-23
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	-
Number of individuals that have been deemed “board members and/ or senior officials with significant financial responsibility”. This figure should include both off- payroll and on-payroll engagements.	-

4.4 Code of Governance

The *NHS Foundation Trust Code of Governance*, was first published in 2006 and updated in July 2014. There is a new Code of Governance for NHS provider trusts, which will be applicable from 1 April 2023. As part of collaborative working, the Trust, in partnership with South Tees Hospitals NHS Foundation Trust, is reviewing the new Code of Governance and other associated governance documents, such as the Constitution and Standing Orders, to ensure assessment against requirements and alignment with the new guidance. An action plan will be developed in order to address any gaps or improvements.

The purpose of the *Code* is to assist NHS Foundation Trusts in improving their governance practices, contribute to better organisational performance and ultimately discharge their duties in the best interests of service users and patients. The Board of Directors and Council of Governors are committed to continuing to operate according to the highest standards of corporate governance, and support and agree with the principles set out in the *Code.* The Trust has applied the principles of the NHS Foundation Trust Code of Governance on a comply and explain basis. The NHS Foundation Trust Code of Governance, most recently revised in July 2014, is based on

the principles of the UK Corporate Governance code issued in 2012.

The *Code* is issued as best practice advice but imposes some disclose requirements. This Annual Report includes all the disclosures required by the *Code*, demonstrating compliance with all the requirements with one exception as shown below.

One of the Non-Executive Directors has been with the organisation for a period exceeding 6 years. The period of their tenure has been reflective of the journey of collaboration between the two provider Trusts in Tees Valley and the experience and knowledge that accompanied this journey. In addition, due to the resignation of four Non-Executive Directors in February 2022, there was significant impact on organisational memory, knowledge and expertise, therefore, to provide support and aid transition of a new cohort of Non-Executive Directors, the Council of Governors agreed, exceptionally, to extend tenure. The long serving NED who's tenure has exceeded 6 years was in post during 2022-23 as Vice Chair of the Board, with tenure coming to an end on 31 March 2023.

Non-Executive Director	Date Appointed	Governance process for re-appointment
Steve Hall	1/12/2007 – appointed with 4 year tenure to 28/2/2011. Re-appointed at 3-yearly intervals to 28/2/2021. Appointed Vice Chair 1/2/2021 to be reviewed annually. Tenure ended on 31 March 2023	The Nominations Committee reviewed the appointment at required intervals and considered the skills, knowledge and continuity of appointment particularly during 2022 with the appointment of five new Non-Executive Directors to the Board and the continued system working as part of the Provider Collaborative and Group arrangements.

4.5 NHS Oversight Framework

NHS England's NHS Oversight Framework provides the framework for overseeing systems including providers and identifying potential support needs. NHS organisations are allocated to one of four 'segments'.

A segmentation decision indicates the scale and general nature of support needs, from no specific support needs (segment 1) to a requirement for mandated intensive support (segment 4). A segment does not determine specific support requirements. By default, all NHS organisations are allocated to segment 2 unless the criteria for moving into another segment are met. These criteria have two components:

a) Objective and measurable eligibility criteria based on performance against the six oversight themes using the relevant oversight metrics (the themes are: quality of care, access and outcomes; people; preventing ill-health and reducing inequalities; leadership and capability; finance and use of resources; local strategic priorities)
b) Additional considerations focused on the assessment of system leadership and behaviours, and improvement capability and capacity.

An NHS foundation trust will be in segment 3 or 4 only where it has been found to be in breach or suspected breach of its licence conditions.

Segmentation

During 2022-23, North Tees and Hartlepool NHS Foundation Trust has been allocated to segment 2 of the NHS Oversight Framework.

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

This segmentation information is the trust's position as at 31 March 2023. Current segmentation information for NHS trusts and foundation trusts is published on the NHS England website: https://www.england.nhs.uk/publication/nhs-system-oversight-framework-segmentation/

4.6 Statement of the Chief Executive and Managing Director

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

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

NHS England has given Accounts Directions which require North Tees and Hartlepool NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of North Tees and Hartlepool NHS Foundation Trust and of its income and expenditure, other items of comprehensive income and cash flows for the financial year.

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

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

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

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

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

Julie Gillon, Chief Executive
29 June 2023

Neil Atkinson, Managing Director
29 June 2023


fire-hose reel
Wag &Co
North East
Friendship Dogs

4.7 Annual Governance Statement

1. Scope of Responsibility

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

2. The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of North Tees and Hartlepool NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in North Tees and Hartlepool NHS Foundation Trust for the year ended 31 March 2023 and up to the date of approval of the Annual Report and Accounts.

3. Capacity to Handle Risk

Leadership

Responsibility for overseeing risk management across all organisational, financial and clinical activities across acute and community services lies with the Chief Executive and Managing Director. All Executive Directors are held to account for their performance through both individual and team objectives that also reflect the objectives of the Board.

We are a high performing organisation with some of the best outcomes in emergency care and elective care in the country, and a discharge process which has been held up as an exemplar service by the Prime Minister, R Honourable Rishi Sunak MP; Secretary of State for Health and Social Care, Steve Barclay; and NHS England Chief Executive, Amanda Pritchard, during a visit to the Trust in February 2023. Our reputation for excellence, quality and compassionate care is something I am immensely proud of, and it is testament to the hard work of all staff who work tirelessly to support the achievement of goals and objectives.

As an anchor organisation we are acutely aware of the need to work with partners to achieve our broader goals and to aspire to contributing to the system-wide healthcare ambitions and the four pillars of the integrated care system in the North East and North Cumbria region: improving population health and healthcare, tackling inequalities in access, enhancing productivity and value for money, and helping partners to support broader social and economic regeneration. We are committed to system working and are a key member of the North East and North Cumbria Provider collaborative, where provider trusts in the region are working together to develop an operational and strategic network to agree plans for future delivery to maximise benefits for staff and patients.

Collaborative work with South Tees Hospitals NHS Foundation Trust over many years is an example of delivering joined-up care for example in emergency care, elective care, breast screening, pathology and research and development, whilst at the same time working closer together to establish stronger strategic leadership principles and integration of working practices at Board level.
There were a number of changes to Board membership during the year. Board

stability was maintained throughout the process in line with our licence requirements through succession planning at Executive level to ensure operational effectiveness and the successful recruitment and appointment of five Non-Executive Directors (NED) during 2022. With the appointment of new Non-Executive Directors and changes to Executive portfolios, as described further on in this section, a review of roles in oversight governance and the committee structure of each Board Committee was undertaken. Further details about Board members and changes to Board membership during the year can be found in the Directors' Report and the Remuneration Report. This strengthened the Board of Directors as it navigated its way through a challenging period of scrutiny by NHS England of the Trust's governance, collaboration and leadership practices.

NHS England commissioned an independent review concluding with the publication of a report in September 2022, which outlined a number of actions required by the Trust to respond proactively and collaboratively to the findings in the furtherance of the objective for the Trust to collaborate constructively in relation to the Joint Partnership Board and a single voice with South Tees Hospitals NHS Foundation Trust. No enforcement actions were applied as it was recognised significant progress had been made in the intervening period and there was evidence of a more constructive and collaborative approach being adopted by the Trust.

In addition, in partnership with NHS England and the North East and Cumbria Integrated Care Board (NENC ICB), an independent strategic review was commissioned to explore collaboration between the trusts of North Tees and Hartlepool and South Tees Hospitals. The strategic review presented a number of options and recommendations and this culminated in both Trusts agreeing to move towards a group model and group management arrangements with single leadership within the next 12-18 months. During this period we have continued to maintain a positive direction of travel through collaborative work with South Tees Hospital via the Joint Partnership Board, including the formation of a Joint Committee to enable the delegation of functions and authority at the appropriate time in the future.

A protracted process of scrutiny and review by the regulators preceded the publication of a disappointing Care Quality Commission (CQC) report. We accepted the conclusions in the report in the context of our post COVID-19 recovery and continued collaborative efforts, using it as a tool to drive real change and improvements. We used the report to create positive advances, working at pace to implement appropriate changes and supporting staff with leadership and ambition. It was also important to recognise and acknowledge the positive findings and where the organisation was commended within the report. The Trust has many examples of nationally recognised clinical and quality improvement redesign and service delivery and has sound governance processes in place.

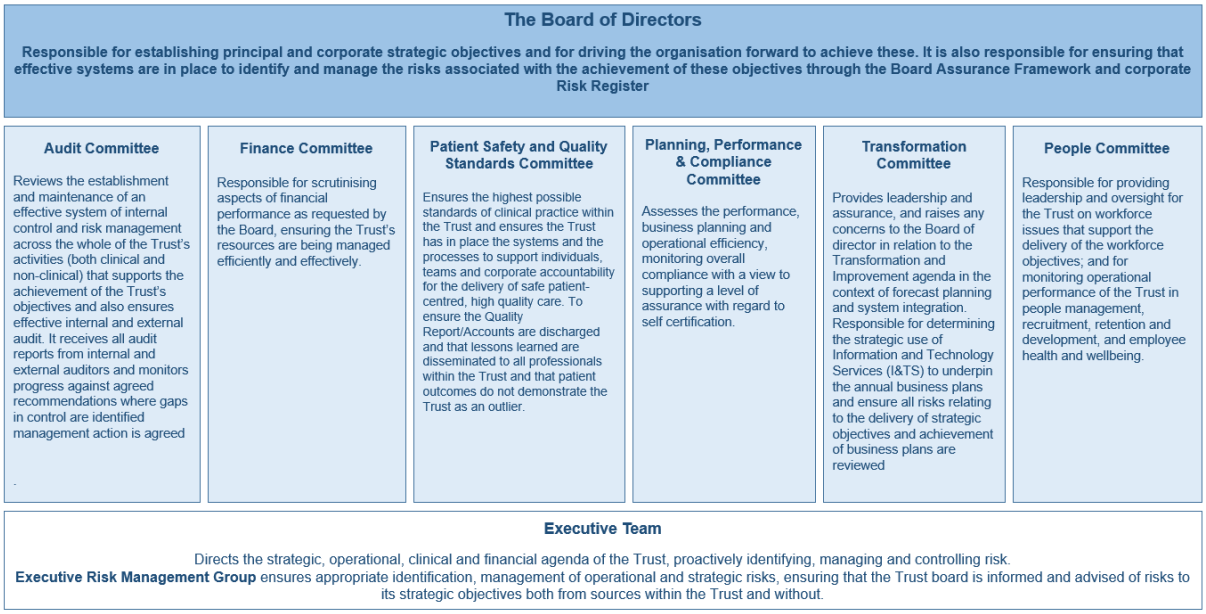
Throughout this period of intense inspection, review and regulation, we have continued to perform as one of the better performing Trusts in the country, as demonstrated in the performance review and analysis section of the report, providing the highest standards of care for its patients and ensuring that care is delivered as close to home as possible.

During 2022, I commissioned a significant piece of work in the development of an overarching Improvement and Transformation Plan, which incorporates all aspects of a good governance independent review; capacity and capability review; recommendations from the CQC inspection; outcomes from the NHS England regulatory review; and provider collaboration. This was undertaken by an independent external consultant, supported by senior staff in the Trust, resulting in an action plan which will provide the foundations for the evolving framework for transformation and improvement; system wide collaboration

and partnership working. A key part of this process was an internal capacity and capability review of senior management, which I undertook, in conjunction with a review of corporate governance and leadership. This resulted in a revised leadership model and changes to management arrangements to ensure the organisation has the necessary capacity and capability to remain fit for purpose in the medium to longer term. This model will be able to address the challenging future agenda whilst also ensuring improvement, continuity and stability of service provision, whilst the Group model with South Tees is developed further.

The governance arrangements underpinning the operating model are kept under regular review. The Board of Director has established a committee structure to create clear accountabilities and leadership for managing risk with alignment to the Board Assurance Framework. The Board of Directors continues to receive regular minutes, reports and assurance from each of its committees to demonstrate the Trust's capacity to handle risk. The Trust Board Assurance Framework aligns with best practice and reflects assurance on the high-level strategic risks that are deemed the most significant throughout the year.

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



The Chief Executive along with the Chief Nurse/Director of Patient Safety and Quality and the Medical Director to lead the Trust's risk management and associated processes. The Managing Director/Director of Finance oversees the adoption and operation of the Trust's standing financial instructions and is the lead for counter fraud. All executive directors have responsibility for the delivery of a robust risk management and governance process in their portfolios. The Senior Information Risk Owner at Board level is the Chief Information and Technology Officer.

Under the leadership and oversight of the Chief Operating Officer, the three Care Group Directors and Clinical Leads have responsibility for the effective and efficient use of resources, including the proactive identification and mitigation of risks to the delivery of annual business plans. They have responsibility for providing leadership to, and ensuring appropriate oversight of the achievement of Care Group objectives, quality, operational and financial performance, through mitigation of risk and review of relevant assurance. The Care Groups are supported through highly skilled and competent staff within the Corporate and Support Service functions that are a central resource for training, advice and guidance on all areas of risk management.

Equipping staff to manage risk

Our Board of Directors participate in annual reviews of skills and competence with regular training, networking and attendance at national events. This enables them to contribute to the whole Trust agenda and in particular safety and quality at a strategic level whilst challenging the delivery of performance and scrutinising the impact of risks. A Senior Independent Director at Non-Executive Board level is available and holds regular meetings with Governors in order to provide a conduit for Governors to raise concerns on an informal basis, if required.

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

Trust policies and procedures are authorised statements setting out, as a Trust, how we manage particular areas of risk and staff receive training commensurate with their role as part of policy implementation and assurance monitoring. We continue to learn from good practice through a range of mechanisms including clinical supervision, peer review, internal and external quality reviews, performance management, continuing professional development, clinical and internal audit, and the application of evidence based practice and reflective practice.

Learning from investigations such as root cause analyses feeds into our quality improvement initiatives, as well as in a more supportive emotional and social forum in the Schwartz Rounds. Patient stories are shared with the Patient Safety and Quality Standards Committee and the Board of Directors on a monthly basis.

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

4. The Risk and Control Framework

The Board of Directors is committed to leadership of the risk management and governance functions in the Trust. Each Executive Director has within their portfolio a responsibility for specific aspects of risk management and governance. In addition, Non-Executive Directors are designated as Chair for Board Committees, for example, Audit, Finance and Patient Safety and Quality Standards. The constitution and terms of reference for all standing committees of the Board are reviewed periodically and any proposed amendments are subject to Board endorsement. The minutes of all committees are presented to the Board of Directors as a standing agenda item.

The Trust has a Risk Management Strategy 2020-23, which sets out the structures and processes for the identification, evaluation and control of risk, as well as the system of internal control. The Risk Management Strategy provides a framework, which encompasses strategic, quality, compliance, financial, reputational, and health and safety risks. It also seeks to support consistency and standardisation through the gathering and dissemination of intelligence on risks and mitigation control measures amongst all staff.

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

The Board Assurance Framework assesses and evaluates the principal risks

to the achievement of the strategic priorities and there is an alignment between the framework and the 'on the floor' risks currently outlined on the strategic risk register. It provides a mechanism to inform the Board of Directors where the delivery of its strategic objectives is at risk either due to a gap in control or lack of assurance on the effectiveness of the controls. It also provides assurance that effective controls and monitoring arrangements are in place and that sufficient diligence and oversight has been afforded to mitigation, with each section monitored and scrutinised through the appropriate Trust Committee.

The Board Assurance Framework is reviewed by each Sub-Committee of the Board at their meetings in relation to the risks linked to the committee's terms of reference. The Board Assurance Framework includes an assessment of the source and level of assurance received as well as gaps in assurance. There were twelve risks on the Board Assurance Framework aligned to the strategic objectives during 2022-23 as follows:

Putting our Population First	
Patient Safety	There is a risk that the organisation will fail to implement safe and effective clinical practice
Patient Experience	There is a risk that patients and service users do not receive high quality care which impacts on patient and carer experience
Performance & Compliance	There is a risk that the performance management framework does not identify and manage risk to compliance in a timely way
Emergency Preparedness Resilience & Response	There is a risk that an internal and/or external incident could disrupt or present a catastrophic breakdown of the services provided by the Trust.
Valuing People	
Workforce	There is a risk that the People Strategy principles are not fully embraced or embedded across the Trust resulting in not attracting, developing or retaining the workforce we need in order to take forward the Corporate Strategy and Clinical Services Strategy
	There is a risk that people processes, procedures and policies are not sufficiently robust or consistently applied resulting in ineffective people management practices and employee relations cases/employment tribunals that will have an adverse impact on the Trust from a performance, finance, reputation, quality and people perspective
Transforming our Services	
Transformation (Internal)	There is a risk of failure to develop a system wide approach with adverse impact upon flow and capacity within the system
Transformation (External)	There is a risk of failure to deliver transformational improvements that are sustainable, financially effective, aligned with local and national requirements, beneficial and which have secured commissioner support
Finance	The Trust does not deliver the 2022-23 financial plan as submitted to NHS England.
Digital	There is a risk that the integrity and robustness of systems, and the use of those systems, will not support the business
Transformation	The Integrated Care Partnership fails to deliver its financial objective and strategy and therefore a sustainable model of integrated services that meet the needs of the population across Stockton and Hartlepool, and puts at risk the longer-term sustainability of healthcare services across the locality and the wider region in the system delivery against the four elements of the work programme
Health & Wellbeing	
Population Health & Health Inequalities	The Trust fails to effectively address population health, prevention issues and strategic co-ordination of the public health agenda across Stockton, Hartlepool and the wider geographies as evidenced by an increase in admissions and patient pathways

The Board Assurance Framework is reported through the committee structure to the Board at each meeting. The end of year position is received by the Audit Committee and the Board of Directors. It is also the key document that underpins this Annual Governance Statement.

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

The Board of Directors has agreed a risk appetite statement, which is incorporated within the Trust's Risk Management Strategy and Policy. The statement defines the Board of Directors appetite for each risk identified to the achievement of strategic objectives for the financial year in question.

Our risk register has been developed to support integration of operational risks into the BAF, supporting greater transparency and integration of risk identification and management at all levels throughout the organisation.

Risks are identified through third-party inspections, recommendations, comments and guidelines from external stakeholders and internally through incident forms, complaints, risk assessments, audits (including organisational, clinical and internal), and information from the Patient Experience Team, benchmarking and claims and national survey results. External stakeholders include the Care Quality Commission, NHS England, the Health and Safety Executive, NHS Resolution (previously the NHS Litigation Authority) and the Information Commissioner's Office.

To promote the sharing of good practice, the management of all risks follows the same approach to systematically identify, analyse, evaluate and ensure control of existing and potential risks. An Associate Director of Risk Management role was developed and implemented to support a responsive approach to the emergent risks, with regular oversight provided by the Executive Team, thus ensuring the response to risk is coordinated and consistent.

During 2022-23 I relaunched the Executive Risk Management Group with a renewed focus to ensure risk management is embedded in all Trust activities. Care is also taken to ensure that Care Group and Directorate Business Plans and projects introduced to support the organisation's strategic objectives are informed by reference to the Trust's Risk Assessment process and where necessary included in the risk register. In order to ensure service changes are reviewed effectively, we continue to utilise Quality Impact Assessments (QIA's) to support the introduction of change.

Reporting systems have been developed to strengthen collation and correlation of information, supporting learning lessons and driving continuous improvement of quality. Clinical audits are a key assurance source used to evidence that services are effective and risk monitoring is fully embedded.

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

Systems are in place to ensure the Trust complies with its duty to operate efficiently, effectively and economically, with timely and effective scrutiny and oversight by the Board, including securing compliance with healthcare standards as specified by the Secretary of State for Health and Social Care, the CQC, NHS England, and statutory regulators of healthcare professions. This is supported by further enhancements to be introduced following the good governance and capacity and capability review.

We have maintained our governance infrastructures, despite operational demands, which support staff, patients and relatives to raise concerns. Staff can

raise concerns confidentially through the Freedom to Speak Up Guardian, which has been strengthened by full time resources, leadership at Board level and a comprehensive launch and continuous visibility programme. We are committed to the development of the "NTH100" programme to support leadership and continuous quality improvements to services for the benefit of patients and relatives, simultaneously developing our leaders of the future.

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

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

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

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

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

An assessment has been completed to ensure compliance with the Emergency Preparedness Resilience and Response Core Standards (EPRR) issued by NHS England. We have achieved substantial compliance demonstrating full compliance against 89-99% of the relevant NHS EPRR core standards. Continued oversight of EPRR functions is facilitated through the Trust Resilience Forum. Learning from the response to the pandemic informed an iterative review of incident management planning and the Trust Resilience Forum working arrangements. This is supported by the refresh of a Business Continuity Policy, which pervades the organisation to ensure training and learning, simulation and lessons learnt are embedded

Quality Governance Framework
Key elements include:

- Management structure to deliver the Board's objectives and quality priorities.
- Wide range of policies, procedure and guidelines to govern operational practices and training requirements.
- Separation between management and assurance responsibilities within the Board's committee structure.
- Clearly defined set of quality priorities and performance measures which are reviewed and used by the Board to drive

accountability for performance and delivery.
- Engagement with our stakeholder community through which we are held to account for our delivery.
- Risk management framework including the BAF which is aligned to our operational risk registers.

Incident reporting is a vital component of risk and safety management. Our Just Culture is actively promoted and can be observed through our approach to incident reporting. If it is shown that professional or clinical standards or Trust policies have been breached then an appropriate investigation will be initiated, with reporting and monitoring in line with the appropriate governance arrangements. As necessary, this will include Non-Executive representation and result in improvement plans and lessons learnt for sharing Trust wide. All serious incidents are scrutinised at a weekly Safety Panel and monitored on behalf of the Board of Directors by the Patient Safety and Quality Standards Committee supported by a robust governance process.

The Board encourages multi-disciplinary investigations across the organisation in order to obtain the maximum learning from any incident. NHS England training to support the 2019 Patient Safety Strategy has been delayed due to COVID-19 and national guidance expected in 2020-21 to support implementation has been delayed. To support implementation we have implemented the role of Patient Safety Specialist in line with the NHS Patient Safety Strategy.

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

We have continued to use Quality Impact Assessments (QIA's) to support the introduction of change within services, assessing the impact of the proposed changes on process to develop learning and implement into cultural and service change supported through the Faculty of Leadership, Learning and Improvement with consider of patient safety; clinical effectiveness; patient experience and equality and diversity.

All QIAs are reviewed and, if appropriate, approved by the Chief Nurse/Director of Patient Safety and Quality and the Medical Director prior to any changes being implemented. The assessment is used across all areas of service improvement, transformation and change. An integral part of this process is to identify measures to be used to assess the achievement of the identified improvements in quality following the implementation of change, with compliance monitored through the Patient Safety and Quality Standards Committee. The system of quality governance is designed to ensure there is an integration of systems, structures and processes from Ward to Board and Board to Ward level. In this way, appropriate actions are taken to ensure required standards are achieved; any variance or risks associated with these can be identified early, investigated and appropriate action introduced. This on-going process of quality assessment can improve planning and supports the drive for continuous improvement. The Trust's committee and governance structure provides for direct escalation to Board and Executive level if required.

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

local commissioners to discuss and progress system wide risks and issues.

Each Care Group and corporate directorate across the Trust produces an annual business plan including a fully scoped workforce plan. Plans include details of any predicted gaps in workforce and any skills deficit by staff group. This reflects the significant workforce risk as a result of national and regional workforce shortages and a local ageing workforce.

The Care Group structure provides an agile structure that can respond to changing and developing needs across acute and community care and health and social care services and this is exemplified through the early adoption of system change regarding population health management, tackling health inequalities and the wider prevention of health disparities through the appointment of a Consultant in Public Health. Our work in this area is strengthened through the purposeful Board leadership in driving partnership working and collaboration evolving and adapting to the architecture of the ICS. This approach is pivotal in place-based relationship management and leadership throughout the Provider Collaborative.

We recognise that balancing high quality care with long-term financial sustainability and delivering integrated care are significant challenges which require collaboration with partners in the Tees Valley and beyond. We continue to work closely with South Tees Hospitals NHS Foundation Trust to ensure that quality and sustainable (clinically, operationally and financially) service provision can be delivered and maintained for the population of the Tees Valley. A Joint Chair operates across both Trusts.

We actively support and assist the development of the North East and North Cumbria ICS and are an active participant in the regional Provider Collaborative as well as the development of a provider collaborative across the Tees Valley region. The Board of Directors contribute to the work of both the Provider Collaborative and the Joint Partnership Board with South Tees Hospitals with the intent of evolving into a strong and shared governance.

The Board of Directors discusses at each meeting an Integrated Performance Report, which includes all NHS System Oversight Framework metrics. Exception reports are discussed in more detail at the relevant committee. The Patient Safety and Quality Standards Committee receives reports in relation to any external assurance visits undertaken to assess compliance with national standards. The Committee also considers national reports, to establish if there are any identified gaps in service provision and opportunities to share learning and good practice. We have a policy advising on the process of follow up of external reports and inspections to ensure agreed actions are implemented accordingly.

We actively promote patient and public involvement in the development and evaluation of quality initiatives with members of the Hospital Users Group (HUG) attending the Patient and Carer Experience committee alongside patient representatives and Healthwatch representatives.

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

The Board of Directors has, over the last year continued to implement the requirements in line with the "Learning from Deaths" guidance published by the National Quality Board in 2017. The "Learning from Deaths policy" identifies how this national guidance is being applied. The policy outlines specific

mortality cases to be reviewed within the Trust to ensure there is a robust approach towards identifying any preventable deaths and opportunities to learn from any reviews undertaken.

During 2022-23 we have seen a sustained reduction in the published Hospital Standardised Mortality Rate (HSMR) and Summary Hospital-Level Mortality Index (SHMI); both are now currently within national "as expected" ranges with coding depth one of the best in the region.

Data Security

We have identified and evaluated the risks associated with data security and have taken steps to enhance controls and resilience, with well-established information governance policies to protect confidential information.

Strategic risks

During 2022-23, the Board Assurance Framework has 12 risk domains associated with delivery of the four strategic objectives – Putting our population first, Valuing People, Transforming our services and Health and Wellbeing. A summary of the individual high rated risks is noted below.

The Board of Directors annual cycle of business ensures that all risks are reviewed within the Board Committee structure to ensure there is consistency, alignment and relevance to the principal risks for the appropriate Committees.

Strategic Risk 3C Finance has two associated high risks as follows:

1) ***Delivery of Savings (6188)*** and the challenges to deliver the Cost Improvement Programme (CIP) for 2022-23; the current rate of progress to identify CIP for 2022-23, and the potential impact of increased CIP that may be required to support future delivery of a breakeven position across the ICP/ICS, in light of indicative underlying financial positions.

   A CIP plan for 2022-23 has been developed and is regularly reported to the Finance Committee. The Project Management and Improvement team provides support to facilitate delivery of identified schemes and reasonable assurance on CIP report from AuditOne in 2021-22 with a planned follow-up audit in 2022-23.

2) ***Ageing Estate (6581)*** reflecting the rapid decline of the construct of 3 main buildings at North Tees following the 6 Facet Survey, the ongoing delay in announcement of the Government's New Hospital programme and the Trust's bid for capital funding, and the potential escalation of risk of serious injury to staff, patients and members of the public if the buildings are left unmaintained beyond their natural lifespan.

   This presents a significant risk to the Trust from 1) a health and safety perspective i.e. condition of concrete within the fabric of the buildings which could endanger staff, patients and the general public if left unmaintained, and 2) the ability or inability to secure capital funding to regenerate/rebuild purposeful buildings within the North Tees site and the subsequent cost of the strategic business case process required to proceed further.

The cost of delivering backlog maintenance to the three buildings on an annual basis is prohibitive, and estimated to rise to circa £300m by 2030-31 (when the current lifespan of the buildings is extinguished). An application to the Government's New Hospital programme for capital funding to develop new infrastructure that is fit for purpose was submitted, however, the Trust were unsuccessful in its bid. The Board of Directors will continue to monitor the risks associated with the current and future situation with regard to preparation of an Outline Business Case (OBC) so that there can be no delays in scheduling of any works once the appropriate level of

capital funding has been identified or approved.

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

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

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

There is continuous monitoring of risks associated with the impact of COVID-19 on the delivery of NHS services across primary, community and secondary care and works closely with our partners to manage and mitigate risks. A key aspect of the organisation's response to the pandemic has been a focus on recovery of normal service provision. Recovery planning started during the first wave of the pandemic and we have continued to update our recovery plans in line with the NHSE advice. Our diligence and approach in this area has resulted in the Trust achieving high performance in terms of elective recovery and targets.

Workforce
Our People Plan describes the framework by which we plan, deliver, monitor and manage our workforce to deliver the Clinical Services Strategy. The concept of Attract, Develop and Retain runs through the strategy; it is a simple way of expressing the complexity of ensuring we have the right people with the right skills in the right place at the right time.

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

Care Quality Commission

We are fully compliant with the registration requirements of the Care Quality Commission (CQC).

The Care Quality Commission (CQC) inspected the Trust in 2022, inspecting two services maternity and children and young people. The Trust received the CQC final inspection report in September 2022, which identified that the ratings for the Trust were 'good' in two of the domains and 'requires improvement' in three domains; safe, effective and well-led. This meant that the trust's overall rating changed from 'good' to 'requires improvement'.

The report outlined 13 'Must Dos' and 18 'Should Dos' which formed the basis for our improvement plan with action statements set within achievable timescales. Robust project management and governance arrangements have been implemented to monitor progress with the improvement plan through the Trust's Quality Assurance Council with escalation to the Executive Management Team. Progress reports will also be provided to the Patient Safety and Quality Standards Committee and Board of Directors on a regular basis.

In addition, as described earlier in the report, an Improvement and Transformation plan has been established which is multi-faceted and incorporates all elements of governance, well led, CQC and regulatory assessment requirements in one overarching framework for implementation.

The full inspection reports for the Trust are available to the public on the CQC website: www.cqc.org.uk/provider/RVW

Well Led

In 2022-23, we have kept our corporate governance arrangements under review to

ensure we meets the standards set out in the NHS Improvement Well-Led framework. We were inspected by the Care Quality Commission during 2022, which included a well-led inspection resulting in a rating of 'requires improvement.

Following the inspection findings, we commissioned the Good Governance Institute (GGI) in December 2022 to undertake an independent governance review of compliance with well-led findings and as part of our normal cycle of business and governance. The review will focus on governance systems, management of risks and reflect our responsibility for maintaining a sound system of internal control and governance that supports the delivery of strategy within the context of system working and the achievement of our strategic aims and objectives, and that those systems remain fit for purpose.

In tandem with this, we have also asked GGI to look at how we can enhance our programme of Board development, which is internally led at present with a view to shaping development activities for the next 12-18 months. It is anticipated the final report with key findings, conclusions, recommendations for change and an action plan to support their implementation will be available by the end of quarter 1: 2023-24 with a clear roadmap for the 2023-24 Board development programme including proposed activities and timelines.

Compliance Statements

We are required to make an annual statement of confirmation in relation to compliance with elements of the NHS Provider Licence including General Condition 6, Continuity of Service Condition 7, Corporate Governance Statement (FT4) and certification on training of Governors. Based upon performance in 2021-22, the forecast pressures for 2022-23 and the mitigating actions in place to improve the 2022-23 position, the Board of Directors confirmed compliance against the declarations and agreed submission of the self-certifications to NHS England.

We have published on our website an up-to-date register of interests, including gifts and hospitality, for decision-making staff (as defined with reference to the guidance) within the past twelve months, as required by the 'Managing Conflicts of Interest in the NHS' guidance. The Trust has also published a separate register of interests for the full Board of Directors and maintains a separate register of interests for the Council of Governors.

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

We have undertaken risk assessments and have plans in place, which take account of the 'Delivering a Net Zero Health Service' report under the Greener NHS programme. We ensure that our obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with. Our progress and achievements to date are detailed in section 3.2.9 of this annual report,

Control measures are in place to ensure that all of the organisation's obligations under equality, diversity and human rights legislation are complied with. This includes Workforce Race Equality Standard (WRES), Workforce Disability Equality Standard (WDES), Equality Impact Assessments (EIA), Staff Survey results, Gender Pay Gap reporting and People Strategy objectives.

A culture of respect in the workplace indicates that an organisation values its workforce which can improve staff engagement and morale, leading to increased motivation and productivity.

Having a diverse workforce running throughout the organisation at every level means that staff bring different perspectives, styles and approaches to problem solving, different viewpoints, skills and varied knowledge. This helps to engage, retain and promote talent and develop a culture of helping others to experience learning, growth and an increasing influence.

We commissioned an external review around Equality, Diversity and Inclusion as one of the lessons learned from previous employment tribunal cases. The recommendations from the review have since evolved into our wider EDI Programme of Work; with the ambition of EDI being business as usual and part of the overall culture of the Trust.

As a means of achieving this, significant progress has been achieved on a number of priorities including EDI simulation training, managing difficult situations training for managers, Board Development, Staff Network Leads development, Assessment training.

The roll out of the EDI programme of work continues, with review and scrutiny through the People Committee, Executive Team and Board of Directors.

5. Review of economy, efficiency and effectiveness of the use of resources –

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

The financial performance of the Trust during 2022-23 was ahead of the plan agreed with NHS England. This improved position, is due in part to strengthened financial governance and reporting arrangements, as well as enhancing 'Grip and Control' within the Trust.

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

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

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

- We received an annual funding allocation from the Integrated Care Board, under the Health & Care Act 2022 and have consistently reported ahead of plans submitted to NHS England.
- Given the economic and financial environment of the Trust, the Board of Directors has refreshed the corporate services which clearly sets out the ambitions and future direction of travel;
- Monthly reporting to the Finance Committee and Board of Directors on key performance indicators; including income position; pay and non-pay expenditure run rates; capital investments; cash position, balance sheet flexibilities and forecasts.
- Strengthened governance arrangements to ensure greater 'grip and control' with regular presentations from service areas on performance against plan and targets;
- The continued application of a robust financial management performance framework with appropriate levels of escalation and specific focus on forecasting;
- Regular reporting to Executive Management Team meeting on key factors effecting the Trust's financial position and performance

(including COVID-19 expenditure and Elective Recovery Funding);
- A rigorous process of setting annual budgets with underpinning service improvement, run-rate and efficiency programmes presented and approved by the Board of Directors or a delegated sub-committee of the Board prior to the start of the financial year;
- Daily, weekly and monthly cash flow monitoring and a rolling 12-month cash flow projection in accordance with the approved Treasury Management Policy;
- Regular review of Standing Financial Instructions and Scheme of Delegation;
- Development of service line reporting/management and patient level information and costing system (PLICS) to support directorates to better understand and manage their relative efficiency and profitability, and to make informed business decisions;
- Enhanced collaborative arrangements with South Tees Hospitals NHS Foundation Trust;
- Continued to be part of the wider system collaborative with NHS organisations.
- Estate rationalisation, workforce skill mix review and staffing reviews linked to Key Performance Indicators (KPIs) and key strategic objectives;
- Regular reporting and meetings with NHS England and Integrated Care Board (ICB) colleagues; and
- Efficient and effective working relationships with ICP system organisations and the wider ICS.

The Board of Directors delegates responsibility for reviewing the economy, efficiency and effectiveness of the use of resources to the Audit Committee and Finance Committee. This is supported throughout the year with:
- Agreeing and approving the Annual Plan;
- Detailed monthly review of financial performance, financial risk and monitoring the delivery of the service improvement and efficiency programme; and
- Reviewing and agreeing all plans for major capital investment and disinvestment.

The Board of Directors also gains assurance from:
- Internal audit reports, including value for money audits;
- External audit reports;
- The Care Quality Commission inspection report;
- CCG/ICS regular reviews;
- Ad-hoc service reviews;
- Benchmarking; and
- Various other external accreditation bodies.

There is little financial flexibility to support transition between present and desired service models unless the wider health and social care system work together to understand how funding will be managed for the benefits of the patients we serve. The Integrated Care Board continues to develop and mature across Cumbria and the North East and will set the foundations for the future direction of travel.

In developing this approach, we continue to work with a number of stakeholders including clinicians and staff; ICB colleagues; Local Authority providers; NHS England local area team; Primary Care Networks and individual practices and GPs; Health and Wellbeing Boards; local scrutiny functions; Public Health departments; and patient representatives, including local Health-watch organisations; and the Foundation Trust Provider Collaborative. We continue to strive to address the challenge of health inequalities and deprivation of the local population and the place based arrangements in 2023-24 will support our actions.

6. Information governance

The confidentiality and security of information regarding patients and staff is monitored and maintained through the implementation of our Governance Framework which encompasses the elements of law and policy from which

applicable information Governance (IG) standards are derived.

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

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

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

We actively encourage staff to report any suspected data protection and cyber breaches irrespective of their severity in line with its reporting policy. We reported four incidents to the ICO during 2022-23, a reduction from the previous year.

Incident ID	Reported date	Brief description	Outcome
31558	09/03/2023	Disclosure of personal data in error caused by non-compliance with Trust policy – impact on one data subject	• Incident closed by ICO • Additional staff training given/ procedures reviewed • Low risk of harm
31203	09/02/2023	Theft of personal data from Trust premises with potential for disclosure of personal data – impact on up to 18 data subjects	• Incident closed by ICO • Security procedures reviewed • Low risk of harm
29111	17/08/2022	Unauthorised sharing of data by staff member. Non-compliance with Trust policy – impact on one data subject	• Incident closed by ICO • HR disciplinary action as per policy • Additional staff training given • Low risk of harm
28444	23/06/2022	Disclosure of personal data in error caused by non-compliance with Trust policy – impact on one data subject	• Incident closed by ICO • Additional staff training given/ procedures reviewed • Low risk of harm

As in previous years, in order to further strengthen existing Trust policy and to prevent repeat incidents in areas where incidents have occurred during 2022-23 the following key actions were undertaken or are planned:

- Review of IG policies and standard operating procedures to ensure they reflect the specific needs and practicalities of each internal department and they reflect the changing needs of legislation and national guidance.
- Continued programme of comprehensive quality assurance and spot checks to ensure all departments are complying with Trust policies

relating to the protection of personal data.
- Continue to provide annual Data Security Training inclusive of Cyber Security and the provision of targeted training in areas of non-compliance.
- Robust monitoring of departmental action plans following incidents to ensure appropriate actions have been implemented via the Information Management and Information Governance Committee.
- Full annual review of information assets and information flows through the Trust within a redesigned framework to comply with GDPR requirements.
- HR processes followed where repeated non-compliance has been found.

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

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

Data Security Protection Toolkit (DSPT) 2022 submission

The Data Security and Protection Standards for health and care set out the National Data Guardian's (NDG) data security ten standards. Completing DSPT self-assessment, by providing evidence and judging whether we meet the assertions, will demonstrate that the organisation is working towards or meeting the ten NDG standards.

1. Personal confidential data
2. Staff responsibilities
3. Training
4. Managing data access
5. Process reviews
6. Responding to incidents
7. Continuity planning
8. Unsupported systems
9. IT protection
10. Accountable suppliers

All organisations that have access to NHS patient data and systems must use this toolkit to provide assurance that they are practising good data security and personal information is handled correctly. The DSPT for 2022 set out 110 mandatory evidence items which cover the ten standards, and we must evidence compliance against all ten in order to gain full compliance.

We submitted our DSPT submission on 23 June 2022. Following self-assessment we were compliant with all ten standards and 110 mandatory evidence items, meeting all mandatory assertions; therefore, we scored as all 'Standards met' for the 2022 DSPT.

The 2022 DSPT was also subject to external audit, a sample of thirteen of the mandatory assertions taken across the ten standards were audited by Audit One (external auditors) during May 2022 prior to the DSPT submission. Our overall assessment scored as '***Substantial'*** across all ten National Data Guardian Standards and against the criteria for independent veracity of our self-assessment. No recommendations or actions as a result of the independent audit were received.

8. Data Quality and Governance

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

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

9. Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the Executive Directors and clinical leads within the NHS Foundation Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the board, the Audit Committee and Patient Safety and Quality Standards Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The governance structure aligns our quality, risk and performance management arrangements. Committees, individuals and groups have defined responsibilities to ensure delivery of the Trust's objectives measured by compliance with performance and quality indicators and management of associated risks. The Assurance Framework is well established and is designed to meet the requirements of the 2022-23 Annual Governance Statement and provide reasonable assurance that there is an effective system of internal control to manage the principal risks identified by the organisation. A plan to address the weaknesses and ensure continuous improvement of the system is in place.

Key Review Bodies:

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

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

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

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

NHS England – is responsible for overseeing the performance of foundation trusts as the independent regulator. The NHS Oversight Framework is based on the principle of earned autonomy, which segments providers according to the extent to which they meet the definition of success. We have maintained regular contact and reporting with the regulator over the last 12 months.

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

and continued to deliver against key standards.

ICB Clinical Commissioning – The local Clinical Commissioning Groups (CCGs) were subsumed into the Integrated Care Board structure during the early part of 2022-23. The commissioning of services for Foundation Trusts within the North East and North Cumbria ICB is still in the development stage. We have therefore maintained an ongoing focus on safety and quality within all of its services.

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

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

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

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

There have been four Never Events reported in 2022-23, two relating to wrong site procedures, one incorrect implant/prosthesis and one retained foreign body, which was fully investigated, processes and procedures changed in response to the findings. All serious incidents are scrutinised at a weekly Safety Panel and monitored on behalf of the Board of Directors by the Patient Safety and Quality Standards Committee supported by a robust governance process.

There were 15 events that met the criteria for reporting to the Health and Safety Executive under the provisions of the Reporting of Injuries, Diseases or Dangerous Occurrences (RIDDOR) Regulations.

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

Conclusion

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

Signed

Julie Gillon
Chief Executive

29 June 2023

Neil Atkinson
Managing Director

29 June 2023


cio Cardona
North Tees and Hartlepool
Emergency Depart
CONSULT
CHEROKEE
WORKWEAR

5. External Audit Opinion

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

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of North Tees and Hartlepool NHS Foundation Trust (the 'Foundation Trust') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's and the Foundation Trust's affairs as at 31 March 2023 and of the Group's and Foundation Trust's income and expenditure for the year then ended;
- have been properly prepared in accordance with the accounting requirements of the Department of Health and Social Care Group Accounting Manual, as directed by NHS England; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

We have audited the financial statements which comprise:

- the Consolidated Statement of Comprehensive Income;
- the Group and Foundation Trust Statements of Financial Position;
- the Consolidated and Foundation Trust Statements of Changes in Equity;
- the Group and Foundation Trust Statements of Cash Flows; and
- the related notes 1 to 37.

The financial reporting framework that has been applied in their preparation is applicable law and the accounting requirements of the Department of Health and Social Care Group Accounting Manual, as directed by NHS England.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), the Code of Audit Practice issued by the Comptroller & Auditor General and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

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

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

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

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

The going concern basis of accounting for the Group and the Foundation Trust is adopted in consideration of the requirements set out in the Department of Health and Social Care Group Accounting Manual which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

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

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

We have nothing to report in this regard.

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

In preparing the financial statements, the accounting officer is responsible for assessing the Group's and the Foundation Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Foundation Trust without the transfer of the Foundation Trust's services to another public sector entity.

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

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

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

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

We considered the nature of the Group and its control environment, and reviewed the Group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and the local counter fraud service about their own identification and assessment of the risks of non-compliance with laws and regulations.

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

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

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

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

- accruals recorded at 31 March 2023 and the timing of their recognition at is subject to potential management bias: we tested a sample of accruals to supporting documentation to assess whether the liability had been incurred as at 31 March 2023. We also tested the design and implementation of controls in relation to accruals in order to identify any control weaknesses that may impact on the accruals made by management.

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

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

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

- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the National Health Service Act 2006
In our opinion:

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

Matters on which we are required to report by exception

Use of resources

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

Our work in respect of the Foundation Trust's arrangements is not complete at the date of our report on the financial statements. We will report the outcome of our work on the Foundation Trust's arrangements and include any additional exception reporting in respect of significant weaknesses in our audit completion certificate and our separate Auditor's Annual Report. We are satisfied that the remaining work is unlikely to have a material impact on the financial statements.

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

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

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

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

The Comptroller & Auditor General has determined that under the Code of Audit Practice, we discharge this responsibility by reporting by exception if we have reported to the Foundation Trust a significant weakness in arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023 by the time of the issue of our audit report. Other findings from our work, including our commentary on the Foundation Trust's arrangements, will be reported in our separate Auditor's Annual Report.

Annual Governance Statement and compilation of financial statements

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

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

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

We have nothing to report in respect of these matters.

Reports in the public interest or to the regulator

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

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

We have nothing to report in respect of these matters.

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

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

We have nothing to report in respect of this matter.

Delay in certification of completion of the audit

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

Use of our report

This report is made solely to the Council of Governors and Board of Directors ("the Boards") of North Tees and Hartlepool NHS Foundation Trust, as a body, in accordance with paragraph 4 of Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Boards those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by

law, we do not accept or assume responsibility to anyone other than the Boards as a body, for our audit work, for this report, or for the opinions we have formed.

Nicola Wright (Key Audit Partner)
For and on behalf of Deloitte LLP
Appointed Auditor
Newcastle upon Tyne
XX June 2023

Audit certificate to be added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PHARMACY
Wisdom
£1

6. Financial Performance

6.1 Foreword to the accounts

These accounts for the year ending 31 March 2023 have been prepared by North Tees and Hartlepool NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 to the NHS Act 2006 and are presented to Parliament pursuant to Schedule 7, paragraph (4) (a) of the National Health Service Act 2006; and have been audited by Deloitte LLP the Trust's external auditor.

The accounts have received an unmodified opinion that they give a true and fair view of the state of affairs of the Trust as at 31 March 2023 including its income and expenditure for the period.

This report contains the four primary financial statements:

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

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

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

Julie Gillon
Chief Executive
29 June 2023

Neil Atkinson
Managing Director
29 June 2023

6.2 Financial Performance 2022-23

The Trust has continued to focus on efficiently and effectively responding to the COVID-19 pandemic, supporting the national elective recovery programme and maintaining robust financial control. The challenging demands on NHS services and the wider economic environment continues to impact on the Trust, however, there remains a continuing focus on delivering high quality patient care, which has been achieved throughout the year, despite the CQC rating of Requires Improvement. In conjunction with this, the Trust has produced and is implementing robust action plans in readiness for a future CQC inspection and the planned return to a Good rating. The key financial issue starting to emerge is the delivery of efficiency savings on a non-recurrent basis that will negatively impact on underlying financial positions, which is a regional and national issue.

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

The Trust has therefore consolidated the Charitable Funds, North Tees and Hartlepool Solutions LLP subsidiary and its wholly owned Optimus Health Ltd subsidiary into the Group position for 2022-23.

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

At the end of 2022-23, per the Statement of Comprehensive Income, the Trust reported a deficit of £1.3m, however after excluding technical adjustments (e.g. impairments and donated assets) the Trust has reported a surplus position of £5.5m, which is the figure that will be reported against the ICS system achievement. This evidences a continuation of a reported surplus (£12.5m surplus in 2021-22). The reported position has been underpinned by efficient and effective cost containment, controls and processes.

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

Analysis of Surplus/(Deficit) for the year	Group	
	2022-23	2021-22
	£000	£000
Surplus/(Deficit) from continuing operations – before consolidation of the charity. Excludes £325,000 charity deficit as per Note 37	**(1,673)**	**(6,097)**
Movement in fair value of investment property and other investments	6,435	18,912
Remove capital donations/grants I&E impact	141	(430)
Remove net impact of consumables donated from other DHSC bodies	627	156
Surplus/(Deficit) for the financial period before impairments, revaluations, the impact of donated assets, centrally sourced PPE stock adjustment and charitable funds – Performance against control total	**5,530**	**12,541**

The Trust's continued positive reporting of surplus positions in recent years is as a result of robust grip and control of the financial position, underspend on non-recurrent funding across the year and over-performing subsidiary companies. It is not anticipated that this level of improvement will continue into 2023-24, further impacted by reductions in non-recurrent funding.

The MEA valuation for March 2023 resulted in an overall decrease in the building valuation. This included an impairment of £6.4m and an increase in the revaluation reserve of £1.0m, so a net reduction in value of £5.4m (this is a non-cash transaction).

The main reason for the material impairment is the recognised reduction in the life of the Trust's buildings and is informed by an independent 6 facet survey that was commissioned at the start of 2021-22. This means that there is a reduced life of the building and increases annual deprecation costs. The reduced remaining life results in a lower Net Replacement Cost (NRC) capital value following the valuation process performed by the District Valuer.

Statement of Comprehensive Income (SoCI) Group Position excluding charity			
Reporting period 1 April 2022 to 31 March 2023	**Actual**	**Exceptional Items**	**Revised Position**
	£000	**£000**	**£000**
Income	**401,496**	**-**	**401,496**
Pay expenditure	(278,568)	-	(278,568)
Non-pay expenditure	(107,214)	-	(107,214)
Total expenditure	**(385,782)**	**-**	**(385,782)**
EBITDA	**15,714**		**15,714**
Depreciation	(16,190)	-	(16,190)
Interest receivable	1,441	-	1,441
Interest payable	(795)	-	(795)
PDC	(1,715)	-	(1,715)
Corporation Tax	(67)	-	(67)
Other Gains and Losses on Disposal	(61)	-	(61)
Interest, Depreciation, PDC, Corporation Tax and disposal	**(17,387)**	**-**	**(17,387)**
Surplus/(Deficit) for the Period/Year	**(1,673)**	**-**	**(1,673)**
Impairment	6,435	(6,435)	-
I&E impact of capital grants and donations	141	-	141
PPE centrally procured stock adjustment	627	(627)	-
Total Trust Adjusted Financial Performance	**5,530**	**(7,062)**	**(1,532)**

The Trust's primary focus in 2022-23, was to continue to respond to the COVID-19 pandemic and the post-pandemic period, support the national elective recovery agenda and to continue to transition to business as usual processes, whilst maintaining financial control. The Trust had an original financial plan to deliver a £4.35m surplus in 2022-23.

The table below summarises the financial performance 2022-23 and 2021-22.

Income and expenditure Summary as at 31 March 2023 (including consolidation of Charity)	Group	
	2022-23	2021-22
	£000	£000
Operating income from patient care activities (*)	370,392	349,329
Other operating income (**)	31,766	34,099
Operating expenses	(395,915)	(361,184)
Operating surplus excluding impairment	**6,243**	**22,244**
Impairment (***)	(6,435)	(18,912)
Operating (deficit) / surplus	**(192)**	**3,332**
Finance income	1,482	74
Finance expenses	(795)	(542)
PDC dividends payable	(1,715)	(1,487)
Net finance costs	**(1,028)**	**(1,955)**
Other losses (****)	(61)	(6,956)
Corporation Tax	(67)	(65)
Deficit for the year	**(1,348)**	**(5,644)**
Other comprehensive income		
Will not be reclassified to income and expenditure:		
Impairments	(480)	(2,565)
Revaluations	1,461	4,183
May be reclassified to income and expenditure when certain conditions are met:		
Fair value (losses) / gains on available-for-sale financial investments	(55)	118
Total comprehensive expense for the period	**(422)**	**(3,908)**

(*) Increase relates to additional commissioner block funding relating to growth and inflation, plus central funding for the proposed non-consolidated agenda for change pay offer for 2022-23.
(**) Decrease primarily relates to a decrease in COVID-19 central PPE funding, and a reduction in R&D funding.
(***) The impairment primarily relates to the reduction of the useful economic life of Trust buildings.
(****) This relates to the disposal of medical equipment.

Table 1 – Financial Performance against Plan 2022-23

	Plan	Actual	Variance
Closing Cash Balance (Excluding Charitable Funds)	62,406	71,971	9,565
Control Total (Excluding Charitable Funds)	4,334	5,530	1,196

6.3 Income and contract performance

Income in 2022-23 totalled £402.2m including charity. The majority of the Group's income (£318.9m, 79%) relates to patient care funding from Integrated Care Boards (formerly Clinical Commissioning Groups prior to 1st July 2022). Patient care income from NHS England contributed £48.7m (12%) of the Group's income. Other operating income includes £1.3m of COVID-19 re-imbursement and top-up funding from NHS England, £12.5m of education and training income, £7.1m from support services provided to other bodies (mainly providers), and miscellaneous fees and charges.

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

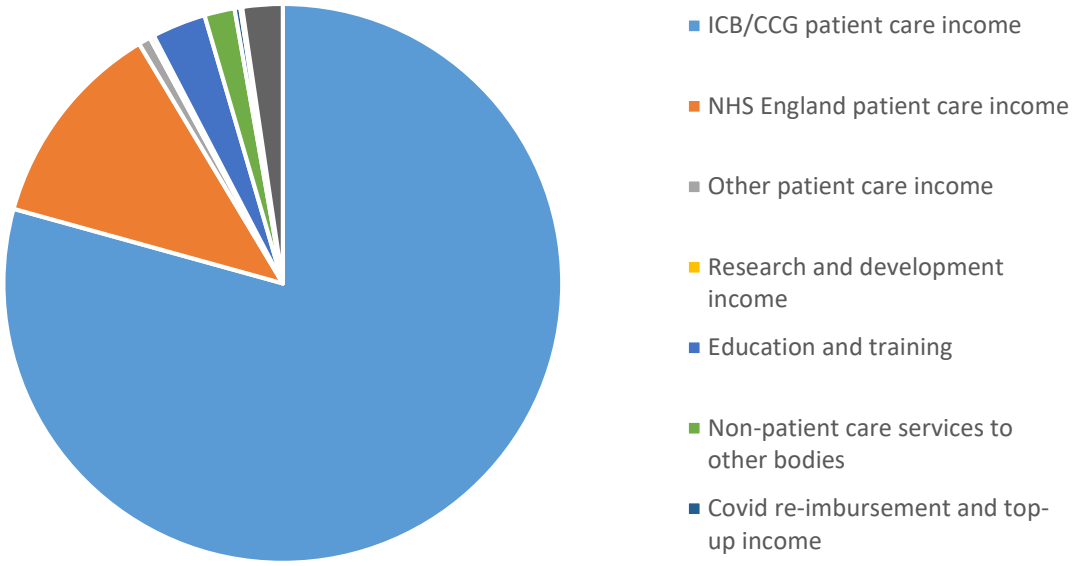


Table 2 – Analysis of Sources of Operating Income 1 April 2022 to 31 March 2023

	2022-23	2022-23	2021-22	2021-22
Operating Income	**£m**	**%**	**£m**	**%**
ICB/CCG patient care income	318.9	79%	309.4	81%
NHS England patient care income	48.7	12%	37.8	10%
Other patient care income	2.8	1%	2.1	1%
Research and development income	1.0	0%	1.9	1%
Education and training	12.5	3%	12.0	3%
Non-patient care services to other bodies	7.1	2%	5.9	2%
COVID-19 re-imbursement and top-up income	1.3	0%	3.2	1%
Central PPE and equipment funding	0.4	0%	1.4	0%
Other income (*)	9.4	2%	9.6	3%
Total Operating Income	**402.2**	**100%**	**383.4**	**100%**

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

The key movements from 2021-22 include:

- £9.5m increase in ICB/CCG patient care income in relation to growth, inflation and top-ups applied to block funding.
- £10.9m increase in NHS England patient care income, of which £9.1m relates to central funding for the proposed non-consolidated agenda for change pay offer for 2022-23.

A summary of income from Integrated Care Boards (ICBs) and NHS England is illustrated in the chart and table below:

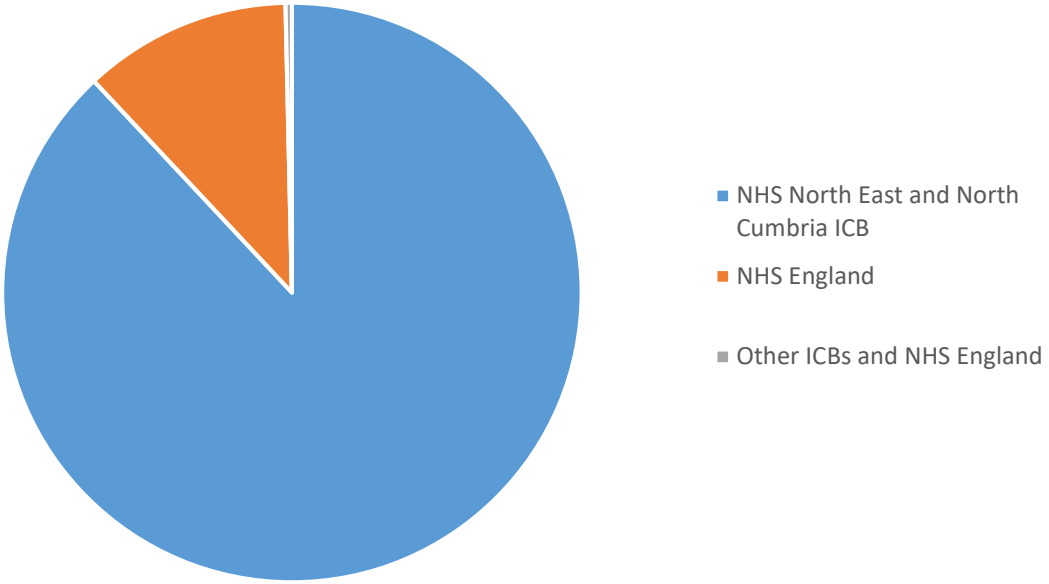


Table 3 – Analysis of income from NHS commissioners 1 April 2022 to 31 March 2023

	2022-23	2022-23	2021-22	2021-22
ICBs and NHS England Income	**£m**	**%**	**£m**	**%**
NHS North East and North Cumbria ICB (*)	318.3	88%	309.8	90%
NHS England	42.0	12%	33.0	10%
Other ICBs	1.3	0%	0.0	0%
Total ICBs and NHS England Income	**361.6**	**100%**	**342.8**	**100%**

(*) The former North East Clinical Commissioning Groups including Tees Valley CCG and County Durham CCG merged into the NHS North East and North Cumbria ICB on 1st July 2022, therefore 2021/22 has been re-stated on this basis for comparison purposes.

The key movements from 2021-22 is an increase of £9.5m relating to NHS North East and North Cumbria ICB (the Trust's main commissioner) resulting from growth and top-up funding, and £9.1m of NHS England income relating to the proposed non-consolidated agenda for change pay offer for 2022-23.

Expenditure

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

Table 3 – Analysis of Operating Expenses 1 April 2022 to 31 March 2023

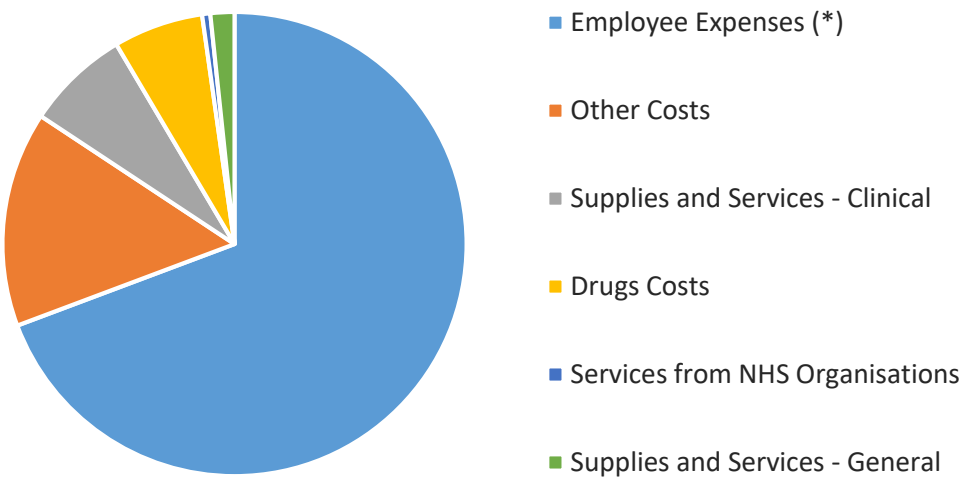


Table 4

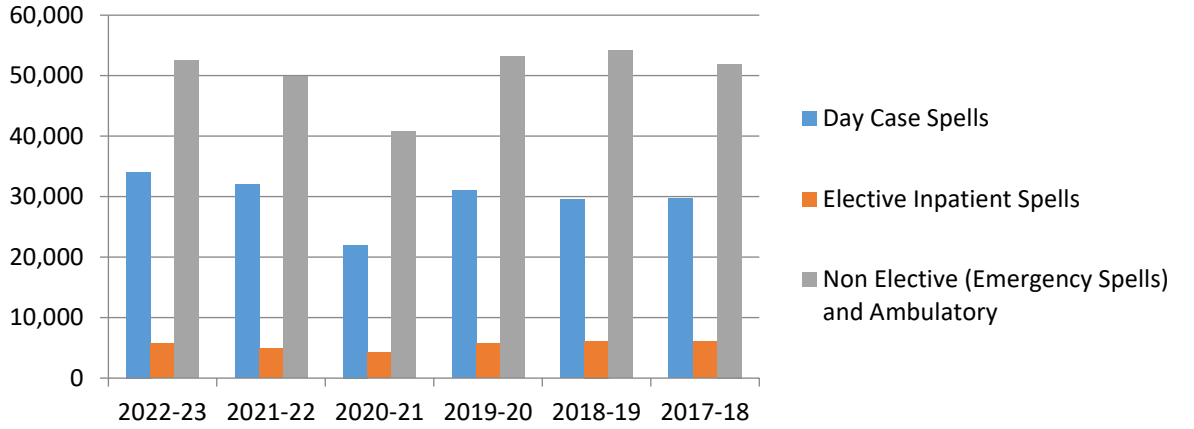
	2022-23	2022-23	2021-22	2021-22
Operating Expenses	**£m**	**%**	**£m**	**%**
Employee Expenses (*)	278.8	69%	251.4	66%
Other Costs	60.4	15%	71.3	19%
Supplies and Services - Clinical	29.0	7%	25.3	7%
Drugs Costs	25.2	6%	22.6	6%
Services from NHS Organisations	2.3	1%	4.2	1%
Supplies and Services - General	6.7	2%	5.4	1%
Total Operating Expenditure	**402.4**	**100%**	**380.1**	**100%**

(*) The main reason for the increase relates to the 2022-23 pay award and increased costs associated with returning activity and recovery.

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

- Day case performance has increased by 2,050 (6%) spells compared to 2021-22;
- Elective performance has increased by 754 (15%) spells;
- Non-elective performance has increased by 2,633 (5%) spells;
- First outpatient attendances have increased by 3,281 (5%);
- Follow-up attendances have increased by 8,062 (5%); and
- Outpatient procedures have increased by 278 (2%).

Table 5 – Analysis of the financial components of the 2022-23; 2021-22; 2020-21; 2019-20; 2018-19; 2017-18 Contract Activity

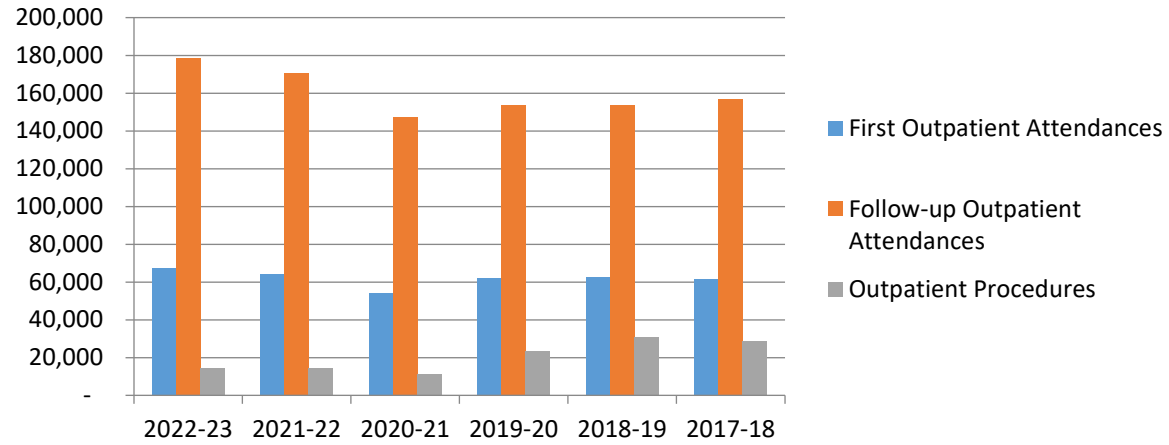


Analysis of Activity	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
Day Case Spells	34,080	32,030	22,034	30,997	29,490	29,671
Elective Inpatient Spells	5,705	4,951	4,253	5,677	6,123	6,099
Non Elective (Emergency Spells) and Ambulatory	52,464	49,831	40,751	53,172	54,172	51,907

The Trust had been significantly impacted by COVID-19 since March 2020 in terms of activity levels but the impact of the recovery programme is now apparent.

Day cases and elective collectively have been at their highest levels since before 2017-18.

Table 6 – Analysis of the 2022-23; 2021-22; 2020-21; 2019-20; 2018-19; 2017-18; Contract Outpatient Activity



Analysis of Activity	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
First Outpatient Attendances	67,479	64,198	54,082	61,862	62,840	61,204
Follow-up Outpatient Attendances	178,676	170,614	147,044	153,722	153,672	156,632
Outpatient Procedures	14,383	14,105	11,239	23,419	30,522	28,794

As with admitted patient care, outpatients' activity has been at its highest level since before 2017-18.

6.4 Capital Investment

During 2022-23, the Trust maintained its commitment to the improvement of clinical services and invested £21.8m in line with its Estates Strategy.

Capital expenditure had been invested in the following areas during 2022-23:

- Medical Equipment – £3.445m
- ICT schemes – £2.394m
- Community Diagnostic Centre – £0.707m
- Digital diagnostic spend – £0.405m
- Endoscopy diagnostic equipment – £0.182m
- Cyber spend – £0.065m
- Estates and backlog maintenance schemes – £14.262m. This includes £1.376m for the pathology collaboration, £0.187m for the new hospital design fees and £0.108m on the surgical robot enabling works design fees.
- Imaging and endoscopy academy externally funded estates spend – £0.011m.
- IFRS16 leases – £0.226m
- Donated Assets from various sources – £0.057m.

The above investment has resulted in improved patient services and hospital environment. During 2021-22, the Trust submitted a national bid as part of the national new hospital programme and at the time of writing this report is awaiting an outcome, which is anticipated to be received in early 2023/24.

6.5 Financial Outlook for 2023-24

Financial Outlook

The Trust's Medium Term Financial Plan was significantly impacted by COVID-19 and the two years of national interim funding arrangements. In 2022-23, capital and revenue funding was allocated at Integrated Care Board (ICB) level and plans were agreed locally at provider level. This arrangement continues in 2023-24 and there will be a requirement to develop new Medium Term Financial Plans, which will be co-ordinated by the ICB. In accordance with the Health & Care Act 2022, Integrated Care Systems will continue to be legally required to deliver an overall breakeven position, this will place additional pressure on the Trust to continue to improve its financial performance, underpinned by the delivery of recurrent CIP targets in 2023-24.

National operational and financial planning guidance was issued on 23 December 2022. The guidance for 2023-24 requires the continued delivery of the recovery agenda and meet new national performance targets, underpinned by a significant reduction in non-recurrent funding arrangements and annual convergence adjustments (a continuation from 2022-23 and will continue to 2024-25). The aim of the annual convergence adjustment is to return to funding arrangements on a population and fair shares basis. Despite the short time available, the Trust has produced and approved an annual financial plan for 2023-24, which plans for a breakeven position, but contains risk in relation to excessive inflationary pressures relating to utility costs and increased efficiencies targets (a regional and national issue).

The Trust's financial plan is consistent with current financial performance and run rate expenditure, but does contain significant efficiency targets to support the Integrated Care System to deliver a breakeven position in 2023-24 and this risk is prudently documented. This plan is in keeping with the Trust's ambition to

return to surplus and this will be detailed in the planned Medium Term Financial Plan, but will need to be reflective of future financial funding allocations and financial pressures, which will be established as part of the planning process.

Like most health economies, significant financial challenges continue to be faced by the local NHS, particularly in 2023-24, which will see a continuation of significant reduction of non-recurrent funding, convergence adjustments and inflationary cost pressures.

The Trust's financial plan for 2023-24 was approved at the Board of Directors meeting on 27 April 2023, and is a breakeven plan, which requires the Trust to deliver efficiencies of £20.7m (approx. 5.3% of turnover).

The Trust has made a number of significant contributions to the Integrated Care System during 2022/23 and will continue its positive engagement in 2023/24, with a focus on identifying ways to address clinical and financial sustainability for the longer term. The Trust will also continue to explore the potential opportunities as part of the Provider Collaboration as well as continuing local Group arrangements with South Tees Hospitals NHS Foundation Trust.

Planning and Recovery

The Trust has submitted an annual activity plan for 2023-24 to support the continued recovery of patient activity to achieve 111% of 2019/20 value based activity levels. This will be closely monitored and reported in 2023-24. This plan will need to be delivered whilst operating with continued operational pressures from COVID-19, whilst continuing the return to business as usual processes. The Trust will ensure that it continues to provide safe, efficient and effective services to our patients.

Capital Planning

Significant capital investment will be required on the North Tees site in the next 5 years and the 2022-23 capital programme reflected this position.

In total, the capital programme is funded to the value of £41.697m in 2023-24 (CDEL £41.154m) with the Trust continuing to invest in equipment replacement plans to ensure patients receive high quality care. The capital allocations are categorised into the following main areas of work:

	2023-24
	£m
Estates backlog	2.9
New Hospital Support	3.5
Robot Enabling Works	4.3
Pathology Collaboration	2.0
Medical Equipment Programme	3.6
IT	1.0
Community Diagnostic hub (externally funded)	23.2
IFRS16	0.7
Donated	0.5
Total	**41.7**

6.6 Summary

In setting the financial plan for 2023-24 the Board of Directors recognise the need to maintain high quality and safe care and deliver financial balance.

The Trust will continue to deliver a capital programme that will result in a significant upgrade to the site infrastructure and an ambitious technology programme, which will ultimately drive future efficiencies and improve both patient safety and the delivery of patient care.

As noted, earlier in this report, the Trust awaits the outcome from the national scheme for new hospitals and an Outline Business Case will be developed in 2023-24 to support this process, which is a red risk in the Trust's Board Assurance Framework.

6.7 Key performance targets

The Trust will continue to plan to meet the targets, as set out by NHS England and detailed in the System Oversight framework

Regulatory Ratings

The System Oversight Framework 2022-23 set out a direction of travel for oversight and escalation arrangements, whereby Integrated Care System governance arrangements would include leading on oversight of organisations and ICPs within the ICS area.

The Health & Care Act 2022 now makes it a legal requirement for the Integrated Care System to deliver a balanced financial position on an annual basis. It is the individual responsibility and collective responsibility of all organisations that form the ICS to support the overall delivery of this requirement.

The approach to system oversight for finance metrics will need to be considered by the ICS and will in turn be considered and incorporated into a single comprehensive oversight framework established by each ICB. This is anticipated to be implemented across the system in 2023-24.

6.8 Annual Accounts 2022-23 including financial statements and notes

Consolidated Statement of Comprehensive Income for the year ended 31 March 2023		Group	
		2022-23	2021-22
	Note	£000	£000
Operating income from patient care activities	3	370,392	349,329
Other operating income	4	31,766	34,099
Operating expenses	7, 9	(402,170)	(380,096)
Operating (deficit)/surplus		**(12)**	**3,322**
Finance income	11	1,482	74
Finance expenses	12	(759)	(542)
PDC dividends payable		(1,715)	(1,487)
Net finance costs		**(992)**	**(1,955)**
Other losses	13	(61)	(6,956)
Corporation tax expense		(67)	(65)
Deficit for the year		**(1,132)**	**(5,644)**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	8	(480)	(2,565)
Revaluations	8, 20	1,461	4,183
May be reclassified to income and expenditure when certain conditions are met:			
Fair value (losses)/gains on financial assets mandated at fair value through OCI	22	(55)	118
Total comprehensive expense for the period		**(206)**	**(3,908)**

Please note that the deficit for the year of £1.132m includes income and expenses which fall outside of control total. The control total is the surplus/deficit set by NHS England for NHS organisations to adhere to. The performance against control total is a surplus of £5.745m and note 37 details and explains the movement from annual deficit to control total surplus. The note also includes the prior year comparator.

Statement of Financial Position		Group		Trust	
		31 March 2023	31 March 2022	31 March 2023	31 March 2022
	Note	£000	£000	£000	£000
Non-current assets					
Intangible assets	15,16	7	7	-	-
Property, plant and equipment	17,18	113,158	110,162	113,151	110,151
Right of use assets	21	21,438	-	21,438	-
Other investments / financial assets	22	1,414	1,469	-	-
Receivables	25	1,899	1,773	29,053	30,416
Total non-current assets		**137,916**	**113,411**	**163,642**	**140,567**
Current assets					
Inventories	24	6,570	6,605	6,135	6,247
Receivables	25	27,774	20,775	28,940	23,495
Cash and cash equivalents	26	73,526	82,096	66,497	74,309
Total current assets		**108,870**	**109,476**	**101,572**	**104,051**
Current liabilities					
Trade and other payables	27	(70,589)	(68,268)	(72,807)	(74,109)
Borrowings	29	(5,893)	(1,543)	(5,893)	(1,543)
Provisions	31	(8,543)	(9,454)	(8,485)	(9,410)
Other liabilities	28	(4,793)	(4,400)	(4,690)	(4,324)
Total current liabilities		**(89,818)**	**(83,665)**	**(91,875)**	**(89,386)**
Total assets less current liabilities		**156,968**	**139,222**	**173,339**	**155,232**
Non-current liabilities					
Borrowings	29	(36,777)	(20,589)	(36,777)	(20,589)
Other financial liabilities	30	0	0	(22,764)	(21,020)
Provisions	31	(2,015)	(2,051)	(2,015)	(2,051)
Total non-current liabilities		**(38,792)**	(22,640)	**(61,556)**	(43,660)
Total assets employed		**118,176**	**116,582**	**111,783**	**111,572**
Financed by					
Public dividend capital		169,015	167,538	169,015	167,538
Revaluation reserve		12,412	11,431	12,412	11,431
Income and expenditure reserve		(66,138)	(65,004)	(69,644)	(67,397)
Charitable fund reserves	23	2,887	2,617	-	-
Total taxpayers' equity		**118,176**	**116,582**	**111,783**	**111,572**

The notes on pages 146 to 195 form part of these accounts.

Julie Gillon
Chief Executive
29 June 2023

Neil Atkinson
Managing Director
29 June 2023

Consolidated Statement of Changes in Equity for the year ended 31 March 2023

Group	Public dividend capital	Revaluation Reserve	Income and expenditure reserve	Charitable fund reserves	Total
	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2022 - brought forward	**167,538**	**11,431**	**(65,004)**	**2,617**	**116,582**
Impact of implementing IFRS16 on 1 April 2022	-	-	323	-	**323**
(Deficit)/surplus for the year	-	-	(1,457)	325	**(1,132)**
Impairments	-	(480)	-	-	**(480)**
Revaluations	-	1,461	-	-	**1,461**
Fair value gains/(losses) on financial assets mandated at fair value through OCI	-	-	-	(55)	**(55)**
Public dividend capital received	1,477	-	-	-	**1,477**
Taxpayers' and others' equity at 31 March 2023	**169,015**	**12,412**	**(66,136)**	**2,887**	**118,176**

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

Group	Public dividend capital	Revaluation Reserve	Income and expenditure reserve	Charitable fund reserves	Total
	£000	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2021 - brought forward	**151,649**	**9,813**	**(58,908)**	**2,047**	**104,601**
(Deficit)/surplus for the year	-	-	(6,096)	452	**(5,644)**
Impairments	-	(2,565)	-	-	**(2,565)**
Revaluations	-	4,183	-	-	**4,183**
Fair value gains/(losses) on financial assets mandated at fair value through OCI	-	-	-	118	**118**
Public dividend capital received	15,889	-	-	-	**15,889**
Taxpayers' and others' equity at 31 March 2022	**167,538**	**11,431**	**(65,004)**	**2,617**	**116,582**

Statement of Changes in Equity for the year ended 31 March 2023

Foundation Trust	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£00(
Taxpayers' and others' equity at 1 April 2022 - brought forward	**167,528**	**11,431**	**(67,397)**	**111,572**
Impact of implementing IFRS16 on 1 April 2022	-	-	324	**324**
Deficit for the year	-	-	(2,571)	**(2,571)**
Impairments	-	(480)	-	**(480)**
Revaluations	-	1,461	-	**1,461**
Public dividend capital received	1,477	-	-	**1,477**
Taxpayers' and others' equity at 31 March 2023	**169,015**	**12,412**	**(69,644)**	**111,783**

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

Foundation Trust	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2021 - brought forward	**151,649**	**9,813**	**(60,667)**	**100,795**
Deficit for the year	-	-	(8,009)	**(8,009)**
Impairments	-	(2,565)	-	**(2,565)**
Revaluations	-	4,183	-	**4,183**
Public dividend capital received	15,889	-	-	**15,889**
Other reserve movements	-	-	1,279	1,279
Taxpayers' and others' equity at 31 March 2022	**167,538**	**11,431**	**(67,397)**	**111,572**

Information on reserves

Public dividend capital

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

Revaluation reserve

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse impairments previously recognised in operating expenses, in which case they are recognised in operating income.

Subsequent downward movements in asset valuations are charged to the revaluation reserve to the extent that a previous gain was recognised unless the downward movement represents a clear consumption of economic benefit or a reduction in service potential.

Income and expenditure reserve

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

Charitable funds reserve

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

Statement of Cash Flows

		Group		Foundation Trust	
		2022-23	2021-22	2022-23	2021-22
	Note	£000	£000	£000	£000
Cash flows from operating activities					
Operating (deficit)/surplus		(12)	3,332	(1,697)	634
Non-cash income and expense:					
Depreciation and amortisation	7.1	15,831	14,734	15,826	14,734
Net impairments	8	6,435	18,912	6,435	18,912
Income recognised in respect of capital donations	4	(402)	(851)	(402)	(851)
Increase in receivables and other assets		(8,077)	(9,717)	(4,033)	(6,991)
Decrease/(Increase) in inventories		35	(238)	112	(180)
Increase in payables and other liabilities		4,756	22,837	2,830	16,741
Decrease in provisions		(968)	(5,702)	(981)	(5,723)
Movements in charitable fund working capital		(17)	274	-	-
Tax paid		(67)	(65)	-	-
Other movements in operating cash flows		344	(284)	336	994
Net cash flows generated from operating activities		**17,858**	**43,232**	**18,426**	**38,270**
Cash flows used in investing activities					
Interest received		1,441	33	2,629	1,765
Purchase of PPE		(23,055)	(28,890)	(23,055)	(28,880)
Receipt of cash donations to purchase assets		57	885	57	885
Net cash flows used in charitable fund investing activities		41	41	-	-
Net cash flows used in investing activities		**(21,516)**	**(27,931)**	**(20,369)**	**(26,230)**
Cash flows generated from/(used in) financing activities					
Public dividend capital received		1,477	15,889	1,477	15,889
Movement on loans from DHSC		(1,088)	(1,088)	(1,088)	(1,088)
Capital element of finance lease rental payments		(2,690)	(743)	(2,690)	(743)
Interest on loans		(506)	(532)	(1,463)	(1,956)
Interest paid on lease liability repayments		(243)	-	(243)	-
PDC dividend paid		(1,862)	(480)	(1,862)	(480)
Net cash flows generated (used in)/ from financing activities		**(4,912)**	**13,046**	**(5,869)**	**11,622**
(Decrease)/increase in cash and cash equivalents		**(8,570)**	**28,347**	**(7,812)**	**23,662**
Cash and cash equivalents at 1 April – brought forward		**82,096**	**53,749**	**74,309**	**50,647**
Cash and cash equivalents at 31 March	26.1	**73,526**	**82,096**	**66,497**	**74,309**

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

NHS England has directed that the financial statements of NHS Foundation Trusts shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2022-23 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

Accounting convention

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

Note 1.2 Going concern

These accounts have been prepared on a going concern basis. The financial reporting framework applicable to NHS bodies, derived from the HM Treasury Financial Reporting Manual, defines that non-trading entities in the public sector are assumed to be going concerns where the continued provision of a service in the future is anticipated, as evidenced by inclusion of financial provision for that service in published documents. The directors have a reasonable expectation that this will continue to be the case.

Note 1.3 Consolidation

Subsidiaries
Subsidiary entities are those over which the Trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate financial statement lines. The capital and reserves attributable to minority interests are included as a separate item in the Statement of Financial Position.

NHS Charitable Funds
The Trust is the corporate trustee to North Tees and Hartlepool NHS Foundation Trust General Charitable Fund. The charitable fund's statutory accounts are prepared to 31 March in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Financial Reporting Standard (FRS) 102. On consolidation, necessary adjustments are made to the charity's assets, liabilities and transactions to:

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

Optimus Health Limited and North Tees and Hartlepool Solutions LLP

The amounts consolidated are drawn from the published financial statements of the subsidiaries for the year to 31 March 2023 for Optimus Health Limited and North Tees and Hartlepool Solutions Limited Liability Partnership.

Where subsidiaries' accounting policies are not aligned with those of the Trust (including where they report under UK FRS 102) then amounts are adjusted during consolidation where the differences are material. Inter-entity balances,

transactions and gains/losses are eliminated in full on consolidation.

Note 1.4. Revenue from contracts with customers

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

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

Revenue from NHS contracts
The main source of income for the Trust is contracts with commissioners for health care services. In 2022-23, the majority of the Trust's income from NHS commissioners was in the form of block contract arrangements. The Trust receives block funding from its commissioners, where funding envelopes are set at an Integrated Care System level. The related performance obligation is the delivery of healthcare and related services during the period, with the Trust's entitlement to consideration not varying based on the levels of activity performed.

The Trust also receives additional income outside of the block payments to reimburse specific COVID-19 testing costs incurred. Reimbursement and top-up income is accounted for as variable consideration.

Elective recovery funding provides additional funding for the delivery of elective services. In 2022-23 elective recovery funding was included within block contracts. In 2021-22 income earned by the system based on achievement of elective recovery targets was distributed between individual entities by local agreement and income earned from the fund was accounted for as variable consideration.

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

NHS injury cost recovery scheme

The Trust receives income under the NHS injury cost recovery scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid, for instance by an insurer. The Trust recognises the income when performance obligations have been satisfied. In practical terms, this means that treatment has been given, it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment. The income is measured at the agreed tariff for the treatments

provided to the injured individual, less an allowance for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset.

Note 1.5 Other forms of income

Grants and Donations

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

Note 1.6 Expenditure on employee benefits

Short-term employee benefits
Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

Pension costs

NHS Pension Scheme
Past and present employees are covered by the provisions of the two NHS Pension Schemes. Both schemes are unfunded, defined benefit schemes that cover NHS employers, general practices and other bodies, allowed under the direction of The Secretary of State for Health and Social Care in England and Wales. The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as though it is a defined contribution scheme: the cost to the Trust is taken as equal to the employer's pension contributions payable to the scheme for the accounting period. The contributions are charged to operating expenses as and when they become due.

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

NEST Pension Scheme
The Trust (and its subsidiaries, North Tees and Hartlepool Solutions LLP and Optimus Health Limited) offers the National Employment Savings Trust (NEST) to employees. This is a defined contribution pension scheme.

Note 1.7 Expenditure on other goods and services

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

Note 1.8 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential be provided to, the Trust;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably.
- the item has a cost of at least £5,000; or

- collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, e.g. plant and equipment, then these components are treated as separate assets and depreciated over their own useful lives.

Measurement

Valuation
All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

All assets are measured subsequently at valuation. Assets, which are held for their service potential and are in use (i.e. operational assets used to deliver either front line services or back office functions), are measured at their current value in existing use. Assets that were most recently held for their service potential but are surplus with no plan to bring them back into use are measured at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.
Revaluations of property, plant and equipment are performed with sufficient regularity to ensure that carrying values are not materially different from those that would be determined at the end of the reporting period. Current values in existing use are determined as follows:

- Land and non-specialised buildings – market value for existing use; and
- Specialised buildings – depreciated replacement cost on a modern equivalent asset basis.

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

Valuation guidance issued by the Royal Institute of Chartered Surveyors states that valuations are performed net of VAT where the VAT is recoverable by the entity. This basis has been applied to the trust's Buildings where the construction would be completed by the Trust's subsidiary - North Tees and Hartlepool Solutions LLP and the costs have recoverable VAT for the Trust.

The Trust has a contract with the valuation Office Agency for production for the MEA valuation. The name of the surveyor is Myles Riordan MRICS, RICS Registered Valuer.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees and, where capitalised in accordance with IAS 23, borrowings costs. Assets are revalued and depreciation commences when the assets are brought into use.

IT equipment, transport equipment, furniture and fittings, and plant and machinery that are held for operational use are valued at depreciated historic cost where these assets have short useful lives or low values or both, as this is not considered to be materially different from current value in existing use.

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is

recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Depreciation
Items of property, plant and equipment are depreciated over their remaining useful lives in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated.

Property, plant and equipment, which has been reclassified as 'held for sale', cease to be depreciated upon the reclassification. Assets in the course of construction are not depreciated until the asset is brought into use.

Revaluation, gains and losses
Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised in operating expenditure.

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

Impairments
In accordance with the GAM, impairments that arise from a clear consumption of economic benefits or of service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve.

Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

De-recognition
Assets intended for disposal are reclassified as 'held for sale' once the criteria in IFRS5 are met. The sale must be highly probable and the asset is available for immediate sale in its present condition.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all

material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'held for sale' and instead is retained as an operational asset and the asset's useful life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

Donated and grant funded assets
Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is then deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

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

This includes assets donated to the trust by the Department of Health and Social Care as part of the response to the coronavirus pandemic. As defined in the GAM, the Trust applies the principle of donated asset accounting to assets that the Trust controls and is obtaining economic benefits from at the year-end.

Useful lives of property, plant and equipment
Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives are shown in the table below:

	Min life Years	Max life Years
Land	-	-
Buildings, excluding dwellings	8	86
Dwellings	92	92
Plant & machinery	2	25
Transport equipment	5	15
Information technology	2	10
Furniture & fittings	5	15
Land has an infinite life		

Finance-leased assets (including land) are depreciated over the shorter of the useful life or the lease term, unless the trust expects to acquire the asset at the end of the lease term in which case the assets are depreciated in the same manner as owned assets above.

Note 1.9 Intangible assets

Recognition
Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Trust's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the Trust and where the cost of the asset can be measured reliably

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

Software
Software which is integral to the operation of hardware, e.g. an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of

hardware, e.g. application software, is capitalised as an intangible asset.

Measurement
Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value there are no restrictions on sale at the reporting date and where they do not meet the definitions of assets held for sale.

Intangible assets held for sale are measured at the lower of their carrying amount or “fair value less costs to sell”.

Amortisation
Intangible assets are amortised over their expected useful lives in a manner consistent with the consumption of economic or service delivery benefits.

Useful lives of intangible assets
Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives are shown in the table below:

	Min life	Max life
	Years	Years
Software licences	7	7
Licences & trademarks	10	10

Note 1.10 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO) method.

The Trust received inventories including personal protective equipment from the Department of Health and Social Care at nil cost. In line with the GAM and applying the principles of the IFRS Conceptual Framework, the Trust has accounted for the receipt of these inventories at a deemed cost, reflecting the best available approximation of an imputed market value for the transaction based on the cost of acquisition by the Department.

Note 1.11 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and bank balances are recorded at current values.

Note 1.12 Financial assets and financial liabilities

Recognition
Financial assets and financial liabilities arise where the Trust is party to the contractual provisions of a financial instrument, and as a result has a legal right to receive or a legal obligation to pay cash or another financial instrument. The GAM expands the definition of a contract to include legislation and regulations which give rise to arrangements that in all other respects would be a financial instrument and do not give rise to transactions classified as a tax by ONS. This includes the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust’s normal

purchase, sale or usage requirements and are recognised when, and to the extent which, performance occurs, i.e., when receipt or delivery of the goods or services is made.

Classification and measurement
Financial assets and financial liabilities are initially measured at fair value plus or minus directly attributable transaction costs except where the asset or liability is not measured at fair value through income and expenditure. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques.

Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described below.

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

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

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

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

The Trust has irrevocably elected to measure the following equity instruments at fair value through other comprehensive income:
Impairment of financial assets
For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets or assets measured at fair value through other comprehensive income, the Trust recognises an allowance for expected credit losses.

The Trust adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses. For other financial assets, the loss allowance is initially measured at an amount equal to 12-month expected credit losses (stage 1) and subsequently at an amount equal to lifetime expected credit losses if the credit risk assessed for the financial asset significantly increases (stage 2).

For all Non NHS debtors:

- 100% expected credit losses is assumed on all invoices over 9 months old.
- 90% expected credit losses is assumed on average for invoices between 6 months and 9 months.
- 75% expected credit losses is assumed on average for invoices between 3 months and 6 months
- 50% expected credit losses is assumed on average for invoices between 1 month and 3 months
- 0% expected credit losses is assumed on average for invoices between 0 months and 1 month

For overseas visitors and for BUPA invoices, 100% expected credit losses has been assumed on all outstanding invoices. The BUPA debtor balance relates to invoices over 12 months old and all of these invoices are in dispute.

For NHS, expected credit losses have been assumed on specific disputed invoices and where no agreement for receipt has been received via the agreement of balances exercise, the Trust has applied the same percentage credit loss as with Non NHS debtors, based on the age of the outstanding debt.

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

Expected losses are charged to operating expenditure within the Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Statement of Financial Position.

Derecognition
Financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired or the Trust has transferred substantially all the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

Note 1.13 Leases

A lease is a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration. An adaptation of the relevant accounting standard by HM Treasury for the public sector means that for NHS bodies, this includes lease-like arrangements with other public sector entities that do not take the legal form of a contract. It also includes peppercorn leases where consideration paid is nil or nominal (significantly below market value) but in all other respects meet the definition of a lease. The Trust does not apply lease accounting to new contracts for the use of intangible assets.

The Trust determines the term of the lease term with reference to the non-cancellable period and any options to extend or terminate the lease which the Trust is reasonably certain to exercise.

The Trust as a lessee

Recognition and initial measurement
At the commencement date of the lease, being when the asset is made available for use, the Trust recognises a right of use asset and a lease liability.

The right of use asset is recognised at cost comprising the lease liability, any lease payments made before or at commencement, any direct costs incurred by the lessee, less any cash lease incentives received. It also includes any estimate of costs to be incurred restoring the site or underlying asset on completion of the lease term.

The lease liability is initially measured at the present value of future lease payments discounted at the interest rate implicit in the lease. Lease payments include fixed lease payments, variable lease payments dependent on an index or rate and amounts payable under residual value guarantees. It also includes amounts payable for purchase options

and termination penalties where these options are reasonably certain to be exercised.

Where an implicit rate cannot be readily determined, the Trust's incremental borrowing rate is applied. This rate is determined by HM Treasury annually for each calendar year. A nominal rate of 0.95% applied to new leases commencing in 2022 and 3.51% to new leases commencing in 2023.

The Trust does not apply the above recognition requirements to leases with a term of 12 months or less or to leases where the value of the underlying asset is below £5,000, excluding any irrecoverable VAT. Lease payments associated with these leases are expensed on a straight-line basis over the lease term. Irrecoverable VAT on lease payments is expensed as it falls due.

The Trust has vehicle leases which do not qualify as low value, but are immaterial to the Trust. Following the requirements of IAS 1 Presentation of Financial Statements, the Trust has not applied IFRS 16 to those immaterial leases (regardless of those leases failing to qualify as leases of low-value underlying assets).

Subsequent measurement
As required by a HM Treasury interpretation of the accounting standard for the public sector, the Trust employs a revaluation model for subsequent measurement of right of use assets, unless the cost model is considered to be an appropriate proxy for current value in existing use or fair value, in line with the accounting policy for owned assets. Where consideration exchanged is identified as significantly below market value, the cost model is not considered to be an appropriate proxy for the value of the right of use asset.

The Trust subsequently measures the lease liability by increasing the carrying amount for interest arising which is also charged to expenditure as a finance cost and reducing the carrying amount for lease payments made. The liability is also remeasured for changes in assessments impacting the lease term, lease modifications or to reflect actual changes in lease payments. Such remeasurements are also reflected in the cost of the right of use asset. Where there is a change in the lease term or option to purchase the underlying asset, an updated discount rate is applied to the remaining lease payments.

The Trust as a lessor

The Trust assesses each of its leases and classifies them as either a finance lease or an operating lease. Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Where the Trust is an intermediate lessor, classification of the sublease is determined with reference to the right of use asset arising from the headlease.

Finance leases
Amounts due from lessees under finance leases are recorded as receivables at the amount of the Trust's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Trust's net investment outstanding in respect of the leases.

Operating leases
Income from operating leases is recognised on a straight-line basis or another systematic basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Initial application of IFRS 16
IFRS 16 Leases as adapted and interpreted for the public sector by HM Treasury has been applied to these financial statements with an initial application date of 1 April 2022. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease and other interpretations.

The standard has been applied using a modified retrospective approach with the cumulative impact recognised in the income and expenditure reserve on 1 April 2022. Upon initial application, the provisions of IFRS 16 have only been applied to existing contracts where they were previously deemed to be a lease or contain a lease under IAS 17 and IFRIC 4. Where existing contracts were previously assessed not to be or contain a lease, these assessments have not been revisited.

The Trust as lessee
For continuing leases previously classified as operating leases, a lease liability was established on 1 April 2022 equal to the present value of future lease payments discounted at the Trust's incremental borrowing rate of 0.95%. A right of use asset was created equal to the lease liability and adjusted for prepaid and accrued lease payments and deferred lease incentives recognised in the Statement of Financial Position immediately prior to initial application. Hindsight has been used in determining the lease term where lease arrangements contain options for extension or earlier termination

No adjustments have been made on initial application in respect of leases with a remaining term of 12 months or less from 1 April 2022 or for leases where the underlying assets has a value below £5,000. No adjustments have been made in respect of leases previously classified as finance leases.

The Trust as lessor
Leases of owned assets where the Trust is lessor were unaffected by the initial application of IFRS 16. For existing arrangements where the Trust is an intermediate lessor, classification of all continuing sublease arrangements has been reassessed with reference to the right of use asset.

2021-22 comparatives
Comparatives for leasing transactions in these accounts have not been restated on an IFRS 16 basis. Under IAS 17 the classification of leases as operating or finance leases still applicable to lessors under IFRS 16 also applied to lessees. In 2021-22 lease payments made by the Trust in respect of leases previously classified as operating leases were charged to expenditure on a straight line basis.

Note 1.14 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective for 31 March 2023:

		Nominal Rate	Prior year rate
Short-Term	Up to 5 years	3.27%	0.47%
Medium-term	After 5 years up to 10 years	3.20%	0.70%
Long-term	After 10 years up to 40 years	3.51%	0.95%
Very long-term	Exceeding 40 years	3.00%	0.66%

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective 31 March 2023:

	Inflation Rate	Prior year rate
Year 1	7.40%	4.00%
Year 2	0.60%	2.60%
Into perpetuity	2.00%	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of 1.70% in real terms (prior year: minus 1.30%).

Clinical negligence costs
NHS Resolution (the trading name of the NHS Litigation Authority NHSLA) operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at note 31.3 but is not recognised in the Trust's accounts.

Non-clinical risk pooling
The Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Trust pays an annual contribution to NHS Resolution and in return receives assistance with the costs of claims arising. The annual membership contributions, and any "excesses" payable in respect of particular claims are charged to operating expenses when the liability arises.

Note 1.15 Public dividend capital

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

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

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

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

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

Note 1.16 Value added tax

Most of the activities of the Trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

Note 1.17 Corporation tax

Foundation Trusts are exempt from corporation tax on their principal healthcare income streams under section 519A Income and Corporation Taxes Act 1988. In determining whether other income may be taxable, a three-stage test must be employed which asks whether the activity is an authorised activity related to the provision of core

healthcare, whether the activity is actually or potentially in competition with the private sector, and whether the annual profits of the activity are in excess of £50k per trading activity. The Trust has assessed its car parking and catering income against this criteria and does not have any corporation tax liability in the current or prior year.

Optimus Health Limited has carried out its own tax computation and for the second time since incorporation. Corporation tax is payable on its trading year of £67k. The Foundation Trust has assessed that no tax liability arises from North Tees and Hartlepool Solutions LLP.

Note 1.18 Climate change levy

Expenditure on the climate change levy is recognised in the Statement of Comprehensive Income as incurred, based on the prevailing chargeable rates for energy consumption.

Note 1.19 Foreign Exchange

The functional and presentational currency of the Trust is sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Where the Trust has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

- monetary items are translated at the spot exchange rate on 31 March;
- non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction; and
- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the Statement of Financial Position date) are recognised in income or expense in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

Note 1.20 Third party assets

Assets belonging to third parties in which the Trust has no beneficial interest (such as money held on behalf of patients) are not recognised in the accounts. However, they are disclosed in note 26.2 in accordance with the requirements of HM Treasury's FReM.

Note 1.21 Losses and special payments

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

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

Note 1.22 Gifts

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

Note 1.23 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2022-23.

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

Other standards, amendments and interpretations
There are no standards, amendments and interpretations in issue but not yet effective or adopted and there are no early adoptions. There will be no significant impact from the other standards in financial year 2022-23 with the exception of IFRS 16.

Note 1.25 Critical judgements in applying accounting policies

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

a. The Trust's land and buildings non-current assets are valued by the Valuation Office on an annual basis. In financial year 2022-23 a full valuation exercise and physical inspection has been carried out. The Trust commissions a full physical valuation of all land and buildings every five years and in other years, a table exercise is carried out and only areas of significant capital spend in year will be physically inspected. The remaining life applied to land and building assets is provided by the Valuation Office but in the financial year 2021-22, a detailed structural survey was commissioned by the Trust and the report produced by Faithful and Gould Limited, indicated that the majority of the buildings on the North Tees site have a maximum remaining life of 10 years. This detailed report has been reviewed by the District Valuer and the valuation report has been amended accordingly. The majority of the buildings on the North Tees site now have a maximum life of 8 years at the end of March 2023.
b. The inclusion of the three Trust subsidiaries in the consolidated accounts is a critical judgement. Subsidiary entities are those over which the Trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate financial statement lines. The capital and reserves attributable to minority interests are included as a separate item in the Statement of Financial Position.

Note 1.26 Sources of estimation uncertainty

The following are assumptions about the future and other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

a) The cost of annual leave entitlement earned but not taken by employees at the end of March 2023 is recognised in the financial statements as an expenditure accrual. As the calculation involves a large number of staff, sampling techniques are used to collate the results for the entire Group. The returned sample equated to an average of 19.23 hours per staff member and the average cost of annual leave per hour is £45.11.

b) The useful economic life (UEL) of each category of fixed asset is assessed when acquired by the Trust. A degree of estimation is occasionally used in assessing the useful economic lives of assets. The average UEL for tangible fixed assets is 11 years and annual depreciation is £16.190m, therefore on average if all assets were to increase or decrease by 1 year in UEL, the impact

would be £1.1m per annum in depreciation.

c) When arriving at the valuation for property, Trust management engages a qualified surveyor to assist them in forming estimates. The value of land and buildings for the Trust is £80.234m and a 1% change in value would equate to £802k.

d) Trust provisions include specific Trust employment cases and the Flowers provision. Ex-gratia payments were made in 2021-22 for overtime corrective payments, agreed and funded nationally to pay staff for annual leave entitlement as a result of additional hours worked above contracted hours. This payment covers the period April 2019 to March 2021. The value and number of claims was £782k and 7,421 claims respectively. A provision has been made to cover the previous 4 years as neighbouring Trusts have on-going claims from staff requesting a corrective payment covering 6 years as opposed to 2 years. This provision is estimated based on previous years additional standard hours and overtime worked.

Note 2 Operating Segments

The Board of Directors act as the Chief Operating Decision Maker for the Foundation Trust and the monthly financial position of the Foundation Trust is presented/reported to them as a single segment.

The Trust conducts the majority of its business with Health Bodies in England. Transactions with entities in Scotland, Ireland and Wales are conducted in the same manner as those within England.

Organisations which contribute 5% or more of the Trust's income in either period are set out in the table below. Further information can be found in note 36, Related Party Transactions.

	2022-23	2021-22
NHS North East and North Cumbria ICB*	60%	0%
Tees Valley Clinical Commissioning Group	16%	70%
County Durham Clinical Commissioning Group	3%	11%
North East and North Yorkshire Regional Office (inc NHSE NE Commissioning Hub)	7%	7%

*all North East and North Cumbria CCGs ceased to exist on 1 July 2022 and were replaced by NHS North East and North Cumbria ICB

Note 3 Operating income from patient care activities (Group)

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

Note 3.1 Income from patient care activities (by nature)

	2022-23	2021-22
	£000	£000
Acute services		
Income from commissioners under API contracts*	282,166	274,466
High cost drugs income from commissioners (excluding pass-through costs)	17,098	16,802
Other NHS clinical income	3,718	2,608
Community services		
Income from commissioners under API contracts*	39,555	35,763
Income from other sources (e.g. local authorities)	1,068	657
All services		
Private patient income	20	70
Elective Recovery Fund	7,269	9,466
Agenda for change pay offer central funding***	9,066	-
Additional pension contribution central funding**	8,747	8,234
Other clinical income	1,685	1,263
Total income from activities	**370,392**	**349,329**

*Aligned payment and incentive contracts are the main form of contracting between NHS providers and their commissioners. More information can be found in the 2022-23 National tariff payments system documentation. https://www.england.nhs.uk/publication/past-national-tariffs-documents-and-policies/

**The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. Since 2019-20, NHS providers have continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost and related funding have been recognised in these accounts.

*** In March 2023 the government announced an additional pay offer for 2022-23, in addition to the pay award earlier in the year. Additional funding was made available by NHS England for implementing this pay offer for 2022-23 and the income and expenditure has been included in these accounts as guided by the Department of Health and Social Care and NHS England. In May 2023 the government confirmed this offer will be implemented as a further pay award in respect of 2022-23 based on individuals employment at 31 March 2023.

Note 3.2 Income from patient care activities (by source)

	2022-23	2021-22
Income from patient care activities received from:	**£000**	**£000**
NHS England	48,670	37,820
Clinical commissioning groups	78,364	309,427
Integrated Care Boards	240,547	-
Other NHS providers	-	96
Local authorities	1,068	657
Non-NHS: private patients	20	70
Non-NHS: overseas patients (chargeable to patient)	89	106
NHS injury cost recovery scheme	789	492
Non NHS: other	845	661
Total income from activities	**370,392**	**349,329**

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

	2022-23	2021-22
	£000	£000
Income recognised in year	89	106
Cash payments received in-year	18	46
Amounts added to provision for impairment of receivables	47	60
Amounts written off in-year	231	-

Note 4 Other operating income (Group)

	2022-23			2021-22		
	Contract Income	Non-contract income	Total	Contract Income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	1,026	-	1,026	1,929	-	1,929
Education and training	12,545	-	12,545	12,006	-	12,006
Non-patient care services to other bodies	7,052	-	7,052	5,937	-	5,937
Reimbursement and top up funding	1,344	-	1,344	3,161	-	3,161
Receipt of capital grants and donations and peppercorn leases	-	402	402	-	851	851
Charitable and other contributions to expenditure	-	422	422	-	1,417	1,417
Revenue from operating leases	-	703	703	-	663	663
Charitable fund incoming resources	-	662	662	-	748	748
Other income	7,610	-	7,610	7,387	-	7,387
Total other operating income	**29,577**	**2,189**	**31,766**	**30,420**	**3,679**	**34,099**

* Other income includes North Tees and Hartlepool Solutions LLP sales £2.935m (£1.935m 21/22); car parking £1.479m (£0.711m in 2021-22); catering income £0.962m (£0.871m 2021-22); lease cars £0.676m (£0.819m 2021-22); quality control labs £0.446m (£0.444m 2021-22); Medical Examiner £0.257m; occupational health £0.055m (£0.224m in 2021-22); the remainder is made up of miscellaneous other revenue streams.

Note 5 Additional information on income (Group)

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

	2022-23	2021-22
	£000	£000
Revenue recognised in the reporting period that was included within contract liabilities at the previous period end	4,148	3,992
Revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods	-	-

Note 5.2 Transaction price allocated to remaining performance obligations

	31 March 2023	31 March 2022
	£000	£000
Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised:		
within one year-	4,793	3,903
after one year, not later than five years	-	-
after five years	-	-
Total revenue allocated to remaining performance obligations	4,793	3,903

The trust has exercised the practical expedients permitted by IFRS 15 paragraph 121 in preparing this disclosure. Revenue from (i) contracts

with an expected duration of one year or less and (ii) contracts where the Trust recognises revenue directly corresponding to work done to date is not disclosed

Note 5.3 Income from activities arising from commissioner requested services

Under the terms of its provider licence, the Trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the provider licence and are services that commissioners believe would need to be protected in the event of provider failure. This information is provided in the table below:

	2022-23	2021-22
	£000	£000
Income from services designated as commissioner requested services	346,088	336,497
Income from services not designated as commissioner requested services	55,408	16,183
Total	**401,496**	**382,680**

Note 5.4 Fees and charges (Group)

HM Treasury requires disclosure of fees and charges income. The Trust does not receive income from charges to service users where income from that service exceeds £1 million.

Note 6 Operating Leases – North Tees and Hartlepool NHS Foundation Trust as a lessor

This note discloses income generated in operating lease agreements where the Trust is the lessor.

The Trust has applied IFRS 16 to account for lease arrangements from 1 April 2022 without restatement of comparatives. Comparative disclosures in this note are presented on an IAS 17 basis. This includes a different maturity analysis of future minimum lease receipts under IAS 17 compared to IFRS 16.

Note 6.1 Operating leases income (Group)

	2022-23	2021-22
	£000	£000
Lease receipts recognised as income in year:		
Minimum lease receipts	703	663
Total in-year operating lease income	**703**	**663**

Note 6.2 Future lease receipts (Group)

	31 March 2023
	£000
Future minimum lease receipts due at 31 March 2023:	
Not later than one year	471
Later than one year and not later than two years	277
Later than two years and not later than three years	118
Later than three years and not later than four years	108
Later than four years and not later than five years	37
Later than five years	1,725
Total	**2,736**

	31 March 2022
	£000
Future minimum lease receipts due at 31 March 2022:	
Not later than one year	536
Later than one year and not later than five years	865
Later than five years	1,714
Total	**3,115**

Note 7 Operating expenses

Note 7.1 Operating expenses (Group)

	2022-23	2021-22
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	2,290	4,183
Purchase of healthcare from non-NHS and non-DHSC bodies	2,132	129
Staff and executive directors costs	278,773	251,374
Remuneration of Non-Executive directors	146	118
Supplies and services - clinical (excluding drugs costs)	28,977	25,300
Supplies and services - general	6,720	5,384
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	25,209	22,550
Inventories written down	72	130
Consultancy costs	1,054	1,585
Establishment	4,012	3,944
Premises	17,292	20,420
Transport (including patient travel)	630	440
Depreciation of property, plant and equipment and right of use assets	15,831	14,733
Amortisation of intangible assets	-	1
Net impairments	6,435	18,912
Movement in credit loss allowance: contract receivables/contract assets	81	251
Decrease in other provisions	(256)	(5,139)
Change in provisions discount rate(s)	(260)	44
Fees payable to the external auditor		
audit services- statutory audit	190	126
Internal audit costs	240	232
Clinical negligence	9,407	9,970
Legal fees	344	338
Insurance	324	293
Research and development	16	4
Education and training	1,243	1,424
Expenditure on low value leases (current year only)	500	-
Operating leases expenditure (comparative only)	-	2,743
Redundancy	245	-
Car parking and security	54	30
Losses, ex gratia & special payments	305	10
Other NHS charitable fund resources expended	164	207
Other	-	360
Total	**402,170**	**380,096**

In 2022-23, compulsory redundancy costs of £13k are included in operating expenditure (1 case). There were no compulsory redundancy costs in 2021-22 accounts.

Note 7.2 Limitation on auditor's liability (Group)

The limitation on auditor's liability for external audit work is £1m (2021-22: £1m).

Note 8 Impairments of assets (Group)

	2022-23	2021-22
	£000	£000
Net impairments charged to operating surplus/(deficit) resulting from:		
Changes in market price	6,435	18,912
Total net impairments charged to operating surplus/(deficit)	**6,435**	**18,912**
Impairments charged to the revaluation reserve	480	2,565
Total net impairments	**6,915**	**21,477**

Changes in market price of £6.4m (2021-22 £18.9m) relate to the MEA valuation as at 31 March 2023 and corresponding decreases in individual building valuations. The revaluation reserve has increased by £1.0m (2021-22 £1.6m) also, so a net reduction in value of £5.4m (2021-22 £17.3m).

The main reason for the impairment is a result of a reduction in the remaining life applied to the building at the North Tees site due to a detailed structural survey report produced by Faithful and Gould Limited in 2021-22 financial year, indicating that the majority of the buildings on the North Tees site have a maximum remaining life of 10 years. This detailed report has been reviewed by the District Valuer and the MEA report has been amended accordingly. At 31 March 2023, the remaining life on the majority of the buildings on the North Tees site is now 8 years.

Note 9 Employee benefits (Group)

	2022-23	2021-22
	Total	Total
	£000	£000
Salaries and wages	212,445	194,595
Social security costs	18,518	16,550
Apprenticeship levy	976	1,048
Employer's contributions to NHS pensions	28,719	27,031
Pension cost - other	345	289
Temporary staff (including agency)	17,810	11,738
NHS charitable funds staff	205	123
Total gross staff costs	**279,018**	**251,374**
Recoveries in respect of seconded staff	-	-
Total staff costs	**279,018**	**251,374**

Note 9.1 Retirements due to ill health (Group)

During 2022-23 there were no early retirements from the Trust agreed on the grounds of ill health (three in the year ended 31 March 2022). The estimated additional pension liabilities of these ill-health retirements is £0k (£301k in 2021-22).

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

Note 9.2 Directors' remuneration

The aggregate amounts payable to directors were:

	Group	
	2022-23	2021-22
	£000	£000
Salary	1,553	1,597
Taxable benefits	9	4
Other remuneration	24	27
Employer's pension contributions	167	194
Total	**1,753**	**1,822**

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

Note 10 Pension costs

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary’s Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2023, is based on valuation data as at 31 March 2022, updated to 31 March 2023 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer

contribution rate payable from April 2019 at 20.6% of pensionable pay

The actuarial valuation as at 31 March 2020 is currently underway and will set the new employer contribution rate due to be implemented from April 2024.

Note 11 Finance income (Group
Finance income represents interest received on assets and investments in the year.

	2022-23	2021-22
	£000	£000
Interest on bank accounts	1,441	33
NHS charitable fund investment income	41	41
Total	**1,482**	**74**

Note 12 Finance expenditure (Group)

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

	2022-23	2021-22
	£000	£000
Interest expense:		
Interest on loans from the Department of Health and Social Care	496	522
Interest on lease obligations	243	-
Total interest expense	**739**	**522**
Unwinding of discount on provisions	20	20
Total finance costs	**759**	**542**

Note 13 Other losses (Group)

	2022-23	2021-22
	£000	£000
Losses on disposal of assets	(61)	(6,956)
Total other losses	**(61)**	**(6,956)**

Note 14 Trust income statement and statement of comprehensive income

In accordance with Section 408 of the Companies Act 2006, the Trust is exempt from the requirement to present its own income statement and Statement of Comprehensive Income. The Trust's deficit for the period was £2,571k (2021-22: £8,009k). The Trust's total comprehensive expense for the period was £1,590k (2021-22: £6,391).

Note 15 Intangible assets – 2022-23 (Group)

Note 15.1 Intangible assets – 2022-23

Group	Software licences	Licences & trademarks	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2022 - brought forward	206	8	214
Valuation / gross cost at 31 March 2023	206	8	214
Amortisation at 1 April 2022 - brought forward	206	1	207
Amortisation at 31 March 2023	206	1	207
Net book value at 31 March 2023	-	7	7
Net book value at 1 April 2022	-	7	7

Note 15.2 Intangible assets – 2021-22

Group	Software licences	Licences & trademarks	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2021 – brought forward	214	-	214
Reclassifications	(8)	8	-
Valuation / gross cost at 31 March 2022	206	8	214
Amortisation at 1 April 2021 - as previously stated	206	-	206
Provided during the year	-	1	1
Amortisation at 31 March 2022	206	1	207
Net book value at 31 March 2022	-	7	7
Net book value at 1 April 2021	8	-	8

Note 16 Intangible assets – 2022-23 (Foundation Trust)

Note 16.1 Intangible assets – 2022-23

Foundation Trust	Software licences	Total
	£000	£000
Valuation / gross cost at 1 April 2022 – brought forward	206	206
Valuation / gross cost at 31 March 2023	206	206
Amortisation at 1 April 2022 – brought forward	206	206
Amortisation at 31 March 2023	206	206
Net book value at 31 March 2023	-	-
Net book value at 1 April 2022	-	-

Note 16.2 Intangible assets – 2021-22

Foundation Trust	Software licences	Total
	£000	£000
Valuation / gross cost at 1 April 2021 – brought forward	**207**	**207**
Reclassifications	(1)	(1)
Valuation / gross cost at 31 March 2022	**206**	**206**
Amortisation at 1 April 2021 – brought forward	206	206
Amortisation at 31 March 2022	**206**	**206**
Net book value at 31 March 2022	**-**	**-**
Net book value at 1 April 2021	**1**	**1**

Note 17 Property, plant and equipment – 2022-23 (Group)

Note 17.1 Property, plant and equipment – 2022-23

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2022 – brought forward	**5,883**	**73,773**	**230**	**213**	**39,966**	**664**	**32,706**	**3,535**	**156,970**
IFRS 16 Implementation – reclassification to right of use assets	-	-	-	-	-	-	(3,903)	-	**(3,903)**
Additions	-	11,039	373	613	7,017	18	2,215	254	**21,529**
Impairments	-	(10,053)	(373)	-	-	-	-	-	**(10,426)**
Reversals of impairments	135	330	-	-	-	-	-	-	**465**
Revaluations	162	(897)	-	-	-	-	-	-	**(735)**
Reclassifications	-	(368)	-	(202)	2,753	-	(2,121)	(62)	**-**
Disposals/derecognition	-	-	-	-	(502)	-	-	-	**(502)**
Valuation/gross cost at 31 March 2023	**6,108**	**73,824**	**230**	**624**	**49,234**	**682**	**28,897**	**3,727**	**163,398**
Accumulated depreciation at 1 April 2022 – brought forward	**-**	**-**	**-**	**-**	**24,045**	**601**	**20,909**	**1,253**	**46,808**
IFRS 16 Implementation – reclassification to right of use assets	-	-	-	-	-	-	(3,017)	-	**(3,017)**
Provided during the year	-	5,230	13	-	3,727	22	2,840	300	**12,132**
Impairments	-	(2,556)	(13)	-	-	-	-	-	**(2,569)**
Reversals of impairments	-	(477)	-	-	-	-	-	-	**(477)**
Revaluations	-	(2,196)	-	-	-	-	-	-	**(2,196)**
Reclassifications	-	(1)	-	-	-	-	-	1	**-**
Disposals/derecognition	-	-	-	-	(441)	-	-	-	**(441)**
Accumulated depreciation at 31 March 2023	-	-	-	-	27,331	623	20,732	1,554	**50,240**
Net book value at 31 March 2023	**6,180**	**73,824**	**230**	**624**	**21,903**	**59**	**8,165**	**2,173**	**113,158**
Net book value at 1 April 2022	**5,883**	**73,773**	**230**	**213**	**15,921**	**63**	**11,797**	**2,282**	**110,162**

Note 17.2 Property, plant and equipment – 2021-22

Group	Land	Buildings excluding dwellings	Dwellings	Assets under constructio	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2021 – brought forward	**5,883**	**84,836**	**230**	**381**	**36,998**	**777**	**29,822**	**1,785**	**160,712**
Additions	5	12,243	40	115	10,545	9	5,073	1,837	**29,867**
Impairments	(5)	(25,626)	(40)	-	-	-	-	-	**(25,671)**
Reversals of impairments	-	17	-	-	-	-	-	-	**17**
Revaluations	-	2.442	-	-	-	-	-	-	**2,442**
Reclassifications	-	(139)	-	(283)	136	2	284	-	**-**
Disposals / derecognition	-	-	-	-	(7,713)	(124)	(2,473)	(87)	**(10,397)**
Valuation/gross cost at 31 March 2022	**5,883**	**73,773**	**230**	**213**	**39,966**	**664**	**32,706**	**3,535**	**156,970**
Accumulated depreciation at 1 April 2021 – brought forward	**-**	**-**	**-**	**-**	**23,447**	**700**	**16,077**	**1,210**	**41,434**
Provided during the year	-	5,911	7	-	2,897	25	5,767	126	**14,733**
Impairments	-	(3,736)	-	-	-	-	-	-	**(3,736)**
Reversals of impairments	-	(434)	(7)	-	-	-	-	-	**(441)**
Revaluations	-	(1,741)	-	-	-	-	-	-	**(1,741)**
Disposals / derecognition	-	-	-	-	(2,299)	(124)	(935)	(83)	**(3,441)**
Accumulated depreciation at 31 March 2022	**-**	**-**	**-**	**-**	**24,025**	**601**	**20,909**	**1,253**	**46,808**
Net book value at 31 March 2022	**5,883**	**73,773**	**230**	**213**	**15,921**	**63**	**11,797**	**2,282**	**110,162**
Net book value at 1 April 2021	**5,883**	**84,836**	**230**	**381**	**13,551**	**77**	**13,745**	**575**	**119,278**

Note 17.3 Property, plant and equipment financing – 31March 2023

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Owned – purchased	6,180	73,461	230	553	20,513	59	7,797	2,088	**110,881**
Owned – donated/granted	-	363	-	71	1,390	-	368	85	**2,277**
NBV total at 31 March 2023	**6,180**	**73,824**	**230**	**624**	**21,903**	**59**	**8,165**	**2,173**	**113,158**

Note 17.4 Property, plant and equipment financing – 31 March 2022

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Owned – purchased	5,883	73,397	230	213	14,220	63	10,372	2,153	**106,531**
Finance leased	-	-	-	-	-	-	886	-	**886**
Owned – donated/granted	-	376	-	-	1,701	-	539	129	**2,745**
NBV total at 31 March 2022	**5,883**	**73,773**	**230**	**213**	**15,921**	**63**	**11,797**	**2,282**	**110,162**

Note 17.5 Property, plant and equipment assets subject to an operating lease (Trust as a lessor) - 31March 2023

Group	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Subject to an operating lease	-	566	136	-	-	-	-	-	**702**
Not subject to an operating lease	6,180	73,258	94	624	21,903	59	8,165	2,173	**112,456**
NBV total at 31 March 2023	**6,180**	**73,824**	**230**	**624**	**21,903**	**59**	**8,165**	**2,173**	**113,158**

Note 18 Property, plant and equipment – 2022-23 (Foundation Trust)

Note 18.1 Property, plant and equipment – 2022-23

Foundation Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2022 - brought forward	**5,883**	**73,773**	**230**	**213**	**39,955**	**664**	**32,706**	**3,535**	**156,959**
IFRS 16 Implementation – reclassification existing leased assets to right of use assets	-	-	-	-	-	-	(3,903)	-	**(3,903)**
Additions	-	11,039	373	613	7,017	18	2,215	254	**21,529**
Impairments	-	(10,053)	(373)	-	-	-	-	-	**(10,426)**
Reversals of impairments	135	330	-	-	-	-	-	-	**465**
Revaluations	162	(897)	-	-	-	-	-	-	**(735)**
Reclassifications	-	(368)	-	(202)	2,753	-	(2,121)	(62)	**-**
Disposals / derecognition	-	-	-	-	(502)	-	-	-	**(502)**
Valuation/gross cost at 31 March 2023	**6,180**	**73,824**	**230**	**624**	**49,223**	**682**	**28,897**	**3,737**	**163,387**
Accumulated depreciation at 1 April 2022 - brought forward	**-**	**-**	**-**	**-**	**24,045**	**601**	**20,909**	**1,253**	**46,808**
IFRS 16 Implementation – reclassification existing leased assets to right of use assets	-	-	-	-	-	-	(3,017)	-	(3,017)
Provided during the year	-	5,230	13	-	3,723	22	2,840	300	12,128
Impairments	-	(2,556)	(13)	-	-	-	-	-	(2,569)
Reversals of impairments	-	(477)	-	-	-	-	-	-	(477)
Revaluations	-	(2,196)	-	-	-	-	-	-	(2,196)
Reclassifications	-	(1)	-	-	-	-	-	1	-
Disposals / derecognition	-	-	-	-	(441)	-	-	-	(441)-
Accumulated depreciation at 31 March 2023	**-**	**-**	**-**	**-**	**27,327**	**623**	**20,732**	**1,554**	**50,236**
Net book value at 31 March 2023	**6,180**	**73,824**	**230**	**624**	**21,896**	**59**	**8,165**	**2,173**	**113,151**
Net book value at 1 April March 2022	**5,883**	**73,773**	**230**	**213**	**15,910**	**63**	**11,797**	**2,282**	**110,151**

Note 18.2 Property, plant and equipment – 2021-22

Foundation Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2021 – brought forward	**5,883**	**84,836**	**230**	**381**	**36,998**	**777**	**29,822**	**1,785**	**160,712**
Additions	5	12,243	40	115	10,534	9	5,073	1,837	**29,856**
Impairments	(5)	(25,626)	(40)	-	-	-	-	-	**(25,671)**
Reversals of impairments	-	17	-	-	-	-	-	-	**17**
Revaluations	-	2,442	-	-	-	-	-	-	**2,442**
Reclassifications	-	(139)	-	(283)	136	2	284	-	**-**
Disposals / derecognition	-	-	-	-	(7,713)	(124)	(2,473)	(87)	**(10,397)**
Valuation/gross cost at 31 March 2022	**5,883**	**73,773**	**230**	**213**	**39,955**	**664**	**32,706**	**3,535**	**156,959**
Accumulated depreciation at 1 April 2021 - brought forward	**-**	**-**	**-**	**-**	**23,447**	**700**	**16,077**	**1,210**	**41,434**
Provided during the year	-	5,911	7		2,897	25	5,767	126	14,733
Impairments	-	(3,736)	-	-	-	-	-	-	(3,736)
Reversals of impairments	-	(434)	(7)	-	-	-	-	-	(441)
Revaluations	-	(1,741)	-	-	-	-	-	-	(1,741)
Disposals / derecognition	-	-	-	-	(2,299)	(124)	(935)	(83)	(3,441)
Accumulated depreciation at 31 March 2022	**-**	**-**	**-**	**-**	**24,045**	**601**	**20,909**	**1,253**	**46,808**
Net book value at 31 March 2022	**5,883**	**73,773**	**230**	**213**	**15,910**	**63**	**11,797**	**2,828**	**110,151**

Note 18.3 Property, plant and equipment financing – 31 March 2023

Foundation Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Owned – purchased	6,180	73,461	230	553	20,506	59	7,797	2,088	**110,874**
Owned – donated/granted	-	363	-	71	1,390	-	368	85	**2,277**
NBV total at 31 March 2023	**6,180**	**73,824**	**230**	**624**	**21,896**	**59**	**8,165**	**2,173**	**113,151**

Note 18.4 Property, plant and equipment financing – 31 March 2022

Owned – purchased	5,883	73,397	230	213	14,209	63	10,372	2,153	**106,520**
Owned – donated/granted	-	376	-	-	1,701	-	539	129	**2,745**

Note 18.5 Property, plant and equipment assets subject to an operating lease (Trust as a lessor) - 31March 2023

Subject to an operating lease	207	624	-	-	-	-	-	-	**831**
NBV total at 31 March 2023	**6,180**	**73,824**	**230**	**624**	**21,896**	**59**	**8,165**	**2,173**	**113,151**

Note 19 Donations of property, plant and equipment

	2022-23 £000
Health and Care Academy Professional fees	62
Paxman Scalp Cooling System	34
VAT savings on 2021-22 document scanners spend	(51)
Other	12
	57

Note 20 Revaluations of property, plant and equipment

	2022-23	2021-22
	£000	**£000**
Impairment charged/(credited) to the Statement of Comprehensive Income		
Buildings excluding Dwellings	6,513	18,912
Dwellings	57	-
Land	(135)	-
Total	**6,435**	**18,912**
Increase in Revaluation Reserve		
Buildings excluding dwellings	1,122	1,656
Dwellings	(303)	(33)
Land	162	(5)
Total	**981**	**1,618**

The Trust has a contract with the Valuation Office Agency for production of the MEA valuation. The name of the surveyor is Myles Riordan MRICS, RICS Registered Valuer. The effective date of the valuation is 31 March 2023.

The impairment of £6.4m (2021-22 £18.9m) relates to the MEA valuation as at 31 March 2023 and corresponding decreases in individual building valuations. The revaluation reserve has increased by £1.0m (2021-22 £1.6m) also, so a net reduction in value of £5.4m (2021-22 £17.3m).

The main reason for the material impairment is a result of a reduction in the remaining life applied to the buildings at the North Tees site due to a detailed structural survey report produced by Faithful and Gould Limited in the 2021-22 financial year, indicating that the majority of the buildings on the North Tees site have a maximum remaining life of 10 years. This detailed report has been reviewed by the District Valuer and the MEA report has been amended accordingly. At 31 March 2023, the remaining life on the majority of the buildings on the North Tees site is now 8 years.

Note 21 Leases – North Tees and Hartlepool NHS Foundation Trust as a lessee

This note details information about leases for which the Trust is a lessee.

65% of the net book value of all right of use assets relates to properties where the lessor is either NHS Property Services or Community Health Partnerships. 25% of the net book value of all right of use assets relates to managed service contracts for Radiology and Pathology. The remaining leases either relate to plant and machinery or information technology.

The Trust has applied IFRS 16 to account for lease arrangements from 1 April 2022 without restatement of comparatives. Comparative disclosures in this note are presented on an IAS 17 basis.

Note 21.1 Right of use assets – 2022-23 (Group)

Group	Property (land and buildings)	Plant & machinery	Information Technology	Total	Of which: lased from DHSC group
	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2022 – brought forward	-	-	-	-	-
IFRS 16 implementation – reclassification of existing leased assets from PPE or intangible assets	-	-	3,903	3,903	-
IFRS 16 implementation – adjustments for existing operating leases/sub leases	15,183	6,248	2,594	24,025	14,975
Additions	226	-	-	226	226
Valuation/gross cost at 1 March 2023	**15,409**	**6,248**	**6,497**	**28,154**	**15,201**
Accumulated depreciation at 1 April 2022 - brought forward	-	-	-	-	-
IFRS 16 implementation – reclassification of existing leased assets from PPE or intangible assets	-	-	**3,017**	**3,017**	-
Provided during the year	1,474	1,616	609	3,699	1,440
Accumulated depreciation at 31 March 2023	**1,474**	**1,616**	**3,626**	**6,716**	**1,440**
Net book value at 31 March 2023	**13,935**	**4,632**	**2,871**	**21,438**	**13,761**
Net book value of right of use assets leased from other NHS providers					-
Net book value of right of use assets leased from other DHSC group bodies					13,761

Note 21.2 Right of use assets – 2022-23 (Foundation Trust)

Foundation Trust	Property (land and buildings)	Plant & machinery	Information Technology	Total	Of which: lased from DHSC group bodies
	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2022 – brought forward	-	-	-	-	-
IFRS 16 implementation – reclassification of existing leased assets from PPE or intangible assets	-	-	3,903	3,903	-
IFRS 16 implementation – adjustments for existing operating leases/sub leases	15,183	6,248	2,594	24,025	14,975
Additions	226	-	-	226	226
Valuation/gross cost at 1 March 2023	**15,409**	**6,248**	**6,497**	**28,154**	**15,201**
Accumulated depreciation at 1 April 2022 - brought forward	-	-	-	-	-
IFRS 16 implementation – reclassification of existing leased assets from PPE or intangible assets	-	-	**3,017**	**3,017**	-
Provided during the year	1,478	1,616	609	3,703	1,444
Accumulated depreciation at 31 March 2023	**1,478**	**1,616**	**3,626**	**6,720**	**1,444**
Net book value at 31 March 2023	**13,931**	**4,632**	**2,871**	**21,434**	**13,757**
Net book value of right of use assets leased from other NHS providers					-
Net book value of right of use assets leased from other DHSC group bodies					13,757

Note 21.3 Revaluation of right of use assets

No revaluations have taken place in year on any right of use assets.

Note 21.4 Reconciliation of the carrying value of lease liabilities

Lease liabilities are included within borrowings in the Statement of Financial Position. A breakdown of borrowings is disclosed in note 29.

	Group 2022-23 £000	Trust 2022-23 £000
Carrying value at 31 March 2022	**678**	**678**
IFRS 16 implementation – adjustments for existing operating leases	24,100	24,100
Lease additions	226	226
Interest charge arising in year	243	243
Lease payments (cash outflows)	**(2,933)**	**(2,933)**
Carrying value at 31 March 2023	**22,314**	**22,314**

Lease payments for short term leases, leases of low value underlying assets and variable lease payments not dependent on an index or rate are recognised in operating expenditure. The Trust has vehicle leases which do not qualify as low value, but are immaterial to the Trust. Following the requirements of IAS 1 Presentation of Financial Statements. The Trust has not applied IFRS 16 to those immaterial leases (regardless of those leases failing to qualify as leases of low-value underlying assets), these leases are recognised in operating expenditure.

These payments are disclosed in Note 7.1. Cash outflows in respect of leases recognised on-SoFP are disclosed in the reconciliation above.

Note 21.5 Maturity analysis of future lease payments at 31 March 2023

	Group		Foundation Trust	
	Total	Of which leased from DHSC group bodies	Total	Of which leased from DHSC group bodies
	31 March 2023	31 March 2023	31 March 2023	31 March 2023
	£000	£000	£000	£000
Undiscounted future lease payments payable in:				
- not later than one year:	4,6288	2,419	4,628	2,419
- Later than one year and not later than five years;	9,090	5,679	9,090	5,679
- later than five years	8,596	6,263	8,596	6,263
Total gross future lease payments	**22,314**	**14,361**	**22,314**	**14,361**
Finance charges allocated to future periods	-	-	-	-
Net lease liabilities at 31 March 2023	**22,314**	**14,361**	**22,314**	**14,361**
Of which:				
Leased from other NHS providers		-		-
Leased from other DHSC group bodies		14,361		14,361

Note 21.6 Maturity analysis of future lease liabilities at 31 March 2022 (IAS 17 basis)

The following table details the maturity of obligations under leases the Trust previously determined to be finance leases under IAS 17 at 31 March 2022.

	Group	Foundation Trust
	31 March 2022	31 March 2022
	£000	£000
Undiscounted future lease payments payable in:		
- not later than one year:	268	268
- Later than one year and not later than five years;	410	410
- later than five years	-	-
Total gross future lease payments	**678**	**678**
Finance charges allocated to future periods	-	-
Net lease liabilities at 31 March 2022	**678**	**678**

Note 21.7 Commitments in respect of operating leases at 31 March 2022 (IAS 17 basis)

This note discloses costs incurred in 2021-22 and commitments as at 31 March 2022 for leases the Trust previously determined to be operating leases under IAS 17.

	Group	Foundation Trust
	2021-22	2021-22
	£000	£000
Operating lease expense		
Minimum lease payments:	2,743	2,743
Total	**2,743**	**2,743**
	31 March 2022	31 March 2022
	£000	£000
Future minimum lease payments due:		
- not later than one year	2,799	2,799
- later than one year and not later than five years;	8,429	8,429
- later than five years	8,218	8,218
Total	**19,446**	**19,446**
Future minimum sublease payments to be received	-	-

Note 21.8 Initial application of IFRS 16 on 1 April 2022

IFRS 16 as adapted and interpreted for the public sector by HM Treasury has been applied to leases in these financial statements with an initial application date of 1 April 2022.

The standard has been applied using a modified retrospective approach without the restatement of comparatives. Practical expedients applied by the Trust on initial application are detailed in the leases accounting policy in note 1.13.

Lease liabilities created for existing operating leases on 1 April 2022 were discounted using the weighted average incremental borrowing rate determined by HM Treasury as 0.95%.

Reconciliation of operating lease commitments as at 31 March 2022 to lease liabilities under IFRS 16 as at 1 April 2022.

	Group	Foundation Trust
	1 April 2022	1 April 2022
	£000	£000
Operating lease commitments under IAS 17 at 31 March 2022	**19,446**	**19,446**
Impact of discounting at the incremental borrowing rate	(1,881)	(1,881)
IAS 17 operating lease commitment discounted at incremental borrowing rate	**17,565**	**17,565**
Less:		
Irrecoverable VAT previously included in IAS 17 commitment	(85)	(85)
Services included in IAS 17 commitment not included in the IFRS 16 liability	(1,473)	(1,473)
Other adjustments:		
Rent increases reflected in the lease liability, not previously reflected in the IAS 17 commitment	373	373
Finance lease liabilities under IAS 17 as at 31 March 2022	678	678
Other adjustments	7,720	7,720
Total lease liabilities under IFRS 16 as at 1 April 2022	**24,778**	**24,778**

Note 22 Other investments/financial assets (non-current)

	Group		Foundation Trust	
	2022-23	2021-22	2022-23	2021-22
	£000	£000	£000	£000
Carrying value at 1 April – brought forward	1,469	1,351	-	-
Movement to fair value through income and expenditure	(55)	118	-	-
Carrying value at 31 March	**1,414**	**1,469**	**-**	**-**

Note 23 Analysis of charitable fund reserves

The Trust has consolidated the accounts of the North Tees and Hartlepool NHS Foundation Trust General Charitable Fund within these statements.

	31 March 2023	31 March 2022
	£000	£000
Unrestricted funds:		
Unrestricted income funds	1,638	1,392
Restricted funds:		
Other restricted income funds	1,249	1,225
	2,887	**2,617**

Unrestricted income funds are accumulated income funds that are expendable at the discretion of the Trustees in furtherance of the charity's objects. Unrestricted funds may be earmarked or designated for a specific future purpose, which reduces the amount that is readily available to the charity.

Restricted funds may be accumulated income funds, which are expendable at the Trustee's discretion only in furtherance of the specified conditions of the donor and the objects of the charity. They may also be capital funds (e.g. endowments) where the assets are required to be invested, or retained for use rather than expended.

Note 24 Inventories

	Group		Foundation Trust	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Drugs	1,716	1,593	1,347	1,235
Total inventories	**6,570**	**6,605**	**6,135**	**6,247**

Inventories recognised in expenses for the year were £53,594 (2021-22: £47,146k). Write-down of inventories recognised as expenses for the year were £72k (2021-22: £130k).

In response to the COVID 19 pandemic, the Department of Health and Social Care centrally procured personal protective equipment and passed these to NHS providers free of charge. During 2022-23 the Trust received £422k of items purchased by DHSC (2021-22: £1,417k).

These inventories were recognised as additions to inventory at deemed cost with the corresponding benefit recognised in income. The utilisation of these items is included in the expenses disclosed above.

Note 25 Receivables

Note 25.1 Receivables

	Group		Foundation Trust	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	£000	£000	£000	£000
Current				
Contract receivables	20,178	16,022	18,667	15,314
Allowance for other impaired receivables/assets	(1,775)	(2,272)	(1,775)	(2,272)
Prepayments (non PFI)	5,691	2,970	5,515	2,777
PDC dividend receivable	246	99	246	99
VAT receivable	3,635	3,382	3,798	1,878
Other receivables	788	562	2,489	5,699
NHS charitable funds receivables	11	12	-	-
Total current receivables	**28,774**	**20,775**	**28,940**	**23,495**
Non-current				
Contract receivables	1,252	1,306	1,235	1,266
Other receivables	647	467	27,818	29,150
Total non-current receivables	**1,899**	**1,773**	**29,053**	**30,416**
Of which receivables from NHS and DHSC group bodies:				
Current	15,382	11,179	14,648	10,285
Non-current	664	508	647	468

Contract receivables have increased which is due mainly to the non-consolidated pay award central funding for 2022-23 of £9.1m (2021-22 £0m).

Note 25.2 Allowances for credit losses – 2022-23

	Group	Foundation Trust
	Contract receivables and contract assets	Contract receivables and contract assets
	£000	£000
Allowances as at 1 April 2022 – brought forward	**2,272**	**2,272**
Changes in existing allowances	1,019	1,019
Reversals of allowances	87	87
Utilisation of allowances (write offs)	(1,025)	(1,025)
Changes arising following modification of contractual cash flows	(578)	(578)
Allowances as at 31 March 2023	**1,775**	**1,775**

Note 25.3 Allowances for credit losses – 2021-22

	Group	Foundation Trust
	Contract receivables and contract assets	Contract receivables and contract assets
	£000	£000
Allowances as at 1 April 2021 – brought forward	**2,305**	**2,305**
Changes in existing allowances	1,274	1,274
Reversals of allowances	212	212
Utilisation of allowances (write offs)	(1,235)	(1,235)
Changes arising following modification of contractual cash flows	(284)	(284)
Allowances as at 31 March 2022	**2,272**	**2,272**

Note 25.4 Exposure to credit risk

The majority of the Trust's income comes from contracts with other public sector bodies; the Trust therefore has low exposure to credit risk. The maximum exposure as at 31 March 2023 is in receivables from private sector bodies. Note 25.1 details total receivables for the Group at £30,673k (2021-22 £22,549k). The receivable value attributable to private sector bodies is £3,234k (2021-22 £3,343k). This is calculated as £30,673k (2021-22 £22,549k), less NHS and DHSC £16,046k (2021-22 £11,588k), prepayments £5,691k (2021-22 £2,970k), VAT receivable £3,635k (2021-22

£3,382k) and injury cost recovery debtor £2,067k (2021-22 £1,266k).

Note 26 Cash and cash equivalents movements

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value, which are subject to an insignificant risk of change in value.

Note 26.1 Cash and cash equivalents movements

	Group		Foundation Trust	
	2022-23	2021-22	2022-23	2021-22
	£000	£000	£000	£000
At 1 April	**82,096**	**53,749**	**74,309**	**50,647**
Net change in year	(8,570)	28,347	(7,812)	23,662
At 31 March	**73,526**	**82,096**	**66,497**	**74,309**
Broken down into:				
Cash at commercial banks and in hand	7,317	8,366	288	579
Cash with the Government Banking Service	66,209	73,730	66,209	73,730
Total cash and cash equivalents as in SoFP	**73,526**	**82,096**	**66,497**	**74,309**
Total cash and cash equivalents as in SoCF	**73,526**	**82,096**	**66,497**	**74,309**

Note 26.2 Third party assets held by the Trust

North Tees and Hartlepool NHS Foundation Trust held cash and cash equivalents, which relate to monies held by the foundation trust on behalf of patients or other parties. This has been excluded from the cash and cash equivalents figure reported in the accounts

	Group and Foundation Trust	
	31 March 2023	31 March 2022
	£000	£000
Bank balances	28	22
Total third party assets	**28**	**22**

Note 27 Trade and other payables

Note 27.1 Trade and other payables

	Group		Foundation Trust	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	£000	£000	£000	£000
Current				
Trade payables	15,254	22,423	5,898	10,289
Capital payables	1,490	3,016	1,490	7,287
Accruals	45,898	34,722	53,314	48,174
Social security costs	4,697	5,178	4,363	4,794
Other taxes payable	67	65	-	-
Pension contributions payable	2,848	2,677	2,703	2,524
Other payables	242	76	5,039	1,041
NHS charitable funds: trade and other payables	93	111	-	-
Total current trade and other payables	**70,589**	**68,268**	**72,807**	**74,109**
Of which payables from NHS and DHSC group bodies:				
Current	2,369	7,693	2,323	7,642
Non-current	-	-	-	-

Note 27.2 Early retirements in NHS payables above

There are no early retirement amounts included within NHS payables in financial year 2021-22 or 2022-23.

Note 28 Other liabilities

	Group		Foundation Trust	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	£000	£000	£000	£000
Current				
Deferred income: contract liabilities	4,793	4,400	4,690	4,324
Total other current liabilities	**4,793**	**4,400**	**4,690**	**4,324**

Note 29 Borrowings

Note 29.1 Borrowings

	Group		Foundation Trust	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	£000	£000	£000	£000
Current				
Loans from DHSC	1,265	1,275	1,265	1,275
Lease liabilities*	4,628	268	4,628	268
Total current borrowings	**5,893**	**1,543**	**5,893**	**1,543**
Non-current				
Loans from DHSC	19,091	20,179	19,091	20,179
Lease liabilities*	17,686	410	17,686	410
Total non-current borrowings	**36,777**	**20,589**	**36,777**	**20,589**

* The Trust has applied IFRS 16 to lease arrangements within these accounts from 1 April 2022 without restatement of comparatives. More information about leases and the impact of this change in accounting policy can be found in note 21.

Note 29.2 Reconciliation of liabilities arising from financing activities

Group and foundation trust 2022-23	Loans from DHSC	Lease liabilities	Total
	£000	£000	£000
Carrying value at 1 April 2022	**21,454**	**678**	**22,132**
Cash movements			
Financing cash flows – payments and receipts of principal	(1,088)	(2,690)	**(3,778)**
Financing cash flows – payments of interest	(506)	(243)	**(749)**
Non-cash movements			
IFRS 16 implementation – adjustments for exiting operating leases/subleases	-	24,100	**24,100**
Additions	-	226	**226**
Application of effective interest rate	496	243	**739**
Carrying value at 31 March 2023	**20,356**	**22,314**	**42,670**

Group and foundation trust 2021-22	Loans from DHSC	Lease liabilities	Total
	£000	£000	£000
Carrying value at 1 April 2021	**22,552**	**1,672**	**24,224**
Cash movements			
Financing cash flows – payments and receipts of principal	(1,088)	(743)	**(1,831)**
Financing cash flows – payments of interest	(532)	-	**(532)**
Non-cash movements			
Application of effective interest rate	522	-	**522**
Other changes	-	(251)	**(251)**
Carrying value at 31 March 2022	**21,454**	**678**	**22,132**

Note 30 Other financial liabilities

	Group		Foundation Trust	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	£000	£000	£000	£000
Non-current				
Other financial liabilities*	-	-	(22,764)	(21,020)
Total non-current other financial liabilities	-	-	**(22,764)**	**(21,020)**

* This is the financial creditor of the Trust with its subsidiary, North Tees and Hartlepool Solutions LLP. There is a value of £4,881k (2021-22 £1,015k) included in current trade and other payables also, a total liability of £27,645k (2021-22 £22,035k).

Note 31 Provisions for liabilities and charges analysis

Note 31.1 Provisions for liabilities and charges analysis (Group)

Group	Pensions - early departure costs	Pensions – injury benefits	Legal claims	Redundancy	Other	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2022	**812**	**906**	**144**	**659**	**8,984**	**11,505**
Change in the discount rate	(65)	(195)	-	-	(585)	**(845)**
Arising during the year	86	72	39	-	3,207	**3,404**
Utilised during the year	(83)	(51)	(36)	-	(474)	**(644)**
Reversed unused	-	-	-	(659)	(2,236)	**(2,895)**
Unwinding of discount	12	8	-	-	13	**33**
At 31 March 2023	**762**	**740**	**147**	**-**	**8.909**	**10,558**
Expected timing of cash flows:						
- not later than one year;	84	50	147	-	8,262	**8,543**
- later than one year and not later than five years;	336	200	-	-	32	**568**
- later than five years.	342	490	-	-	615	**1,447**
Total	**762**	**740**	**147**	**-**	**8,909**	**10,558**

- Pensions: early departure costs provision is in relation to employees who were in the pre-95 pension scheme and have been made redundant prior to 2006. The provision is the enhanced element of the lump sum plus any interest charge on the early payment of the lump sum.
- Pensions: injury benefits provision is to provide support for staff who sustain an injury, disease or other health condition which is attributable to their employment.
- Legal claims provision is for third party injury claims against the Trust. This can include staff, contractors or the public.

Other provisions include:

- Flowers provision. Ex-gratia payments have been made in 2021-22 for overtime corrective payments, agreed and funded nationally to pay staff for annual leave entitlement as a result of additional hours worked above contracted hours. This payment covers the period April 2019 to March 2021. The value and number of claims is £782k and 7,421 claims respectively. The remaining provision covers the previous 4 years as neighbouring Trusts have on-going claims from staff requesting a corrective payment covering 6 years as opposed to 2 years.
- Clinician pension tax liability for which there is a corresponding income accrual.
- Hallet provision. This is a court case in relation to junior doctors breaks.
- A provision for specific Trust employment cases.

Note 31.2 Provisions for liabilities and charges analysis (Foundation Trust)

Foundation Trust	Pensions - early departure costs	Pensions – injury benefits	Legal claims	Redundancy	Other	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2022	**812**	**906**	**144**	**659**	**8,940**	**11,461**
Change in the discount rate	(65)	(195)	-	-	(585)	**(845)**
Arising during the year	86	72	39	-	3,187	**3,384**
Utilised during the year	(83)	(51)	(36)	-	(468)	**(638)**
Reversed unused	-	-	-	(659)	(2,236)	**(2,895)**
Unwinding of discount	12	8	-	-	13	**33**
At 31 March 2023	**762**	**740**	**147**	**-**	**8,851**	**10,500**
Expected timing of cash flows:						
- not later than one year;	84	50	147	-	8,204	**8,485**
- later than one year and not later than five years; and	336	200	-	-	32	**568**
- later than five years.	342	490	-	-	615	**1,447**
Total	**762**	**740**	**147**	**-**	**8,851**	**10,500**

Provisions for the Foundation Trust are the same as for the Group detailed on the previous page, with the exception of £3k Optimus provisions (NEST ERS pension contribution) and £55k LLP provisions (specific employment cases.

Note 31.3 Clinical negligence liabilities

At 31 March 2023, £177,455k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of North Tees and Hartlepool NHS Foundation Trust (31 March 2022: £289,981k).

Note 32 Contractual capital commitments

	Group		Foundation Trust	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	£000	£000	£000	£000
Property, plant and equipment	2,873	2,175	5,498	4,812
Total	**2,873**	**2,175**	**5,498**	**4,812**

Note 33 Defined contribution pension schemes

NEST payments	2022-23 £000	2021-22 £000
North Tees and Hartlepool NHS Foundation Trust	194	175
North Tees and Hartlepool Solutions LLP	144	110
Optimus Health Limited	6	4
Total	**344**	**289**

Note 34 Financial instruments

Note 34.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the year in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the Trust has with commissioners and the way those commissioners are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trusts standing financial instructions and policies agreed by the Board of Directors. Trust treasury activity is subject to review by the Trust's internal auditors.

Currency risk
The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

Credit risk
Because the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2023 are in receivables from customers, as disclosed in the Trade and other receivables note.

Liquidity risk
The Trust's operating costs are incurred under contracts with Clinical Commissioning Groups (Integrated Care Boards from 1 July 2022), which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

Note 34.2 Carrying values of financial assets (Group)

Group	Held at amortised cost	Held at fair value through OCI	Total book value
	£000	£000	£000
Carrying values of financial assets as at 31 March 2023			
Trade and other receivables excluding non-financial assets	21,090	-	**21,090**
Cash and cash equivalents	71,971	-	**71,971**
Consolidated NHS Charitable fund financial assets	-	**2,980**	**2,980**
Total at 31 March 2023	**93,061**	**2,980**	**96,041**

Group	Held at amortised cost	Held at fair value through OCI	Total book value
	£000	£000	£000
Carrying values of financial assets as at 31 March 2022			
Trade and other receivables excluding non-financial assets	16,085	-	**16,085**
Cash and cash equivalents	80,849	-	**80,849**
Consolidated NHS Charitable fund financial assets	-	**2,728**	**2,728**
Total at 31 March 2022	**96,934**	**2,728**	**99,662**

Note 34.3 Carrying values of financial assets (Foundation Trust)

Foundation Trust	Held at amortised cost	Held at fair value through OCI	Total book value
	£000	£000	£000
Carrying values of financial assets as at 31 March 2023			
Trade and other receivables excluding non-financial assets	48,434	-	**48,434**
Cash and cash equivalents	66,497	-	**66,497**
Total at 31 March 2023	**114,931**	-	**114,931**

Foundation Trust	Held at amortised cost	Held at fair value through OCI	Total book value
	£000	£000	£000
Carrying values of financial assets as at 31 March 2022			
Trade and other receivables excluding non-financial assets	49,157	-	**49,157**
Cash and cash equivalents	74,309	-	**74,309**
Total at 31 March 2022	**123,466**	-	**123,466**

Note 34.4 Carrying values of financial liabilities (Group)

Group	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Carrying values of financial liabilities as at 31 March 2023			
Loans from the Department of Health and Social Care	20,356	-	**20,356**
Obligations under leases	22,314	-	**22,314**
Trade and other payables excluding non-financial liabilities	62,947	-	**62,947**
Provisions under contract	10,558	-	**10,558**
Consolidated NHS charities fund financial liabilities	-	93	**93**
Total at 31 March 2023	**116,175**	**93**	**116,268**

Group	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Carrying values of financial liabilities as at 31 March 2022			
Loans from the Department of Health and Social Care	21,454	-	**21,454**
Obligations under finance leases	678	-	**678**
Trade and other payables excluding non-financial liabilities	60,302	-	**60,302**
Provisions under contract	11,505	-	**11,505**
Consolidated NHS charities fund financial liabilities	-	111	**111**
Total at 31 March 2022	**93,939**	**111**	**94,050**

Note 34.5 Carrying values of financial liabilities (Foundation Trust)

Foundation Trust	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Carrying values of financial liabilities as at 31 March 2023			
Loans from the Department of Health and Social Care	20,356	-	**20,356**
Obligations under finance leases	22,314	-	**22,314**
Trade and other payables excluding non-financial liabilities	88,503	-	**88,503**
Provisions under contract	10,321	-	**10,321**
Total at 31 March 2023	**141,494**	-	**141,494**

Foundation Trust	Held at amortised cost	Held at fair value through I&E	Total book value
	£000	£000	£000
Carrying values of financial liabilities as at 31 March 2022			
Loans from the Department of Health and Social Care	21,454	-	**21,454**
Obligations under finance leases	678	-	**678**
Trade and other payables excluding non-financial liabilities	87,811	-	**87,811**
Provisions under contract	11,461	-	**11,461**
Total at 31 March 2022	**121,404**	-	**121,404**

Note 34.6 Maturity of financial liabilities

The following maturity profile of financial liabilities is based on the contractual undiscounted cash flows. This differs to the amounts recognised in the Statement of Financial Position, which are discounted to present value.

	Group		Foundation Trust	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	£000	£000	£000	£000
In one year or less	77,477	71,411	65,074	77,746
In more than one year but not more than five years	14,011	5,316	3,043	9,376
In more than five years	24,781	17,325	16,801	34,286
Total	**116,269**	**94,052**	**84,918**	**121,408**

Note 35 Losses and special payments

Group and Foundation Trust	2022-23		2021-22	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Bad debts and claims abandoned	255	295	105	1
Stores losses and damage to property	-	-	4	1
Total losses	**255**	**295**	**109**	**2**
Special payments				
Ex-gratia payments	6,100	4,158	29	791
Total special payments	**6,100**	**4,158**	**29**	**791**
Total losses and special payments	**6,355**	**4,453**	**138**	**793**
Compensation payments received	-	-	-	-

Note 37 Related parties

North Tees and Hartlepool NHS Foundation Trust is a public benefit corporation established under the National Health Service Act 2006. Monitor (NHS England), the Independent Regulator for NHS Foundation Trust, has the power to control the Trust within the meaning of IAS27 "Consolidated and Separate accounts.

NHS England does not prepare group accounts but does prepare separate NHS Foundation Trust Consolidated Accounts. The NHS FT Consolidated Accounts are included within the Whole of Government Accounts. NHSI is accountable to the Secretary of State for Health and Social Care and therefore the Trust's ultimate parent is the Department of Health and Social Care.

The transactions included in the note relate to transactions with non-Government bodies and intra-group transactions between the Trust and its subsidiaries. The note does not include all of the main entities within the public sector that the Trust has had dealings with as this is not required in accordance with IAS 24. These entities are however listed below.

North Tees and Hartlepool NHS Foundation Trust	31 March 2023				31 March 2022			
	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£	£	£	£	£	£	£	£
Mr James Bromiley – Non-Executive Director, Director/Trustee Horizons Specialist Academy Trust	0-	2,527	0	0	0	0	0	0
Mr James Bromiley – Non-Executive Director, Governor or East Durham College	0-	13,086	0	0	0	0	0	0
Mr James Bromiley – Non-Executive Director, Governor of Northumbria University	(33,348)	0	0	0	0	0	0	0
Mrs Elizabeth Barnes – Non-Executive Director, Trustee University of Sunderland	(17,791)	24,400	0	10,833	0	0	0	0
Mrs Alison Fellows – Non-Executive Director, Family member is a partner at Ward Hadaway Solicitors	(2,640)	0	0	0	0	0	0	0

Main Public Sector Entities the Trust has dealt with within 2022-23

NHS England
Integrated Care Boards
Clinical Commissioning Groups
Department of Health and Social Care
Other NHS Providers
Local Authorities

The Trust has two subsidiary companies Optimus Health Limited and North Tees and Hartlepool Solutions LLP. The tables below total all intra-group transactions for 2022-23 and 2021-22 with related parties and list the Subsidiary Directors.

North Tees and Hartlepool Solutions LLP	31 March 2023				31 March 2022			
	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£	£	£	£	£	£	£	£
All Directors	(101,385,223)	4,605,482	(5,425,729)	1,020,572	(84,995,306)	3,091,231	(4,085)	1,808

List of Directors – these are Trust Directors that sit on the Board of North Tees and Hartlepool Solutions LLP
Mr Neil Atkinson – Director
Mrs Barbara Bright – Director

Optimus Health Limited	31 March 2023				31 March 2022			
	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£	£	£	£	£	£	£	£
All Directors	(7,221,618)	98,436	0	0	(7,263,237)	73,915	0	0

List of Directors – these are Trust Directors that sit on the Board of Optimus Health Limited
Mr Stephen Hall – Director
Mrs Barbara Bright – Company Secretary

Note 37 Movement between deficit for the year and control total performance

	Group	
	2022-23 £000	2021-22 £000
Adjusted financial performance (control total basis):		
a) Deficit for the period	(1,132)	(5,644)
b) Remove impact of consolidating NHS charitable fund	(325)	(453)
c) Remove net impairments not scoring to the Departmental expenditure limit	6,435	18,912
d) Remove I&E impact of capital grants and donations	141	(430)
e) Remove net impact of inventories received from DHSC group bodies for COVID-19 response	627	156
Adjusted financial performance surplus	**5,746**	**12,541**

a) This is the overall deficit achieved by the Trust in the financial year, including any non-cash items such as impairments.
b) North Tees and Hartlepool NHS Charitable Funds financial position for the year is included in the Group surplus/deficit but charitable funds performance does not impact on control total and is therefore removed.
c) Impairments of non-current assets are non-cash items and do not impact on control total and are therefore removed. The significant impairment in both 2022-23 and 2021-22 financial years is in relation to the annual valuation of the Trust's land and buildings by a qualified surveyor. In 2022-23 financial year, the main reason for the material impairment is a result of a reduction in the remaining life applied to the building at the North Tees site due to a detailed structural survey report produced by Faithful and Gould Limited in 2021-22 financial year, indicating that the majority of the buildings on the North Tees site have a maximum remaining life of 10 years. This detailed report has been reviewed by the District Valuer and the MEA report has been amended accordingly. At 31 March 2023, the remaining life on the majority of the buildings on the North Tees site is now 8 years
d) Capital grants and donations received by the Trust for the specific purpose of purchasing capital equipment does not impact on control total and is therefore removed.
e) During the pandemic, the Department of Health and Social Care provided NHS organisations with personal protective equipment for staff, visitors and patients due to issues with the supply chain. This has continued from financial year 2020-21 to 2022-23 and was given to the Trust free of charge. For this reason, any closing stock cost or benefit to the Trust does not impact on control total and is therefore removed.

7. Contact Information

Chief Executive

Julie Gillon, Chief Executive
Tel: 01642 617617
Email: nth-tr.communications@nhs.net

Patient Experience Team

If you would like information, support or advice about the Trust's services, contact:

Tel: 01642 624719 or freephone 0800 0920084
Email: nth-tr.PatientExperience@nhs.net

Membership

If you would like to become a member of our NHS Foundation Trust, contact:

Tel: 01642 383765
Email: nth-tr.membership@nhs.net

Recruitment

If you are interested in becoming a member of staff at North Tees and Hartlepool NHS Foundation Trust, contact:

Tel 01642 624023 or 01642 624020
Email: nth-tr.workforceadminqueries@nhs.net
www.nhs.jobs.uk

Further information

If you have a media enquiry or require further information, contact:

Tel: 01642 624339
Email: nth-tr.communications@nhs.net
www.nth.nhs.uk

Trust address

If you wish to write to the Trust, the postal address is:

North Tees and Hartlepool NHS Foundation Trust
University Hospital of North Tees
Hardwick
Stockton-on-Tees
TS19 8PE

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