

# Annual Report and Accounts 2014/15





**Northumberland, Tyne and Wear NHS Foundation Trust**

**Annual Report and Accounts 2014/15**

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



## Northumberland, Tyne and Wear NHS Foundation Trust

### Annual Report

1	Chair and Chief Executive's introduction	6
2	Strategic Report	7
3	Directors' Report	45
4	Remuneration Report	49
5	Governance Report	56
6	Quality Report	85
7	Staff Survey	161
8	Regulatory Ratings	162
9	Income disclosures required by Section 43(2A) of the NHS Act 2006(as amended by the Health and Social Care Act 2012)	164
10	Other disclosures in the public interest	165
11	Statement of Accounting Officer's Responsibilities	166
12	Annual Governance Statement	168
13	Annual Accounts	181

## **1 CHAIR AND CHIEF EXECUTIVE'S INTRODUCTION**

Northumberland, Tyne and Wear NHS Foundation Trust is committed to developing services of the highest quality, which enable and empower our service users to reach their potential and live fulfilling lives.

We aim to provide services that are patient centred, accessible and focused on recovery. We also aim to support our service users as close to their home as possible. We work closely with our service users, their carers and our partners in other agencies to deliver integrated care in the best place and at the best time.

Providing high quality services is of paramount importance to us.

Our on-going transformation programme aims to redesign our services around the needs of users and their carers, and ensure that we can provide high quality, safe, recovery focused care, which is sustainable in the long term.

Our goal is the enhancement of community services designed around the needs of service users while investing in inpatient care through improved staffing and new facilities.

To the best of our knowledge, the information in this document is accurate.

**This Annual Report was approved by the Trust's Board of Directors on 27 May 2015.**

**Paul McEldon**  
**Vice Chairman**

**John Lawlor**  
**Chief Executive**

## **2 STRATEGIC REPORT**

### **Our History**

Northumberland, Tyne and Wear NHS Foundation Trust (NTW) was authorised as an NHS Foundation Trust on 1 December 2009.

We were established on 1 April 2006 following the merger of three Trusts: Newcastle, North Tyneside and Northumberland Mental Health NHS Trust, South of Tyne and Wearside Mental Health NHS Trust and Northgate and Prudhoe NHS Trust.

### **Our Services**

NTW provides a wide range of mental health, learning disability and neuro-rehabilitation services to a population of 1.4 million people in the North East of England. We are now one of the largest mental health and disability organisations in the country with an income of approximately £300 million. We employ over 6,000 staff, operate from over 60 sites and provide a range of comprehensive services including some regional and national services.

We support people in the communities of Northumberland, Newcastle, North Tyneside, Gateshead, South Tyneside and Sunderland working with a range of partners to deliver care and support to people in their own homes and from community and hospital based premises. Our main hospital sites are:

Walkergate Park, Newcastle upon Tyne;  
St. Nicholas Hospital, Newcastle upon Tyne;  
St. George's Park, Morpeth;  
Northgate Hospital, Morpeth;  
Hopewood Park, Sunderland;  
Monkwearmouth Hospital, Sunderland;  
Ferndene, Prudhoe

### **Our Vision and Values**

Our vision, developed through wide involvement and consultation with patients, carers, staff and partners is as follows:

**'Improve the wellbeing of everyone we serve through delivering services that match the best in the world'**

We will do this by:

- Modernising and reforming services, in line with local and national strategies and the needs of individuals and communities; providing first class care in first class environments;

- Maximising the benefits of NHS Foundation Trust status and being a sustainable and consistently high performing organisation;
- Supporting the provision and development of high quality services by being a model employer, an employer of choice, and making the best use of the talents of all of our workforce;
- Fully embracing and supporting service user, carer, staff and public involvement, including our membership in all aspects of our work;
- Providing high quality evidence-based and safe services supported by effective integrated governance arrangements;
- Improving clinical and management decision making through the provision and development of effective information;
- Being an influential organisation that supports and enables social inclusion.

Our vision is underpinned by a set of core values which we refreshed during 2013, in consultation with a range of partners, including service users, carers, staff and governors.

Our values ensure that we will strive to provide the best care, delivered by the best people, to achieve the best outcomes. Our concerns are quality and safety and we will ensure that our values are reflected in all we do:

**Figure 1: Our mission and values**



As a Public Benefit Corporation NTW has members. We have four membership



constituencies to represent stakeholder interests:

- Public constituency;
- Service users and carers constituency;
- Staff constituency;
- Partner organisation constituency.

### **Our Business Model**

In 2011 the Trust implemented, following consultation, the Business Model Review, the aim being to ensure that the Trust was best positioned to meet future challenges.

The key aspects of the Business Model Review were to:

- Move from five operational directorates to three Groups: Urgent Care, Planned Care and Specialist Services;
- Increase clinical leadership and decision-making;
- Re-align professional leadership models;
- Re-align corporate support functions;
- Reduce costs of management and bureaucracy to maximise resources committed to front line patient care.

The Business Model Review introduced the concept of triumvirates - three key leaders with management, medical and nursing expertise who work together to provide leadership and manage services at Group and Directorate level and are jointly responsible for:

- The delivery of quality services around the core dimensions of safety, effectiveness and patient experience;
- The development of strategic plans in line with overall Trust strategy;
- The performance management of all services in line with local and national performance targets and standards;
- Ensuring clinical engagement, taking responsibility for clinical governance, safety and risk management;
- Taking a commercial and business approach to services which recognises and adapts to the needs of our customers;
- Providing leadership, support and advice to managers and staff.

The triumvirate approach represents a very different way of working for managers and clinicians.

The Business Model Review has also further strengthened the Trust's leadership by the creation of a professional strategy and advisory group at Group level. These strategy and advisory groups include a range of clinical and non-clinical expertise to support the triumvirate in the on-going management and development of each Group.

Medical Leadership continues to be provided by the Medical Director supported by the Group Medical Directors. At the level below, Clinical Directors take joint

responsibility for a major aspect of care, giving clinicians the opportunity to shape and develop services, bringing to bear their specialist knowledge and expertise in partnership with a senior manager and senior nursing colleague.

The Medical Director is responsible for Clinical Governance supported by a Deputy Director of Clinical Governance. This has enabled the Director of Nursing and Operations to focus on the delivery of standards. The Medical Director also holds executive responsibility for research, innovation and clinical effectiveness, delegated to a Director of Research, Innovation and Clinical Effectiveness.

Within the Trust, nurses are the largest professional group. Key to maintaining professional standards and excellent nursing practice is effective nursing leadership. Nurse leaders are now employed in a range of senior management posts and a proportion of the clinical manager posts. Nursing leadership is embedded across the organisation with each Group having a Group Nurse Director as the strategic and operational nurse leader.

In order to address the wide and complex range of needs of our service users and carers, NTW's vision and services need to be underpinned by a bio-psycho-social understanding of mental health and disability. Trustwide Clinical Director and Group/Directorate level professional lead roles for Psychological Services and for AHP services have been put in place, to ensure that the Trust is able to draw upon multi-disciplinary knowledge and skills at all levels, from strategic decision making to direct delivery of safe and effective clinical services. These roles encompass strategic development and leadership, professional representation and engagement, professional accountability and governance, and assurance of the delivery of safe and effective high quality services.

The Business Model Review also included the review of corporate services structures, where appropriate, with the aim of ensuring that efforts are centred on providing high quality business advice to the operational Groups in a more cohesive way. Multi-disciplinary teams for each of the Groups, whilst still being managed through corporate and professional lines, work together to provide seamless and integrated support and advice for operational services.

A number of supporting programmes were also established, namely: the Principal Community Pathways Programme, Augmenting Services Programme, Corporate Services Programme, Care Pathways and Packages Programme and the Workforce Programme.

In February 2015 it was agreed that two important changes would take place within the Care Groups in April 2015. Firstly the renaming of two of the care groups with the Urgent Care Group to be renamed the Inpatient Care Group and the Planned Care Group being renamed the Community Services Care Group. Some service management changes were also announced.

Changes to the Trust's supporting programmes were also made.

These changes are another step in supporting the Trust's ongoing programme of service transformation.

## **Performance Management and Reporting Framework**

The Trust has an integrated performance reporting structure, which mirrors the key reporting requirements of the “Intelligent Mental Health Board” and is therefore aligned to our strategic objectives.

The Trust has developed the use of Dashboards with a clear set of Key Performance Indicators reflecting not only national targets, but local targets linked to the Trust’s strategic and annual objectives balanced across clinical, operational, financial and staff dimensions. This ensures that our strategy, objectives and targets are linked to ensure delivery, with strengthened accountability for performance using key metrics. In addition to providing a robust analysis of new and existing quality and performance targets and the risk register, the report provides evidence links for the Trust’s compliance to CQC registration requirements and supports Board assurance in its annual Monitor self-declaration process.

## **Capacity to Handle Risk**

The Trust has structures in place, as described above, together with systems in place to support the delivery of integrated risk management across the organisation. The Standing Committees of the Board of Directors ensure effective governance for the major operational and strategic processes and systems of the Trust, and also provide assurance that risk is effectively managed. Operations for the Trust are managed through an organisational structure, with operations divided into three Groups, and each has governance committees in place for quality and performance and operational management.

## **The Risk and Control Framework**

The Trust continually reviews its risk and control framework through its governance and operational structures. It has identified its major strategic risks, and these are monitored, maintained and managed through the Board of Directors Assurance Framework and Corporate Risk Register, supported by Group and Directorate Risk Registers. The Trust’s principal risks and mechanisms to control them are identified through the Assurance Framework, which is reviewed by the Quality and Performance Committee, a Standing Committee of the Board of Directors. Quality Governance arrangements are through the governance structures outlined above, ensuring there are arrangements in place from ward to Board. Review, monitoring and oversight of these arrangements take place through the following among others: Board of Directors; Quality and Performance Sub-committee; Group Quality and Performance Committees and the Corporate Decisions Team meetings.

## **Our Clinical Strategy**

In acknowledgement of the need to radically change and improve the way we provide services the Executive Directors asked a group of clinicians from across the organisation to form a Clinical Project Group to draw together all of the evidence and best practice relating to service provision, to seek feedback from a range of interested parties in mental health and disability services, to produce a vision for

future services that truly does what is right for service users and carers. The result (the Service Model Review) is a high level model, which is underpinned by a single set of values and principles key to its quality and success.

Our service redesign is underpinned by information derived from the Care Pathways and Packages approach which is mandated by the Department of Health and endorsed by the Trust. It ensures that service users consistently receive the right service, at the right time and in the right place: depending on the nature of the problem, the level of complexity, the urgency and the risk. The fundamental aspects of the model include:

- Improved access to services;
- Stepping up and stepping down the intensity of care according to need;
- Scaffolding the clinical workforce.

The success of this model depends on the Trust's ability to implement all aspects of it. The key recommendations from the Clinical Project Group form the basis of the Trust's Clinical and Quality Strategy which is as follows:

- Reconfigure Services;
- Develop and improve clinical systems and processes;
- Increase the capacity and capability of the clinical workforce.

Our strategy for improving services delivered to our local population across Northumberland, Tyne and Wear is focused on the re-design of our community based services to deliver the vision set out in the Service Model Review of delivering care which supports people on their journey to recovery, enabling them to gain the maximum independence and control over their own lives as much as possible. We are protecting resources invested in community care while changing our models of delivery to ensure that our clinical teams are able to focus on the delivery of evidence based and timely care and support. By doing this, and by improving the effectiveness of our care within an in-patient setting, we are reducing our reliance on beds, enabling us to operate from reduced numbers of wards and sites. We have made significant progress on delivering these aims and expect substantial completion of this element of our strategy by 2017.

The Trust's Transforming Services Programme is the vehicle for implementing the new service model, improving community pathways and reducing the reliance on inpatient beds and providing sustainable specialist services.

The Programme is configured as a set of delivery projects that will change over time, supported by a central clinical reference group and a communications and engagement group. The objectives of each component element of the Programme are summarised below.

### **Community Transformation Programme**

The Community Transformation Programme is responsible for implementing the changes required across all community services in order to deliver new community-based care pathways. This includes improving access to services.

## **Developing New Models for In-Patient Care Programme**

This Programme is focused on the design and implementation of the future configuration of inpatient services based on patient need. This forms the cornerstone of augmenting services as articulated in the Service Model Review.

## **Specialist Care Services Programme**

The Specialist Care Services Programme is responsible for ensuring the Trust retains sustainable specialist services as part of the overall service model and high quality competitive services.

## **Social and Residential Services**

The Trust's long standing strategy, with the support of Commissioners, has been to divest itself of social and residential services transferring responsibility for the provision of these services to alternative providers.

## **Corporate Services Programme**

The Trust's Corporate Services provide direct support to clinical services and also ensure that the Trust meets the requirements of external partners and complies with the law, regulatory/compliance frameworks and performance monitoring and reporting frameworks which are applicable to us as an NHS Foundation Trust.

The Trust is committed to improving the quality of services provided by our corporate services whilst at the same time reducing the costs incurred in providing these services.

As clinical services are re-designed and reshaped through our Transformation of Services Programme so too must Corporate Services, they must work in different ways and be provided as efficiently and effectively as possible.

The Corporate Services Programme was established in 2014 with the aim of redesigning corporate services to align with the transformation of clinical services both in terms of a proportionate level of overhead and meeting the changing needs of a broad range of corporate customers.

## **Our Performance in 2014/15**

### **Performance against contracts**

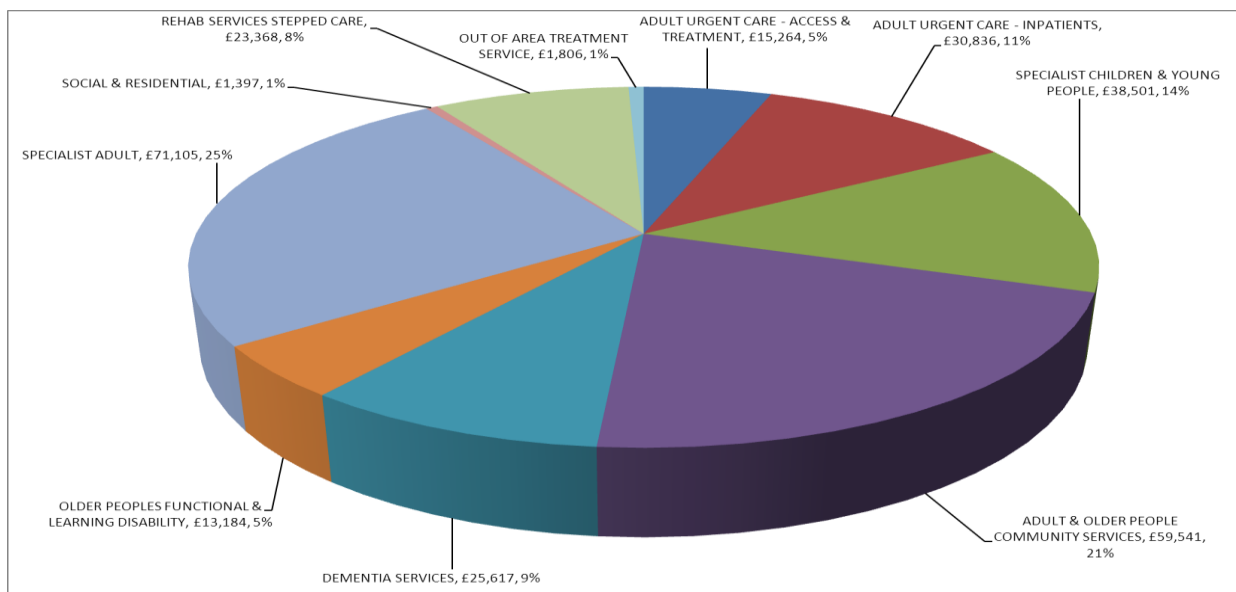
The Trust provides services to a broad range of commissioners. The main commissioners for the Trust in 2014/15 were as follows:

- Seven Clinical Commissioning Groups across Northumberland, Tyne and Wear;
- Five Clinical Commissioning Groups across Durham, Darlington and Tees;

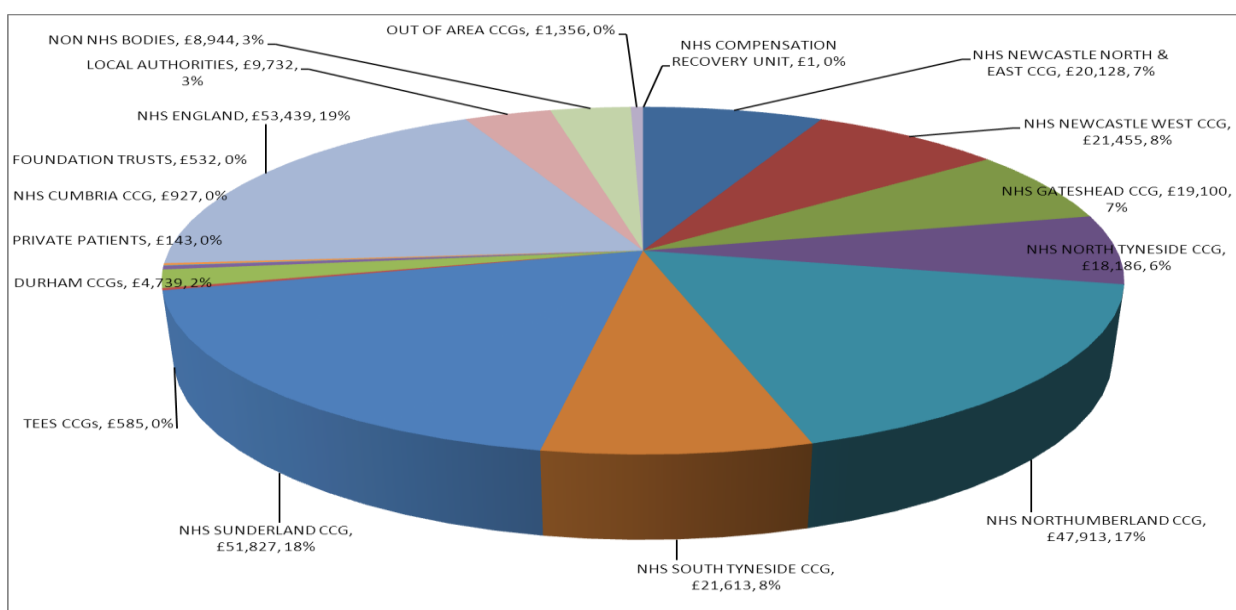
- Cumbria, Northumberland, Tyne and Wear Area Team which is the local area Team of NHS England;
- CCGs out of area plus Scottish, Welsh and Irish health bodies who commission on an individual named patient contract basis and;
- Local Authorities.

In 2014/15 85% of the Trust's contractual income was covered under block contract arrangements and the remainder was commissioned through cost and volume and cost per case contracts for named patients.

**Figure 2: 2014/2015 Patient Care Income per Service £000**



**Figure 3: 2014/15 Patient Care Income per Commissioners £000**



The Trust had legally binding contracts in place to deliver commissioned services and has a positive relationship with commissioners. Commissioners monitor our performance through monthly monitoring reports and regular contract review meetings. We performed broadly in line with 2014/15 patient care contracts over the year.

We have continued to work closely with the main commissioners to develop the mental health payment system which supports tariffs associated with individual service users and their interactions with mental health services. The Trust agreed activity and income baselines with commissioners using new contract currencies based on mental health care clusters. The Trust will continue to monitor and report activity and income against both existing contract currencies and the new proposed clusters. Further development will continue in 2015/16.

The Trust's performance against the agreed CQUIN Indicators relating to improving safety, patient experience and clinical effectiveness is shown in the Quality Report.

### **Performance relating to the quality of NHS services provided**

The Trust's Quality Report provides comprehensive information on the Trust's performance in terms of the provision of quality services, including performance against mandated Core Indicators, Quality Indicators and the Trust's Quality Goals.

### **Registration with the Care Quality Commission (CQC)**

The Trust is registered with the Care Quality Commission and has maintained full registration, with no non-routine conditions, from 1 April 2010. During 2014/15, the CQC undertook a number of registration visits to Trust sites. Where compliance actions were identified through these visits, the Trust delivered these in full and on time. The Trust is fully compliant with the requirements of registration with the CQC. Registration compliance is managed through the Trust's governance structures and is supplemented by a Group Director being responsible for the oversight of all compliance assessments and management of on-going compliance through the Trust Essential Standards Management Group.

Details relating to CQC Registration Activity during 2014/15 is shown in the Quality Report.

### **Financial Performance**

The Trust continued to perform well during 2014/15, in terms of its underlying financial performance, and met all of its planned targets. During the year the Trust continued to progress its Transformation of Services Programme, with significant investment in the change programme to transform community services. At the same time the Trust continued its programme of reducing the number of wards it operates from, as demand for beds decreases. This reduction in demand is being managed through the delivery of more effective inpatient services, enabling more timely discharge of patients, and improvements in community services. During the year, eight wards were closed. As wards were closed the Trust continued its investment in

staffing levels across remaining wards, both in terms of numbers of staff and in the ratio of qualified to unqualified staff.

The Trust's transformation of services strategy is seeing a marked change in the estate, and the Trust aims to work with the Newcastle and Gateshead CCG Alliance on the formal consultation relating to the future models of delivery for inpatient services during 2015. In September 2014, Hopewood Park the Trust's new £50m hospital in Sunderland opened.

New assets need to be revalued when they first come into use and the Trust also undertakes an interim valuation of its estate each year. These valuations are undertaken independently on behalf of the Trust through the District Valuer. In line with national guidance the Trust employs Modern Equivalent Asset valuation, under which the estate is valued at the optimum configuration to meet the requirements of service. This resulted in a significant reduction of £47m in the value of Hopewood Park land and buildings when it became operational. The Trust also undertakes an interim revaluation of its estate each year and this year this resulted in additional impairments of £4m mainly for enhancements to assets and an increase in the value of buildings, resulting in a net reversal of impairments of £13m. The net total of £38m was recognised as a loss in year. This was partially offset by a £1.4m profit on the sale of land at Northgate. Overall this meant that a charge of £37m was made to the Statement of Comprehensive Income resulting in a deficit of £32m being recorded for the year.

This deficit does not impact on the underlying viability of the Trust, and any losses through revaluations or impairments are discounted in terms of the financial risk ratings used by the Trust's regulator Monitor.

Excluding revaluations and impairments, the Trust generated a surplus of £5.4m, which was above our plan agreed with Monitor. Our performance against the requirements set by Monitor is shown in Table 1 below.

**Table 1: Performance against Monitor requirements 2014/15**

<b>Monitor Risk Ratings</b>	<b>Plan</b>	<b>Achieved</b>	<b>Risk Rating</b>	<b>Weight</b>	<b>YTD Risk</b>
Capital Service Capacity	1	1.47x	2	50%	Green
Liquidity Ratio	4	10.3 days	4	50%	Green
<b>Overall Rating</b>	<b>3</b>		<b>3</b>		Green

In December 2014, the Trust completed a significant land sale of part of the Northgate site. This, together with the sale of 3 smaller properties, resulted in receipts for asset sales totalling £6.9m. The second instalment for the Northgate land sale is included in the accounts as a receivable of £6.9m and this is due in December 2015. Capital spend in the year was £15.9m, which was £9.7m behind plan, largely due to delays in progressing the development of a new autism unit, also on the Northgate site, and in-patient developments to meet the future service delivery model.



The Trust delivered 75% of its planned recurring Financial Delivery Programme, with £2.6m carried forward of the £10.3m planned to be delivered in year. This delivery was fundamentally linked to our Transformation of Services Programme, details of which are provided in this report.

The major financial pressures in year were experienced on ward staffing. The Trust's Transformation of Services Programme for non-specialist services involves a reduction in the number of wards, accompanied by a realignment of sites. This gives us the opportunity to continue to increase staffing levels and skill mix across wards, allow for more effective cross cover, introduce more effective standardisation of care and deliver economies of scale. The closures and re-investment in staffing on remaining wards during 2014/15, means there will be reduced pressures on ward budgets in the coming year.

The programme for the Trust's specialised services is focused on delivering service within a price that the market will bear for the quality of services offered, at a cost which supports long term sustainability. The Trust will continue to explore opportunities to expand and grow where it can deliver on this, and continues to have an excellent record in successfully winning tenders.

Going forward, the most significant financial risks over the next two years are the on-going delivery of our Transformation of Services Programme as described in this report, and managing any national re-structuring of specialist services. This will require continuing effective working across multiple stakeholders. The Trust is investing in change again in 2015/16, in order to ensure that we have the capacity to manage while maintaining our focus on on-going quality. This will be a significant area of emphasis for the Board in the coming year.

Over the longer term, there is more uncertainty. The Trust is in discussions with partners across each of our localities around the development of more integrated pathways, in an environment which is increasingly financially challenged across health and social care. The Trust is connected to and involved in three vanguard bids and one pioneer site. While recognising the significant opportunities to improve care, particularly for those people who cross the boundaries of mental and physical health care and social care, there remains significant risk to the system, as plans for future service delivery models are worked through. The Trust is in a good position to influence these discussions and is working to be an effective partner in continuing to design more effective, safe and good quality care around the needs of the people we look after.

The Audit Committee has considered the above issues in detail and as a result of these and other enquiries; the Directors have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

We continue to monitor our performance in terms of paying our trade suppliers in line with our target of paying 95% within 30 days of receiving a valid invoice or within

term, whichever is the shorter. An analysis of our performance is shown in Table 2 below.

**Table 2: Payment of Trade Invoices**

Better Payment Practice Code	2014/15 Number of invoices paid within target	2014/15 Value of invoices paid within target	2013/14 Number of invoices paid within target	2013/14 Value of invoices paid within target
Non-NHS Trade Invoices	90.3%	91.7%	86.6%	92.6%
NHS Trade Invoices	81.2%	97.2%	71.2%	94.9%

There were no payments made in year under the Late Payment of Commercial Debts (Interest) Act 1998. This was also the case in 2013/14.

The Trust did not make any political donations during the period.

The Directors have confirmed that there are no expected post balance sheet events which will materially affect the disclosures made within these accounts.

### **Service Developments**

#### **Community Transformation Programme**

In 2013/14, the Programme commenced the design, testing and implementation of effective, evidence based interventions focused on recovery and effective support for people to live and work in their own communities with the aim of reducing reliance on hospital beds in Sunderland and South Tyneside.

The Programme is focusing on the redesign of services to meet the following needs in adults: Psychosis; Non-psychosis; Cognitive Disorders and Learning Disability and during 2014/15 the Trust rolled out the new Principal Community Pathways in Sunderland and South Tyneside and also began work with Commissioners and stakeholders on the principles and design of improved community pathways in Northumberland, North Tyneside, Newcastle and Gateshead.

#### **Developing New Models for in patient Care Programme**

The PRiDE development (providing improved mental health and learning disability environments in Sunderland and South Tyneside) was a keenly awaited development to provide state of the art, inpatient and support services to replace the Cherry Knowle Hospital. The Specialist Care Dementia Centre at Monkwearmouth Hospital opened in November, 2013 and Hopewood Park, in Ryhope Sunderland, opened in September 2014.

A range of clinical services are provided at Hopewood Park including:

- Assessment and Treatment;
- Psychiatric Intensive Care;
- Complex Care;
- Stepped Care;
- High Dependency;
- Older People's Functional illness;
- A "move on" service for people with complex care needs who require short term intensive rehabilitation.

The new £50 million development was officially opened by Her Royal Highness The Countess of Wessex in November 2014.

During 2014/15 the Trust therefore focussed on the final realignment of adult assessment and treatment services, older people's and stepped care services across South of Tyne into Hopewood Park, in line with the agreed South of Tyne Model of Care including:

- The redesign of Stepped Care Services (Move on/ Relapse Prevention Services) South of Tyne bringing together inpatient provision in Hopewood Park supported by additional investment in the Community Rehabilitation Service;
- The rationalisation of the Sunderland and South Tyneside Dementia Services optimising the use of the new Dementia Care Centre at Monkwearmouth Hospital;
- The realignment of the secondary care pathway South of Tyne (assessment and treatment services) optimising the use of Hopewood Park and facilitating the closure of inpatient beds on the Bede Unit at South Tyneside General Hospital;
- The rationalisation of older people's functional in patient services South of Tyne optimising the use of Hopewood Park.

The Trust also:

- Completed the review of the dementia care pathway in Newcastle;
- Redesigned Stepped Care Services (Move on/Relapse Prevention Services) North of Tyne bring together, in the interim, inpatient provision for Newcastle and North Tyneside into one unit on the St. Nicholas Hospital site;
- Consolidated of the Trust's two existing Psychiatric Intensive Care Unit Services into a purpose built unit at Hopewood Park;
- Established a specialist Augmentation Personality Disorder (PD) hub team;
- Developed a male high dependency unit for the North of Tyne and a female high dependency unit to serve both the North and South of Tyne;
- Further expanded hospital liaison services across localities in line with the principles of the recognised rapid assessment, interface and discharge (RAID) model, most notably in Sunderland where commissioners supported the establishment of a comprehensive service. With the support of

commissioners improvements were also made in the services provided in North Tyneside and South Tyneside.

Other developments included the introduction of Street Triage in Sunderland, South Tyneside and Gateshead which is having an impact on the reduction of section 136 admissions and the development of out of hours Consultant cover across Hopewood Park.

### **Specialist Care Services Programme**

The Trust continued to make significant progress in this programme of work achieving the following during 2014/15:

- The further review of Neurological Services to ensure long term sustainability. This included the review of the future of the services provided from Hepple House in Corbridge;
- The review of the Children's and Young People's Medium Secure and Tier 4 Services including the provision of an enhanced outreach service to the North East Secure Children's Estate;
- The review of the Trust's Forensic Services to ensure long term sustainability. This included the establishment of a new Specialist Forensic Learning Disability Community Transitions Team which facilitated the closure of the Hebron Unit;
- Capital to fund the development of a purpose built assessment and treatment unit for people with autism was secured and the planning of the new unit progressed;
- A business case relating to the establishment of an Attention Deficit Hyperactivity Disorder (ADHD) service was developed and shared with commissioners;
- The Regional Affective Disorder Service (RADS) was relocated from the Centre for Ageing and Vitality to St. Nicholas Hospital enabling the expansion of the service from 8 to 10 beds;
- Following discussions with NHS England an Eating Disorder Intensive Day Service was opened at Walkergate.

### **Social and Residential Services**

During 2014/15 the Trust achieved the following:

- Rationalised adult residential mental health care services in Northumberland closing the remaining void beds at the Willows in Morpeth and focusing the remaining services in Easterfield Court;
- Agreed with Commissioners a future model for Mental Health Day Service provision in Northumberland.

### **New Services**

During 2014/15 the Trust successfully tendered for additional monies to support the development of new services and service improvements. This included:

- Funding to support the implementation of evidenced based IAPT interventions in Children and Young People's services in Gateshead and Sunderland, in line with the national programme. This bid was submitted as a part of the Sunderland and Gateshead CAMHS Partnerships.
- The award of the contract relating to the Sunderland and Gateshead Acquired Brain Injury Service, a new service to support individuals in the community which is to commence in April 2015.
- The Trust, working in partnership with Tees, Esk and Wear Valley NHS Foundation Trust, was awarded a contract relating to the North East Offender Health Service, maintaining delivery of our services into North East prisons (mental health, learning disability) and the Westgate Unit.
- Liaison and Diversion Services within custody settings across the Northumbria Police Force area.

## Partnerships

The Trust continues to work in partnership with NHS organisations, the community, voluntary and independent sectors which we highly value. These include:

- Our partnership with Insight, who we work with in the provision of Newcastle Talking Therapies;
- The partnership with Tees, Esk and Wear Valley NHS Foundation Trust (TEWVFT) and Revolving Doors in the implementation of the Big Diversion Project;
- The provision of Tier 3 Children and Young People's Services South of Tyne in partnership with Barnardos, Action for Children and Investing in Children;
- A partnership with TEWVFT, Combat Stress and The Royal British Legion to provide a Veterans Wellbeing Assessment and Liaison Service in the North East;
- A partnership with Changing Lives and Turning Point to provide both the Northumberland and North Tyneside Recovery Partnership services (integrated drug and alcohol services);
- Partnership working with Northumbria and Cumbria Probation Trusts to develop Community Personality Disorder services within the respective Probation Trust areas;
- Hosting of the North East Quality Observatory System (NEQOS) in partnership with South Tees Hospitals NHS Foundation Trust;
- Working in partnership with TEWVFT, Her Majesty's Courts and Tribunal Service and Youth Offending Teams from Northumbria, Durham and Cleveland in the provision of Liaison and Diversion Pilot Services;
- Our partnership with Byker Bridge Housing Association in the provision of Westbridge, a 24 hour staffed step down accommodation for individuals moving out of Adult Forensic Services;
- The provision of Sunderland Psychological Wellbeing Services in partnership with Sunderland Counselling Services and Washington MIND;
- The provision of a Macmillan Clinical Nurse Specialist in Palliative Care for people with learning disabilities in partnership with Macmillan Cancer Care;

- Our partnership with Northumbria Probation Service and Barnardos in the provision of assessment and treatment for individuals at risk of sex offending who are outside of the criminal justice system;
- The future provision of the Sunderland and Gateshead Acquired Brain Injury Service in partnership with Headway, Momentum and Neuro Partners.

## **The Workforce**

### **Employee Numbers**

As at 31 March 2015, the Board of Directors consisted of six Executive Directors (two female and four male) and seven Non-Executive Directors (one female and six male). The Trust has determined that Senior Managers are Board members.

As at 31 March 2015, excluding Executive Directors, the Trust had 5,952 employees (4,218 female and 1,734 male). Many of the Trust's employees are part time, and when the total number of employees is converted to full time equivalents, this shows a total full time equivalent of 5,493 (3,812 female and 1,681 male). In addition, the Trust has 501 bank staff (367 female and 134 male).

### **Staff Engagement**

The Trust remains truly committed and passionate about engaging effectively with our staff and listening and learning from staff feedback. The size of the Trust, both in terms of geography and staff numbers, presents us with a challenge in achieving meaningful engagement with our whole staff group. However, engagement with our workforce continued to be a key priority during 2014/15.

The Trust supports a number of regular communications:

- Weekly Bulletin
- Chatterbox
- Foundation Trust Newsletter
- Twitter

Key messages relating to the Trust's Transformation of Services Programme and quality/safety issues are featured in most Bulletins. If urgent, an immediate message is circulated to all relevant staff groups. Areas of good practice are also disseminated in this way and via mail shots.

Staff are encouraged to participate in decision making including quality/continuous improvement training and development through the following:

- The Council of Governors, which includes staff Governors;
- The promotion of Joint Development Reviews/Personal Development Plans and inclusion of targets in the Trust's Performance Targets;
- Continued investment in leadership programmes;
- Staff participation in AIMS Accreditation processes, Productive Ward, LIPS (Leading Improvement in Patient Safety);

- The involvement of clinicians and staff in the Service Model Review, Principal Care Pathway work and Transformation of Services Programme;
- Staff and staff side representatives are consulted, where appropriate, on proposed service developments/changes;
- Meeting members of the Board of Directors and Corporate Decisions Team through an on-going programme of visits to services and departments where staff get the opportunity to discuss and debate issues of operational and strategic importance;
- The Speak Easy, Be Heard events which ran for the first time in February 2015 and regular Bulletins. There were also numerous examples of consultation exercises having been undertaken and the outcomes of these having influenced policy or strategy.

Continuing the engagement work with our Transformation of Services Programme was a high priority over the year, and as part of our work in this area we held a number of staff engagement events, which were attended by significant numbers of staff from a diverse range of services and functions. These events provided a valuable opportunity for staff to receive an update on the work and to help shape the future of our services, and we value the input staff give to these events.

The Board of Directors continued their on-going programme of visits to services and departments to meet and discuss key issues with staff. Any issues highlighted by staff are then followed through and resolved.

The Corporate Decisions Team also continued to undertake eight hour observational shifts on wards, and positive feedback was received in relation to this from front line staff. Having completed shifts across our inpatient units our more recent focus has been with community teams.

A Staff Survey Working Group was established in 2014 following feedback from a 250 Event which looked at the previous year's staff survey results. This Group is made up from staff across all areas who continue to work together to take forward actions from the results of the staff survey. The Group has also continued to visit service areas across the Trust to meet staff and listen to other ideas and suggestions which can be taken forward to improve the working lives of our staff.

The 2014 National Annual Staff Survey indicates whilst we have made improvements in overall staff engagement and are above average when compared with Trusts of a similar type, we need to build on our previous work, to ensure that we involve staff in making important decisions and in encouraging suggestions for improving services. This work will therefore be a priority again in 2015/16. We believe good local line management is at the heart of meaningful engagement and we have again invested in leadership and management development programmes over the last year and are commencing discussions about a management skills framework.

During 2013 we refreshed the Trust's values. The work commenced in March 2013 at a Chief Executive's 150 event and over 1,000 staff contributed to the work over a series of large scale events and local sessions. Work is already underway to embed the values across the Trust and a number of pilot projects are being undertaken.

We continue to hold the Healthy People, Healthy Business Continuing Excellence Awards for our work in this area and we continue to work in accordance with the Investors in People standards all of which was reflected in the Investors in People and Health and Wellbeing Good Practice Awards.

## **Employee Consultation**

We continue to value the strong working relationships we have developed with our staff side representatives. Following the Business Model Review we revisited our consultative mechanisms and agreed with staff side representatives to have three main consultative forums; a trustwide meeting, an Operational meeting and a Corporate Services meeting, the latter two addressing Corporate or Group business leaving the Trustwide forum as an opportunity to discuss key Trustwide and strategic issues with trade union representatives.

All three forums have met on a regular basis and are supported by regular informal meetings where staff side and management representatives discuss issues and ensure they are addressed at an appropriate level.

Staff side representatives also attend key Trust committees and are members of all Programme Boards associated with our Transformation of Services Programme. Representatives play a crucial role in promoting good employee relations and supporting effective change management, as well as assisting in the training and development of staff, and work relating to health and safety.

Working together we have achieved the following:

- Review of the partnership agreement to underpin joint working arrangements;
- As a part of our preparations to launch the Transformation of Services Programme we worked together to progress our plans and prepare for the formal launch;
- Worked together to continue to develop the Human Resource Framework and the Transitional Employment and Development approach (TED);
- Continued our on-going review of a number of human resource policies and associated guidance notes.

We also have a number of policies which allow staff to raise any matters of concern and we run a series of HR policy training events which relate to these areas. These include:

- Grievance NTW(HR)05;
- Whistleblowing NTW(HR)06;
- Handling Concerns about Doctors NTW(HR)02;
- Dignity and Respect at Work NTW (HR)08.



In addition, values and attitudes training continued to be part of the training curriculum and is also part of the Trust induction, along with specific discussions around quality of services and raising standards.

During 2014/2015 specific consultations with staff have included the following:

### Urgent Care

Significant service changes have taken place during 2014/15 as we looked to develop a more efficient and effective bed model that would meet the clinical needs of our client group as well as contribute towards our financial efficiency programme. These service changes were made possible with the support and input from our staff side colleagues as well as individual staff members who participated fully in the formal consultation processes.

- The first closure to take place during 2014 was Bothal ward a learning disability inpatient assessment and treatment facility at Northgate – this proposal had been the subject of consultation since the latter part of 2013/14.
- A reduced demand for Older People's inpatient services within Newcastle coupled with the development of specialist community provision enabled us to successfully close an Older People's facility within Newcastle.
- The bulk of the service changes during 2014/15 occurred following consultation linked to the opening of Hopewood Park in Sunderland. This new hospital with 7 new units replaced existing local provision within Sunderland and South Tyneside as well as providing a Trust wide Psychiatric Intensive Care Unit. This consultation proved to be the most challenging as it involved geographical moves for many of the staff, however high levels of engagement coupled with visits to the new facility aided the consultation process.
- A review of the Stepped Care model resulted in the closure of 2 smaller rehabilitation units and the provision of an enhanced facility on the St Nicholas Hospital site.

### Planned Care

Within Planned Care the following staff consultations took place:

- Planned Care Community Teams within Sunderland and South Tyneside – to redesign the model of community care and service delivery;
- Allied Health Professional Services in Sunderland and South Tyneside - reconfiguration of services to align with a new model of community care and service delivery;
- Intensive Support Team – change in shift pattern;
- Northumberland Behavioural Assessment and Intervention Team /Learning Disability Service – change in base from Kingston Park, Newcastle to St Georges Park, Morpeth;
- Staff at Walker Terrace – change of base to St Nicholas Hospital, Newcastle and Tranwell Unit, Gateshead due to the lease on the building not being extended;

- The Willows, Morpeth - temporary closure of the ward and rationalisation of services to Easterfield Court, Morpeth.

### Specialist Care

Within Specialist Care the following staff consultations took place:

- Psychotherapy staff move from Claremont House to Benfield House (now part of the Community Services Group);
- Merge of the two Medium Secure Unit shared therapy areas (Bamburgh Clinic) into one large area with a pool of staff, increasing environmental resources and skill mix across the mental health forensic services;
- Regional Affective Disorders Services (Gibside ward) move from the Centre for Ageing and Vitality to St Nicholas Hospital;
- Closure of Hebron ward at Northgate and the development of the Community Transition Team (Forensic services);
- Developing and future proofing the Forensic Day Services at Northgate;
- Initial consultation regarding the closure of ward 31a (Eating Disorders) at the RVI and the opening of an Intensive Day Service at Walkergate. NHS England subsequently commissioned 5 beds and the ward remained open as well as the opening an Intensive Day Service in January 2015;
- Adult Attention Deficit Hyperactivity Disorder Service move from St Nicholas Hospital to Bensham;
- North of Tyne EDICT move from Benton House, Newcastle to Chad House, Hexham;
- CYPS Inpatient ARC Consultation.

### Support Services

Within Support Services there were two separate staff consultations:

- Re-alignment of Facilities Services in Sunderland to staff the opening of Hopewood Park in September 2014 and
- Retraction from South Tyneside General Hospital to coincide with the opening of Hopewood Park.

Lessons learnt during the consultation processes outlined above will be utilised during any future change and consultation processes.

### **Future Consultations**

We will carry out future consultations in line with our Transformation of Services Programme.

### **Involvement of staff in our Foundation Trust's performance**

The Trust is committed to fully involving all of our staff in taking an active role and interest in the quality and performance of our services.

A detailed Performance Report is prepared on a monthly basis for the Board of Directors, Corporate Decisions Team, Senior Managers and Clinical Leaders. The weekly Bulletin highlights issues that are discussed at the Board and Senior Management Team meetings, including an update on performance against key indicators and steps being taken to improve performance and the quality of services.

The continued development of the performance dashboards has enabled managers to easily access a wide range of performance information relating to their teams, and staff can access their own personal information in 'my dashboard' relating to, for example, training records and absence history.

In 2014/15 the Trust launched a new initiative to enable the voices and views of staff to be heard and to learn more about how we can all work together to make things better. Improving staff engagement is supported by really solid evidence that says that when we are valued; listened to and respected, we are more effective, healthier, productive and less likely to make errors. In fact engaged healthcare teams have a positive impact on the health of those they serve. The new initiative Speak Easy Be Heard enables local honest conversations through a number of listening events hosted by Executive Directors and the Corporate Decisions Team. The Speak Easy Be Heard events are being held three times a year.

At these events we seek to:

- Find out how things are for staff, and the teams they work in;
- Establish that the needs of service users are at the heart of how we make decisions;
- Find out about what staff do well, we need to share our success stories and promote what we are good at doing;
- Have honest, two-way and sometimes uncomfortable conversations;
- Build mutual Trust and respect and really listen to and show that we have heard genuine concerns.

Speak Easy, Be Heard hears more about how the world feels to our staff: to share both good and not so good news, to celebrate success, to identify difficulties and to encourage shared decision making and problem solving.

Part of the Speak Easy, Be Heard philosophy is devolution. Teams have the ability to solve problems and make decisions at a local level with support from the Executive Directors and Corporate Decisions Team to not feel blamed if things go wrong, supporting our managers and leaders to be both visible and accommodating. We have an obligation to make sure that we care for and support each other through good or difficult times and to ensure that we communicate in way that is in keeping with our values: to be caring and compassionate, respectful and honest and transparent.

We value the effort and involvement that our staff make to improving quality and performance and the weekly bulletin and Chatterbox (on the intranet) feature thanks and compliments from patients and carers together with local and national recognition awards which our staff have achieved. The Trust also holds an annual "Excellence" Awards which celebrates the achievements of individuals and teams.

## Staff Satisfaction

The National Annual Staff Survey indicates how the Trust is perceived by our staff, relative to other comparable Trusts locally and nationally. A more satisfied workforce is likely to be more sustainable and provide better patient care, with motivated and involved staff being better placed to know what is working well and how to improve services for the benefit of patients and the public.

The National Annual Staff Survey results are disseminated widely throughout the Trust with presentation of key findings at meetings with the Board of Directors, Corporate Decisions Team, Council of Governors, Staff Side and Corporate and Operational Directorates throughout the Trust. At each of these meetings views are sought on the actions to be taken on the issues highlighted in the survey results.

In addition the Staff Survey Working Group meets monthly and part of that meeting includes a visit to a service to seek views. The Staff Survey Working Group monitors overall progress on actions arising from the survey and coordinates the delivery of the survey within the Trust each year.

Work has already commenced to identify key areas of work and priorities for the coming year.

**Table 3: Staff Survey Response Rates**

	2014		2013		Trust improvement/deterioration
Response Rate	Trust	National Average	Trust	National Average	
	37.7%	42%	49%	49%	11.3% points

Please note that the figures reported are for the sample survey. The Trust conducts a survey of all staff using the sample survey questions. The response rate for this was significantly different to that of the sample survey; The Trust achieved a response rate of 55.7%, an improvement upon the 50% achieved in 2013. Average response rate based on all 'Picker' Mental Health Trust was 50.8% for all Staff Survey in 2013.

In this Annual Report we have provided specific details on the top four and bottom four ranking scores and these are shown in table 4 and 5 below

**Table 4: Staff Survey 2014 Top 4 Ranking Scores**

Top 4 Ranking Scores	2014		2013		Trust improvement/deterioration
	Trust	National Average	Trust	National Average	
KF28. Percentage of staff experiencing discrimination at work in last 12 months	7%	12%	11%	13%	4% points improvement
KF19. Percentage of staff experiencing harassment, bullying or abuse from staff in last 12 months	15%	21%	21%	20%	6% points improvement
KF20. Percentage of staff feeling pressure in last 3 months to attend work when feeling Unwell	14%	20%	18%	22%	4% points improvement
KF3. Work pressure felt by staff (scale summary score)	2.85	3.07	2.93	3.07	Improvement

**Table 5: Staff Survey 2014 Bottom 4 Ranking Scores**

Bottom 4 Ranking Scores	2014		2013		Trust improvement/deterioration
	Trust	National Average	Trust	National Average	
KF16. Percentage of staff experiencing physical violence from patients, relatives or the public in last 12 months	23%	18%	24%	19%	1% point improvement
KF6. Percentage of staff receiving job-relevant training, learning or development in last 12 months	80%	82%	83%	82%	3% points deterioration
KF25. Staff motivation at work (scale summary score)	3.83	3.84	3.78	3.85	Improvement
KF7. Percentage of staff appraised in last 12 months	88%	88%	90%	87%	2% points deterioration

None of the tabulated changes in results between 2013 and 2014 were found to be statistically significant by Picker.

### **Action plans to address areas of concerns**

Many of the themes highlighted in the 2014 survey are similar to those highlighted in the 2013 survey and emphasise the continued need to focus on the engagement and empowerment of staff through involving them in decisions that affect them and the services they provide.

As a direct result of findings from the 2013 the following actions were taken:

- Launched 'Speak Easy, Be Heard', a new way of staff engagement. As a Trust we want to listen to each other's views and opinions, we want to have honest conversations;
- Introduced a new appraisal process. This was introduced at the beginning of 2015 and we will expect to see a steady improvement in the results around appraisal over the next two staff surveys;
- In response to the issue of whistleblowing and ensuring a no blame culture the Trust has joined the Nursing Standard's Speak out Safely Campaign and this is bolstered by the 'Don't be a Spectator' Trust Campaign and the equality@ntw.nhs.uk mailbox;
- In late 2014 we introduced a more comprehensive 3 day Management Skills Training Programme. Initial feedback on this is encouraging and a thorough evaluation of the efficacy of the programme will take place after its first year of delivery.

The results of the 2014 survey are currently being to the Groups and Directorates presented and discussed at Suitability of Staffing Groups and action plans are in the process of being developed.

The Board has also backed the Staff Survey Working Group's conclusions that work Trustwide needs to concentrate on the issues that appear to be slow to improve or 'stuck' based on trends from the last five years.

The Trust also proposes to reflect on our experience of the national staff survey to date including considering the delivery method for the survey, to address the difference between our survey rate and our much higher all staff response. Further analysis of the free text themes are also to be compared against those gained from the Speak Easy, Be Heard events and other staff forums.

Communication about the survey results and engagement with staff on the appropriateness of actions proposed will continue to be vital to ensure the value and worth of the survey and to generate support to complete the survey again in autumn 2015.

### **Speak Easy, Be Heard**

The first Speak Easy, Be Heard sessions took place in early February 2015. A number of actions have been agreed as a result:

- Feedback to Staff: Briefing sessions are taking place to ensure staff know that we have heard and logged their concerns, and to feedback any immediate actions that have been taken as a consequence;
- Empowering others to act: We are considering how we consistently empower others to work on some of the issues raised including the establishment of a small working group to take forward the work required;
- Staff Briefings – These are to commence as a part of a new staff briefing system;

- A Second Series Speak Easy Events are to take place in June 2015 focusing on exploring some key themes from the 2014 survey.

## Future Priorities and Targets

The Trust proposes to reflect on our experience of the national staff survey to date including considering of the delivery method for the survey, to address the difference between our survey rate and our much higher all staff response. Further analysis of the free text themes are also to be compared against those gained from the Speak Easy, Be Heard events and other staff forums.

Communication about the survey results and engagement with staff on the appropriateness of actions proposed will continue to be vital to ensure the value and worth of the survey and to generate support to complete the survey again in autumn 2015.

## Sickness Absence

The Trust's Workforce Strategy sets out the corporate approach to the management of absence. The Trust is committed to promoting wellbeing and supporting staff to achieve good levels of attendance; however we recognise that some absence due to personal sickness is inevitable within any large organisation. The Trust's Policy, Managing Sickness Absence NTW (HR)10 aims to ensure that where absence does occur it is managed through a fair and consistent approach. Managers are responsible for the management of absence within their own areas, providing support and assistance wherever possible to employees. Complex cases are supported by the HR Advisory (HRA) service with general advice and support provided from the core HR team. A new management skills development programme has been developed which has a big focus on managing absence and the importance of doing this right and reflects the principles set out in the new managing absence policy.

Management of sickness absence remains a key priority. Table 6 below shows the Trust's sickness absence data from the Health and Social Care Information Centre (HSCIC) using data drawn from January 2014 to December 2014 from the Electronic Staff Record national data warehouse.

**Table 6: Sickness absence data January 2014-December 2014**

Statistics produced by HSIS and from ESR Data Warehouse		Figures converted by Department of Health to Best Estimates of Required Data Items		
Quarterly Sickness Absence Publications	Monthly Workforce Publication			
Average of 12 months (2014 Calendar Year)	Average Full Time Equivalent 2013	Full Time Equivalent-Days available	Average Days lost to sickness absence	Average Sick Days per Full Time Equivalent
5.7%	5,577	1,254,747	71,881	12.9

A substantial amount of work has been undertaken over the past year to reduce the levels of absence, including the introduction of an early intervention process via our



occupational health providers and a 7 day follow up for those staff that have been absent for 7 days or more. The Trust has also taken a proactive approach to managing staff with restrictions on their ability to carry out their substantive role ensuring they are in a role that they are fit to carry out and if not to identify a suitable alternative within the Trust.

The Trust is, and will continue to be for the foreseeable future, on a service transformation journey. Since the start of this journey we have seen a direct impact on sickness absence levels in areas where change is taking place. We have invested more time and resource in these areas to assure staff that the Trust is committed to retaining its staff and have explored alternatives to traditional selection processes that can cause staff anxiety.

An Absence Strategy Group was established to explore a more strategic approach to absence management and health and wellbeing, and this work has now been completed. The Group made several recommendations including the development of a Mental Health for Staff Policy and clear guidance on the physical requirements of inpatient nursing roles and this work is currently being taken forward.

### **Whistleblowing Policy**

The Trust's Whistleblowing Policy was revised in October 2012 and is currently being refreshed to incorporate the recommendations from the Francis review.

The Whistleblowing Policy is accessible from the Trust intranet. The Trust has promoted the behaviours and standards of conduct expected from staff together with the Trust's Whistleblowing Policy with the aim of ensuring staff raise any concerns.

During the past year we have also conducted an extensive review of whistleblowing processes.

### **Occupational Health, Counselling and Health Promotion**

Team Prevent, the UK division of one of Europe's leading occupational health and safety companies, were successful in maintaining the contract to provide to the Trust a full Employee Health and Wellbeing Service. The service is provided locally by Occupational Health Nurse Advisors and Physicians and also includes the promotion of positive health and wellbeing. Counselling services are provided by Care First and staff can self-refer or a referral can be made through an individual's line manager or via Team Prevent.

These arrangements have been in place since 1 December 2010. We meet regularly with both organisations to make continuous improvements to the services provided to our staff. We receive a range of comprehensive data regarding performance against the contract, and this is shared with Managers within the Groups and Directorates as they continue to manage absence, stress and promote health and wellbeing within the workforce.

The Occupational Health contract is in place for an agreed level of business but since its commencement has been continuously over agreed activity. Additional

occupational health resource has been employed to meet the increased demand and other solutions have been implemented to enable the demand to be met e.g. the continued encouragement of telephone consultations rather than face to face appointments.

This continued effort in promoting absence management has seen some excellent improvements in referral times for employees accessing Occupational Health services.

Team Prevent is also assisting the Trust in undertaking a health surveillance programme for staff which will be carried out in 2015.

## **Employee Equality and Diversity**

The Trust has a robust approach to policy making to ensure that all new policies, procedures and functions due for review are subject to equality analysis (equality impact assessment under previous legislative terminology), to ensure that they do not discriminate against people who share a protected characteristic under the Equality Act 2010. Equality analysis ensures that recruitment, career development and promotion within the organisation is a transparent process based on merit and without protected characteristic defined barriers.

In addition to these measures we have the following:

- A refreshed Equality and Diversity Committee which meets bi-monthly in order to take forward the equality and diversity agenda;
- An Equality Strategy for 2012-2016 which ensures that the Trust remains compliant with the Equality Act 2010, but also sets out our key equality objectives and the measures that we will use to gauge our performance against them;
- Benchmarking against NHS England's Equality Delivery Scheme;
- A mandatory requirement for Equality and Diversity Training, which includes as part of its purpose to provide information on matters of concern to them as employees. The training has been substantially revised this year;
- Attendance and Managing Sickness Absence Policies which include our approach to making reasonable adjustments for disabled employees.

## **Equality and Diversity Work Highlights 2014-15**

### Disability

At the Board in July 2014 a paper on the provision of reasonable adjustments for disabled people was presented. The Trust has several policies and procedures that address the legal requirements to make reasonable adjustments for disabled people; it is however acknowledged that we can always do more in this area. It was recommended at the Board that the Equality and Diversity Advisor conduct an Audit of the Trust's current procedures against those outlined as good practice in NHS Employer's Guidance Relating to Disability (2014). The audit has highlighted areas where we have good practice but has also helped to formulate actions that we need

to take forward as part of our work towards a revised Equality and Diversity Strategy and our work towards NHS England's Equality Delivery System 2 (EDS2).

The Trust continues to maintain the "Two Ticks" status. The symbol is a recognition given by Jobcentre Plus to employers who have agreed to make certain positive commitments regarding the employment, retention, training and career development of disabled people.

These commitments are:

- To interview all disabled applicants who meet the minimum criteria for a job vacancy and to consider them on their abilities;
- To ensure there is a mechanism in place to discuss, at any time but at least once a year, with disabled employees, what both parties can do to make sure disabled employees can develop and use their abilities;
- To make every effort when employees become disabled to make sure they stay in employment;
- To take action to ensure that all employees develop the appropriate level of disability awareness needed to make sure these commitments work;
- To review these commitments each year and assess what has been achieved, plan ways to improve on them and let employees and Jobcentre Plus know about progress and future plans.

### Mindful Employer

The Trust has maintained the Mindful Employer Charter. The Charter shows that the Trust:

- Shows others and our staff that we are a good employer;
- Expresses our corporate social responsibility;
- Reduces recruitment and training costs;
- Helps towards complying with legislation (e.g. Equality Act 2010 and Health and Safety legislation);
- Reduces sickness levels;
- Enhances customer service;
- Improves productivity;
- Makes the Trust a more attractive place to work for people with mental health issues and others;
- Helps the Trust retain staff who have experienced discrimination in the past;
- Makes our Trust a healthier workplace.

### Don't be a Spectator

The Trust launched its "Don't be a Spectator" campaign in August 2014 to give staff the confidence to speak out when things are wrong. The campaign highlights the importance of raising any concerns that staff may have about poor practice. It also recognises that this may make staff feel vulnerable and we want to reiterate and promote the stance that the Trust does not, and will not, tolerate bullying towards members of staff or service users. The campaign ties in with the national Nursing

Times 'Speak Out Safely' initiative, as part of which we encourage any staff member who has a genuine patient safety concern to raise this within the organisation at the earliest opportunity. As part of the launch of this campaign we also launched our dedicated equality and diversity mailbox, making it easier to raise an equality and diversity issue [equality@ntw.nhs.uk](mailto:equality@ntw.nhs.uk) .

### Work towards new Equality and Diversity requirements

The Trust has been preparing to meet new requirements set by the NHS Equality and Diversity Council into the NHS Standard Contract which will be in place from April 2015. These are:

- A workforce race equality standard that will require the Trust to demonstrate progress against a number of indicators of workforce equality, including a specific indicator to address the low levels of BME Board representation;
- Equality Delivery System (EDS2).

### Workforce Race Equality Standard

There are nine metrics. Four of the metrics are specifically on workforce data and four of the metrics are based on data derived from the national NHS Staff Survey indicators. The latter will highlight any differences between the experience and treatment of white staff and BME staff in the NHS, with a view to closing the gaps highlighted by those metrics. The final metric requires provider organisations to ensure that their Boards are broadly representative of the communities they serve.

### Equality Delivery System 2

The Equality Delivery System (EDS) for the NHS was made available to the NHS in 2011 and the Trust engaged in the first round of EDS in the preparation of the Equality Strategy for 2012-2016. Following an evaluation of the implementation of the EDS in 2012, and subsequent consultation with a spread of NHS organisations, a refreshed EDS is now available. It is known as EDS2.

At the heart of EDS2 are 18 outcomes, against which NHS organisations assess and grade themselves. They are grouped under four goals:

1. Better health outcomes
2. Improved patient access and experience
3. A representative and supported workforce
4. Inclusive leadership

In January 2014 the Trust agreed to adopt NHS England's 9 step plan for implementing EDS2. Evidence so far has been amassed from a desktop study and discussion at an EDS 2 Workshop held in November 2014. The work is on course to meet the NHS England timescales and has been helped by the identification of EDS Champions who provide vital operational knowledge to help us analyse our performance, agree assessments and prepare equality objectives that integrate with our immediate plans and will work with mainstream business planning.

## **Health, Safety and Security Management**

The Safety Department has continued to provide sound advice and support across the organisation in relation to Health, Safety and Security Management, which demonstrates the Trust's commitment to ensuring and maintaining a safe and security focused environment for our patients, staff and visitors to the Trust. The Trust has expanded its Identicom lone worker system. The Trust has over 1,000 devices in use keeping front line staff safe, with a plan to expand this further in line with our Community Transformation Programme. The approach the Trust has taken to its lone worker system, has received national recognition from both NHS Protect and Reliance the device provider, who the Trust works in partnership with to continually improve the system. As an acknowledgement of the work in this area the Trust also won the Suzy Lamplugh Trust – Personal Safety award in October 2014, and was also commended in the Health Business Awards, category of Patient Safety in November 2014.

The Trust continues to work in partnership with Northumbria Police, and in 2014 a new Clinical Police Liaison role was introduced to work effectively between the Trust and the Police Service.

The Trust Health, Safety and Security Group continues to be well represented by staff side unions, managers and Team Prevent which proves very useful in further developing our partnership working. It has met regularly over the last year, to improve the safety culture of the Trust.

The Health and Safety Executive (HSE) carried out two fact finding investigations and one formal investigation following incidents that occurred within the Trust within the last financial year. Only one of these incidents was RIDDOR reportable and all actions identified have been completed. The Trust continues to report its RIDDOR related incidents in the time frames set by the legislation.

The Trust continues to work closely with Northumberland, Tyne and Wear Fire and Rescue Services with the aim of ensuring that the Trust continues to comply with the Regulatory Reform (Fire Safety) Order 2005.

Fire Safety Training is an integral part of our essential training programme for staff; it is delivered in a number of ways including hands on practical training delivered by the Trust's four Fire Officers who all previously worked for the Fire and Rescue Service.

## **Serious Incidents and Incident Reporting**

As reported to the Board through the Safety Report, during 2014/15 there was a steady decrease in the total number of serious incidents in comparison to previous years, the majority of which occur in the Trust's community services.

Throughout 2014/15 the Trust has maintained robust reporting systems with our Clinical Commissioning Groups and the North East Commissioning Support Unit, as their governance systems continue to develop. This includes the new NHS Contractual requirement relating to Duty of Candour to report all our serious

incidents, with supplementary information relating to post incident support mechanisms for the patient, and their families and carers. This is now embedded in our incident reporting system.

The Trust has continued to be fully compliant with reporting regimes into the Strategic Executive Information System (STEIS) for Commissioners and NHS England and has also continued to report our Patient Safety Incidents into the National Reporting and Learning System, which allows NHS England and the Care Quality Commission access to all our activity, as well as continuing to regularly report all our security incidents into the Security Incident Reporting System (SIRS) at the request of NHS Protect in line with the NHS Contractual requirements. One of the Trust's Quality Goals is to reduce incidents of harm to patients. Information relating to the number and type of incidents reported and the progress in achieving the goal is outlined in the Quality Report.

### **National Community Mental Health Survey 2014**

The 2014 survey of people who use community mental health services involved 57 NHS Trusts in England (including combined mental health and social care Trusts, Foundation Trusts and community healthcare social enterprises that provide mental health services). Responses were received from more than 13,500 service users giving an overall national response rate of 29%.

850 Trust service users were sent a questionnaire, of which 822 were eligible for the survey, with a total of 199 responses. The Trust response rate was 24%, which is 5% lower than the national average (compared to a 28% Trust response rate in the 2013 survey).

The results of the survey are outlined in the Quality Report. For each of the nine sections when compared to other Trusts, this Trust scored 'average' for all, with the sections Organising your Care and Reviewing your Care being the closest to the highest Trust scores. In all sections the Trust's scores were significantly higher than the lowest Trust scores.

The survey showed that when compared to other Trusts this Trust is significantly BETTER than average on two questions, significantly WORSE than average on 0 questions and average on 41 questions.

The two questions which our results show were BETTER than most other Trusts were:

- Reviewing your care – did you feel that decisions were made together by you and the person you saw during this discussion?
- Other Areas of Life – Do the people you see through NHS Mental Health Services help you feel hopeful about the things that are important to you?

Although the Trust was not significantly worse than average on any questions the two questions which the Trust's scores closer to the lowest Trust scores were:-

- Other Areas of Life – In the last 12 months, did NHS Mental Health Services give you any help or advice with finding or keeping work?
- Other Areas of Life – In the last 12 months, did NHS Mental Health Services give you any help or advice with finding or keeping accommodation?

## **Complaints and Compliments**

The Trust acknowledges that it is not only important that we offer patients the right care at the right time, but that their experience of care whilst with us is as positive as it possibly can be. Comments, compliments and complaints are considered to be valuable learning tools and provide information that enables services to improve. The Trust's Comments, Compliments and Complaints Policy and accompanying Practice Guidance Notes provides the framework in which they can be dealt with effectively in line with the Local Authority, Social Services and National Health Service Complaints (England) Regulations 2009 (2009 Complaints Regulations) and the Ombudsman's principles.

We have seen a reduction in the number of complaints received compared to previous years, but are confident that all patients, carers and family know how to raise a complaint.

One of the Trust's Quality Goals is to improve the way we relate to patients and carers, and our performance in terms of complaints is shown in the Quality Report. The Quality and Performance Committee regularly analyse the complaints received and identify trends. Lessons learnt are disseminated across services with the aim of improving the quality of care.

PALS (Patient Advice and Liaison Service) gives service users and carers an alternative to making a formal complaint. The service provides advice and support to patients, their families, carers and staff, providing information, signposting to appropriate agencies, listening to concerns and following up concerns with the aim of helping to sort out problems quickly.

## **The Trust's response to the Francis, Berwick and Keogh Reports**

The Trust's review and reflections on the findings of the Francis, Berwick and Keogh reports has included the Board of Directors, the Council of Governors and all key Board sub committees across the organisation including the Corporate Decisions Team, Group Business Meeting, Quality and Performance Committee, together with Joint Meetings with Staff Side and Staff Listening Events. Key messages were also shared with all staff through the Chief Executive's weekly Bulletin, Group and Team meetings and key professional groupings.

In response to the reports the Trust developed, and has now implemented, a comprehensive action plan. A summary of the actions taken is as follows:

- Developing a shared set of values;
- Development of a "Safety Culture";
- Working more collaboratively with service users and carers;
- Strengthening the role of the Council of Governors;
- Developing a strong and positive medical culture;

- Strengthening the Nursing Culture including the launch of a new Nursing Strategy -“Delivering Compassion in Practice”;
- Increasing openness, transparency and candour;
- Review of Complaints Procedure;
- Using information more effectively;
- Developing Leadership in the workplace;
- Investment in staffing across inpatient areas.

Following the publication of the Francis Report national guidance was also issued to inform and guide provider organisations in ensuring that the right people, with the right skills are in the right place at the right time. In March 2014 NHS England and the Care Quality Commission jointly published guidance on the delivery of the Hard Truths commitments associated with publishing staffing data regarding nursing and care staff. As a result the Trust put in place systems and processes for the Board to monitor the requisite information on staffing and publish it on a monthly basis.

In July 2014 the Board reviewed Monitor’s Guidance: Well-led framework for governance reviews: guidance for NHS Foundation Trusts (May 2014), including the need for an external review of the Trust’s governance every three years. Preparatory work was carried out in 2014/15, including a desk top self-assessment and Board Development Session in preparation for the external review which will be carried out during 2015/16.

In summary therefore the Trust has responded to the Francis, Berwick and Keogh Reports across a wide front prioritising the issues of values, safety culture and professional cultures. The Trust will continue to keep quality, safety and patient experience as its main focus with additional scrutiny and challenge being sustained via the Trust’s integrated governance arrangements.

### **Consultation with local groups and organisations, including the Overview and Scrutiny Committees.**

During 2014/15 the Trust continued to work with patients and the public to fulfil our duties under section 242 of the NHS Act 2006.

Working in partnership with Newcastle and Gateshead CCG Alliance a significant listening exercise was held with the public into the services for those with serious mental health conditions.

This process called ‘Deciding Together’ was led by the CCGs and guided by a Steering Group including the two local Healthwatch organisations and representatives from the community and voluntary sector. It is anticipated that this process will lead to a full formal consultation on a number of options for services which will take place during 2015/16.

Each of the six Overview and Scrutiny Committees has good links with the Trust via the Deputy Director, Partnerships. We have engaged with all of the Committees regarding our Quality Report, and have also presented to the Joint Committee of the Local Scrutiny Committees to inform them of our service transformation plans.



The full list of consultations with Overview and Scrutiny Committees on proposed service changes during 2014/15 is shown in table 7 below:

**Table 7: Consultations with Overview and Scrutiny Committees 2014/15**

<b>Area</b>	<b>Service</b>
Northumberland	Older People's Inpatient Service (January 2015)
North Tyneside	No issues
Newcastle	Deciding Together Listening Exercise (Autumn/Winter 2014/15)
Gateshead	Deciding Together Listening Exercise (Autumn/Winter 2014/15)
South Tyneside	Urgent Care Services (October 2014) Street Triage (March 2015)
Sunderland	No issues

### **Principal Risks**

The principal risks facing the Trust, and how they are managed, are set out in the Board of Director's Assurance Framework and Corporate Risk Register. The Framework is linked to the Trust's Strategic Objectives and covers risks associated with all aspects of the Trust's business including finance, quality and the workforce. During 2014/15 the Board Assurance Framework and Corporate Risk Register was reviewed regularly by the Corporate Decisions Team, monitored by the Audit Committee and Quality and Performance Committee and presented quarterly to the Board of Directors, as a part of the Integrated Performance Report.

The Trust's principal risks are considered as those rated over 15 at a corporate level on the standard 5 by 5 risk assessment measure. The table in the Trust's Annual Governance Statement summarises those risks and the key controls as reported in the Board Assurance Framework and Corporate Risk Register. All risks identified are considered as in year and future risks.

### **Environmental Matters**

The Trust has continued to invest in high quality patient environments, ensuring that they are safe, welcoming and support the delivery of care. Significant investment has been made in the development of Hopewood Park to provide state of the art, inpatient and support services to replace Cherry Knowle Hospital. The Specialist Care Dementia Centre at Monkwearmouth Hospital opened in November 2013 and Hopewood Park opened in September 2014. These developments incorporate features designed to reduce our environmental impact, and include designs which minimise energy consumption, the use of material from sustainable sources, recycling of materials and sustainable construction methods.

Investment also continued in other patient environments in line with the Trust's Transformation of Services Programme.

Environmental sustainability remains a key priority, not only for its general benefit but also the benefit of reduced cost. The Trust's Sustainable Development Management

Plan aims to ensure that the Trust integrates sustainable development into all aspects of the work we undertake in the management and delivery of our services.

## **Our Plans Going Forward**

The Trust's Plans going forward 2015 - 2016 are outlined in the Trust's Operational Plan submitted to Monitor in May 2015. The Operational Plan confirms that the Trust will continue to progress the strategy of Transforming Services including the following service developments:

### **Community Transformation Programme**

The Programme is focusing on the redesign of services to meet the following needs in adults: Psychosis; Non-psychosis; Cognitive Disorders and Learning Disability and during 2015/16 we will work with commissioners and stakeholders on implementing improved community pathways in Northumberland, North Tyneside, Newcastle and Gateshead.

Increasingly we recognise that this programme is also critically aligned to the developing integration agenda in each of our localities. While as a Trust we are seeking to complete our re-modelling of care across our community services, we are actively engaging with partners in developing an integrated approach to care delivery. This programme will ensure that as we look to improve the services that we offer our approach is fully aligned with the wider integration agenda in each locality.

### **Developing New Models for Inpatient Care Programme**

The implementation and roll out of new models of community based care with evidence based interventions focussed on recovery and more effective support for people to live and work in their own communities, will:

- Result in improved quality outcomes and experience for service users accessing community services and their carers leading to;
- A reduced need for inpatient services;
- A reduction in the number of beds (to around 400), wards and Hospital sites;
- Improved quality environments.

Together with local partners, Newcastle City Council, Gateshead Council, the Trust and representatives of users, carers and the voluntary and community sector, the Newcastle and Gateshead CCG Alliance have worked together looking carefully at the services for people living in Newcastle and Gateshead with serious mental health conditions.

As a result of this work the Newcastle and Gateshead CCG Alliance led a listening and engagement process from November 2014 to February 2015 called "Deciding Together" with the aim of collecting views and experiences from all interested parties about specialist mental health services.

The feedback from this process will inform the development of scenarios for change which will be the subject of a full formal consultation with those living in Newcastle and Gateshead during 2015. We will commence the implementation of the model for in-patient care delivery for the population of Newcastle and Gateshead, which will be determined through this consultation exercise, towards the end of 2015.

We will also continue to work with commissioners and local NHS Foundation Trusts to further expand Hospital Liaison Services and also develop a Memory Management Service in Northumberland.

### **Specialist Care Services Programme**

The Specialist Care Services Programme will continue to ensure the Trust retains sustainable specialist services as part of the overall service model and high quality competitive services, in preparation for the tendering of any existing services by commissioners.

Going forward we will complete our strategic review of the Trust's specialist services through 2015/16, and agree our strategy for delivering long term sustainability. We will also continue the development of our new autism assessment and treatment facility at Northgate Hospital, explore the development of services for 18-25 year olds and develop an integrated Attention Deficit Hyperactivity Disorder Service to provide a service across the pathway from children and young people's services into adult services.

### **Social and Residential Services**

During 2015/16 the Trust will continue the review of Northumberland Mental Health Day Services, in partnership with stakeholders agree a strategy and implement the redesign of the services.

### **Learning Disability Services**

The Trust provides a comprehensive range of services for people with learning disabilities and/or autism including those with a mental illness and whose behaviour challenges services. These services include community services, inpatient assessment and treatment services for people with a learning disability, forensic services and autism services.

Whilst the Trust has been actively working with commissioners in the work associated with the recommendations from the Winterbourne View Report, in the light of the report produced by Sir Stephen Bubb during 2015/16 the Trust will work with stakeholders to review and agree a programme of work going forward, where appropriate, to accelerate the reshaping of services.

## **Corporate Services Programme**

The Corporate Services Programme is scheduled to contribute to the Trust's Financial Delivery Plan during 2015/16, and consultation on the new model of delivery will commence in 2015/16.

This Strategic Report was approved by the Trust Board of Directors on 27 May 2015.

**John Lawlor**  
**Chief Executive**

### **3 DIRECTORS' REPORT**

#### **Enhanced quality governance reporting**

An overview of the arrangements in place to govern the Trust, including service quality, is included in the Strategic Report and in the Trust's Annual Governance Statement 2014/15, Section 12 of this Report.

In 2010 the Trust supported Monitor in the development of a Quality Governance Framework. The Trust's Annual Governance Statement 2014/15, Section 12 of this Report, outlines how the Trust has had regard to Monitor's quality governance framework in arriving at its overall evaluation of the organisation's performance, internal control and Board Assurance Framework. Trust evidence against the ten components of the Quality Governance Framework is provided quarterly, structured around the areas of good practice as set out in the Framework and this is reviewed by the Quality and Performance Committee.

With regard to action taken to improve the quality of governance, the Trust's Governance arrangements were reviewed in May 2013 with the Clinical Governance arrangements being reviewed and strengthened in January 2013 to ensure their robustness in the context of the Trust's overarching integrated governance arrangements. They take account of the Integrated Governance Handbook (Department of Health 2006), Monitor's NHS Foundation Trust Code of Governance and other best practice guidance.

The Trust continues to keep the governance arrangements under review to ensure their effectiveness and in July 2014 the Board reviewed Monitor's Guidance: Well-led framework for governance reviews: guidance for NHS Foundation Trusts (May 2014), including the need for an external review of the Trust's governance every three years. Preparatory work was carried out in 2014/15, including a desk top self-assessment and Board Development Session in preparation for the external review which will be carried out during 2015/16.

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

The Trust confirms that there are no material inconsistencies between:

- The Annual Governance Statement;
- Annual and Quarterly Board Statements;
- Reports from the Care Quality Commission planned and responsive reviews of the Trust and any consequent action plans developed by the Trust.

Information relating to the Trust's patient care activities is outlined in the Strategic Report and other parts of the Annual Report as identified below. This includes:

- How the Trust is using its Foundation Trust status to develop its services and improve patient care. Also see the Quality Report and the Directors' Report;
- Performance against key health targets. Also see the Quality Report;
- Arrangements for monitoring improvements in the quality of health care and progress towards meeting any national and local targets, incorporating Care Quality Commission assessments and reviews and NHS Foundation Trust's response to any recommendations made. Also see the Quality Report and the Annual Governance Statement;
- Progress towards targets as agreed with local commissioners, together with details of other key quality improvements. Also see the Quality Report;
- Any new or significantly revised services;
- Service improvements following staff or patient surveys/comments and Care Quality Commission Reports. Also see the Quality Report;
- Improvement in patient/carer information;
- Information on complaints handling. Also see the Quality Report.

Information relating to the Trust's stakeholder relations is outlined in the Strategic Report. This includes descriptions of significant partnerships and alliances entered into by the Trust to facilitate delivery of improved healthcare and development of services involving other local services/agencies and involvement in local initiatives.

## **Patients and Carers**

### **Involvement**

The Trust actively engages patients, carers and other stakeholders in seeking their views on what they require of the Trust's services and how the Trust's services should transform and develop. This engagement includes regular surveys, patient/carer feedback work and specific engagement/involvement in initiatives together with formal consultation on the Trust's plans, including formal public consultation on specific proposals.

During 2014/15 patients and carers were involved in the following:

- The ongoing development and roll out of Community Services Transformation;
- The development of the Trust's Annual Plan 2014/15 and Operational Plan, through the Council of Governors and Annual Plan Working Group;
- The 'Deciding Together' listening exercise relating to services for those with serious mental health conditions.

### **Patient Feedback**

The Trust actively engages patients, carers and other stakeholders in seeking their views on what they require of the Trust's services and how the Trust's services should transform and develop. This engagement includes regular surveys, patient/carer feedback work and specific engagement/involvement in initiatives together with formal consultation on the Trust's plans, including formal public consultation on specific proposals.

Patient feedback is actively sought and reviewed through a number of initiatives which are supported through the Trust's dedicated Patient and Carer Engagement Team including:

- Friends and Family Test;
- Service User and Carer Network for Transforming Services;
- AIMS (Service User and Carer Questionnaires);
- Essence of Care;
- See It Say It Campaign;
- Complaints, Incidents and PALS Reports;
- Service visits by Directors;
- Patient Opinion, including 'Points of You';
- Service user and carer groups for particular wards and services;
- Director visits;
- Council of Governors;
- Review of feedback to the CQC regarding the Trust's services;
- Royal College of Psychiatry Quality Network peer reviews;
- Consultation and involvement regarding proposed service changes/developments;
- Care Connect;
- SWEMWEBS (The Short Warwick and Edinburgh Mental Wellbeing Scale);
- Local and national surveys.

A Carers' Charter has been developed which outlines how we will work in partnership with them and provide support and help. We recognise that providing effective treatment relies on a three way partnership between service users, their families and carers, and professionals and have also developed practice guidance for staff relating to a common sense approach to sharing information with carers.

Service user and carer representatives are actively involved on a number of Trust Forums, e.g. PRiDE, SUI Review Group, Learning Lessons Group. 'Points of You' gathers 'real time' feedback from service users and carers using a variety of methods, including patient and carer postcards, interviews and video clips.

With regard to SWEMWEBS, through the Trust's involvement in the Care Pathways and Packages Project, a short wellbeing scale has been nationally recommended as the Patient Reported Outcome Measure (PROM) for the treatment packages we deliver. The ratings for scales allow clinical outcomes to be measured at the end of a patient's episode of care and compared to the start of the episode. SWEMWEBS is now being sent/given to patients at these same time points. The Trust is also reporting the standard Friends and Family Questionnaire which provides us with a Patient Reported Experience Measure (PREM).

A quarterly report on service user and carer experience is now presented to the Board. This includes an analysis of the feedback received through 'Points of You' and other experience measures, recurrent themes and actions to be taken to address these themes.

The Trust also has a number of good examples where users and carers have been actively involved in the development of services e.g:

- Alnwood;
- Tyne;
- PRiDE Project, where a carer representative was a member of the Project Board.

## **Patient Information**

The Trust's Patient Information Centre aims to provide a central point of access to appropriate information about health and related services, leading to increased understanding which will help people to feel in control of their own health and treatments.

The services offered by the Centre are available to everyone, not only to patients. As well as a drop-in resource centre they take telephone enquiries and respond to written requests for information. Staff are available to explain information and this is followed up with written material to take away. The Centre has established good working relationships with other statutory and voluntary organisations so that they can make referrals with confidence.

Information is available in different media in order to meet the requirements of all potential users, including easy read information. Information can be accessed on line and the Centre holds the Information Standard Accreditation. Information is provided about Trust services and how to access them; treatments; medication; other service providers; self-help and support groups and advocacy.

## **Statement as to disclosure to auditors**

Each director has stated that as far as he/she is aware, there is no relevant audit information of which the Trusts auditors are unaware and he/she has taken all steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that Mazars LLP are aware of that information.

## **Register of Directors' Interests**

Please refer to the Governance Report.

## **Our Governance Arrangements including directors' details**

Please refer to the Governance Report.



## **4 REMUNERATION REPORT**

### **Annual statement on remuneration**

The Trust has determined that senior managers include Board members only. This is in line with the requirement to include those who influence the decisions of the Trust as a whole rather than decisions of individual directorates or sections within the Trust. The Chief Executive Officer has re-affirmed this position.

The Trust Chair has confirmed that during 2014/15, there have not been any major decisions on senior managers' remuneration or any substantial changes relating to senior managers' remuneration made during the year. There were no changes to remuneration. The Trust Chair makes this statement in his role as Chair of the Remuneration Committee, whose remit covers Executive Directors, and as Chair of the Council of Governors, whose remit covers Non-Executive Directors.

### **Senior managers' remuneration policy**

The Trust complies with all aspects of Monitor's Code of Governance. This includes the main principle (D.1.a) – "Levels of remuneration should be sufficient to attract, retain and motivate directors of quality, and with skills and experience required to lead the NHS Foundation Trust successfully, but an NHS Foundation Trust should avoid paying more than is necessary for this purpose and should consider all relevant and current directions relating to contractual benefits such as pay and redundancy entitlements."

In considering the remuneration of senior managers, the Remuneration Committee, who consider the remuneration of executive directors, is provided with information on the annual uplifts given to 'medical and dental' staff and those under 'agenda for change', and considers circulars from the Department of Health on the pay of very senior managers in the NHS. External reports on job evaluation and market forces are commissioned when needed, the latest being in 2013/14. Similarly the Nominations Committee considers the remuneration of non-executive directors prior to providing recommendations to the Council of Governors. Monitor's Code of Governance requires that external professional advisers are consulted to market test the remuneration of the chairperson and other non-executives at least once every three years and when they intend to make a material change to the remuneration of a non-executive. This market testing took place in 2014/15.

All substantive Executive Directors' contracts are permanent with three months' notice (except the Director of Finance whose notice period is four months) and termination payments (including redundancy and early retirement) are as per the general NHS terms and conditions applicable to other staff.

Performance pay did not apply for 2014/15 and will not apply during 2015/16. The Trust reimburses the Chief Executive and Executive Directors any reasonable travelling, hotel, hospitality and other expenses wholly, exclusively and necessarily incurred in the proper performance of his/her duties. This is subject to the production of relevant invoices or other appropriate proof of expenditure in respect of claims submitted.

Pay for other directors, senior managers and all other non-medical and dental staff is in accordance with the national Agenda for Change terms and conditions, although there are a very small number of staff who still choose to remain on local terms and conditions of services. Pay for medical staff is in accordance with the national terms and conditions of service for hospital, medical and dental staff, and may include clinical excellence awards.

Benefits in kind relate to lease cars and salary sacrifice schemes.

### Annual report on remuneration

Table 8 shows the Board members that have served during 2014/15; their date of appointment; the cessation date of the current tenure of the Chair and each Non-Executive Director; and the notice period of Executive Directors.

A term of office for the Chair and Non-Executive Directors is three years. The re-appointment of the Chair or Non-Executive Director after their first term of office is subject to a satisfactory performance appraisal. Any term beyond six years (i.e. two terms) should only be in exceptional circumstances and subject to annual re-appointment and is subject to a particularly rigorous interview and satisfactory appraisal, and should take into account the need for progressive refreshing of the Board of Directors.

**Table 8: Board Membership Details**

Name Title	Date of:		Current expiry of term	Notice period (month)
	Appointment	Cessation		
<b>Martin Cocker</b> Non-Executive Director/Audit Committee Chair	01.01.12	-	31.12.17	N/A
<b>Lisa Crichton-Jones</b> Director of Workforce and Organisational Development Acting Director of Workforce and Organisational Development (14.05.14 to 03.08.14)	04.08.14	-	N/A	3
<b>James Duncan</b> Deputy Chief Executive/Director of Finance Acting Chief Executive (01.04.14 to 22.06.14)	01.12.09	-	N/A	4
<b>Douglas Gee</b> Medical Director	01.12.13	-	N/A	3
<b>Ken Grey</b> Non-Executive Director/Senior Independent Director	01.12.09	31.12.14	-	-
<b>Neil Hemming</b> Non-Executive Director	01.01.15	-	31.12.17	N/A

<b>John Lawlor</b> Chief Executive	23.06.14	-	N/A	3
<b>Paul McEldon</b> Vice Chair	01.12.09 20.02.14		31.12.15	N/A
<b>Gary O'Hare</b> Director of Nursing and Operations	01.12.09	-	N/A	3
<b>Nigel Paton</b> Non-Executive Director	01.07.12	-	30.06.15	N/A
<b>Lisa Quinn</b> Director of Performance and Assurance	01.12.09	-	N/A	3
<b>Ruth Thompson</b> Non-Executive Director	01.04.14	-	31.03.17	N/A
<b>Chris Watson</b> Non-Executive Director Senior Independent Director	01.12.09 01.01.15	-	31.12.15	N/A
<b>Hugh Morgan Williams</b> Trust Chair	01.11.13	-	31.10.16	N/A

The Trust has a Remuneration Committee, whose role is to determine and review all aspects of the remuneration and terms and conditions of the Chief Executive and other Executive Directors and to agree associated processes and arrangements including appointments. The Committee is chaired by the Trust Chair and its membership is made up of all non-executive directors. The Committee met three times during 2014/15. Table 9 below shows the membership of the Remuneration Committee during 2014/15 along with their attendance.

**Table 9: Membership of the Remuneration Committee and Attendance**

Name	Meetings	
	Total	Attended
Hugh Morgan Williams (chair)	3	3
Martin Cocker	3	3
Ken Grey	2	2
Neil Hemming	1	0
Paul McEldon	3	3
Nigel Paton	3	3
Ruth Thompson	3	2
Chris Watson	3	3

During 2014/15, there were 14 individuals fulfilling the role as director, nine of them receiving expenses (including relocation expenses) in the reporting period totalling £15,692. The equivalent for 2013/14 was 15 individuals with eight receiving expenses (including relocation expenses) totalling £9,800.

During 2014/15, there were 46 individuals in governors' roles, but at any one time there was an average of 38 governors. 10 governors received expenses totalling

£1,940. The equivalent for 2013/14 was 41 individuals in governors' roles with an average of 31 at any one time. 18 governors received expenses totalling £2,400.

## Off-Payroll Engagements

**Table 10: Number of Off-Payroll Engagements as of 31 March 2015, for more than £220 per day and that have lasted for longer than six months**

<b>Number of existing engagements as of 31 March 2015</b>	<b>7</b>
Of which.....	
No. that have existed for less than one year at time of reporting	2
No. that have existed for between one and two years at time of reporting	5
No. that have existed for between two and three years at time of reporting	0
No. that have existed for between three and four years at time of reporting	0
No. that have existed for four or more years at time of reporting	0

All existing off-payroll engagements outlined above have been subject to a risk based assessment and assurance has been sought that the individual is paying the right amount of tax. All of these arrangements relate to Medics operating on a self-employment basis through Personal Services Companies (PSCs) and through Stafflow.

**Table 11: Number of New Off-Payroll Engagements, or those that reached six months in duration between 1 April 2014 and 31 March 2015, for more than £220 per day and that have lasted for longer than six months**

<b>Number of new engagements, or those that reached six months in duration between 1 April 2014 and 31 March 2015</b>	<b>11</b>
No. of the above which include contractual clauses giving the Trust right to request assurance in relation to income tax and National Insurance obligations	11
No. for whom assurance has been requested	11
Of which.....	
No. for whom assurance has been received	4
No. for whom assurance has not been received	7
No. that have been terminated as a result of assurance not being received	0

Contractual clauses are included in the contacts which indemnify the Trust from being liable for the tax obligations of the Personal Services Companies (PSCs). Should any tax liabilities arise, the Trust can seek reimbursement from the PSC. From 2015/16 new contracts will be signed which confirm agreement that the personal services company will meet any tax liabilities payable and that the Trust has the right to seek assurances from the PSC.

**Table 12: Number of New Off-Payroll Engagements of Board Members or Senior Officials with significant financial responsibility between 1 April 2014 and 31 March 2015.**

<b>Number of Off-Payroll engagements of Board members or senior officials with significant financial responsibility during the year</b>	<b>0</b>
---	----------

### Board of Director's remuneration

Table 13 shows the remuneration for each board member who served during 2014/15 along with prior year comparatives.

**Table 13: Board of Directors Remuneration**

Board of Directors remuneration								
Name	Salary Bands of £5,000		Taxable benefits Rounded to the nearest £100		Pension Related Benefits Bands of £2,500		Total Remuneration Bands of £5,000	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
Hugh Morgan Williams	<b>40-45</b>	15-20	<b>0</b>	0	<b>0</b>	0	<b>40-45</b>	15-20
Martin Cocker	<b>10-15</b>	10-15	<b>0</b>	0	<b>0</b>	0	<b>10-15</b>	10-15
Ken Grey	<b>5-10</b>	10-15	<b>0</b>	0	<b>0</b>	0	<b>5-10</b>	10-15
Neil Hemming	<b>0-5</b>	-	<b>0</b>	-	<b>0</b>	-	<b>0-5</b>	-
Paul McEldon	<b>10-15</b>	10-15	<b>0</b>	0	<b>0</b>	0	<b>10-15</b>	10-15
Nigel Paton	<b>10-15</b>	10-15	<b>0</b>	0	<b>0</b>	0	<b>10-15</b>	10-15
Ruth Thompson	<b>10-15</b>	-	<b>0</b>	-	<b>0</b>	-	<b>10-15</b>	-
Chris Watson	<b>10-15</b>	10-15	<b>0</b>	0	<b>0</b>	0	<b>10-15</b>	10-15
John Lawlor	<b>140-145</b>	-	<b>0</b>	-	<b>175.0-177.5</b>	-	<b>315-320</b>	-
Lisa Crichton-Jones	<b>100-105</b>	115-120	<b>49</b>	12	<b>0</b>	117.5-120.0	<b>100-105</b>	235-240
James Duncan	<b>125-130</b>	125-130	<b>41</b>	13	<b>15.0-17.5</b>	27.5-30.0	<b>145-150</b>	155-160
Dr Douglas Gee	<b>160-165</b>	50-55	<b>0</b>	0	<b>67.5-70.0</b>	17.5-20.0	<b>230-235</b>	70-75
Gary O'Hare	<b>100-105</b>	105-110	<b>80</b>	74	<b>0</b>	0	<b>50</b>	105-110
Lisa Quinn	<b>95-100</b>	120-125	<b>14</b>	13	<b>0</b>	5.0-7.5	<b>95-100</b>	130-135

#### Note

There were no performance related bonus payments made or exit packages awarded to Executive and Non-Executive Directors included as senior managers.

Benefits in kind relate to lease cars and salary sacrifice schemes.

## Median remuneration

The median remuneration of all Trust staff and the ratio between this and the mid-point of the banded remuneration of the highest paid director are shown below. The calculation is based on full time equivalent staff of the Trust at 31 March 2015 on an annualised basis.

**Table 14: Median remuneration**

<b>Fair pay multiple</b>	<b>2014/15</b>	2013/14
Median total remuneration	<b>£25,020</b>	£25,783
Ratio to mid-point of the banded remuneration of highest paid director	<b>7.39</b>	8.84

## Total pension entitlement

**Table 15: Board of Director Pension Analysis**

<b>Board of Directors pension analysis</b>							
	Real increase (decrease) in pension at age 60	Real increase (decrease) in lump sum at age 60	Total accrued pension at 31/03/15	Lump sum at age 60 related to accrued pension at 31/03/15	Cash Equivalent Transfer Value at 31/03/15	Cash Equivalent Transfer Value at 31/03/14	Real increase in Cash Equivalent Transfer Value
	Bands £2.5k £000	Bands of £2.5k £000	Bands of £5k £000	Bands of £5k £000	£000	£000	£000
John Lawlor	7.5-10.0)	22.5-25.0	65-70	195-200	1306	1050	176
Lisa Crichton-Jones	(0.0)-(2.5)	(0.0)-(2.5)	15-20	55-60	296	284	4
James Duncan	0-2.5	0-2.5	35-40	105-110	572	532	26
Dr Douglas Gee	0-2.5	2.5-5.0	45-50	135-140	759	671	23
Gary O'Hare	(0.0)-(2.5)	(5.0)-(7.5)	50-55	150-155	942	925	(7)
Lisa Quinn	(0.0)-(2.5)	0-2.5	30-35	95-100	496	470	13

Note: John Lawlor's increases in pension relate to the period in post only.

The remuneration and pension benefits tables disclosed have been subject to audit and an unqualified opinion has been given.

### **Cash equivalent transfers**

Cash equivalent transfer values are not applicable where individuals are over 60 years old. As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members. The 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 accumulated benefits and any contingent spouse's pension payable from the scheme. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculties of Actuaries. 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. 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.

**John Lawlor**  
**Chief Executive**  
**27 May 2015**

## **5 GOVERNANCE REPORT**

### **Accountability - types of decision taken by the Board and Council of Governors**

The Board of Directors is collectively responsible for the exercise of the powers and the performance of the Trust. As a unitary Board all directors have joint responsibility for every decision of the Board of Directors and share the same liability. This does not impact upon the particular responsibilities of the Chief Executive as the accounting officer.

The Board has a Scheme of Decisions Reserved to the Board and delegates as appropriate to committees or senior management, e.g. the delegation to officers to certify payments up to pre-determined levels. However, the Board remains responsible for all of its functions, including those delegated.

The general duty of the Board and of each director individually, is to act with a view to promoting the success of the organisation so as to maximise the benefits for the members of the Trust as a whole and for the public.

Its role is to provide entrepreneurial leadership of the Trust within a framework of prudent and effective controls, which enables risk to be assessed and managed. It is responsible for:

- Ensuring the quality and safety of healthcare services, education, training and research delivered by the Trust and applying the principles and standards of clinical governance set out by the Department of Health, NHS England, the Care Quality Commission, and other relevant NHS bodies;
- Setting the Trust's vision, values and standards of conduct and ensuring that its obligations to its members are understood clearly communicated and met. In developing and articulating a clear vision for the Trust, it should be a formally agreed statement of the Trust's purpose and intended outcomes which can be used as a basis for the Trust's overall strategy, planning and other decisions;
- Ensuring compliance by the Trust with its licence, its constitution, mandatory guidance issued by Monitor, relevant statutory requirements and contractual obligations;
- Setting the Trust's strategic aims at least annually, taking into consideration the views of the Council of Governors, ensuring that the necessary financial and human resources are in place for the Trust to meet its priorities and objectives and then periodically reviewing progress and management performance;
- Ensuring that the Trust exercises its functions effectively, efficiently and economically.



The general duties of the Council of Governors are:

- To hold the non-executive directors individually and collectively to account for the performance of the Board of Directors, which includes ensuring the Board of Directors acts so that the Trust does not breach the terms of its licence;
- To represent the interests of the members of the NHS Foundation Trust as a whole and the interests of the public.

In addition, the statutory roles and responsibilities of the Council of Governors are to:

- Appoint and, if appropriate, remove the Chair;
- Appoint and, if appropriate, remove the other non-executive directors;
- Decide the remuneration and allowances, and other terms and conditions of office, of the Chair and the other non-executive directors;
- Approve (or not) any new appointment of a Chief Executive;
- Appoint and, if appropriate, remove the Trust's auditor;
- Receive the Trust's annual accounts, and the annual report at a general meeting of the Council of Governors;
- Provide views to the Board when the Board is preparing the document containing information about the Trust's forward planning, noting that the Board must have regard to the views of the Council of Governors;
- Approve significant transactions;
- Approve an application by the Trust to enter into a merger, acquisition, separation or dissolution;
- Decide whether the Trust's non-NHS work would significantly interfere with its principal purpose, which is to provide goods and services in England;
- Approve amendments to the Trust's constitution;
- Require, if necessary, one or more directors to attend a Council of Governors meeting to obtain information about performance of the Trust's functions or the directors' performance of their duties, and to help the Council of Governors to decide whether to propose a vote on the Trust's or directors' performance.

The Council of Governors is not responsible for the day to day running of the organisation and cannot therefore veto decisions made by the Board.

### **The Board of Directors**

The Board of Directors keeps its performance and effectiveness under on-going review. It undertakes self-assessment of effectiveness including Board 'time outs', a development programme, the review of governance arrangements, the annual review of the Board and its committees' terms of reference and the annual committees' self-assessment exercise.

The Board of Directors maintains continuous oversight of the Trust's risk management and internal control systems with regular reviews covering all material controls, including financial, operational and compliance controls. The Board of Directors reports on internal control through the Annual Governance Statement.

## **The Trust Chair**

The Chair is responsible for providing leadership to the Board of Directors and the Council of Governors, ensuring governance principles and processes of the Board and Council are maintained whilst encouraging debate and discussion. The Chair is also responsible for ensuring the integrity and effectiveness of the governors' and directors' relationship. The Chair leads the performance appraisals of the Council of Governors, Non-Executive Directors and the Chief Executive.

Hugh Morgan Williams was appointed Trust Chair on 1 November 2013 and prior to appointment he reported to the Council of Governors that he had no other significant commitments. This position has not changed.

## **The Vice Chair**

Paul McEldon was appointed as Vice Chair from 20 February 2014.

## **Senior Independent Non-Executive Director**

Ken Grey was Senior Independent Director until the end of his tenure on 31 December 2014 with Chris Watson taking over the role from 1 January 2015. The Senior Independent Director leads the performance appraisal of the Chair.

## **The Chief Executive**

The Chief Executive's principal responsibility is the effective running and operation of the Foundation Trust's business. The Chief Executive is also responsible for proposing and developing the Trust's Strategy and Business Plan objectives which are done in close consultation with the Chair of the Board of Directors. The Chief Executive is responsible for preparing forward planning information, which forms part of the Annual Plan, taking into consideration the views expressed by the Council of Governors. The Chief Executive is responsible, with the Executive Team, for implementing the decisions of the Board of Directors and its committees.

The Chief Executive leads the performance appraisals of the Executive Directors.

John Lawlor was appointed as the Chief Executive from 23 June 2014. James Duncan, Deputy Chief Executive, was Acting Chief Executive from 1 April 2014 to 22 June 2014.

## **Independent Non-Executive Directors**

The Board of Directors is satisfied that the Non-Executive Directors, who served on the Board of Directors for the period under review, 1 April 2014 to 31 March 2015, were independent. The Board of Directors is satisfied that there were no relationships or circumstances likely to affect independence, and the criteria at B1.1 of Monitor's Code of Governance were taken into account in arriving at their view. This was reinforced through the appointments/re-appointments process applied by the Nominations Committee.

## Register of Directors' Interests

The Trust maintains a formal Register of Directors' Interests. The Register is available for inspection on the internet at [www.ntw.nhs.uk](http://www.ntw.nhs.uk) or on request, from Eric Jarvis, Board Secretary, Chief Executive's Office, St. Nicholas Hospital, Jubilee Road, Gosforth, Newcastle upon Tyne, NE3 3XT. ([eric.jarvis@ntw.nhs.uk](mailto:eric.jarvis@ntw.nhs.uk)).

The Board of Directors do not consider any of the interests declared to conflict with their management responsibilities and therefore do not compromise the Directors' independence.

## Number of meetings and attendance

The Board of Directors meets in public ten times per year.

The table below shows the members of the Board of Directors during 2014/15 along with directors' titles and attendance at Board meetings.

**Table 16: Membership of the Board of Directors and Attendance**

Name Title	Date of:		Current expiry of term	Meetings	
	Appointment	Cessation		Total	Attended
<b>Martin Cocker</b> Non-Executive Director/Audit Committee Chair	01.01.12	-	31.12.17	10	10
<b>Lisa Crichton-Jones</b> Director of Workforce and Organisational Development	04.08.14	-	N/A	10	9
Acting Director of Workforce and Organisational Development	14.05.14	03.08.14			
<b>James Duncan</b> Deputy Chief Executive/Director of Finance	01.12.09	-	N/A	10	10
Acting Chief Executive	01.04.14	22.06.14			
<b>Douglas Gee</b> Medical Director	01.12.13	-	N/A	10	9
<b>Ken Grey</b> Non-Executive Director/Senior Independent Director	01.12.09	31.12.14	-	7	6
<b>Neil Hemming</b> Non-Executive Director	01.01.15	-	31.12.17	3	0
<b>John Lawlor</b> Chief Executive	23.06.14	-	N/A	8	7
<b>Paul McEldon</b> Vice Chair	01.12.09 20.02.14		31.12.15	10	10
<b>Gary O'Hare</b> Director of Nursing and Operations	01.12.09	-	N/A	10	9

<b>Nigel Paton</b> Non-Executive Director	01.07.12	-	30.06.15	10	10
<b>Lisa Quinn</b> Director of Performance and Assurance	01.12.09	-	N/A	10	10
<b>Ruth Thompson</b> Non-Executive Director	01.04.14	-	31.03.17	10	6
<b>Chris Watson</b> Non-Executive Director Senior Independent Director	01.12.09 01.01.15	-	31.12.15	10	10
<b>Hugh Morgan Williams</b> Trust Chair	01.11.13	-	31.10.16	10	9

The above table illustrates the date of appointment and the expiry date of the current tenure of the Chair and each Non-Executive Director.

The appointment of the Chair and Non-Executive Directors requires approval by the majority of the governors attending the relevant general meeting, but their removal requires the approval of three-quarters of the entire Council of Governors. In addition to the Chair and Non-Executive Directors not being re-appointed at the end of their tenure, there are other possible reasons for termination depending on the particular circumstances. The reasons may include, but are not limited to, gross misconduct or a request from the Board for the removal of a particular Non-Executive Director, the Chair losing the confidence of the Board or Council of Governors and the severe failure of the Chair to fulfil the role.

A term of office for the Chair and Non-Executive Directors is three years. The re-appointment of the Chair or Non-Executive Director after their first term of office is subject to a satisfactory performance appraisal. Any term beyond six years (i.e. two terms) should only be in exceptional circumstances and subject to annual re-appointment and is subject to a particularly rigorous interview and satisfactory appraisal, and should take into account the need for progressive refreshing of the Board of Directors.

### **Director's skills, expertise and experience**

The Board of Directors believes the Trust is led by an effective Board. The Chair, on behalf of the Board of Directors keeps the size, composition and succession of directors under review, in line with the Trust's business objectives, and makes recommendations as appropriate to the Council of Governors via the Nominations Committee. The work of the Nominations Committee (and subsequently the Council of Governors) relating to the Non-Executive Directors' appointment/reappointment process for 2014/15 was informed by such recommendations and it was formally acknowledged that the future process would seek to redress gender and ethnic minority imbalance with the Board of Directors, if possible.

In advance of the appointment of Non-Executive Directors during 2015/16, the Board of Directors has reviewed the balance of the Board and the desired qualifications, skills and experience for upcoming Non-Executive Directors' vacancies.

The Board of Directors believes that there is a balance of Executive and Non-Executive Directors and that no individual group or individuals dominate the Board meetings.

The qualifications, skills, expertise and experience of directors as at 31 March 2015 are shown below.

#### Martin Cocker

Qualifications include BSC Joint Honours Mathematics and Economics and Member of the Institute of Chartered Accountants of England and Wales.

Experience and skills/expertise:

- Independent non-executive director and chairman of the Audit Committee, Etalon Group Limited;
- Independent non-executive director and chairman of the Audit Committee, EFKO Foods PLC;
- Significant business-advisory experience, including Managing Partner North Russia Region, Deloitte and Touche, Managing Partner Deloitte and Touche Central Asia Audit Group and Partner and Leader of Ernst and Young's Energy Group in Moscow, Russia.

#### Lisa Crichton-Jones

Qualifications include Fellow of Chartered Institute of Personnel and Development (CIPD); MA (Human Resource Management); Postgraduate Certificate in Strategic Workforce Planning; Postgraduate Diploma in Leadership through Effective Human Resource Management and BA (Hons) Italian and French.

Experience and skills/expertise:

- Significant Human Resources experience across mental health and disability services;
- Deputy Director of Workforce and Organisational Development, Northumberland, Tyne and Wear NHS Foundation Trust;
- Programme Director for Workforce and Leadership programmes;
- Senior workforce lead supporting Foundation Trust application;
- Associate Director of both People Management and Workforce Development, Northumberland, Tyne and Wear NHS Trust;
- Deputy Director of HR, Newcastle, North Tyneside and Northumberland Mental Health Trust;
- Board Governor East Durham College.

#### James Duncan

Qualifications include BA Politics and History and member of the Chartered Institute of Public Finance and Accountancy.

Experience and skills/expertise:

- Extensive financial experience in the NHS;
- Experience in managing mergers, FT application process, PFI and significant capital investment, transformation leadership and development of shared system solutions;
- Director of Finance, Newcastle, North Tyneside and Northumberland Mental Health NHS Trust;
- Director of Finance, Northgate and Prudhoe NHS Trust (including 6 months as Acting Chief Executive);
- Member of National Payment Systems Steering Group
- Chair of National Business Systems Group for Mental Health Payment Systems and Member of National Steering Group for same project;
- Vice Chair of HFMA (Healthcare Financial Management Association) Mental Health Faculty.

### Dr Douglas Gee

Qualifications include MB ChB (University of Edinburgh), MRCPsych and MMedSc (University of Leeds).

Experience and skills/expertise:

- Medical Director at Humber NHS Foundation Trust;
- Experience included FT application, various service redesigns, and acquisition of community services;
- Responsibilities included professional management of Medical, Psychology and AHP (Allied Health Professional) staff as well as the Integrated Governance Department and Clinical Pharmacy;
- Medical Management role since 2001;
- Experience included some of the early implementation of New Ways of Working;
- Consultant General Adult Psychiatrist since 1998.

### Neil Hemming

Qualifications include graduating in computing science from Newcastle University.

Experience and skills/expertise:

- Global Managing Partner at SAP;
- Group Director-level roles with two FTSE 25 companies - Vodafone and British Telecom;
- A breadth of knowledge across strategy, financial and commercial management, sales and marketing, product development and service delivery, with extensive experience of business transformation and improvement programmes;
- Member of the North East Local Enterprise Partnership (LEP) Innovation Board.

### John Lawlor

Qualifications include BSc (Hons) Mathematics (first class); Post Graduate Certificate of Education, Maths and Physics, secondary level; and Post Graduate Diploma in Leading Innovation and Change.

Experience and skills/expertise:

- Executive Coaching programme;
- Yorkshire and Humber Chief Executive Leadership development programme;
- NHS Top Leaders' Programme member;
- Member of NHS England's 'Leadership forum';
- Area Director in NHS England, responsible for the Cumbria, Northumberland, Tyne and Wear part of the north of England;
- Chief Executive of Leeds Primary Care Trust (PCT) and then of the Airedale, Bradford and Leeds PCT;
- Chief Executive and Deputy Chief Executive/Director of two NHS providers across Yorkshire;
- Chief Executive of Harrogate and District NHS Foundation Trust;
- Executive Director/Deputy Chief Executive of Calderdale and Huddersfield NHS Trust;
- Civil Servant, in the Department of Health and in the Department of Employment;
- Secondary School Mathematics Teacher in South Yorkshire.

### Paul McEldon

Qualifications include Member of the Institute of Chartered Accountants for England and Wales; BA (Hons) Accountancy and Financial Analysis; and Member of Sunderland City Software Project.

Experience and skills/expertise:

- Audit Manager for KPMG;
- Extensive business and finance experience, currently Chief Executive of North East Business and Innovation Centre;
- Financial Director of Sunderland City Training and Enterprise Council;
- Founding Director and Company Secretary of Sunderland Science Park;
- Chairman of the National Enterprise Network.

### Gary O'Hare

Qualifications include Enrolled Nurse; Registered Mental Nurse and Diploma in the Care and Management of the Mentally Disordered Offender (ENB A71).

Experience and skills/expertise:

- Extensive clinical experience in Psychiatric Intensive Care and Forensic Mental Health nursing;
- Extensive nursing and operational delivery experience, both clinical and managerial, at local and national level;

- Director of Nursing at Newcastle, North Tyneside and Northumberland Mental Health NHS Trust;
- Led a number of national initiatives on the management of violence and aggression for the Department of Health and the National Patient Safety Agency;
- Member of the Mental Health and Learning Disability Nurse Directors and Leads National Forum;
- Strong academic links with Northumbria University.

### Nigel Paton

Qualifications include LLb (Hons) Newcastle University; Law Society final examination; and the Programme for Executives, Carnegie Mellon University, Pittsburgh.

Experience and skills/expertise:

- Director (Legal) of the Marine and Protective Coatings Business of Akzo Nobel;
- General Counsel, ICI Paints;
- Lead Mergers and Acquisitions (M&A) counsel, ICI PLC;
- Extensive experience as international commercial lawyer.

### Lisa Quinn

Qualifications include Member of the Chartered Institute of Management Accountants (CIMA).

Experience and skills/expertise:

- Extensive NHS business, performance and finance experience;
- Associate Director of Financial Delivery and Business Support, Northumberland, Tyne and Wear NHS Trust;
- Associate Director of Finance and Business Support, Newcastle, North Tyneside and Northumberland Mental Health NHS Trust;
- Business Development & Planning Accountant, Newcastle City Health NHS Trust.

### Ruth Thompson, OBE

Qualifications include LLB (Hons) Durham University; LLM (Distinction) Commercial Law; Diploma in Accountancy and Finance; Fellow of Energy Institute (FEI); and Fellow of the Royal Society of Arts (FRSA)

Experience and skills/expertise:

- Experienced portfolio non-executive director;
- Solicitor in local government and energy industry;
- Director, Transco PLC;
- Group Corporate Affairs Director, National Grid Plc dealing with public policy and communications across UK, EU and USA;



- Significant change management experience across operational, emergency and support services, in private, public, charity and voluntary sectors;
- High Sheriff of the County of Tyne and Wear 2014/15;
- Awarded OBE for services to New Deal in 2002.

### Chris Watson

Qualifications include BSc Civil and Environmental Engineering; Member of Institution of Civil Engineers; and MBA.

Experience and skills/expertise:

- Significant management and business expertise including Senior Manager, Northumbria Water.

### Hugh Morgan Williams, OBE

Qualifications include BA Hons Modern History (Durham University).

Experience and skills/expertise:

- Senior industry figure in the north of England, with significant national and European exposure;
- Experience chairman of large and small organisations with particular skill in change management, Small and Medium enterprise (SME) start-ups, funding, acquisition and divestment;
- A strong understanding and practical experience of the interface between the private and public sector;
- Highly skilled communicator with extensive experience of national print and broadcast media;
- Significant lobbying experience at ministerial level as well as policy formulation;
- Awarded OBE for services to business in 2008.

## **Committees**

The Trust's Constitution requires the Board to convene a Remuneration Committee and an Audit Committee and any other committees as it sees fit to discharge its duties.

The governance structures of the Trust were extensively reviewed in May 2012 and continue to be regarded as fit for purpose. In addition to the Remuneration Committee and Audit Committee reporting to the Board, there are also three other standing committees delivering a statutory and assurance function, i.e. the Mental Health Legislation Committee, the Finance Infrastructure and Business Development Committee and the Quality and Performance Committee. There is a further committee, the Trustwide Programmes Board, which is a time limited committee providing the Board of Directors with assurance regarding the Trust's programmes, which deliver on the Trust's transformation and development agenda. Each committee is chaired by a Non-Executive Director and has robust Non-Executive Director input along with Executive Director Membership. While reporting to the

Board of Directors, the work of the committees in relation to risk management is reviewed by the Audit Committee. Each committee self-assesses its effectiveness annually.

## Remuneration Committee

The purpose of the Remuneration Committee is to decide and review the terms and conditions of office of the Executive Directors and comply with the requirements of Monitor’s Code of Governance and any other statutory requirements. The Remuneration Committee’s role includes agreeing processes and arrangements and receiving and considering the outcome and recommendations from such processes for approval, e.g. interview processes. Ensuring compliance with the requirements of “NHS Employers: Guidance for employers within the NHS on the process for making severance payments” was added to the committee’s remit during 2013/14 following instruction by Monitor.

All Executive Director’s appointments and terms of office are considered by the Remuneration Committee. This includes the Chief Executive, whose appointment must be agreed by the Council of Governors.

The Council of Governors is responsible for the appointment/reappointment of the Chairman and Non-Executive Directors with the associated work carried out by its Nominations Committee, which provides the Council with recommendations. The work of the Nominations Committee is described later in this report.

The Remuneration Committee is chaired by the Trust Chair and its membership is made up of all Non-Executive Directors. The Committee met three times during 2014/15. The table below shows the membership of the Remuneration Committee during 2014/15 along with their attendance.

**Table 17: Membership of the Remuneration Committee and Attendance**

Name	Meetings	
	Total	Attended
Hugh Morgan Williams (chair)	3	3
Martin Cocker	3	3
Ken Grey	2	2
Neil Hemming	1	0
Paul McEldon	3	3
Nigel Paton	3	3
Ruth Thompson	3	2
Chris Watson	3	3

Changes to Executive Directors during 2014/15 were as follows:

- John Lawlor commenced as Chief Executive Officer from 23 June 2014.
- Lisa Crichton-Jones became the substantive Executive Director of Workforce and Organisational Development after being employed in an acting capacity since 14 May 2012.

The process for appointing the Chief Executive Officer for which an external search adviser was appointed took place during the previous year, i.e. 2013/14.

## **Audit Committee**

### Overview

The Audit Committee provides a central means by which the Board of Directors ensures effective internal control arrangements are in place. The Committee also provides a form of independent check upon the executive arm of the Board of Directors. It is the job of Executive Directors and the Accountable Officer to establish and maintain processes for governance. The Audit Committee independently monitors, reviews and reports to the Board of Directors on the process of governance, and, where appropriate, facilitates and supports, through its independence, the attainment of effective processes.

### Audit Committee Composition and Attendance

The Audit Committee comprises three non-executive directors. Each of the members is considered to be independent and the Board is satisfied that the Chairman of the Audit Committee has recent and relevant financial experience.

The Audit Committee met seven times during, and twice shortly after the end of, the financial year. Attendance at those meetings was as follows:

Member	Meetings	
	Total	Attended
Martin Cocker	9	9
Nigel Paton	9	6
Chris Watson	9	9

In addition, the Director of Finance, Director of Performance and Assurance, External Audit and Internal Audit, including Counter Fraud, were all invited to each meeting during the year. All attended each meeting with the exception of the Director of Finance who was unable to attend two meetings and the Director of Performance and Assurance, who was unable to attend three meetings. However, alternates did attend. From January 2015 a representative of the Governors attended each Audit Committee meeting as an observer.

The Chief Executive and the Chairman of the Board were invited to, and attended, the April 2015 meeting at which the Annual Governance Statement was considered

as well as the Opinion of the Head of Internal Audit which supports the conclusions within the Annual Governance Statement.

External Audit and Internal Audit were given opportunities at the end of each meeting to discuss confidential matters with the Audit Committee without Executive management being present.

### Programme of Works

The Audit Committee follows an annual work programme that covers the principal responsibilities set out within its terms of reference. In 2014/15, this included, amongst other matters, the following activities:

- Assessed the integrity of the Trust's financial statements for the year ended March 31, 2015;
- Considered the effectiveness, independence and objectivity of the external auditor throughout the audit cycle;
- Reviewed the Annual Governance Statement in light of the Head of Internal Audit opinion, the External Audit opinion relating to the year end and any reports issued by CQC and Monitor;
- Reviewed External Audit's findings and opinions on the Quality Report, the securing of economy, efficiency and effectiveness, and the areas of the Annual Report subject to audit review;
- Considered whether the Trust's Business Assurance Framework ('BAF') and Corporate Risk Register are complete, fit for purpose and in line with Department of Health expectations;
- Reviewed the arrangements by which staff may raise in confidence concerns about possible improprieties in matters of financial reporting and control, clinical quality, patient safety or other matters;
- Reviewed the process established by the Trust to ensure compliance with Monitor's Code of Governance;
- Challenged and approved the internal audit programme, counter fraud and informatics plan, operational plans and detailed programmes of work for the year. The Audit Committee confirmed the effectiveness of internal audit and counter fraud and the adequacy of their staffing and resources;
- Considered the major findings of internal audit, counter fraud and informatics throughout the year. The Audit Committee agreed that the remedial actions proposed were appropriate and then monitored the timely implementation of those remedial actions by management;
- Reviewed the work of other Board Committees and considered how matters discussed at those committees impacted the work of the Audit Committee;

### Significant Issues

Throughout the year, the Audit Committee has debated and concluded on a number of matters. The more significant issues to have come before the Audit Committee, and the actions taken by the Audit Committee to ensure that those issues were dealt with promptly and in an appropriate manner, are noted below.

## 1. Integrity of financial reporting

The Audit Committee reviewed the integrity of the financial statements of the Trust. This process included reviewing the accounting policies to ensure that they remained appropriate and had been complied with and debating the areas of significance in relation to the integrity of financial reporting. The review and debate took into account the views of the External Auditors, Mazars LLP ('Mazars').

The significant matters considered were:

### *Impairment and Revaluation of the Trust's Specialist NHS Buildings*

The Trust records its specialist NHS buildings initially at cost and subsequently at their fair value. The fair value is calculated using the 'depreciated replacement cost' ('DRC') method.

The DRC method seeks to calculate the cost of an asset that would provide a similar function and equivalent utility to the asset being valued, but which is of a current design, constructed using current materials and techniques and is built on a site of optimal size and location.

Therefore, the valuation of the Trust's specialised NHS buildings is not a valuation of the existing buildings in their current locations. Rather, it is a valuation of the specialist buildings that the Trust could hypothetically build to deliver the services and occupancy levels as at the balance sheet date on a site that was of the optimal size and location. Application of the DRC method typically results in an asset value that is significantly lower than the actual cost.

In addition, subsequent remedial capital expenditure on assets already revalued under the DRC method and which does not significantly increase either the value or expected life of the asset is unlikely to result in an increase in the fair value of the asset calculated using the DRC method.

Any reduction in value between the original cost and the fair value calculated under the DRC method is reported as an impairment in the financial statements.

Accordingly, the initial use of the DRC typically results in a significant provision for impairment. In addition, subsequent remedial capital expenditure on assets already revalued under the DRC method is likely to result in an additional provision for impairment.

Any increase in the fair value of assets at successive balance sheet dates is reported as a revaluation.

Non-specialist buildings are carried at market value.

The Audit Committee considered the following matters in respect to 2015:

- i. In 2014, the Trust started a major transformation programme and so revalued its specialist buildings. This resulted in a reduction in fair value at March 31, 2014 of approximately £109 million calculated using the DRC method. In 2015, revised build cost indices were issued by the Royal Institute of Chartered Surveyors. Applying the revised indices resulted in an increase of £13.5 million in the fair value of the Trust's specialist buildings.

This increase in the fair value of the Trust's specialist assets was reported as income in the financial statements. The Audit Committee challenged the magnitude of the adjustment, including questioning Mazars on their review and benchmarking of the indices used. After careful consideration, the Audit Committee concluded that the evidence presented supported the use of the revised indices and that the recalculation of fair value was accurate. The Audit Committee was also satisfied that the reduction in impairment provision was appropriately classified and disclosed in the financial statements.

- ii. During the financial year, the Trust completed construction of its Hopewood Park facility in Ryhope, Sunderland. The new hospital opened on September 2014 on the site of the former Ryhope General Hospital and replaced the Trust's Cherry Knowle Hospital.

The construction cost was £49.5 million. However, the fair value of assets that could deliver the services provided by Hopewood Park, totaling £10.3 million had already been included in the revaluation of specialist buildings conducted in 2014. Therefore, an impairment provision of £39.2 million arose.

In addition, land at the site was transferred from specialist buildings to non-operational resulting in a further provision of £8.5 million. Accordingly, bringing Hopewood Park into use in the financial year resulted in a total impairment provision of £47.7 million. The movement was recorded within the total impairment expense of £51.9 million within the financial statements.

The Audit Committee debated and challenged the work performed by Mazars, including their review of the work of the District Valuer.

At its meeting in May 2014, during the review of the financial statements for the year ended March 31, 2014, the Audit Committee had satisfied itself that the assumptions used in the revaluation of the Trust's specialist buildings were appropriate. Therefore, the Audit Committee concluded that the provision for impairment arising from bringing Hopewood Park into use in the current financial year had been properly calculated and disclosed in the financial statements.

- iii. Remedial capital expenditure totalling £4.2 million had been incurred on operational assets during the year. The expenditure had not resulted in an increase in values or estimated lives of the asset. Accordingly, this had resulted in an additional provision for impairment.

The movement was recorded within the total impairment expense of £51.9

million within the financial statements.

The Audit Committee questioned management as to the nature of the expenditure. The Audit Committee also challenged the work performed by Mazars to gain comfort that the expenditure had not resulted in any increase in value or estimated life of the asset.

After careful analysis, the Audit Committee agreed that it was appropriate to increase the provision for impairment in respect of this expenditure.

### *Provisions*

The Trust has a number of legal or constructive obligations of uncertain timing or amount. Provision for these obligations is made where it is probable that there will be a future outflow of cash or other resources and where a reliable estimate can be made of the amount.

The Audit Committee has discussed with management the provisions made at March 31, 2015. The Audit Committee also challenged the work performed during the audit by Mazars to determine if the provisions were accurately calculated and complete. After consideration, the Audit Committee was satisfied that the level of provision made in the financial statements reflects the best estimate of the economic outflow likely to occur.

### *Going Concern*

The Audit Committee formally considered the assumptions relating the going concern basis of reporting of the financial statements. After careful analysis and debate, the Audit Committee recommended to the March 2015 Board meeting that the use of going concern basis for the preparation of the annual financial statements was appropriate.

## 2. Board Assurance Framework

The Audit Committee has a responsibility to ensure that the Trust's system of risk management is adequate in both identifying risks and how those risks are managed. The Trust's principal risks and the mitigating controls are reflected in the Board Assurance Framework ('BAF'). The BAF is maintained by the Trust's Performance and Assurance group and formally reviewed by the Quality and Performance Committee ('Q&P').

The Audit Committee considered the review performed by Q&P. It questioned directly the Director of Performance and Assurance as to the system for the regular re-assessment of the principal risks and mitigating controls reflected in the BAF. The Audit Committee also questioned directly the Head of Internal Audit to determine if the results of audits conducted to date and a comparison of the Trust's BAF to the equivalent documents in other similar organisations indicated any significant duplications or omissions in the Trust's governance systems.

Finally, the Audit Committee reviewed the Head of Internal Audit Opinion, presented

to the Audit Committee in May 2015.

After careful scrutiny and consideration, the Audit Committee concluded that:

- The system of risk management is adequate in identifying risks and allowing the Board to understand the appropriate management of those risks; and
- The BAF was comprehensive and fit for purpose; and
- There were no significant omissions or duplications in the Trust's systems of governance.

### 3. Annual Governance Statement

The Audit Committee is required to consider the Annual Governance Statement and determine whether it is consistent with the Committee's view on the Trust's system of internal control.

During the year, a number of matters have been brought to the attention of the Audit Committee, mainly through the reports of Internal Audit. Therefore, the Audit Committee needed to formally consider these matters in forming its conclusion on the Annual Governance Statement. This was supported by other Audit Committee reviews such as of the Board Assurance Framework, Corporate Risk Register, the Head of Internal Audit Opinion and CQC registration.

After due challenge and debate, the Audit Committee concluded that the matters identified together with the remedial actions taken meant that its view on the Trust's system of internal control was consistent with the Annual Governance Statement. Accordingly, the Audit Committee supported the Board's approval of the Annual Governance Statement.

### 4. Clinical Audit

Clinical Audit continues to report to the Q&P and not to the Audit Committee. The Audit Committee continues to monitor the issues raised by Clinical Audit through a review of the minutes of the Q&P Meetings.

In addition, the Chair of Q&P brings to the attention of the Audit Committee any matters raised by Clinical Audit, and the proposed remedies, which impact any of the Trust's key risks as recorded in the BAF.

This ensures that the Audit Committee is aware of any key issues raised by Clinical Audit but does not add unnecessary bureaucracy, duplication or contradiction into the process.

### External Audit

The Audit Committee places great importance on ensuring that there are high standards of quality and effectiveness in the Trust's external audit process.



Mazars was required to report to the Trust whether:

- The financial statements for the year have been prepared in accordance with directions under Paragraph 25 of Schedule 7 of the National Health Service Act 2006; and
- The financial statements comply with the requirements of all other provisions contained in, or having effect under, any enactment which is applicable to the financial statements; and
- The Trust has made proper arrangements for securing economy, efficiency and effectiveness; and
- The Trust's Quality Report has been prepared in accordance with detailed guidance issued by Monitor.

In September 2014, Mazars presented the audit plan for the year to the Audit Committee. The audit plan was challenged robustly, particularly in terms of timing, resources required, impact on the Trust's day-to-day activities, areas of audit risk, interaction with internal audit and the quality and independence of the Mazars' team.

The cost of the external audit plan was proposed at £38,000 (excluding VAT). The Audit Committee challenged whether Mazars could deliver the audit plan as described for the fee proposed.

Following the challenge and debate, the Audit Committee was satisfied that the audit plan was appropriate for achieving the goals of the audit and that the proposed fee was reasonable for the audit of an entity of the size and complexity of the Trust.

Accordingly, the fee proposal was recommended by the Audit Committee to, and approved by, the Council of Governors in November 2014.

Subsequent to the approval of the fee by the Council of Governors, guidance was published by Monitor that required Mazars to publish an enhanced audit report (the 'Enhanced Report') covering the Trust's financial statements. The Enhanced Report required Mazars to review the Trust's Annual Accounts in significantly more detail than envisaged at the time of the original fee quote. The additional work resulted in a proposal from Mazars for an additional fee of £2,000 (excluding VAT) in respect of the 2015 audit.

The Audit Committee considered the request and challenged the amount of additional work required. After careful analysis, the Audit Committee agreed to recommend to the Council of Governors that the additional fee be approved. Approval for the additional fee was given at the meeting of the Council of Governors in March 2015.

Throughout the audit process, Mazars reported to the Audit Committee, noting any issues of principle or timing identified by the audit, changes in the external auditor's assessment of risk and any significant control weaknesses or errors identified.

Mazars identified no changes in their assessment of risk nor did they identify any significant control weaknesses. The audit did identify some instances of minor misstatement. None of the misstatements identified were assessed above 'trivial'.

The Trust's financial statements were adjusted for all the matters identified.

At the conclusion of the audit, the Audit Committee performed a specific evaluation of Mazars' performance with the aid of a comprehensive questionnaire and with input from the Trust's management and internal audit.

Based on the interaction with the auditor throughout the audit process and the feedback from Trust's management and internal audit, the Audit Committee has concluded that the Trust received an effective and cost-efficient audit for the year.

The Trust has a policy in place for non-audit services provided by External Audit, which has been approved by the Council of Governors. External Audit has not been asked to provide any non-audit services during the year.

### Internal Audit

An effective internal audit function is one of the key requirements for an Audit Committee to be effective.

The Trust has an internal audit function, which provides independent and objective appraisal and assurance. The function provides an opinion to the Chief Executive, the Board of Directors and the Audit Committee on the degree to which risk management, control and governance support the achievement of the organisations agreed objectives. Risk management, control and governance comprise the policies, procedures and operations established to ensure the achievement of objectives, the appropriate assessment of risk, the reliability of internal and external reporting and accountability processes, compliance with applicable laws and regulations, and compliance with the behavioural and ethical standards set for the organisation. Internal audit plans are based on a risk assessment of all activities in the Trust (clinical, financial and other) using the Trust's objectives and risk assessment processes recorded in the Board Assurance Framework as a primary source.

The Trust's internal audit service is provided by Northern Internal Audit and Fraud Service (NIAFS) through a consortium of NHS statutory bodies. The consortium is hosted by Northumberland, Tyne and Wear NHS Foundation Trust and employs around 22 whole time equivalent staff.

### **Annual Report and Accounts**

The directors are responsible for preparing the annual report and accounts and they consider that the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess the NHS Foundation Trust's performance, business model and strategy.

The directors regard the annual accounts as giving a true and fair view of the financial position of the Trust and of the income and expenditure, changes in taxpayer's equity and cash flows for the year. In preparing the accounts, directors are satisfied that:

- Accounting policies have been applied on a consistent basis;
- Judgements and estimates are reasonable and prudent;
- Accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Understanding the views of governors and members**

The Board of Directors ensure that the members of the Board develop an understanding of the views of the governors and members about the Foundation Trust by:

- Board members attending governor engagement sessions;
- The minutes of the Council of Governors' meetings being received at meetings of the Board of Directors;
- The attendance of directors at Council of Governor meetings;
- Joint development sessions including the full Board of Directors and Council of Governors, wherever possible.

### **The Council of Governors**

The Council of Governors has been established to include both elected and appointed governors and their roles and responsibilities are set out in the Trust's constitution. Elected governors consist of public governors, service user and carer governors and staff governors, and appointed governors are from partner organisations.

Service users and carers are represented separately with six seats each, reflecting our commitment to these groups. Public governors represent those in their local government area and have twelve seats, i.e. two for each local government area. However any individual who lives outside one of the six local government areas but within England and Wales may become a public member and he/she will be represented by the Newcastle upon Tyne public governors. Substantively employed staff are automatically members unless they decide to opt out, which was determined by the Trust in partnership with Staff Side. They are represented by one governor for medical staff and two each from Non-Clinical and Clinical Groups.

We have also sought to ensure that our partners including local authorities, commissioners, universities and voluntary organisations are represented.

An elected governor's tenure comes to an end after three years, but he/she may seek re-election by the members of their constituency for a further three years, and then a further two years up to a maximum of eight years in total. An election took place during the autumn of 2014 resulting in some changes from 1 December 2014. Appointed governors also hold office for a period of three years and are eligible for

re-appointment at the end of that period for a further three years and then a further two years and may not hold office for more than eight years.

In September 2014, the Trust amended its constitution. It had previously included representation from the seven local Clinical Commissioning Groups and this was changed to representation from a Clinical Commissioning Group north of the Tyne (i.e. North Tyneside and Northumberland), central (i.e. Newcastle and Gateshead) and south of the Tyne (i.e. South Tyneside and Sunderland). The Council of Governors was therefore reduced from 46 governors to 42 governors.

The table below shows the individuals making up the Council of Governors during 2014/15, their constituencies, whether they were elected and their attendance during 2014/15. All governors have been elected for 3 years.

Richard Tomlin was the lead governor during 2014/15.

During 2014/15, three public governors and two service user governors resigned and three nominated governors were stood down by their organisations.

Ten governors commenced during 2014/15.

Five governors were elected from 1 December 2014 as follows:

- Julia Allison - Public – Gateshead;
- Fiona Grant - Service User Adult Services;
- Keith McCririck - Public – Sunderland;
- Bill Scott - Public – Northumberland; and
- David Twist - Service User Adult Services.

Four governors were nominated by their organisation as follows:

- Councillor Elizabeth Simpson by Northumberland County Council from 1 April 2014;
- Councillor Jane Streater by Newcastle City Council from 18 June 2014;
- Councillor Alison Waggott-Fairley by North Tyneside Council from 19 June 2014; and
- Councillor Catherine Donovan by Gateshead Council on 24 June 2014.

One governor, Stuart Dexter, filled the Community and Voluntary Sector vacancy from 7 April 2014, following a process of seeking expressions of interest and the consideration of each applicant's potential to represent members.

As at the 31 March 2015 the Council of Governors had vacancies for one public governor (North Tyneside) and three Clinical Commissioning Groups governors.

It is a fundamental principle of the NHS Act 2006 that no governor shall receive any form of salary but reasonable reimbursement will be made for allowable expenses. The Trust's policy is that reasonable expenses will be reimbursed to attend authorised training and induction events, and meetings arranged by the Trust of the Council of Governors, members and local constituency, and where applicable,

meetings of the Nominations Committee and governor working groups. Details are included in a policy document issued to governors.

**Table 18: Membership of the Council of Governors and Attendance**

Governor	Constituency	Elected	Date		Period of office (months)	No. of meetings	
			Start	Left		Total	Attended
<b>Margaret Adams</b>	Public South Tyneside	Yes	01.03.14		13	5	4
<b>Julia Allison</b>	Public Gateshead	Yes	01.12.14		4	2	2
<b>Nigel Atkinson</b>	Staff Clinical	Yes	01.12.09		64	5	1
<b>Phil Brown</b>	Staff Clinical	Yes	01.12.12		28	5	4
<b>Colin Browne</b>	Public South Tyneside	Yes	01.12.13		16	5	4
<b>Alasdair Cameron *</b>	Community and Voluntary	No	01.12.12		28	5	1
<b>Ann Clark</b>	Carer Adult Services	Yes	01.12.09		64	5	4
<b>Stephanie Collier</b>	Service User Adult Services	Yes	01.12.12	22.06.14	19	1	0
<b>Karen Copeland</b>	Public Sunderland	Yes	01.12.13	30.05.14	6	1	0
<b>Alan Currie</b>	Staff Medical	Yes	01.12.09		64	5	3
<b>Stuart Dexter</b>	Community and Voluntary	No	07.04.14		12	5	2
<b>Catherine Donovan</b>	Local Authority Gateshead	No	24.06.14		9	4	2
<b>Susan Dungworth</b>	Local Authority Northumberland	No	10.06.13	01.04.14	10	0	0
<b>Veronica Dunn</b>	Local Authority Newcastle	No	08.07.13	18.06.14	12	1	1
<b>Madeleine Elliott</b>	Public Northumberland	Yes	01.12.13		16	5	1
<b>Grahame Ellis</b>	Staff Non-Clinical	Yes	01.12.12		28	5	4
<b>Mary Foy</b>	Local Authority Gateshead	No	01.12.09	24.06.14	55	1	0
<b>Janet Fraser</b>	Carer Children and Young People's Service	Yes	01.12.09		64	5	0
<b>Glenys Goodwill</b>	Public Gateshead	Yes	01.12.12		28	5	3

<b>Dianne Graham</b>	Public North Tyneside	Yes	01.12.13	11.03.15	15	5	2
<b>Fiona Grant</b>	Service User Adult Services	Yes	01.12.14		4	2	1
<b>Jane Hall</b>	Public Sunderland	Yes	01.12.09		64	5	3
<b>George Hardy</b>	Carer Learning Disability Services	Yes	01.12.09		64	5	2
<b>Christine Heron</b>	Public Gateshead	Yes	01.12.13	15.07.14	7	1	0
<b>Norman Hildrew</b>	Carer Adult Services	Yes	01.12.09		64	5	5
<b>Barry Hirst</b>	University Newcastle University	No	01.12.09		64	5	1
<b>Gladys Hobson</b>	Local Authority South Tyneside	No	25.02.14		13	5	5
<b>Claire Keys</b>	Service User Adult Services	Yes	01.12.12	14.09.14	21	2	1
<b>Keith McCririck</b>	Public Sunderland	Yes	01.12.14		4	2	2
<b>Steve Manchee</b>	Public North Tyneside	Yes	01.03.14		13	5	2
<b>Graham Martin</b>	Public Newcastle/rest of England and Wales	Yes	01.12.13		16	5	1
<b>Graeme Miller</b>	Local Authority Sunderland	No	16.05.12		34	5	0
<b>Marian Moore</b>	Service Users Older Peoples Services	Yes	01.03.11		49	5	5
<b>Austin O'Malley</b>	Public Newcastle/rest of England and Wales	Yes	01.12.12		28	5	1
<b>Pauline Pearson</b>	University Northumbria University	No	01.02.13		26	5	2
<b>Lucy Reynolds</b>	Service User Neuro Disability Services	Yes	01.12.12		28	5	4
<b>Bill Scott</b>	Public Northumberland	Yes	01.12.14		4	2	2
<b>Elizabeth Simpson</b>	Local Authority Northumberland	Yes	01.04.14		12	5	0

<b>Rachel Simpson</b>	Service User Learning Disability Services	Yes	01.12.12		28	5	1
<b>Anneva Spark</b>	Carer Older Peoples Services	Yes	01.12.09		64	5	4
<b>Jane Streather</b>	Local Authority Newcastle City Council	No	18.06.14		10	4	2
<b>Richard Tomlin</b>	Carer Neuro Disability Services	Yes	01.12.09		64	5	5
<b>David Twist</b>	Service User Adult Services	Yes	01.12.14		4	2	2
<b>Bob Waddell</b>	Staff Non-Clinical	Yes	01.12.12		28	5	3
<b>Alison Waggott-Fairley</b>	Local Authority North Tyneside	No	19.06.14		9	4	0
<b>Jack Wilson</b>	Service User Children and Young People's Service	Yes	01.12.13		16	5	0

\* Alisdair Cameron served as a Service User Governor for adult services between 1 December 2009 and 30 November 2012, i.e. 36 months

Although there have been five formal meetings of the Council of Governors during 2014/15, one of the meetings was in closed session where it was inappropriate for Board members to be present apart from Hugh Morgan Williams, who chaired the meeting. The table below therefore focuses on the other four meeting

**Table 19: Analysis of attendance of Board members at formal Council of Governors' meetings.**

Council of Governors' meetings attended by Board members		
Director	Total	Attended
Martin Cocker	4	2
Lisa Crichton-Jones	4	2
James Duncan	4	2
Douglas Gee	4	0
Ken Grey	3	0
Neil Heming	1	0
Paul McEldon	4	2
Gary O'Hare	4	0
John Lawlor	4	2
Nigel Paton	4	0

Lisa Quinn	4	2
Ruth Thompson	4	0
Chris Watson	4	1
Hugh Morgan Williams	4	3

## Nominations Committee

The Council of Governors has established a Nominations Committee and its membership and terms of reference are prescribed by the Trust's constitution. Its role includes making recommendations to the full Council of Governors on the appointment of the Chair and Non-Executive Directors (NEDs) and the associated remuneration and allowances and other terms and conditions. Membership and attendance at the Nominations Committee is shown below:

**Table 20: Nominations Committee Membership and Attendance**

Nominations Committee membership and attendance		
Director	Total	Attended
Colin Browne	2	1
Stuart Dexter	2	1
Grahame Ellis	4	4
Janet Fraser	4	3
Jane Hall	4	3
Barry Hirst	4	2
Richard Tomlin (Chair)	4	3

The work undertaken by the Nominations Committee entails reviewing job descriptions and person specifications, process for appointment, considering the need for external support and the subsequent selection of such support, reviewing applications, appraisals, independence and time commitments, interviewing candidates and reporting to the Council of Governors. In addition the Committee performs an annual review of the Chair's and other NEDs' remuneration for Council of Governors' approval.

The Nominations Committee's role also includes termination, where this is not as a result of resignation or the Chair or another NED coming to the end of his/her term. This role applies in limited circumstances such as gross misconduct or a request from the Board of Directors for the removal of a particular NED.

During the period under review following Nominations Committee recommendations, the Council of Governors appointed Neil Hemming as NED from 1 January 2015 for three years and reappointed Paul McEldon from 1 January 2015 for one year and Martin Cocker from 1 January 2015 for 3 years. The appointment was subject to open advertising and the Nominations Committee was assisted by an external search agency.



In advance of 2015/16, the Committee has undertaken a competitive process to select a recruitment agency to support the NEDs' appointment process. In addition the Committee has reviewed the balance of the Board by considering a recommendation from the Board relating to the qualifications, skills and experience for upcoming NED vacancies. The NED's job role and person specification and the process for the appointment/re-appointment of NEDs have also been reviewed by the Committee.

### **Engagement with the public, members and partner organisations and their views relating to the forward plan**

An important part of the governors' role is to communicate with the group of people who elected them and we support the governors to achieve this. Governors have been supported to establish regular links between governors and the directors and the local community, especially our members to ensure targeted and specific programmes of engagement relevant to the diverse needs of each community is developed and progressed.

A range of engagement and communication methods are used by the individual governors with support from the Trust. The Membership Strategy includes a list of communication methods from the Trust to the governors, including the Members Newsletter, continuously updating the Foundation Trust pages on the website, ensuring all new members receive information on the benefits of membership, holding open meetings for members to discuss local issues, inviting members to the Trust's Annual Members Meeting, inviting members to participate in surveys and questionnaires, ensuring members are aware of ways to contact the Trust, the availability of the leaflet "A Guide to Becoming a Governor" and establishing communication routes between members and their governor representatives.

The Board has regard to the views of the Council of Governors in preparing the Trust's Operational Plans and Strategic Plans. The Council of Governors is consulted on the development of forward plans and any significant changes for the delivery of the Trust's Operational Plan.

Governors' views, including the public and the membership and organisation represented, are included in the Operational Plan paper for consideration by the Board of Directors. An Annual Plan Working group consisting of key Trust staff and governors' representation takes these issues forward with appropriate reporting to the Board and Council of Governors.

### **Declaration of Interests**

All governors are asked to declare any interest on the Register of Governors' Interests at the time of appointment. This is reviewed and maintained by the Trust Board Secretary.

The Register is available for inspection on the internet at [www.ntw.nhs.uk](http://www.ntw.nhs.uk) or on request from Eric Jarvis, Board Secretary, Chief Executives Office, St. Nicholas Hospital, Jubilee Road, Gosforth, Newcastle upon Tyne, NE3 3XT ([eric.jarvis@ntw.nhs.uk](mailto:eric.jarvis@ntw.nhs.uk)).

## **Compliance with the Code of Governance**

Monitor, the Independent Regulator for NHS Foundation Trusts has published a Code of Governance by bringing together the best practice of public and private sector corporate governance. Monitor has classified the requirements into six categories.

Four of the categories do not require disclosure, but the Trust can confirm that it complies with the statutory requirements quoted in the Code and it has made relevant supporting information available to governors, members and the public on its website.

One of the categories requires supporting explanation to be included in the Annual Report and these explanations are included in the Governance Review of the Annual Report.

The final category has a “comply or explain” requirement, where the Trust must explain the reasons for any departures from the Code, including how the alternative arrangements continue to reflect the main principles of the Code. The Trust implements these requirements through key governance documents, policies and procedures.

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

The Trust continues to keep the governance arrangements under review to ensure their effectiveness and in July 2014 the Board reviewed Monitor’s Guidance: Well-led framework for governance reviews: guidance for NHS Foundation Trusts (May 2014), including the need for an external review of the Trust’s governance every three years. Preparatory work was carried out in 2014/15, including a desk top self-assessment and Board Development Session in preparation for the external review which will be carried out during 2015/16.

## **Information, development and evaluation**

Reports from the Executive Directors, which include in-depth performance and financial information, are circulated to Board Directors prior to every Board meeting to enable the Board to discharge its duties.

The Council of Governors receive regular presentations from the Executive Team and updates from governors on the work of the Nominations Committee and working groups. On appointment or election all directors and governors undertake appropriate induction and are encouraged to keep abreast of matters affecting their duties as a director or governor and to attend training relevant to their role.

Robust processes are in place for the annual appraisal of the Board of Directors. The Chair leads the Non-Executive Directors in their appraisals and the Chief

Executive for Executive Directors. The Chief Executive is appraised by the Chair. The Senior Independent Director leads on the Chair's appraisal. The Board of Directors routinely reviews its performance and the Committees self-assess performance against their terms of reference annually. The Council of Governors also assesses its effectiveness on an annual basis.

### **Indemnities**

In accordance with the Trust's Constitution as at the date of this report indemnities are in place under which Northumberland, Tyne and Wear NHS Foundation Trust has agreed to indemnify its directors and governors who act honestly and in good faith will not have to meet out of their personal resources any personal civil liability which is incurred in the execution or purported execution of their functions, save where they have acted recklessly. Any costs arising in this respect will be met by Northumberland, Tyne and Wear NHS Foundation Trust.

### **Membership**

Our approach to membership is one of inclusivity, with membership available to everyone who:

- Is at least 14 years old and;
- Lives in the areas served by the Trust i.e. Northumberland, Newcastle, North Tyneside, South Tyneside, Gateshead, Sunderland and North Easington or the rest of England and Wales;
- Has used our services in the last four years or;
- Has cared for someone who has used our services in the last four years or;
- Is a member of staff on a permanent contract or who has worked for the Trust for 12 months or more.

At 31 March 2015, we have a consistent 12,000 public and 6,400 staff members. (See the table below for details of numbers per constituency). During the past year we have engaged with the membership and encouraged nominations to our 2014 governor elections, held to elect a further 5 replacement governors.

Regular communication with our members through newsletters, and invitations to events, has continued and we are committed to sustaining our membership and their involvement, to ensure that the benefits of having a robust and vibrant membership are attained. The Trust continues to work hard to build, develop and maintain the membership base to ensure appropriate community representation.

Membership targets are set via the Membership and Communications sub group of the Council of Governors, with consideration given to the balance between quantity of members and quality of engagement with members.

Our target is to maintain a public membership of 12,000 people with the focus of activity on:

- Ensuring the membership is refreshed and that membership figures are maintained;

- Improving user and carer membership numbers;
- Maintaining a good spread of members in the different localities;
- Engaging in new and meaningful ways with members.

Members are free to contact governors and/or directors at any time via the Chairman's/Chief Executive Office (telephone number 0191 223 2903 or email [governors@ntw.nhs.uk](mailto:governors@ntw.nhs.uk))

Members are also encouraged to comment, make suggestions or submit articles to the Trust's quarterly Foundation Trust Membership News, either via email to [ftnewsletter@ntw.nhs.uk](mailto:ftnewsletter@ntw.nhs.uk) or by telephone.

The table below shows an analysis of our membership as at 31 March 2015.

**Table 21: Analysis of membership as at 31 March 2015**

<b>Constituency</b>	<b>31 March 2015</b>
<b>General Public</b>	
Gateshead	913
Northumberland	1,414
Newcastle upon Tyne	2,614
Rest of England and Wales	762
North Tyneside	1,487
South Tyneside	773
Sunderland	2,114
<b>Sub total</b>	<b>10,077</b>
<b>Service Users</b>	
Adults	339
Children and young people	146
Older people	55
Learning disability	179
Neuro-disability	130
Unknown*	24
<b>Sub total</b>	<b>873</b>
<b>Carers</b>	
Adults	128
Children and young people	568
Older people	95
Learning disability	99
Neuro-disability	90
<b>Sub total</b>	<b>980</b>
<b>Total All Public</b>	<b>11,930</b>
<b>Staff</b>	
Medical	242
Other Clinical	2,549
Non Clinical	3,647
<b>Total All Staff</b>	<b>6,438</b>
<b>Total Members</b>	<b>18,368</b>

Note: \*Included in total are 24 service users who have not stated which service they use and are therefore recorded as unknown

### Introduction to the Quality Account

#### **About Northumberland, Tyne and Wear NHS Foundation Trust**

Working from over 60 sites and covering more than 2,200 square miles, our 6,000 staff provide a wide range of mental health, learning disability and neuro-rehabilitation services to a population of 1.4 million people in the North East of England. We also provide a range of specialist regional and national services. This makes Northumberland, Tyne and Wear NHS Foundation Trust (the Trust) one of the largest NHS Trusts of its kind in the country.

The Trust's vision is:

**“To improve the well-being of everyone we service through delivering services that match the best in the world”.**

#### **Why are we producing a Quality Account?**

All NHS trusts are required to produce an annual Quality Account, to provide information on the quality of services to service users and the public.

The Trust welcomes the opportunity to demonstrate how well we are performing, taking into account the views of service users, carers, staff and the public, and comparing ourselves with other mental health and disability trusts across the country. We can use this information to make decisions about our services and to identify areas for improvement.

## **Chief Executive's statement**

Our Board of Directors (the Board) are committed to providing services of the highest quality, which enable and empower service users to reach their potential and live fulfilling lives.

We aim to provide services that are patient centred are accessible and are focused on recovery. We also aim to support service users as close to their home as possible. We work closely with service users, their carers, our partners in other agencies and third sector colleagues to deliver integrated care in the right place and at the right time by staff with the right skills.

We aim at all times to work in accordance with our vision, mission and values (shown in Figure 1 below) which were developed in consultation with a range of partners including service users, carers, staff and governors.

**Figure 1: Northumberland, Tyne and Wear NHS Foundation Trust Vision, Mission and Values**



Our Quality Account outlines how we are doing in relation to these aspirations and gives an honest review of the progress we have made on the priorities we set last year and the work that remains for us to do.

Our Quality Account has been developed in partnership with our service users, carers, clinicians, managers, governors, commissioners, local Healthwatch and local authority health Overview and Scrutiny Committees (OSCs).

To the best of my knowledge, the information in this document is accurate.

**John Lawlor**  
**Chief Executive**

## **Medical Director and Director of Nursing and Operations statement**

This Quality Account includes information which demonstrates to our service users, carers, commissioners and the public that we provide mental health, learning disability and neuro-rehabilitation services that are among the best.

We have set out in this Quality Account how well we have performed against local and national priorities including how well we progressed with those areas we highlighted as our improvement priorities for 2014/15.

Positive outcomes from previous Care Quality Commission inspections alongside a comprehensive set of performance metrics demonstrate that we have established high standards of core service quality. We recognise that we have more work to do and continue to pursue excellence in all our service areas.

We recognise some of the quality priorities we set ourselves are challenging but we are committed to always delivering any unmet standards from previous years. The Trust's quality goals are co-developed with stakeholders and communicated within the Trust and the community it serves. Each year the Trust holds events to engage service users, carers and other internal and external stakeholders to define quality goals and priorities for the coming year.

Our focus is always and will remain on patient safety, clinical effectiveness and the service user experience.



Dr Douglas Gee  
Medical Director



Gary O'Hare  
Director of Nursing  
& Operations

## Quality Priorities

## Part 2

### Introduction to our quality goals and priorities

In this section we will report our progress against our Quality Goals and Quality Priorities.

Using feedback from service users, carers staff and partners as well as information gained from incidents, complaints and other quality reports the Trust has identified three **Quality Goals** based on safety, patient experience and clinical effectiveness.

Each year we set new **Quality Priorities** to help us to achieve our Quality Goals.

Taking each Quality Goal in turn, we will **look back** on the last year to assess progress against the Quality Priorities we set in 2014/2015, we will **reflect** on how these actions have affected progress against the Quality Goal and we will **look forward** to next year, setting new Quality Priorities for 2015/2016.

As in previous years, we remain committed to taking any Quality Priorities that are not fully achieved during 2014/15, or priorities which we feel should continue, forward to 2015/16 to ensure we meet and maintain targets that were set in these important areas.

The progress of all Quality Priorities will be monitored every month at the Trust's Quality and Performance Committee, as part of the Integrated Performance Report.

Our Quality Goals support the delivery of the Trust's Strategic objectives:

1. Modernise and reform services across all directorates in line with local and national strategies and the needs of individuals and communities; providing first class care in first class environments;
2. Be a sustainable and consistently high performing organisation;
3. Be a Model Employer, an Employer of Choice and an Employer that makes the best use of the talents of the entire workforce;
4. Fully embrace and support service user, carer, staff and public involvement, including our membership, in all aspects of our work;
5. Provide high quality evidence based and safe services, supported by effective integrated governance arrangements;
6. Improve clinical and management decision making through the provision and development of effective information;
7. Be an influential organisation which supports and enables social inclusion

## Our Quality Goals

### **Patient Safety**

QUALITY GOAL ONE: Reduce incidents of harm to patients

We will demonstrate success by reducing the severity of incidents and the number of serious incidents across the Trust.



## Patient Experience

QUALITY GOAL TWO: Improve the way we relate to patients and carers

We will demonstrate success by improving the overall score achieved in the patient survey and by reducing the number of complaints received.

## Clinical Effectiveness

QUALITY GOAL THREE: Ensure the right services are in the right place at the right time for the right person

We will demonstrate success by delivering demonstrable improvements in service delivery.

The Trust is currently providing care for just over 41,700 people. Working from over 60 sites and covering more than 2,200 square miles, we provide a range of mental health, learning disability and neuro-rehabilitation services to a population of 1.4 million people in the North East of England.

Table 1 below shows the number of current service users as at 31 March 2015, split by locality, with a comparison of the same figures from the previous 4 years.

**Table 1: Service Users by locality 2010/11 to 2014/15:**

CCG/PCT	2010/11	2011/12	2012/13	2013/14	2014/15
Durham Dales Easington & Sedgefield CCG	*	*	*	388	371
North Durham CCG	*	*	*	561	557
Durham (old PCT)		1110	1208	1049	*
Darlington CCG		112	128	115	86
Gateshead CCG		2900	3422	3620	3706
Hartlepool & Stockton CCG		38	38	40	115
Newcastle (old PCT)		7839	8582	8907	*
Newcastle North & East CCG	*	*	*	4499	4492
Newcastle West CCG	*	*	*	4487	4421
North Tyneside CCG		3361	3520	3526	3778
Northumberland CCG		9060	9201	9425	10739
Redcar and Cleveland (old PCT)		60	65	58	*
South Tees CCG		84	95	113	175
South Tyneside CCG		3038	4017	4561	4599
Stockton (old PCT)		79	84	81	*
Sunderland CCG		6843	8725	8575	9084
other areas		208	545	395	413
<b>Total</b>		<b>34732</b>	<b>39630</b>	<b>40465</b>	<b>42530</b>

Table 1 above shows that the number of service users have very slightly decreased (by 746) during 2014/15.

Some locality areas (North Tyneside and Gateshead) have seen a small increase in the number of service users during 2014/15.

During the five year period of the data presented service user numbers have increased in total by 16.9% or 7,052 service users.

\*Due to changes to the commissioning structure in 2013/14 when Primary Care Trusts (PCT's) were dissolved and Clinical Commissioning Groups (CCG's) were

established there is no longer a direct comparison available for all of our locality areas.

**Quality Goal One: Reduce incidents of harm to patients**

This goal will improve **patient safety**. We will demonstrate success against this goal by reducing the severity of incidents and the number of serious incidents across the Trust.

**Looking back: progress against our quality priorities to support this goal in 2014/2015:**

Quality Priority 2014/2015	Rationale	Target by 31 March 2015	Progress
To improve the assessment and management of risk.	Evidence from serious incident reviews has highlighted that if we can undertake more effective risk assessment, it can reduce clinical risk and increase patient safety.	Clinical Risk Strategy drafted and approved.  75% of professionally registered staff (in clinical roles) to complete the enhanced suicide risk training. *	<p><b>Partially met</b> A Clinical Risk Strategy has been developed and approved by the Board during 2014/15. Due to extended engagement and development of the Strategy, the programme of staff training started later in the year than planned and is now continuing into 2015/16.</p> <p>As a result, as at 31 March 2015, the number of staff who had completed this training was not as high as originally intended (31% against the target of 75%).</p> <p><b>This will be carried forward to 2015/16</b></p>

\* It is important to note that staff receive clinical risk management training as part of their current essential training requirements.

The suicide risk training is an enhanced training course which staff are required to attend in conjunction with the clinical risk training they have already received.

## How have the Quality Priorities in 2014/15 helped progress towards this quality goal?

The aim of this Quality Goal is to reduce the number and severity of patient safety incidents. Table 2 below shows the number of patient safety incidents reported by the Trust over the past 6 years:

**Table 2: Number of reported patient safety incidents 2009/10-2014/15**

Patient Safety Incidents reported:	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Patient Safety Incidents	9,887	11,721	12,622	13,719	12,702	11,231

(Data correct as at 7/5/15)

A patient safety incident is defined as 'Any unintended or unexpected incident, which could have or did lead to harm for one or more patients receiving NHS funded healthcare. This is also referred to as an adverse event/incident or clinical error and included near misses.'

Most serious incidents are unexpected deaths in mainstream community services and addictions services. The Trust has continued to improve its investigation and learning processes, and reports themes from serious incidents to the Board on a quarterly basis. The themes are consistent with those found in both nationally published independent investigation reports and the National Confidential Inquiry into Suicides and Homicides.

The recurring themes include:

- Communication
- Risk Assessment
- Record keeping standards
- Falls management
- Medicines management

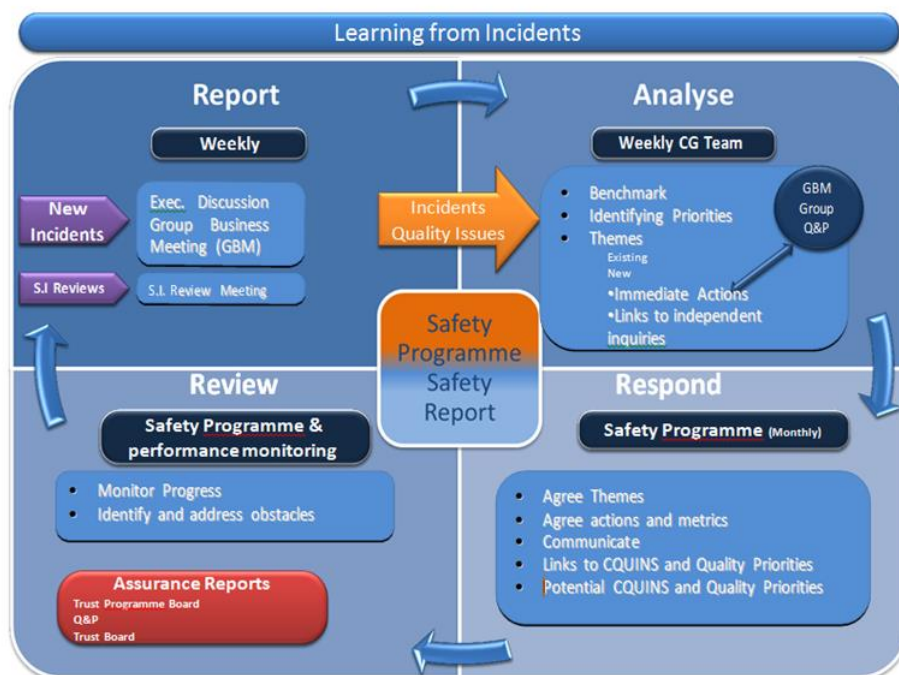
As a result of these identified themes, the Trust has ensured that robust Safeguarding processes are in place and there has been a significant increase in safeguarding activity within addictions services, evidencing that more than people are being safeguarded when there are concerns of vulnerability.

During 2014/15 we have ensured that pharmacy advice is sought when investigating serious incidents - this has led to a number of formal communications across the Trust highlighting the risks associated to a number of prescribed drugs and illicit substances.

The Trust continues to review its serious incident processes and learning opportunities, and will shortly review the Incident Policy NTW (0)05 in line with the new National Serious Incident Framework published by NHS England in March 2015.

Figure 2 below shows how information reported from incidents is considered, analysed and responded to so that the Trust continuously learns from the process.

**Figure 2: Incident Policy Process**



### Patient Safety Incidents by impact

**Table 3: Number of Patient Safety Incidents by impact 2009/10 – 2014/15.**

Number of Patient Safety Incidents reported, by impact:	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
No Harm	3,123	3,014	3,769	3,335	3,404	4,330
Minor Harm	6,009	7,839	7,913	8,151	8,355	6,153
Moderate Harm	602	756	804	1992	772	603
Major Harm	73	49	59	168	66	57
Catastrophic, Death	80	63	77	73	105	88
Total patient safety incidents reported*	9,887	11,721	12,622	13,719	12,702	11,231

(Some numbers will differ from previous reports due to on-going data quality improvement work and the results of coroner's conclusions. Data correct as at 7/5/15)

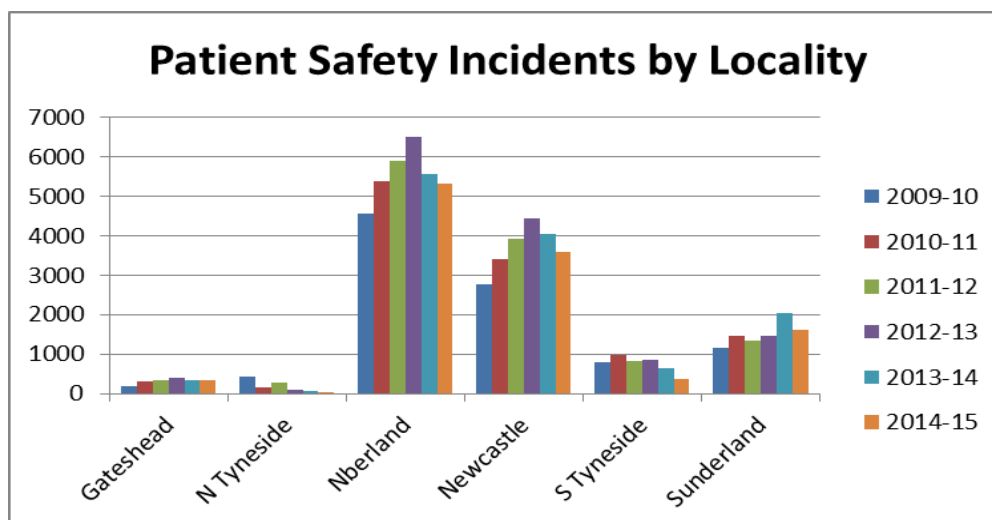
As demonstrated in Table 3 above during 2014/15 the numbers of Moderate and Major harm incidents continue to reduce from previous years while the No harm incidents have increased. This is partly due to improved recording and categorising processes of our patient safety incidents and the Trust will be using the 2013/14 data as a solid baseline to identify trends in future years.

It is important to note that the figures presented for 2013/14 and 2014/15 Catastrophic/Death related patient safety incidents may reduce during 2015/16 as more Coroner conclusions relating to previous years are received. Coroner conclusions sometimes change the classification of incidents so that they no longer meet the patient safety definition (e.g. the conclusion may be that of natural causes).

## Patient Safety Incidents by locality

Figure 3 below shows all of the patient safety incidents which have been reported over the past 6 years split by locality:

**Figure 3: Patient Incidents by locality 2009/10-2014/15**



The localities of Newcastle and Northumberland have more reported patient safety incidents than others which is due to the number of inpatient services located in those areas. This means the numbers are not purely population specific as they relate to where the services are located. For example, Trust sites in Newcastle and Northumberland include a number of forensic and specialist inpatient services for service users from all over England, Wales and Scotland – resulting in higher numbers of incidents reported against those areas.

In the following section we have shown patient safety incidents, by locality, and the severity of harm caused, using the five categories reported in Table 3. The information has been divided into patient safety incidents which happen in the community and those that happen when our service users are inpatients.

Table 4 below shows the numbers of incidents reported in the community and in our inpatient services over the six year period.

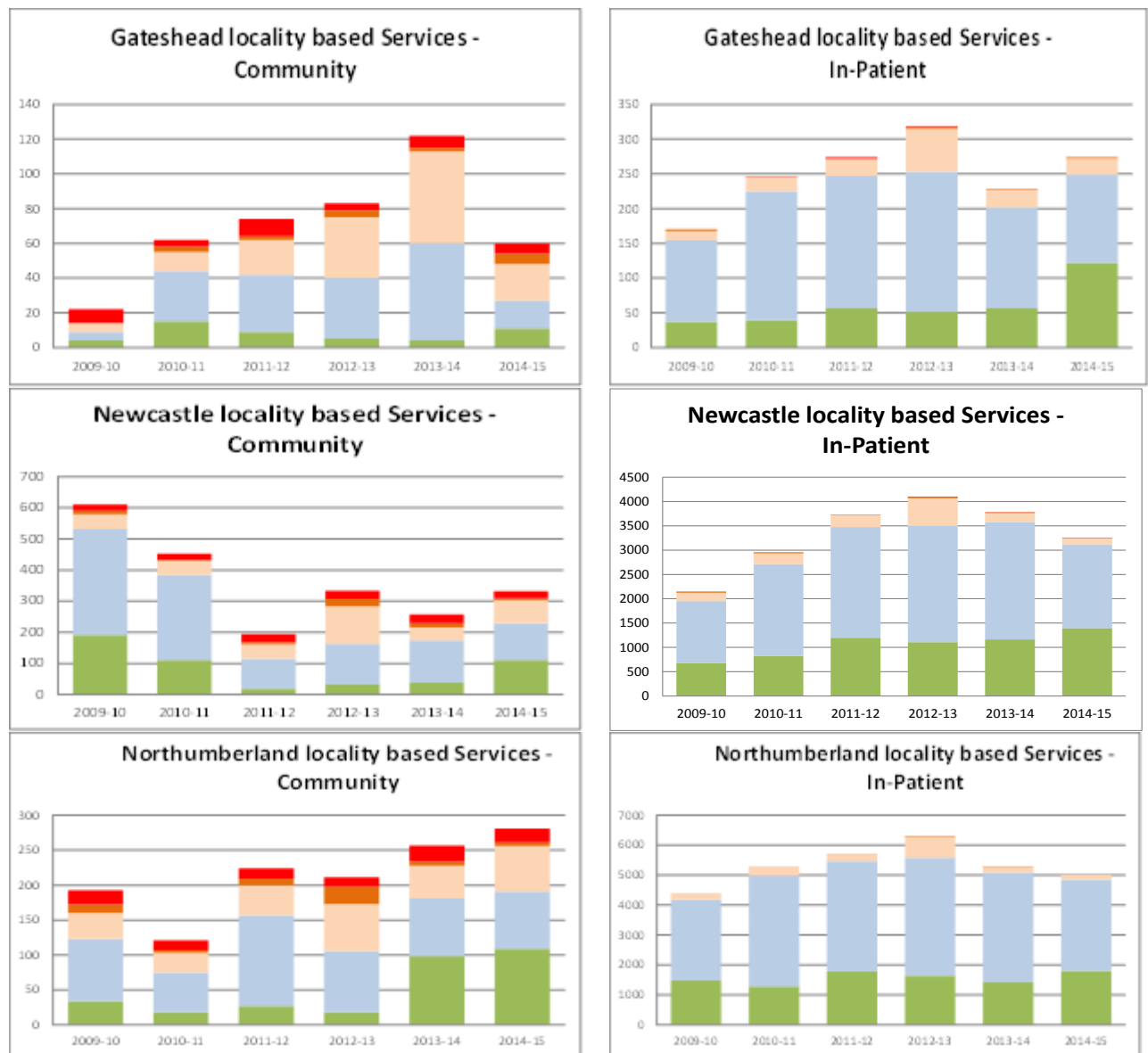
**Table 4: Number of Patient Safety Incidents in Community and Inpatient Services 2009/10-2014/15**

Number of Patient Safety Incidents reported	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Community	903	708	643	944	981	910
Inpatient	8,984	11,013	11,979	12,775	11,721	10,321
<b>Total patient safety incidents</b>	<b>9,887</b>	<b>11,721</b>	<b>12,622</b>	<b>13,719</b>	<b>12,702</b>	<b>11,231</b>

(data correct as at 7/5/15)

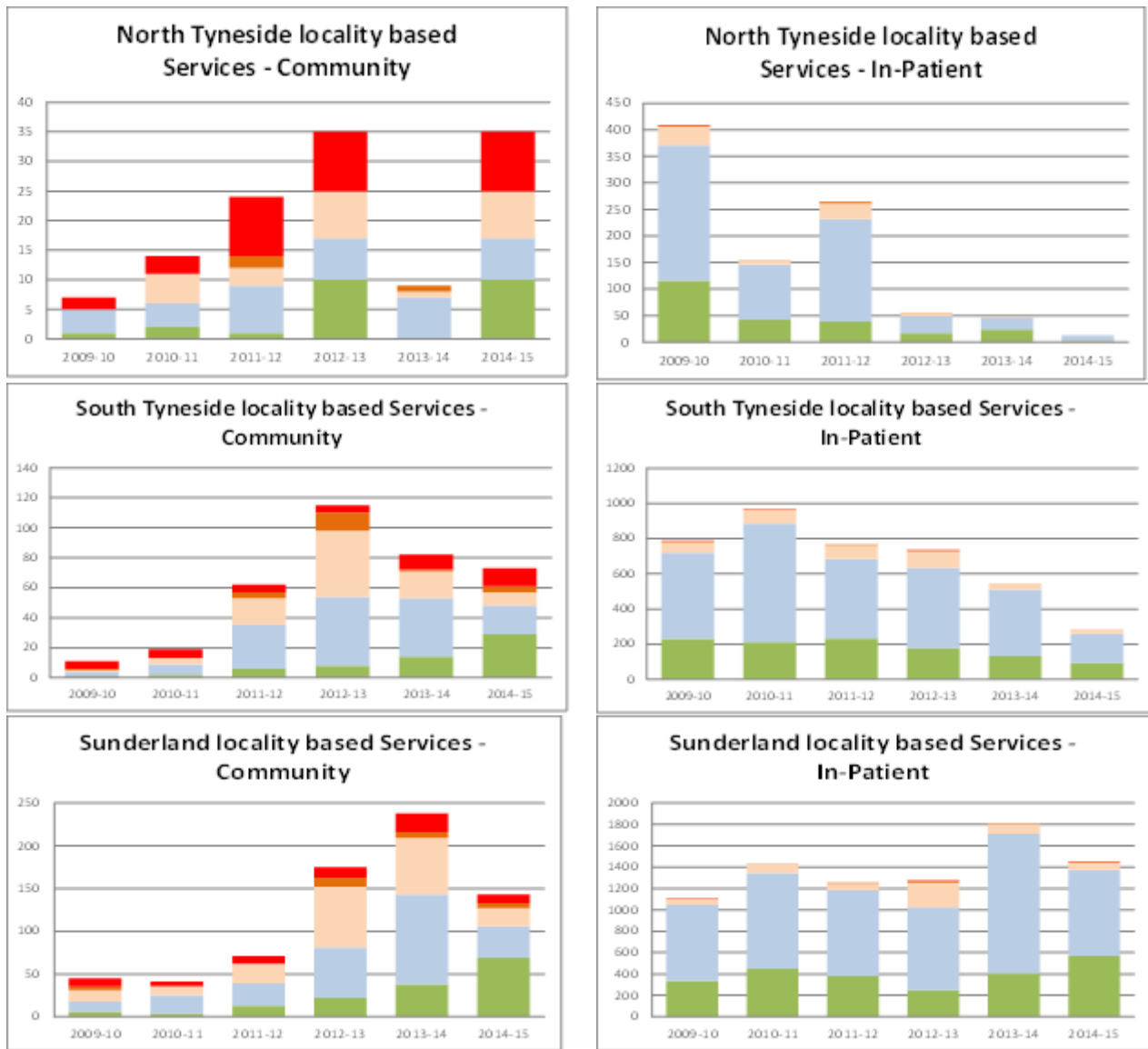
## Patient Safety Incidents by Locality and Level of Harm

Figure 4: Patient Safety Incidents by Locality and Level of Harm



Patient Safety Incident Category	
	Catastrophic, Death
	Major, permanent harm
	Moderate, semi-permanent harm
	Minor, non-permanent harm
	No harm

NB The numbers are not purely population specific as they relate to where the services are located. For example, Trust sites in Newcastle and Northumberland include a number of forensic and specialist inpatient services for service users from all over England, Wales and Scotland – resulting in higher numbers of incidents reported against those areas. Note that the vertical scales on each graph differ to reflect this variation



*NB The numbers are not purely population specific as they relate to where the services are located. For example, Trust sites in Newcastle and Northumberland include a number of forensic and specialist inpatient services for service users from all over England, Wales and Scotland – resulting in higher numbers of incidents reported against those areas. Note that the vertical scales on each graph differ to reflect this variation.*

The graphs in Figure 4 above show each the patient safety incidents in our inpatient and community services, for each locality over a 6 year period. National benchmarking information on our serious incident reporting can be found on page xx of this report.

For any further updates on our patient safety incident information please access our publically available Trust Board patient safety reports which are published quarterly and can be found at <http://www.ntw.nhs.uk/section.php?l=2&p=26>.

**Looking forward: What are our Quality Priorities in 2015/2016 to support this goal?**

Priority	Aim/Objective	Rationale	Target and Trajectory
1	To embed risk assessment/management training and review the quality of the recording of the face risk tool.	Evidence from our serious incident reviews has highlighted that if we can undertake more effective risk assessment it can reduce clinical risk and increase patient safety.	<p>The feedback on our current risk tool (called FACE risk) will be considered in quarter one 2015/16, with any resulting changes to the existing clinical risk element of the care co-ordination training to be agreed in quarter two and revised training implemented from quarter three 2015/16 onwards.</p> <p>To develop the Risk of Harm and Suicide Risk training, further potential trainers are to be identified and trained to deliver the training from quarter two 2015/16 onwards.</p> <p>The programme of training will continue across relevant community and inpatient services throughout 2015/16 and 85% of applicable staff will have completed the training by 31/03/2016.</p>



## Quality Goal Two: Improve the way we relate to patients and carers

This quality goal will improve **patient experience**.

### Looking back: progress against our quality priorities to support this goal in 2014/2015

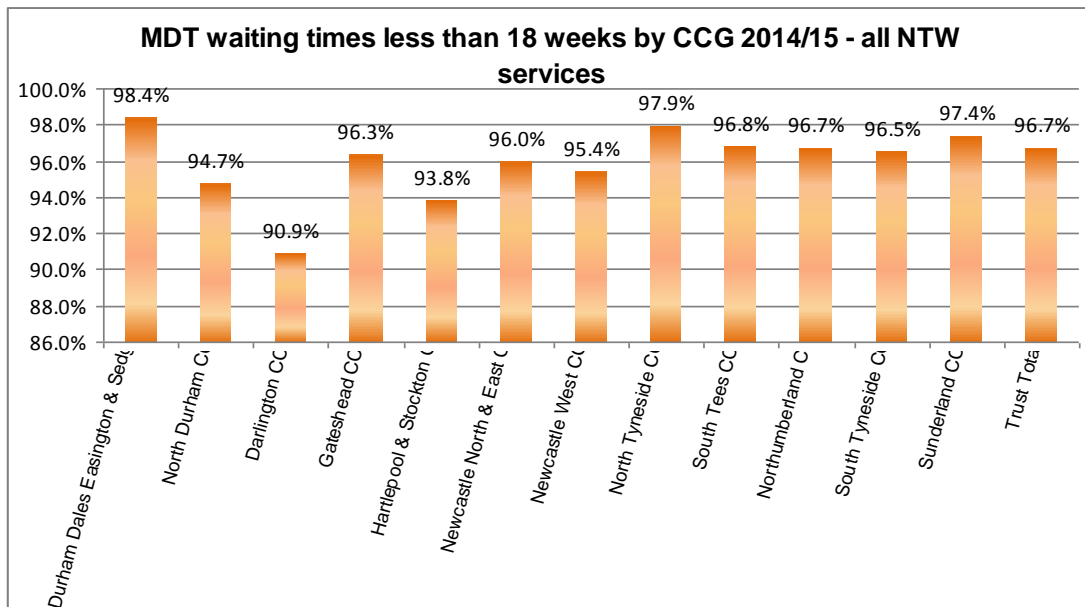
Quality Priority 2014/2015	Rationale	Target by 31 March 2015	Progress
Greater choice, quality of food and timings of meals to inpatient areas.	This is a key area of improvement demonstrated through patient feedback.	To roll out the electronic food ordering system to all inpatient wards and complete nutritional analysis of all menus by 31/03/2015.	<b>Met</b> Electronic meal system has been rolled out to all inpatient areas. Nutritional analysis of menus is complete.  This will continue into 2015/16 as a theme, as it is very important to our service users.
To improve the referral process and the waiting times for referrals for multi-disciplinary teams.	To ensure Trust services are responsive and accessible.	100% of all service users to wait less than 18 weeks by 31/03/15.  Implement an improved access/referral process across NTW services.	<b>Partially met</b> During 2014/15, the Trust provided 225 different local and regional community and outpatient services taking on new cases. During the year these teams conducted over 100,000 initial appointments and of these, 96.7% were seen within 18 weeks of the referral being received into the organisation.  62% of these teams (covering nearly 70% of all new cases) saw 100% of new cases in 2014/15 within 18 weeks of referral.  A small number of services, responsible for 5% of new cases, had specific pressures in the year resulting in significant under performance against the 18 weeks standard. More information on these

			<p>services is overleaf. The improved access/referral model is being rolled out on a locality basis.</p> <p><b>This priority will be carried forward to 2015/16</b></p>
--	--	--	---

### Multi-disciplinary waiting times by locality

Figure 5 below shows the percentage of service users in each locality who have waited less than 18 weeks for their first appointment with a multidisciplinary team during 2014/15.

**Figure 5: MDT waiting times less than 18 weeks by CCG 2014/15**



*NB It is important to note that not all service users wait up to 18 weeks for their first appointment – any urgent cases are seen much sooner, in line with service referral urgency protocols.*

### **Waiting times – Specific areas of pressure in 2014/15:**

A small number of teams faced significant pressures during the year and the impact on waiting times was closely monitored.

**Gender Dysphoria** – this is a small, regional service which has seen significantly increased demand in recent years along with a number of pathway issues. These issues have been scrutinised closely in collaboration with NHS England commissioners.

**Autism Diagnosis** – this is another small team that has seen demand increase to levels significantly higher than anticipated when the service commenced. The staffing capacity on the team has been increased during 2014/15 to enable waiting times targets to be achieved in future.

### **Waiting times less than 18 weeks:**

**CYPS** – separate waiting time's targets were agreed with commissioners for CYPS services, focusing on children and young people entering treatment within 12 weeks of referral. These targets were achieved in Northumberland, Newcastle and Gateshead.

### **How have the Quality Priorities in 2014/2015 helped progress towards this goal?**

We have made progress against our overall Goal of improving patient experience and this is reflected in our 2014 Community Patient Survey scores.

The Care Quality Commission uses national surveys to find out about the experiences of service users when receiving care and treatment. The most recent survey, completed in 2014 by 199 community Service Users, showed the following results:

**Table 5: National mental health community patient survey results 2014**

<b>Section</b>	<b>2014 Lowest Trust Score</b>	<b>2014 NTW</b>	<b>2014 Highest Trust Score</b>
1. Health or Social Care Workers	7.3	8.1	8.4
2. Organising your Care	8.2	8.9	9.0
3. Planning your Care	6.5	7.5	7.8
4. Reviewing your Care	6.8	8.0	8.2
5. Changes in who you see	5.1	7.0	7.8
6. Crisis Care	5.4	6.9	7.3
7. Treatments	6.7	7.4	7.9
8. Other Areas of Life	4.0	5.2	6.1
9. Overall	6.7	7.5	7.8

Our scores above show that we are much closer to the highest trust scores than the lowest in all sections.

## Comparison to previous year's scores:

The CQC made substantial changes to the questionnaire for 2014 and therefore the results for 2014 are not directly comparable with the results from 2013 or earlier. A summary of results from previous years is shown below in Table 6 for information:

**Table 6: National Mental Health Community Patient Survey Results 2010-2013**

<b>Section</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
1. Health or Social Care Workers	8.6	8.5	9.0	8.7
2. Medications	7.4	7.0	7.1	7.4
3. Talking Therapies	6.9	7.3	7.4	7.2
4. Care Co-ordinator	8.5	8.4	8.6	8.0
5. Care Plan	6.3	6.8	7.1	6.8
6. Care Review	7.4	7.6	7.5	7.5
7. Crisis Care	-	6.8	6.5	6.7
8. Day to Day Living	5.8	6.0	5.7	5.5
9. Overall	6.9	6.5	7.3	7.3

More details on the 2014 survey results for this Trust can be found at the below link:  
<http://www.cqc.org.uk/provider/RX4/survey/6>

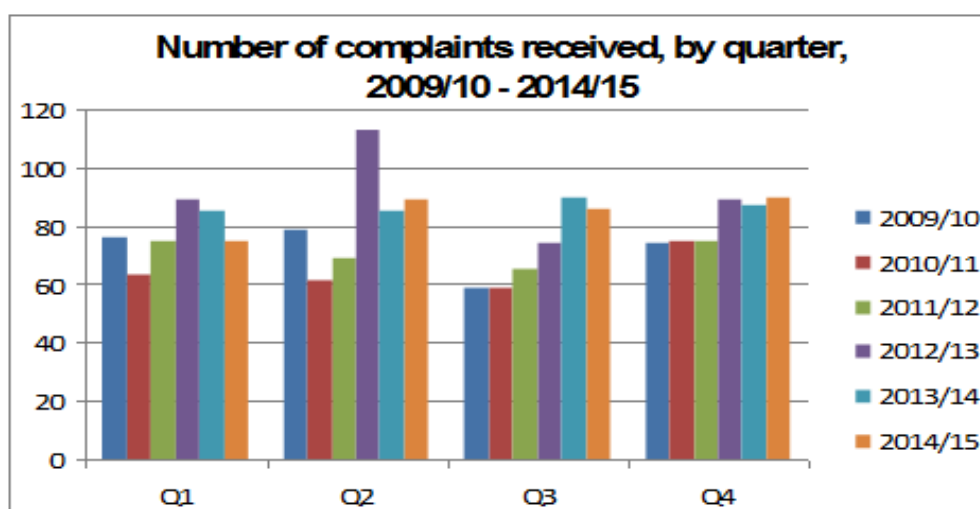
## Complaints

The Trust welcomes the valuable information gathered from our complaints process as this is used to inform our service improvements to ensure we provide the best possible care to our service users and carers.

Complaints that are received in the Trust are reported on a weekly basis to the Directors of our Clinical Services so they can consider immediate improvements and learning and also determine who are the most appropriate members of staff to support the complainant and investigate the complaint. Complaints activity and the learning from each one are considered within each clinical group's quality and performance structures, as well as the Trust's Quality and Performance Committee a Board Sub Committee which has Non-Executive Director Membership and therefore offers independent scrutiny. Each complaint response is considered by the Executive Medical Director and Executive Director of Nursing and Operations before being formally approved by the Chief Executive.

Complaints to the Trust have decreased during 2014/15 with a total of 330 received during the year from nearly 74,000 service users accessing services. This is a decrease of 15 complaints from 2013/14 (there were 345 in 2013/14 and 365 in 2012/13).

Figure 6: Number of complaints received by quarter 2009/10-2014/15



### Complaints by Category Type

In line with national recording of complaint category types that are reported to the Health & Social Care Information Centre, Table 7 below shows both the numbers of complaints and the category types (when the category has been reported 10 or more times) for the year 2014/15 compared to previous years.

Table 7: Number of complaints and category type 2009/10-2014/15

Category Type	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Access To Community Services	5	14	4	22		
Admission, Discharge & Transfer Arrangements	5				17	25
All Aspects Of Clinical Treatment	59	32	101	124	151	123
Appointments	2	5	16	24		
Attitude Of Staff	75	63	75	78	58	73
Car Parking	5	2	1	3		
Care	7	6	4			
Clinical	9	4				
Communication / Information To Patients	24	17	31	34	40	24
Customer Care	4	6		4		
Discharge	1	4	2	10		
Failure To Follow Agreed Processes	2	6	2	1	4	
Hotel Services	10	1	3	2	6	5
Mental Health Administration	2		5	10		
Patient Privacy & Dignity	7	7	1	1	8	6
Patient Property And Expenses	5	1	3	4	6	
Patient Status / Discrimination	3	1	4	8	14	16
Personal Records	6	9	3	10	14	17
Privacy & Dignity	2	11	6	5		
Transfer	3	4	6	1		
Transport	9	5		1	23	37
Treatment	12	35		2		
Other (categories with less than 10 reports)	31	25	17	21	4	4
<b>Total</b>	<b>288</b>	<b>258</b>	<b>284</b>	<b>365</b>	<b>345</b>	<b>330</b>

## Outcomes of complaints

Within the Trust there is continuing reflection on the complaints we receive, not just on the subject of the complaint but also on the complaint outcome. Table 8 indicates the numbers of complaints and the associated outcomes for the 6 year reporting period:

**Table 8: Number of complaints and outcomes 2009/10-2014/15**

<b>Outcome</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
Closed - Not Upheld	103	90	108	123	90	75
Closed - Partially Upheld	70	80	91	109	109	72
Closed - Upheld	68	47	36	63	95	60
Complaint Withdrawn	44	29	23	40	34	37
Decision Not To Investigate	0	0	0	0	1	4
Query Completed	0	0	0	0	0	2
Still Awaiting Completion	0	0	0	1	1	63
Unable To Investigate*	3	12	26	29	15	17
<b>Total</b>	<b>288</b>	<b>258</b>	<b>284</b>	<b>365</b>	<b>345</b>	<b>330</b>

\*category relates to complaints received which are not about our services, or the Trust was unable to contact the complainant.

## Complaints referred to the Parliamentary and Health Service Ombudsman

If a complainant is dissatisfied with the outcome of a complaint investigation they are given the option to contact the Trust again to explore issues further. However if they choose not to do so, or remain unhappy with responses provided, they are able to refer their complaint to the Parliamentary and Health Service Ombudsman (PHSO).

The role of the PHSO is to investigate complaints that individuals have been treated unfairly or have received poor service from government departments and other public organisations and the NHS in England.

There were 20 complaints relating to the Trust referred to the PHSO during 2014/15. This is an increase of 6 from the previous year and demonstrates that more service users, carers and families are exercising their right to have their complaints independently reviewed.

The following table provides the PHSO outcome for those that were completed at the time of writing this report. The Trust has been fully compliant with the timescales for response to PHSO requests.

**Table 9: Outcome of complaints considered by the Parliamentary and Health Service Ombudsman**

Closed - Upheld	1
Closed - Partially Upheld	1
Closed - Not Upheld	3
Decision Not To Investigate	1
Still Awaiting Completion	14

### **Friends and Family Test – Service Users**

Since January 2015 the Trust has offered all service users the opportunity to complete a Friends and Family Test Questionnaire, with the results soon to be published on NHS Choices.

The questionnaire consists of the following question: "How likely are you to recommend our service to friends and family if they needed similar care or treatment?" and the available responses range from 'extremely likely' (a positive response) to 'extremely unlikely' (a negative response). Initial analysis of responses received to this question in the period January to March 2015 suggests that 78% of services users provided a positive response to the question.

### **Other service user feedback mechanisms**

Prior to the implementation of the Friends and Family Test, the Trust already used a variety of methods of seeking feedback from service users and carers to help us improve our services. Predominantly this has been via the Points of You patient and carer feedback system which is now well known and widely used across the Trust.

- During 2014/15 over 1,500 Points of You responses were received from inpatients - this equates to 56% of inpatient admissions in the year.
- Responses were received from service users on 75% of mental health and learning disability inpatient wards (excluding specialist services).
- Responses were received from service users on 61% of wards providing specialist services (for example autism, forensic and children's inpatient units).
- Over 200 responses were also received from services users accessing drug and alcohol services and 150 from service users accessing Crisis Resolution Home Treatment Teams.

We also received Points of You feedback from nearly 250 carers during the year.

Other patient feedback measures used in the organisation include How's It Going (used in learning disability services), DREEM (Developing Recovery Enhancing Environments Measure) and Experience of Service (ESQ), used in community Children and Young People's Services.

When reviewing service user feedback, compliments, thank you letters and comments made on websites such as NHS Choices and Patient Opinion are also considered.

**Looking forward: What are our Quality Priorities in 2015/2016 to support this goal?**

Priority	Aim/objective	Rationale	Target and Trajectory
1	Greater choice, quality of food and timing of meals to inpatient areas.	This is a key area of improvement demonstrated through patient feedback.	<p>In quarter one 2015/16, we will evaluate the next phase of the Client Meal Ordering System and commence analysis of any catering satisfaction surveys received.</p> <p>In quarter two 2015/16, we will introduce new nutritionally adequate menu options and a finger food menu, as well as updating the current pictorial menus currently in use. If well evaluated, we will roll out the next phase of the Client Meal Ordering System.</p> <p>In quarter three 2015/16 we will provide calorie and nutritional information on food sold within Trust run cafes and shops, and we will also provide them with advice on recommended portion sizes.</p> <p>In quarter four 2015/16, we will complete a follow up audit of the nutrition screening tool (previously conducted in 2014/15).</p>
2	To improve the referral process and the waiting times for referrals for multi-disciplinary teams.	To ensure Trust services are responsive and accessible.	<p>Services facing particular waiting times pressures have had specific improvement targets developed for 2015/2016 as follows:</p> <p><b>Children's and Young People's Services:</b></p> <ul style="list-style-type: none"> <li>The very longest waiters for treatment in Northumberland will be seen by the end of September 2015, and the longest waiters in Newcastle &amp; Gateshead, Sunderland and South Tyneside will be seen by the end of December 2015.</li> </ul>



			<ul style="list-style-type: none"> <li>• 70% of children and young people in Northumberland, Newcastle &amp; Gateshead will wait no more than 9 weeks for treatment by the end of 2015/16.</li> <li>• In Sunderland and South Tyneside, 50% of children and young people will wait no more than 9 weeks for treatment by the end of 2015/16.</li> <li>• While the nine week waits are being embedded within services, it is also expected that 95% of children and young people will wait no more than 12 weeks for treatment by the end of 2015/16.</li> </ul> <p><b>Gender Dysphoria Services:</b> Currently there is a long wait to access the Gender Dysphoria team. NHS England commissioners have invested in the service, recognising that it will take some time to develop new specialist staffing capacity and reduce the waiting times to 18 weeks. It is anticipated that 95% of service users will wait no more than 18 weeks for their first contact with the service by the end of September 2016.</p> <p><b>All other service users:</b> 100% of all other service users will wait less than 18 weeks for their first contact with a service by 31<sup>st</sup> March 2016.</p>
3	To improve communication to, and involvement of, carers and families (focus on young carers).	It is recognised that there is a gap in support for young carers. Clarity is required on what support is currently available.	In quarter one 2015/16, we will produce an initial report detailing services and support currently available for young carers, identifying gaps in provision and reviewing how information is currently recorded.

			<p>In quarter two 2015/16, we will work with carers groups, commissioners and other relevant stakeholders to review the report developed in quarter one and develop a detailed action plan to address any identified shortfalls.</p> <p>In quarter three 2015/16, we will complete any actions identified in the action plan develop clear guidance for Trust staff to help them identify, support and work with Young Carers.</p> <p>In quarter four 2015/16, we will continue to complete any actions identified in the action plan and we will also develop an audit methodology to demonstrate any improvements as a result of those actions.</p>
--	--	--	---

**Quality Goal Three: Ensuring the right services are in the right place at the right time for the right person**

This quality goal will improve **clinical effectiveness**. We will demonstrate success against this goal by delivering demonstrable improvements in service delivery.

**Looking back: progress against our quality priority to support this goal in 2014/2015:**

<b>Quality Priority 2014/15</b>	<b>Rationale</b>	<b>Target by 31 March 2015</b>	<b>Progress</b>
Enhancing the Quality of care in inpatient units and developing fit for purpose community teams.	Significant improvements have been demonstrated through the consolidation of expertise in inpatient units and the development or more responsive community teams and access model.	To ensure ongoing development, each of the three discrete clinical Groups will identify priorities for development throughout 2014/15 by the end of Q1 2014/15.	<b>Met</b> <u>Urgent Care Group</u> has completed Business Cases linked to the Trust's Operational Plan (2014/15), implemented service changes in line with the opening of Hopewood Park, reviewed Stepped Care services and undertaken an evaluation of service changes.

			<p><u>Planned Care Group</u> has implemented Principal Community Pathways within agreed timescales in Sunderland and South Tyneside and commenced preparatory work in other localities.</p> <p><u>Specialist Care Group</u> has created and rolled out a community Learning Disability transitions team in forensic services to enable successful transition into community living</p>
To widen the roll out across the Trust of the Wellness Recovery Action Plan (WRAP) tool.	WRAP planning is service user led and helps to promote recovery and long term stability.	Identify current use of WRAP and set improvement trajectory. Revise policies to incorporate WRAP. Assess training requirements and set trajectory.	<p><b>Met</b></p> <p>The Trust's Care Coordination Policy has been amended to reflect the WRAP process and training has been undertaken in accordance with an agreed plan. A train the trainers 5 day programme will be delivered later in the year from an accredited approved national recovery educator.</p>
To improve service user recovery- using the Improving Recovery Through Organisation Change (ImROC)10 Key Challenges To Support Service User Recovery Tool.	Implementing Recovery through Organisational Change initiative, known as ImROC, is the leading source of support for mental health service provider organisations who wish to progress towards more recovery-orientated services. Embedding on principals of co-production where professionals and	Establish ImROC Steering Group with key stakeholders. Agree underpinning principles for a Recovery College. Establish number of peer support workers required in each locality and recruit accordingly. Evaluate model and impact.	<p><b>Met</b></p> <p>The ImROC Steering Group was established with key stakeholders. Recovery Colleges have been set up in Sunderland and Newcastle. A number of peer support workers have been recruited for each locality. The model has been evaluated and, at the time of writing this report, the results are being gathered.</p> <p><b>This important priority area will be continued into 2015/16.</b></p>

	<p>people with lived experience work together to design and produce better services, and implementing the 10 Key Challenges to support recovery will significantly improve the quality and effectiveness of community services delivered through Community Principal Pathway.</p>		
--	---	--	--

**How have the Quality Priorities in 2014/15 helped progress towards this goal?**

This Goal continues to be centred around the Trust’s Transformation of Services Programme to ensure we can continue to deliver and improve our services to best suit the needs of our service users and carers.

**Service Improvement and Developments throughout 2015/16**

These are some of the key service developments that the Trust has made during 2014/15:

**Community Transformation Programme**

The Programme commenced in 2013/14 with the design, testing and implementation of effective, evidence based interventions focussed on recovery and effective support for people to live and work in their own communities with the aim of reducing reliance on hospital beds in Sunderland and South Tyneside.

The Programme is focusing on the redesign of community services to meet the following needs in adults: Psychosis; Non-psychosis; Cognitive Disorders and Learning Disability. During 2014/15 the Trust rolled out the new improved community pathways in Sunderland and South Tyneside and also began work with Commissioners and stakeholders on the principles and design of improved community pathways in Northumberland, North Tyneside, Newcastle and Gateshead.

**Developing new models for Inpatient Care Programme**

The PRiDE development (providing improved mental health and learning disability environments in Sunderland and South Tyneside) was a keenly awaited development to provide state of the art, inpatient and support services to replace the Cherry Knowle Hospital. The Specialist Care Dementia Centre at Monkwearmouth

Hospital opened in November, 2013 and Hopewood Park, in Ryhope Sunderland, opened in September 2014.

During 2014/15 the Trust therefore focussed on the final realignment of adult assessment and treatment services, older people's and stepped care services across South of Tyne into Hopewood Park, in line with the agreed South of Tyne Model of Care including:

- The redesign of Stepped Care Services (Move on/ Relapse Prevention Services) South of Tyne bringing together inpatient provision in Hopewood Park supported by additional investment in the Community Rehabilitation Service;
- The rationalisation of the Sunderland and South Tyneside Dementia Services optimising the use of the new Dementia Care Centre at Monkwearmouth Hospital;
- The realignment of the secondary care pathway South of Tyne (assessment and treatment services) optimising the use of Hopewood Park and facilitating the closure of inpatient beds on the Bede Unit at South Tyneside General Hospital;
- The rationalisation of older people's functional in patient services South of Tyne optimising the use of Hopewood Park.

The Trust also:

- Completed the review of the dementia care pathway in Newcastle;
- Redesigned Stepped Care Services (Move on/ Relapse Prevention Services) North of Tyne bringing together, in the interim, inpatient provision for Newcastle and North Tyneside into one unit on the St. Nicholas Hospital site;
- Consolidated of the Trust's two existing Psychiatric Intensive Care Unit Services into a purpose built unit at Hopewood Park;
- Established a specialist Augmentation Personality Disorder (PD) Hub Team;
- Developed of a male High Dependency Unit for the North of Tyne and a female High Dependency Unit to serve both the North and South of Tyne;
- Further expanded hospital liaison services across localities in line with the principles of the recognised Rapid Assessment, Interface and Discharge (RAID) model, most notably in Sunderland where commissioners supported the establishment of a comprehensive service. With the support of commissioners improvements were also made in the services provided in North Tyneside and South Tyneside.

Other developments included the introduction of Street Triage in Sunderland, South Tyneside and Gateshead which is having an impact on the reduction of section 136 admissions and the development of out of hours Consultant cover across Hopewood Park.

## **Specialist Care Services Programme**

The Specialist Care Services Programme is responsible for ensuring the Trust retains sustainable specialist services as part of the overall service model and high quality competitive services, in preparation for the tendering of any existing services by commissioners. The Trust continued to make significant progress in this programme of work achieving the following during 2014/15:

- The further review of Neurological Services to ensure long term sustainability. This included the review of the future of the services provided from Hepple House in Corbridge;
- The review of the Children's and Young People's Medium Secure and Tier 4 Services including the provision of an enhanced outreach service to the North East Secure Children's Estate;
- The review of the Trust's Forensic Services to ensure long term sustainability. This included the establishment of a new Specialist Forensic Learning Disability Community Transitions Team which facilitated the closure of the Hebron unit;
- Capital to fund the development of a purpose built assessment and treatment unit for people with Autism was secured and the planning of the new unit progressed;
- A Business Case relating to the establishment of an Attention Deficit Hyperactivity Disorder (ADHD) service was developed and shared with commissioners;
- Plans relating to the relocation of The Regional Affective Disorder Service (RADS) from the Centre for Ageing and Vitality to St. Nicholas Hospital were progressed enabling the expansion of the service from 8 to 10 beds;
- Following discussions with NHS England an Eating Disorder Intensive Day Service was opened at Walkergate.

The Specialist Care Services Programme also continued to work with NHS England during 2014/15 with regard to their strategy and proposals for specialised commissioning.

## **Social and Residential Services**

The Trust's longstanding strategy, with the support of Commissioners, has been to divest itself of social and residential services. During 2014/15 the Trust achieved the following:

- Rationalised adult residential mental health care services in Northumberland closing the remaining void beds at the Willows in Morpeth and focusing the remaining services in Easterfield Court;
- Agreed with Commissioners a future model for Mental Health Day Service provision in Northumberland.

## **New Services**

During 2014/15 the Trust successfully tendered for additional monies to support the development of new services and service improvements. This included:

- Funding to support the implementation of evidenced based IAPT interventions in Children and Young People's services in Gateshead and Sunderland, in line with the national programme;
- The award of the contract relating to the Sunderland and Gateshead Acquired Brain Injury Service, a new service to support individuals in the community which is to commence in April 2015.

The Trust, working in partnership with Tees Esk and Wear Valley NHS Foundation Trust, was also awarded a contract relating to the North East Offender Health Service, maintaining delivery of our services into North East prisons (mental health, learning disability) and the Westgate Unit.

## **Partnerships**

The Trust continues to work in partnership with NHS organisations, the community, voluntary and independent sectors which we highly value. These include:

- Our partnership with Insight, who we work with in the provision of Newcastle Talking Therapies;
- The partnership with Tees Esk and Wear Valley NHS Foundation Trust (TEWVFT) and Revolving Doors in the implementation of the Big Diversion Project;
- The provision of Tier 3 Children and Young People's Services South of Tyne in partnership with Barnardos, Action for Children and Investing in Children;
- A partnership with TEWVFT, Combat Stress and The Royal British Legion to provide a Veterans Wellbeing Assessment and Liaison Service in the North East;
- A partnership with Changing Lives and Turning Point to provide both the Northumberland and North Tyneside Recovery Partnership services (integrated drug and alcohol services);
- Partnership working with Northumbria and Cumbria Probation Trusts to develop Community Personality Disorder services within the respective Probation Trust areas;
- Hosting of the North East Quality Observatory System (NEQOS) in partnership with South Tees Hospitals NHS Foundation Trust;
- Working in partnership with TEWVFT, Her Majesty's Courts and Tribunal Service and Youth Offending Teams from Northumbria, Durham and Cleveland in the provision of Liaison and Diversion Pilot Services;
- Our partnership with Byker Bridge Housing Association in the provision of Westbridge, a 24 hour staffed step down accommodation for individuals moving out of Adult Forensic Services;

- The provision of Sunderland Psychological Wellbeing Services in partnership with Sunderland Counselling Services and Washington MIND;
- The provision of a Macmillan Clinical Nurse Specialist in Palliative Care for people with learning disabilities in partnership with Macmillan Cancer Care;
- Our partnership with Northumbria Probation Service and Barnardos in the provision of assessment and treatment for individuals at risk of sex offending who are outside of the criminal justice system.
- The future provision of the Sunderland and Gateshead Acquired Brain Injury Service in partnership with Headway, Momentum and Neuro Partners.

There is more detail about the Trust's Transformation of Services Programme in our Annual Report 2014/15.

### **Northumberland, Tyne and Wear NHS Foundation Trust Equality Strategy 2012/2016**

The Equality Strategy 2012-2016 contains the Equality Objectives that the Trust has set to meet its Public Sector Duties in line with the Equality Act 2010. Our equality objectives are SMART, with targets and measures set for each. The objectives are aligned to the findings and recommendations of the Trust's Service Model Review and to the Department of Health initiative, the Equality Delivery System, which has the intention of driving Equality and Diversity performance across the whole of the NHS.

During this year we have undertaken the following:

- Reported to the Board on the Provision of Reasonable Adjustments within the Trust
- Audited Trust Practices against NHS Employers 'Guidance Relating to Disability in the NHS' and reported the findings to the Senior Management Team
- Signed up to the national Speak out Safely Campaign
- Started the Trust-Based Don't be a Spectator Campaign
- Collected evidence and held workshops for preparation for Equality Delivery System (EDS2) submission
- Launched a dedicated mailbox for Equality and Diversity queries [equality@ntw.nhs.uk](mailto:equality@ntw.nhs.uk)
- Devised an audit tool that will assess the accessibility of the Trust's Built Environment, which will lead to the publication of access information

In the coming year the Trust will publish a rating of our Equality and Diversity provision using the revised Equality Delivery System 2 from NHS England. This will provide the required evidence to help us to set new Equality Objectives to meet the requirements of the Public Sector Equality Duty.

Our Equality and Diversity Work is aligned to the work that we undertake as a result of the findings of our Staff Survey, as a result we will be continuing to work towards:



- Equality and Diversity Open Forums
- Whistleblowing Campaign

**Looking forward: what are our quality priorities in 2015/16 to support this goal?**

<b>Priority</b>	<b>Aim/objective</b>	<b>Rationale</b>	<b>Target and Trajectory</b>
1	To continue to embed the Recovery Model.	The Trust wishes to continue to move towards more recovery-orientated services. Embedding principals of co-production where professionals and people with lived experience work together to design and produce better quality, more effective services.	<p>In quarter one 2015/16 we will review the skill mix of teams within the Community Services Group, in line with our plans for transformation, to introduce Peer Support Workers into all localities. We will also conduct a review of the recruitment and induction process in conjunction with Peer Support Workers already in post, and develop an action plan for any improvements identified.</p> <p>In quarters two and three 2015/16 we will develop the IMRoC strategy (Improving Recovery Through Organisation Change), continue to progress the Recovery Colleges in line with agreed strategy and report on progress against agreed workstreams.</p> <p>In quarter four 2015/16 we will review the work plan, evaluate the progress made during the year and produce an annual report.</p>
2	To ensure comprehensive diagnosis information is available in relation to community service users.	Improving diagnosis recording has both clinical and analytical benefits and facilitates a more robust approach to NICE guideline audits.	<p>This priority relates to the recording of primary and secondary mental and physical health ICD10 diagnosis codes in community Early Intervention in Psychosis (EIP) Teams.</p> <p>In quarter one 2015/16 we will agree a methodology and implement a process to measure compliance with recording diagnosis in community EIP Teams, by gaining an understanding of the baseline position we will set quarterly trajectories for improvement over</p>

			<p>the remainder of 2015/16.</p> <p>In quarter two 2015/16 we will seek to further understand the barriers and enablers to diagnosis recording, making any necessary identified changes to guidance and ensuring clinical engagement in the process.</p> <p>In quarter three 2015/16 we will implement any required changes to the RIO system and implement any guidance changes made in quarter two 2015/16.</p> <p>In quarter four 2015/16 we will develop a detailed action plan for any identified areas of underperformance.</p>
3	To improve the recording and use of outcome measures by improving suppression rates of patient rated outcome measurement (PROM).	Outcome measures are a key way in which effectiveness of treatment can be demonstrated.	<p>This priority relates to the number of service users given the opportunity to feedback their views via the use of the Short Warwick and Edinburgh Mental Wellbeing Scale (SWEMWEBS).</p> <p>In quarter one 2015/16 we will agree a methodology and implement a process to measure how many times staff prevent (suppress) the tool from being sent to a service users. We will set quarterly trajectories for improvement over the remainder of 2015/16.</p> <p>In quarter two 2015/16 we will seek to further understand the barriers and enablers to the SWEMWEBS distribution process, making any necessary identified changes to guidance and ensuring clinical engagement in the process.</p> <p>In quarter three 2015/16 we will implement any required changes to the RIO system and implement any guidance changes made in quarter two. In quarter four 2015/16 we will</p>

			develop a detailed action plan for any identified areas of underperformance.
--	--	--	--

## **NTW Clinical Effectiveness Strategy**

The Trust's Clinical Effectiveness Strategy forms an over-arching framework that aligns with other relevant strategies and programmes. This collaborative approach will optimise the benefits for all service users with mental health, learning disability and neurological disability, by rapidly implementing evidence-based practice and measuring, as well as learning from, the outcomes of the care provided by the Trust. The mission for the Clinical Effectiveness Strategy is for the Trust to provide safer, better quality care that enables service users to live better for longer. The three year strategy is in the context of a ten-year aim to support the Trust's mission to demonstrate a significant measurable improvement in the extent to which service users are living better for longer.

The Trust already has a wide range of policies, processes and programmes that are addressing clinical effectiveness, including the Service Model Review and its translation into the Transformation Programme, the Principal Community Pathways (PCP) programme, and the Care Packages and Pathways programme. While excellent work is already underway and much progress has been made already, the complexity of both clinical effectiveness and of the organisation means further work is now required to enhance the solid foundation for achieving our aim. This will require a consistent approach implemented systematically and at sufficient scale.

Central to the Strategy are five clear objectives to be achieved by 2017/18:

1. All service users (and carers where relevant) will have the outcomes that are important to them measured, reported and tracked over time;
2. There is evidence that the culture of the organisation is supporting staff in delivering clinically effective care;
3. Routine measurements demonstrate that evidence-based guidelines, including but not limited to NICE quality standards, will inform care that is given to all service users;
4. There is evidence that the infrastructure of the Trust will support staff to deliver clinically effective care ;
5. Routine measurements demonstrate that the physical health care needs of our service users are consistently recognized, monitored and managed.

## **Mandatory statements relating to the quality of NHS services provided**

### **Review of Services**

During 2014/2015 the Northumberland, Tyne and Wear NHS Foundation Trust provided and/or sub-contracted 246 NHS Services.

The Northumberland, Tyne and Wear NHS Foundation Trust have reviewed all the data available to them on the quality of care in all 246 of these relevant health services.

The income generated by the relevant health services reviewed in 2014/15 represents 100 per cent of the total income generated from the provision of relevant health services by the Northumberland, Tyne and Wear NHS Foundation Trust for 2014/15.

### Participation in clinical audits

During 2014/15, five national clinical audits and two national confidential enquiries covered relevant health services that Northumberland, Tyne and Wear NHS Foundation Trust provides.

During that period Northumberland, Tyne and Wear NHS Foundation Trust participated in 100% national clinical audits and 100% national confidential enquiries of the national clinical audits and national confidential enquiries which it was eligible to participate in.

The national clinical audits and national confidential enquiries that Northumberland, Tyne and Wear NHS Trust was eligible to participate in during 2014/15 are as follows:

**Table 10: National Clinical Audits 2014/15 and National Confidential Enquiries 2014/15**

<b>National Clinical Audits 2014/2015</b>
1. National Audit of Schizophrenia (Royal College of Psychiatrists)
2. Prescribing for Substance Misuse: Alcohol Detoxification (POMH-UK Topic 14a)
3. Prescribing for People with a Personality Disorder (POMH-UK Topic 12b)
4. Use of Anti-Psychotic Medicine in CAMHS (POMH-UK Topic 10c)
5. Use of Anti-Psychotic Medication in People with Learning Disabilities (POMH-UK Topic 10c)
<b>National Confidential Enquiries 2014/2015</b>
1. National Confidential Enquiry (NCI) into Suicide and Homicide by People with Mental Illness (NCI/NCISH)
2. National Confidential Enquiry (NCI) into Inpatient Suicide whilst Under Non Routine Observation

The national clinical audits and national confidential enquiries that Northumberland, Tyne and Wear NHS Foundation Trust participated in, and for which data collection was completed during 2014/15, are shown in Table 11 below alongside the number of cases submitted to each audit or enquiry as a percentage of the number of registered cases required by the terms of that audit or enquiry.

**Table 11: National Clinical Audits 2014/15 and National Confidential Enquiries 2014/15**

<b>National Clinical Audits 2014/2015</b>	<b>Cases submitted</b>	<b>Cases required</b>	<b>%</b>
National Audit of Schizophrenia (Royal College of Psychiatrists)	89 cases submitted. Trust action planning in progress	75	100%
Prescribing for Substance Misuse: Alcohol Detoxification (POMH-UK Topic 14a)	21 cases submitted	No minimum requirement	-
Prescribing for People with a Personality Disorder (POMH-UK Topic 12b)	50 cases submitted. Report received and draft action plan submitted	No minimum requirement	-
Use of Anti-Psychotic Medicine in CAMHS (POMH-UK Topic 10c)	83 cases submitted. Report received and draft action plan submitted	No minimum requirement	-
Use of Anti-Psychotic Medication in People with Learning Disabilities (POMH-UK Topic 10c)	Audit on-going at time of report	-	-
<b>National Confidential Enquiries 2014/2015</b>			
National Confidential Enquiry (NCI) into Suicide and Homicide by People with Mental Illness (NCI/NCISH)	Reported directly to NCI	n/a	n/a
National Confidential Enquiry (NCI) into Inpatient Suicide whilst Under Non Routine Observation	Reported directly to NCI	n/a	n/a

The reports of 5 national clinical audits were reviewed by the provider in 2014/2015, and Northumberland, Tyne and Wear NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided:

**Table 12: Actions to be taken in response to national clinical audits**

<b>Project</b>	<b>Actions</b>
National Audit of Psychological Therapies for Anxiety and Depression	<p>Full Report included the following key recommendations:</p> <ul style="list-style-type: none"> <li>• Service staff need to provide service users, carers and referrers with better information on the remit of the service, including referral criteria, choice, alternative sources of support, equity of access, end of therapy, information sharing and confidentiality;</li> <li>• Commissioners must ensure that services are able to</li> </ul>

Project	Actions
	<p>demonstrate they provide therapies that are adherent to NICE guidelines, of sufficient duration and delivered by a suitably trained and supervised workforce;</p> <ul style="list-style-type: none"> <li>• Supervisors need to have received specific training in providing supervision and qualified therapists should only deliver therapy that they have been specifically trained to provide;</li> <li>• Services need to take active steps to address service user sources of dissatisfaction and have systems in place to obtain anonymous service user feedback on an ongoing basis;</li> <li>• As a minimum, steps to understand and improve outcomes for service users need to consider type and duration of therapy, therapist training, service user feedback, attrition, reliable improvement and recovery rates;</li> <li>• Individual Team Action Plans are currently in development.</li> </ul>
National Audit of Schizophrenia (Royal College of Psychiatrists)	<ul style="list-style-type: none"> <li>• Trust-wide action plans is currently in development</li> </ul>
Prescribing for Substance Misuse: Alcohol Detoxification (POMH-UK Topic 14a)	<p>Reports were reviewed by the Trust's Medicines Management Committee and appropriate actions taken from the audit recommendations</p> <ul style="list-style-type: none"> <li>• Development of an evidence-based guideline and approval for use in NTW;</li> <li>• Keycard to be developed and circulated to all clinical staff to raise awareness of the guideline by May 2015;</li> <li>• Increase compliance with baseline bloods being taken - CQUIN for physical health should increase compliance with this so no further actions required;</li> <li>• POMH-UK will request a re-audit of this topic in early 2016.</li> </ul>
Prescribing for People with a Personality Disorder (POMH-UK Topic 12b)	<p>Summary reports reviewed by the Trust's Medicines Management Committee and appropriate actions taken from the audit report</p> <ul style="list-style-type: none"> <li>• Local Action Planning currently in progress.</li> </ul>
Use of Anti-Psychotic Medicine in CAMHS (POMH-UK Topic 10c)	<p>Reports were reviewed by the Trust's Medicines Management Committee and appropriate actions taken from the audit recommendations</p> <ul style="list-style-type: none"> <li>• Action Plan to be agreed by end March 2015;</li> <li>• Ensure medication reviews are undertaken and recorded every 6 months;</li> </ul>

Project	Actions
	<ul style="list-style-type: none"> <li>• Standardise where information is recorded on the electronic record;</li> <li>• Ensure EPSEs are assessed and recorded as part of the medication review;</li> <li>• When tests cannot be undertaken as prescribed due to the clinical presentation of the patient, this should be recorded in the care record;</li> <li>• All actions were completed by December 2014.</li> </ul>

The reports of 105 local clinical audits were reviewed by the provider in 2014/15 and the details can be found at Appendix 3 of this report.

## **Research**

### **Participation in clinical research**

The number of service users receiving relevant health services provided or sub-contracted by Northumberland, Tyne and Wear NHS Foundation Trust in 2014/2015 that were recruited during that period to participate in research approved by a research ethics committee was 1533.

Participation in clinical research demonstrates Northumberland, Tyne and Wear NHS Foundation Trust's ongoing commitment to improving the quality of care we offer and to making our contribution to wider health improvement. This means continued involvement in large-scale NIHR Portfolio research which aims to influence practice and deliver real benefits to service users.

The Trust was therefore involved in the conduct of 59 clinical research studies in mental health related topics during 2014/2015, 28 of which were large-scale nationally funded NIHR Portfolio studies.

Staff participation in research increased during 2014/2015 and there were 61 clinical staff participating in ethics committee approved research employed by the Trust.

### **Goals agreed with commissioners**

#### **Use of the CQUIN payment framework**

The CQUIN framework aims to embed quality improvement and innovation at the heart of service provision and commissioner-provider discussions. It also ensures that local quality improvement priorities are discussed and agreed at board level in all organisations. It enables commissioners to reward excellence, by linking a proportion of English healthcare providers' income to the achievement of local quality improvement goals.

A proportion of Northumberland, Tyne and Wear NHS Foundation Trust income in 2014/2015 was conditional on achieving quality improvement and innovation goals

agreed between Northumberland, Tyne and Wear NHS Foundation Trust and any person or body they entered into a contract, agreement or arrangement with for the provision of relevant health services, through the Commissioning for Quality and Innovation payment framework.

For 2014/15, £6.1m of Northumberland, Tyne and Wear NHS Foundation Trust's contracted income was conditional on the achievement of these CQUIN indicators (£6m in 2013/14).

At the time of writing this Quality Report the majority of indicators were fully achieved with the exception of Children and Young People's waiting times in some locality areas. The CQUIN has been extended into 2015/16 with an expectation of further reductions in waiting times.

### CQUIN Indicators

A summary of the agreed CQUIN indicators for 2014/2015 and the new indicators for 2015/16 is shown in Tables 13-15 below. The tick marks show which year the indicator applies to:

**Table 13: CQUIN Indicators to improve Safety**

<b>CQUIN Indicators to improve Safety</b>	<b>2014/15</b>	<b>2015/16</b>
NHS Safety Thermometer	✓	-
To implement the use of a specialised services clinical dashboard	✓	-
Collaborative Risk Assessment	✓	✓
Improving CPA process for specialised services	✓	-

**Table 14: CQUIN Indicators to improve Patient Experience**

<b>CQUIN Indicators to improve Patient Experience</b>	<b>2014/15</b>	<b>2015/16</b>
Reduce waiting times for Children and Young Peoples services (CYPS)	✓	✓
Carers	✓	✓
Diversity – improving links to community groups	✓	-
Improving patient experience of gender identity clinics	✓	-
Friends and Family Test	✓	
Perinatal specific involvements and support for partners/ significant others	-	✓

**Table 15: CQUIN Indicators to improve Clinical Effectiveness**

<b>CQUIN Indicators to improve Clinical Effectiveness</b>	<b>2014/15</b>	<b>2015/16</b>
Transformation programme – South CCG's	✓	-
Transformation programme – North CCG's	✓	-
To increase the percentage of people with mental health illness who receive appropriate physical health care.	✓	✓
Deaf recovery package	✓	✓



Assuring appropriateness of unplanned admissions	✓	-
Training and supervision of clinical staff to deliver interventions to improve mother/infant relationships	✓	-

### Statements from the Care Quality Commission (CQC)

Northumberland, Tyne and Wear NHS Foundation Trust is required to register with the Care Quality Commission and its current registration status is registered without conditions and therefore licensed to provide services. The Care Quality Commission has not taken enforcement action against Northumberland, Tyne and Wear NHS Foundation Trust during 2014/2015. Northumberland, Tyne and Wear NHS Foundation Trust has not participated in any special reviews or investigations by the CQC during the reporting period.

The CQC registers, and therefore licenses Northumberland, Tyne and Wear NHS Foundation Trust as a provider of care services as long as we meet the fundamental standards of quality and safety. The CQC monitors us to make sure that we continue to meet these standards.

### CQC Intelligent Monitoring Report

The Intelligent Monitoring Report, published by the Care Quality Commission (CQC) is a useful tool to help us to continually monitor the quality of our services. It allows us to identify any areas of lower than average performance and take action to address them if necessary.

The report gathers together a range of key indicators about the Trust in relation to five key questions - is the Trust safe, effective, caring, responsive and well-led. These indicators are used by the CQC to raise questions about the quality of care provided by the Trust.

Our first Intelligent Monitoring Report was published by the CQC in November 2014 and it identifies the Trust as being in Risk band 3 (1 highest risk and 4 lowest risk). Our overall risk score is 3 out of a possible maximum score of 114. Our Intelligent Monitoring Tool can be found via the following link:

<http://www.cqc.org.uk/provider/RX4/reports>

### CQC Registration Activity 2014/15

During 2014/15, the Care Quality Commission did not undertake any compliance visits to the Trust.

### External Accreditations

The Trust has gained national accreditation for the quality of service it provides in many wards and teams.

- Nearly 70% of adult and older people's mental health wards have achieved the AIMS accreditation for Inpatient Mental Health Services; the remainder are seeking to gain accreditation within the next 12-18 months

- 80% of the adult forensic medium and low secure wards have been accredited by the Quality Network for Forensic Mental Health Services.
- 50% of the children's wards in the Ferndene unit have been accredited by the Quality Network for Inpatient CAMHS

Table 16 below provides a breakdown of current clinical accreditations as at March 2015.

**Table 16: Current clinical external accreditations (March 2015)**

External Accreditation	Ward/Department	Location
Accreditation for Inpatient Mental Health Services (AIMS)	Beckfield (PICU)	Hopewood Park
	Collingwood Court	Campus for Ageing and Vitality
	Embleton	St George's Park
	Fellside Ward	Queen Elizabeth Hospital
	Gainsborough Ward	Campus for Ageing and Vitality
	Lamesley Ward	Queen Elizabeth Hospital
	Lowry Ward	Campus for Ageing and Vitality
	Warkworth Ward	St George's Park
	Rosewood	Cherry Knowle Hospital
	Longview	Hopewood Park
	Springrise	Hopewood Park
	Akenside (OP)	Centre for Ageing and Vitality
	Hauxley (OP)	St George's Park
	Castleside Ward (OP)	Campus for Ageing and Vitality
	Cresswell (OP)	St George's Park
	Mowbray Ward (OP)	Monkwearmouth Hospital
	Roker Ward (OP)	Monkwearmouth Hospital
	Bluebell Court (Rehab)	St George's Park
	Clearbrook (Rehab)	Hopewood Park
	Willow View (Rehab)	St Nicholas Hospital
Ward 31a Eating Disorders Service (QED)	Royal Victoria Infirmary	
Quality Network for Forensic Mental Health Services	Bamburgh Clinic	St Nicholas Hospital
	Bede Ward	St Nicholas Hospital
	Kenneth Day Unit	Northgate Hospital
Quality Network for Inpatient CAMHS	Stephenson	Ferndene
	Fraser	Ferndene
Quality Network for Community CAMHS	Northumberland CYPS	Villa 9, Northgate Hospital
	Newcastle CYPS	Benton House

External Accreditation	Ward/Department	Location
	South of Tyne and Wearside Community CYPS	Sunderland and South Tyneside
ECT Accreditation Service	Hadrian Clinic	Campus for Ageing and Vitality
	Treatment Centre	St George's Park
Psychiatric Liaison Accreditation Network	Psychiatric Liaison Team, Sunderland Royal	Sunderland
	Liaison Psychiatry and Self Harm Team, Wansbeck General Hospital	Northumberland
	Self Harm and Liaison Service, RVI	Newcastle
Memory Service National Accreditation Programme	Newcastle Memory Assessment and Management Service	Newcastle
	Monkwearmouth Memory Protection Services	South Tyneside
Quality Network for Perinatal Mental Health Services	Beadnell Mother and Baby Unit	St George's Park
Home Treatment Accreditation Scheme (Pilot starting in April 2012)	Newcastle CRHT	Newcastle
Forum of Mobility Centres	North East Drive Mobility	Walkergate Park

## Data Quality

Northumberland, Tyne and Wear NHS Foundation NHS Trust will be continuing to take the following actions to improve data quality:

**Table 17: Actions to be taken to improve data quality**

On-going actions:	
Dashboard Information	We will further embed the use of the Dashboard reporting system and implement a systematic training programme relating to data quality and performance management across the organisation.
RIO documentation	We will consolidate the way that information is recorded on RIO to be a more streamlined process.
Awareness of data quality	We will continue to implement standards for Data Quality to increase awareness of the importance of data quality.
Clinical Standards for Record Keeping	We will continue to implement the Clinical Standards for record keeping, measuring staff adherence to the requirements.
Incident reporting process	We will continue to ensure that robust systems are implemented to review the grading of all incidents reported through our internal systems to provide a consistent and accurate picture of incident activity in the Trust.
Complaints reporting process	As per the incident reporting process above the Trust is committed to continually refining our internal processes to ensure complaints are recorded and graded appropriately.

Good quality information underpins the effective delivery of patient care and is essential if improvements in quality of care are to be made. The Trust has already made extensive improvements in data quality. During 2015/16 the Trust will build upon the actions taken to ensure that we continually improve the quality of information we provide.

### **North East Quality Observatory (NEQOS) Benchmarking of 2013/14 Quality Account**

The North East Quality Observatory System (NEQOS) provides expert clinical quality measurement services to most NHS organisations in the north east.

During 2014 NTW once again commissioned NEQOS to undertake a benchmarking exercise. It compares the Trust's Quality Account 2013/14 with those of 56 other NHS Mental Health organisations.

A summary of the top 11 indicators found in all Quality Accounts has been provided in the Table 18 below:

**Table 18: Top 11 Quality Account Indicators**

	<b>Top 11 Quality Account Indicators</b>	<b>Target</b>	<b>Average</b>	<b>Peer*</b>	<b>NTW</b>	<b># Trusts</b>
1	National Clinical Audit participation (%)	100%	94.3	89.3	100.0	55
2	National Confidential Enquiry participation (%)	100%	100.0	100.0	100.0	54
3	MHMDS data completeness: NHS number (%)	99%	99.4	99.2	99.6	55
4	% inpatients receiving follow up contact within 7 days of discharge	95%	97.3	96.8	97.1	55
5	Admissions to adult urgent care wards gate kept by CRT (%)	95%	98.5	98.4	100.0	54
6	Proportion of all incidents for severe harm/death	-	1.4	1.0	1.4	52
7	Patient experience of community MH services	-	8.0	7.9	8.7	49
8	Inpatients classed as delayed transfers of care (%)	< 7.5%	3.6	3.6	4.2	45
9	Proportion of inpatients readmitted	-	7.0	6.8	7.9	36
10	CPA formal review within 12 months (%)	95%	96.6	96.9	97.2	34
11	Staff who would recommend the trust to their family/friends (%)	-	3.56	3.52	3.61	23

The Trust has a higher than average score in 8 of the 11 indicators tested and the same as the average in a further 2 indicators. When compared to the Peer cohort the Trust was higher in 10 of the 11 indicators and the same as the Peer score in the remaining 1.

\*Peer includes data for (C&W, Lancashire, Norfolk, North Essex, Oxford, Southern, Sussex, TEWV)

### **NHS Number and General Medical Practice Code Validity**

Northumberland, Tyne and Wear NHS Foundation Trust did not submit records during 2014/2015 to the Secondary Uses service for inclusion in the Hospital Episode Statistics which are included in the latest published data.

## Information Governance Toolkit attainment

The Northumberland, Tyne and Wear NHS Foundation Trust Information Governance Assessment Report overall score for 2014/2015 was 72% and was graded green.

## Clinical Coding error rate

Northumberland, Tyne and Wear NHS Foundation Trust was not subject to the Payment by Results clinical coding audit during 2014/2015 by the Audit Commission.

## Performance against mandated core indicators

The mandated indicators applicable to Northumberland, Tyne and Wear NHS Foundation Trust are as follows:

- **The percentage of patients on Care Programme Approach (CPA) who were followed up within 7 days after discharge from psychiatric inpatient care during the reporting period** (data governed by a national definition)

The Northumberland, Tyne and Wear NHS Foundation Trust considers that this data is as described for the following reason - we have established, robust reporting systems in place through our electronic patient record system (RiO) and adopt a systematic approach to data quality improvement.

The Northumberland, Tyne and Wear NHS Foundation Trust has taken the following actions to improve this percentage, and so the quality of its services by ensuring clinicians are aware of their responsibilities to complete these reviews.

**Table 19: 7 day follow up data 2013/14-2014/15**

7 day follow up	Q1 13/14	Q2 13/14	Q3 13/14	Q4 13/14	Q1 14/15	Q2 14/15	Q3 14/15
NTW %	95.8%	97.5%	97.6%	97.0%	98.3%	95.8%	98.2%
National Average %	97.4%	98.8%	96.7%	97.4%	97.0%	97.3%	97.3%
Highest national %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Lowest national %	94.1%	90.7%	77.2%	93.3%	95.0%	91.5%	90.0%

(higher scores are better)

- **The percentage of admissions to acute wards for which the Crisis Home Treatment Team acted as a gatekeeper during the reporting period** (data governed by a national definition)

The Northumberland, Tyne and Wear NHS Foundation Trust considers that this data is as described for the following reasons - we have established, robust reporting systems in place through our electronic patient record system (RiO) and adopt a systematic approach to data quality improvement.

The Northumberland, Tyne and Wear NHS Foundation Trust intends to take the following actions to improve this percentage, and so the quality of its services by closely monitoring this requirement and quickly alerting professionals to any deterioration in performance.

**Table 20: Gatekeeping data 2013/14-2014/15**

Gatekeeping	Q1 13/14	Q2 13/14	Q3 13/14	Q4 13/14	Q1 14/15	Q2 14/15	Q3 14/15
NTW %	99.6%	99.6%	100.0%	100.0%	100.0%	100.0%	99.7%
National Average %	97.7%	98.7%	98.6%	98.2%	98.0%	98.5%	97.8%
Highest national %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Lowest national %	74.5%	89.8%	85.5%	75.2%	33.3%	93.0%	73.0%

(higher scores are better)

- **The percentage of staff employed by, or under contract to, the Trust during the reporting period who would recommend the Trust as a provider of care to their family or friends**

The Northumberland, Tyne and Wear NHS Foundation Trust consider that this data is as described for the following reasons – this is an externally commissioned survey.

The Northumberland, Tyne and Wear NHS Foundation Trust has taken the following actions to improve this number, and so the quality of its services by continuing to hold multidisciplinary staff engagement sessions regarding the results of the staff survey and identifying actions for improvement.

**Table 21: Family and Friends recommendations data 2011-2014**

Family & Friends recommendation	2011 Staff Survey	2012 Staff Survey	2013 Staff Survey	2014 Staff Survey
NTW	3.46	3.52	3.61	3.64
National Average	3.42	3.54	3.54	3.57
Highest national	3.94	4.06	n/a	n/a
Lowest national	3.07	3.06	n/a	n/a

(Five is the highest/best score)

- **'Patient experience of community mental health services' indicator score with regard to a patients experience of contact with a health or social care worker during the reporting period**

The Northumberland, Tyne and Wear NHS Foundation Trust considers that this data is as described for the following reasons – this is an externally commissioned survey.

The Northumberland, Tyne and Wear NHS Foundation Trust has taken the following actions to improve this percentage, and so the quality of its services

by constantly engaging with service users and carers to ensure we are responsive to their needs and continually improve our services.

**Table 22: Patient experience of community mental health indicator scores 2010-2014**

Patient experience of community mental health indicator scores	2010	2011	2012	2013	2014
NTW	86.5	85.8	90.9	87.4	At the time of writing, the 2014 data has not been published on the HSCIC website
National Average	87.1	86.7	86.5	85.8	
Highest national	91	91.4	91.8	91.8	
Lowest national	81.8	81.9	82.6	80.9	

(higher scores are better)

- **The number and, where available the rate of patient safety incidents reported within the Trust during the reporting period, and the number and percentage of such patient safety incidents that resulted in severe harm or death** (data governed by a national definition)

The Northumberland, Tyne and Wear NHS Foundation Trust considers that this data is as described for the following reasons – this is data we have uploaded to the National Learning and Reporting System (NRLS).

The Northumberland, Tyne and Wear NHS Foundation Trust has taken the following actions to improve this rate/number/percentage, and so the quality of its services by ensuring all serious Patient Safety Incidents are robustly investigated and lessons shared throughout the organisation (including the early identification of any themes or trends).

**Table 23: Patient Safety Incident data October 2011-September 2014**

	NTW	National average	Highest national	Lowest national*
<b>Oct 11 - Mar 12</b>				
Number of PSI reported (per 1000 obd)	22.8	19.2	86.9	0
Number of 'Severe' PSI(% of incidents reported)	0.7%	0.5%	2.8%	0
Number of 'Death' PSI(% of incidents reported)	0.9%	0.8%	5.2%	0
<b>Apr 12 - Sept 12</b>				
Number of PSI reported (per 1000 obd)	31.0	23.8	72	0
Number of 'Severe' PSI(% of incidents reported)	0.8%	0.8%	8.9%	0
Number of 'Death' PSI(% of incidents reported)	0.6%	0.8%	4.3%	0
<b>Oct 12 - Mar 13</b>				
Number of PSI reported (per 1000 obd)	30.2	26.8	99.8	0
Number of 'Severe' PSI(% of incidents reported)	1.8%	0.5%	1.8%	0
Number of 'Death' PSI(% of incidents reported)	0.7%	0.8%	4.5%	0



<b>Apr 13 - Sept 13</b>				
Number of PSI reported (per 1000 obd)	33.9	28.0	67.1	0
Number of 'Severe' PSI(% of incidents reported)	0.4%	0.4%	1.6%	0
Number of 'Death' PSI(% of incidents reported)	1.0%	0.9%	4.7%	0
<b>Oct 13 - Mar 14</b>				
Number of PSI reported (per 1000 obd)	38.5	28.0	58.7	0
Number of 'Severe' PSI(% of incidents reported)	0.6%	0.4%	2.9%	0
Number of 'Death' PSI(% of incidents reported)	0.9%	0.7%	3.5%	0
<b>Apr 14 - Sept 14</b>				
Number of PSI reported (per 1000 obd)	39.3	35.6	90.4	0
Number of 'Severe' PSI(% of incidents reported)	0.5%	0.3%	2.9%	0
Number of 'Death' PSI(% of incidents reported)	1.0%	0.7%	3.0%	0

(lower scores are better)

\*nb some organisations report zero patient safety incidents

## Review of Quality Performance

### Part 3

In this section we will report on the quality of the services we provide, by reviewing progress against indicators for quality improvement, and feedback from sources such as patient and staff surveys.

We will report separately on each of the quality domains (safety, patient experience and clinical effectiveness). Some of the indicators from our 2013/14 report are no longer included and we have added some new indicators this year as we feel this gives a more appropriate balance of our performance measures. For indicators which relate to our CQUIN goals no comparator information is included as the milestones change from year to year.

The information included in this section has been developed in conjunction with staff, our Council of Governors, commissioners and partners, to ensure that we include relevant, meaningful information about the quality of services we provide.

### Review of Quality Performance – Patient Safety

**Table 24: Patient Safety Quality Indicators Performance 2014/15**

Quality Indicator	Why did we choose this measure?	Performance in 2014/2015 (2013/14)
*Same Sex Accommodation Requirements.	Reducing mixed sex accommodation is a national priority and Department of Health requirement. Data source: Safeguard	There have been no breaches of same sex accommodation requirements during 2014/15(also none in 2013/14).
*Patients on CPA have a formal review every 12 months.	Monitor Compliance Framework requirement. Data source: RiO	As at the end of March 2015, <b>95.6%</b> of applicable service users had a CPA review in the last 12 months, meeting the Monitor target of 95% (97.2% March 2014).
2014 Staff Survey - The percentage of staff employed by, or under contract to, the trust during the reporting period who would recommend the trust as a provider of care to their family or friends.	The annual staff survey is a valuable tool for understanding how our staff think the Trust is performing against the four pledges to staff in the NHS constitution. Data source: CQC NHS Staff Survey 2014.	The 2014 staff survey showed that our staff scored the question regarding recommending the trust as a place to work or receive treatment as 3.64 out of 5 (2013 3.61 out of 5).  The average score for mental health trusts for this question is 3.57.  The survey is available via the following link: <a href="http://www.nhsstaffsurveys.com/Page/1015/Latest-Results/Mental-Health-Learning-Disability-Trusts/">http://www.nhsstaffsurveys.com/Page/1015/Latest-Results/Mental-Health-Learning-Disability-Trusts/</a>

Quality Indicator	Why did we choose this measure?	Performance in 2014/2015 (2013/14)
Safeguarding Awareness Training.	The Safeguarding Adults and Children courses are essential training for all staff and must be completed every three years. Data source: ESR	By the end of March 2015: The number of staff trained in Safeguarding Adults – <b>95.0%</b> (95.1% in March 2014)  The number of staff trained in Safeguarding Children – <b>96.2%</b> (96.7% in March 2014)

## Review of Quality Performance – Patient Experience

Table 25: Patient Experience Quality Indicators Performance 2014/15

Quality Indicator	Why did we choose this measure?	Performance in 2014/2015 (2013/14)
*Delayed transfers of care.	Monitor and CQC requirement to minimise the number of patients in hospital who are ready for discharge. Data source: RiO	At 31 <sup>st</sup> March 2015, <b>2.6%</b> of total inpatient bed.days were classed as delayed transfers of care, thus meeting the target to have no more than 7.5% of inpatient bed.days delayed (4.2% in 2013/14).
Improving the Quality of the Getting to Know You (GTKY) Process & Ensuring Carers are aware of the “Common-sense Confidentiality” Guidance.	Locally agreed CQUIN indicator in 2014/15 to capture carers’ views and measure satisfaction so that we can improve carers’ experiences and ensure that the standards within the carers’ charter are being met. Data source: manual	During 2014/15 this CQUIN concentrated on improving the quality of the ‘Getting to Know You’ process by undertaking an audit. The findings were analysed and an action plan for improvement was created and implemented.  The group agreed what is meant by common sense confidentiality and undertook an assessment of where this is currently being practiced within NTW services (including the identification of any gaps in provision). An action plan for improvement has been created.
Friends and Family Test (patients).	National CQUIN indicator in 2014/15 to implement the Friends and Family. Data source: Manual	March 2015: The Friends and Family test for service users was implemented fully during 2014/15 in line with national requirements. The elements of this CQUIN were fully met.

Quality Indicator	Why did we choose this measure?	Performance in 2014/2015 (2013/14)
<p>Comments left via the Trust or other websites.</p>	<p>Reviewing comments left on websites about the quality of our services by patients and the public is valuable feedback.</p> <p>Data source: Patient Opinion/NHS Choices websites</p>	<p>Comment left on Patient Opinion website during 2014/15:  <i>A great place for one's self esteem. After treatment at St Georges, my psychiatrist told me the world is my oyster and I can be anything I want to be. I was able to get my life back, my own business being self-employed began to thrive and relationships in the community prospered. My girlfriend was also thrilled with me after the hospital treatment. Well done St Georges.</i></p> <p>Comment left on Patient Opinion website during 2014/15:  <i>The staff were very patient, friendly and kind. Nothing was too much trouble. A special thank you to the member of staff for taking me on brisk walks as there was no exercise available and with the wonderful treacle puddings and spotted dicks, constant snacking, I'm not surprised most patients had a weight problem . I also enjoyed watching late films at night and being served 2 cups of Horlicks! In fact I shall miss being waited on hand and foot and the lovely family atmosphere. Some people don't realise how lucky we are to be born in England. The doctor was very kind and helpful I have made an excellent recovery and am very grateful to the NHS</i></p>

\*data for this indicator governed by a national definition

## Review of Quality Performance – Clinical Effectiveness

Table 26: Clinical Effectiveness Quality Indicators Performance 2014/15

Quality Indicator	Why did we choose this measure?	Performance in 2014/2015 (2013/14)
*CRHT Gate kept Admissions.	Both Monitor and CQC require us to demonstrate that certain inpatients have been assessed by a CHRT prior to admission. Data source: RiO	A Crisis Resolution Home Treatment Team provides intensive support for people in mental health crisis in their own home. It is designed to prevent hospital admissions.  As at March 2015, <b>100%</b> of the North East CCG admissions to adult urgent care wards were gatekept by a CRHT prior to admission, thus exceeding the target of 95%.  In 2013/14 the performance was 100%
*7 Day Follow Up contacts.	Seven day follow up is the requirement to visit or contact a service user within seven days of their discharge from inpatient care, to reduce the overall rate of death by suicide. This is a Monitor and CQC requirement. Data source: RiO	During 2013/14, 1,967 service users (97.1% of those discharged from inpatient care in the year) were followed up within seven days of discharge.  In 2014/15, 1,702 service users ( <b>97.4%</b> of those discharged from inpatient care in the year) were followed up within seven days of discharge.  Note: the target for this indicator is 95% and applies to adult service users on CPA. Further analysis by locality is as follows: Gateshead CCG: 96.7% Newcastle West CCG: 96.7% Newcastle North & East CCG: 98.1% North Tyneside CCG: 98.2% Northumberland CCG: 98.3% South Tyneside CCG: 98.1% Sunderland CCG: 97.1%
7 Day Follow Up contacts conducted face to face.	'Face to face' follow ups give a better quality of service and improved outcomes for service users. Data source: RiO	By the end of March 2015 <b>92.3%</b> of seven day contacts were conducted face to face.  During 2013/14 this figure was 93.8%.

Quality Indicator	Why did we choose this measure?	Performance in 2014/2015 (2013/14)
Emergency re-admission rates.	Emergency readmission rates are an important tool in the planning of mental health services and the reviewing of quality of those services. Data source: RiO	During 2013/14, 236 mental health inpatients (7.9%) were readmitted within 28 days of discharge and 11 learning disability inpatients (9.7%) were readmitted within 90 days of discharge.  In 2014/15, 172 mental health inpatients (6.2%) were readmitted within 28 days of discharge and 10 learning disability patients (8.1%) were readmitted within 90 days of discharge.
*Patient outcomes – numbers of patients in settled accommodation.	CQC and Monitor require us to calculate how many of our service users are in settled accommodation. Data source: RiO	At the end of March 2015, the number of service users recorded as living in settled accommodation was <b>73.2%</b> (75.1% in 2013/14).
Improving Physical Healthcare for mental health patients.	2014/15 National CQUIN.  Data source: RiO	This national CQUIN was in 2 parts. Part A concentrated on an audit undertaken by the Royal College of Psychiatrists to establish if inpatients had been appropriately screened using the Lester Tool. Part B related to improving communication between ourselves and GP's at certain key points in a service users pathway. NTW has fully participated in the CQUIN during 2014/15 and this work will continue through 2015/16.
Staff Survey results 2014.	The annual staff survey is a valuable tool for understanding how our staff think the Trust is performing against the four pledges to staff in the NHS constitution. Data source: NHS Staff Survey 2014 (KF1&2)	The 2014 staff survey showed that <b>89%</b> of staff who responded agreed that their role makes a difference to service users (90% in 2013). <b>80%</b> of staff who responded felt satisfied with the quality of work and patient care they are able to deliver (75% in 2013).  The survey is available via the following link: <a href="http://www.nhsstaffsurveys.com/Page/1015/Latest-Results/Mental-Health-Learning-Disability-Trusts/">http://www.nhsstaffsurveys.com/Page/1015/Latest-Results/Mental-Health-Learning-Disability-Trusts/</a>

Quality Indicator	Why did we choose this measure?	Performance in 2014/2015 (2013/14)																															
Staff absence through sickness.	High levels of staff sickness impact on patient care: therefore the Trust monitors sickness absence levels carefully. Data source: ESR	The 12 month rolling average staff sickness absence figures have increased very slightly when compared to 2014 but remain lower than 2013. The Board of Directors continue to monitor this important target.																															
		<table border="1"> <thead> <tr> <th></th> <th>Short term sickness</th> <th>Long term sickness</th> <th>Total average sickness</th> </tr> </thead> <tbody> <tr> <td>31<sup>st</sup> March 2010</td> <td>2.23%</td> <td>4.01%</td> <td>6.24%</td> </tr> <tr> <td>31<sup>st</sup> March 2011</td> <td>1.76%</td> <td>3.75%</td> <td>5.51%</td> </tr> <tr> <td>31<sup>st</sup> March 2012</td> <td>1.57%</td> <td>4.19%</td> <td>5.76%</td> </tr> <tr> <td>31<sup>st</sup> March 2013</td> <td>1.81%</td> <td>4.42%</td> <td>6.23%</td> </tr> <tr> <td>31<sup>st</sup> March 2014</td> <td>1.53%</td> <td>4.33%</td> <td>5.86%</td> </tr> <tr> <td>31<sup>st</sup> March 2015</td> <td>1.72%</td> <td>4.17%</td> <td>5.88%</td> </tr> </tbody> </table>					Short term sickness	Long term sickness	Total average sickness	31 <sup>st</sup> March 2010	2.23%	4.01%	6.24%	31 <sup>st</sup> March 2011	1.76%	3.75%	5.51%	31 <sup>st</sup> March 2012	1.57%	4.19%	5.76%	31 <sup>st</sup> March 2013	1.81%	4.42%	6.23%	31 <sup>st</sup> March 2014	1.53%	4.33%	5.86%	31 <sup>st</sup> March 2015	1.72%	4.17%	5.88%
	Short term sickness	Long term sickness	Total average sickness																														
31 <sup>st</sup> March 2010	2.23%	4.01%	6.24%																														
31 <sup>st</sup> March 2011	1.76%	3.75%	5.51%																														
31 <sup>st</sup> March 2012	1.57%	4.19%	5.76%																														
31 <sup>st</sup> March 2013	1.81%	4.42%	6.23%																														
31 <sup>st</sup> March 2014	1.53%	4.33%	5.86%																														
31 <sup>st</sup> March 2015	1.72%	4.17%	5.88%																														

\*data for this indicator governed by a national definition

## Performance against contracts with local commissioners

During 2014/15 the Trust had several contractual targets to meet with local commissioners (CCG's). Table 27 below highlights the targets and the performance of each CCG against them, as at 31 March 2015.

**Table 27: Contract Performance Targets as at 31 March 2015**

Contract performance targets as at 31/3/2015	Gateshead CCG	Newcastle North & East CCG	Newcastle West CCG	N'land CCG	North Tyneside CCG	Cumbria CCG	Sunderland CCG	South Tyneside CCG
Number of long term inpatients that have received an Annual Health Check (95%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Current admissions to adult wards that are gatekept by crisis home resolution teams (95%)	100.0%	99.5%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
CPA Service Users with a risk assessment undertaken/reviewed in the last 12 months (95%)	97.6%	97.2%	96.4%	96.2%	99.6%	94.1%	98.7%	97.2%
CPA Service Users with identified risks who have at least a 12 monthly crisis and contingency plan (95%)	94.4%	93.9%	95.1%	94.0%	98.1%	96.2%	99.2%	93.2%
Number of inpatient discharges from adult mental health illness specialties followed up within 7 days (95%)	96.7%	98.1%	96.7%	98.3%	98.2%	N/A	97.1%	98.1%
Safeguarding Adults Training (90%)	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Safeguarding Children Training (90%)	96.2%	96.2%	96.2%	96.2%	96.2%	96.2%	96.2%	96.2%
Current delayed transfers of care - including social care (<7.5%)	3.0%	4.7%	2.1%	2.1%	2.8%	1.3%	1.9%	3.6%
The number of people who have completed IAPT treatment during the reporting period (50%)	N/A	N/A	N/A	38.7%	N/A	N/A	47.1%	N/A

\*N/A = those services are not commissioned in the CCG areas



The Trust also has specific contractual targets for specialised services with NHS England for which the majority of targets were met by the 31/3/2015.

## **Staff Survey 2014**

The NHS Staff Survey is recognised as an important way of ensuring that the views of staff working in the NHS inform local improvements and input in to local and national assessments of quality, safety, and delivery of the NHS Constitution. The 2014 staff survey questions were structured around the following issues:-

- Personal development
- Job roles
- How staff feel about managers
- How staff feel about their organisation
- Staff health
- Staff well-being and safety at work
- Background (demographic) information.

## **Corporate actions in response to survey results**

- Many of the responses to the open questions on the survey spoke about not always feeling fully engaged in the work of the Trust. In response to this we have launched 'Speak Easy, be heard', a new way of staff engagement. As a Trust we want to listen to each other's views and opinions and we want to have open and honest conversations.;
- The Trust has joined the Speak out Safely Campaign and this is bolstered by the 'Don't be a Spectator' Trust Campaign and the [equality@ntw.nhs.uk](mailto:equality@ntw.nhs.uk) mailbox;
- Revised management training;
- The Staff Survey Working Group has played a key part in ensuring that the key messages from the survey are being raised. This includes moving the monthly meeting around Trust premises and organising visits to staff working on that site to discuss issues. These meetings have proved to be beneficial and have helped inform the actions that are taking place.

## **What next?**

Discussion around themes in the Staff Survey will be explored in the 'Speak Easy, Be Heard' engagement events during 2015. Views from these events and those expressed in the Staff Survey will inform the way we make future workforce decisions.

## **Statements from lead Clinical Commissioning Groups (CCG) and local Healthwatch**

We have invited our partners from all localities covered by Trust Services to comment on our Quality Account. It has been agreed that responses from partners in Newcastle, North Tyneside, Northumberland, Gateshead, Sunderland and the local Healthwatches will be included within this document, and any comments from other localities will be made available on our website ([www.ntw.nhs.uk](http://www.ntw.nhs.uk)).

**NHS Northumberland, NHS North Tyneside, NHS Newcastle Gateshead, NHS South Tyneside and NHS Sunderland Clinical Commissioning Groups feedback for Northumberland, Tyne and Wear NHS Foundation Trust Quality Accounts 2014/2015**

NHS Northumberland, NHS North Tyneside, NHS Newcastle Gateshead, NHS South Tyneside and NHS Sunderland CCG's, welcome the opportunity to review and comment on the Quality Account for 2014/15 and would like to offer the following commentary.

We remain committed to commissioning high quality services from Northumberland Tyne and Wear NHS Foundation Trust (NTWFT) and take seriously their responsibility to ensure that patients' needs are met by the provision of safe, high quality services and that the views and expectations of patients and the public are listened to and acted upon.

The CCG's would like to commend the Trust for the improvements that are demonstrated in the report, particularly the achievement of most of its goals relating to the three Quality Goals of patient safety, patient experience and clinical effectiveness and the ongoing work to address gaps, particularly in respect of the staff education related to the revised clinical risk strategy and further improvement of waiting times for Children and Young People.

The CCG's acknowledge the Trusts challenging and unprecedented Transformation Programme and associated service redesign which will reflect the CCGs Commissioning Intentions of a modern mental health service. We would continue to encourage working together on the Programme to avoid any unintended consequences and to ensure that full and meaningful engagement with services users, Carers, the public and partner organisations is sustained.

The CCG's are encouraged by the efforts being made to discuss and improve the patient's experience recognising the impact of the recently revised nursing strategy which is underpinned by the principles of the 6 C's. We also congratulate the Trust on the achievement of some of 2013/14 challenges for example the improvement with the meal ordering system.

The CCG's are looking forward to working with the Trust on the 3 Quality Priorities identified for 2015/16.

Goal 1 Reducing incidence of Harm to patients

Goal 2 Improve the way we relate to patients and carers

Goal 3 Ensure the right services are in the right place at the right time for the right person

Finally congratulations on the achievements outlined in this report which we believe accurately reflects the Trusts commitment to delivering a high quality, patient centred service.

## **Healthwatch Newcastle's statement**

Healthwatch Newcastle was pleased to read the Northumberland, Tyne and Wear NHS Foundation Trust's quality account for 2014/15. It is clear, easy to read and felt very open and honest.

Over the last year Healthwatch has received no comments about the Trust that relate to the quality goals and priorities mentioned in the quality account. It is clear the Trust has worked hard making improvements based on progress against the priorities from last year.

### **Quality goal 1: safety**

This was only partially met but the quality account document makes it clear this is the case and the standard the Trust is setting for itself is enhanced - meaning it is over and above current risk management training.

### **Quality goal 2: patient experience**

At the briefing event for the quality account there was a lot of discussion specifically around 'jacket potatoes' and the perception of one service user that the only meal they could eat was a jacket potato for an inpatient stay lasting over three weeks. Healthwatch Newcastle has no evidence that this is a wider problem and has not received any intelligence that would imply it was a massive issue for patients.

We are pleased to see the continued focus on achieving 100% of service users being seen within 18 weeks. We will continue to follow the Trust's progress against this goal using service user feedback.

### **Quality goal 3: clinical effectiveness**

This section was a positive read with all targets achieved and we will continue to monitor these throughout 2015/16.

Obviously, one of the most interesting areas for Healthwatch Newcastle is patient involvement and how this will continue as one of the Trust's priorities. We will continue to work together with the Trust to ensure that a high standard of patient involvement is maintained into this year and beyond.

The Trust's new and on-going priorities for 2015/16 are sensible and extensive. We wish NTW continued success and look forward to receiving updates about progress.

## **Healthwatch Northumberland's statement**

We note that Northumberland has the largest number of patients using services provided by NTW and congratulate the Trust on what has been achieved in the past year.

We consider that the Trust has included evidence of improvement in many areas in this year's Quality Account. However it also seems to indicate that performance was not consistent across all operational areas in the year.

We see key areas for improvement around the reported high level of catastrophic/death incidents in 'reducing harm' data, services to children and young people, staff training. We note the increase in the number of complaints relating to staff attitude and that complaints are taking longer to resolve.

We note the improvement in training in the 'Getting to know you' process for community team staff and would like to see SMART targets around work with carers, identifying carers and information sharing.

The low number of staff completing enhanced suicide risk training is disappointing, given that this need was identified from serious incident reviews. We would have liked more information about the other ways that risk management training is provided. We note that targets for improving the referral process and the waiting times for referrals for multi-disciplinary teams was only partially met and would wish to understand what changes will be made to ensure it is met in 2015/16.

Some narrative around the number of service users would be helpful, e.g. number of users from outside Northumberland receiving services in the county.

We note that most CQIN indicators were met. However, we note that the Children and Young People waiting times CQIN indicators were not met in some areas, a concern which we raised in our response to last year's draft Quality Account also. Plans outlining how this will be improved in the coming year should be identified in priorities for 2015/16. We would welcome more focus on prevention and rehabilitation in priorities for 2015/16 as well as more detail on the plans for community transformation.

Overall our view is that the draft Quality Account presents a positive picture of services provided in 2014/15 and look forward to working with NTW in the coming year and continuing to build on the positive working relationship we have established.

### **Northumberland County Council's statement**

Members of the Care and Wellbeing Overview and Scrutiny Committee welcome the opportunity to examine and scrutinise the information you have provided over the course of the past year, and to submit a commentary for inclusion in the Northumberland, Tyne and Wear NHS Foundation Trust's Quality Account.

As part of our ongoing engagement with you on topics of importance to our Members, we had valuable discussions at our 28 January 2015 Meeting about the following proposal:

Improving the Northumberland Dementia Pathway.

Your presentation provided details about inpatient provision at St George's Park.

- Showing that the current spend on inpatient services at the facility was disproportionate to those of other similar Trusts

- Describing the Service Model Review undertaken to design a model that would meet the needs of service users.

Questions from our Members at the Meeting received the following responses from you.

Would it be feasible for inpatient beds in the wards to be used to accommodate patients from other Trusts?

- The way forward was for more care at home. Inpatient capacity would be utilised, but an empty ward could not be maintained on the off chance that other Trusts might need the beds.

Would one ward be enough at peak times?

- Yes, given the broad range of community infrastructure available. Other wards had been closed by the Trust with no subsequent increases in out of area treatments.

How would NTW be involved with patients out in the community who presented with challenging behaviour?

- Care was reviewed within the organic mental illness pathway and only in extreme cases was inpatient care needed. Previously people had to stay as inpatients longer owing to a lack of investment in community services, but more options were now in use. NTW was keen to work with Social Care colleagues and further discussions could take place. NTW could also report back at a later date.

Who would undertake visits to patients in care homes and secure units?

- Collaborative working between health and social care was important to support individual clients. The Trust would visit different types of providers, as patient needs dictated. With the provision of more specific care in communities, the need for secure care would reduce.

How would care at home and monitoring for people with dementia be provided for?

- Support would be provided according to each individual's needs. In terms of the individual's care plan, some short term interventions might require several visits per day. The Challenging Behaviour Team could also assist. Family were very important in this process, and it was very important to take action early, including beginning earlier with medication

Were other Trusts taking this approach?

- The Newcastle model had focused more on diagnosis and less on wards. No long term beds were now needed and as a result of other investments

behavioural problems were less serious. The Challenging Behaviour Team were working to the same model and the demand for beds had reduced

How many care homes with EMI (Elderly Mentally Infirm) units were there in the county?

- There were now only a few because of the reduced demand

How important was early diagnosis and what effect would it have?

- Regarding the timing of diagnosis for people with dementia, work was taking place to move to a clinic based model, with pre and post diagnosis counselling, taking into account how to manage people coping with memory loss. Access to services would be better and new relationships with primary care providers would be built up. Also, regarding the provision of medication, it was important to diagnose early so that patients' conditions did not worsen. Medication was only one part of the process, where advice, support, fitness and health were key issues

Was respite care available?

- The hospitals were not in a position to provide respite care, which was not an entitlement or easy to provide given the practicalities of arranging it. Health and Social Care staff recognised the value of carers and tried to be supportive.

Members thanked the Trust for keeping up their good work and support for communities.

The Committee will receive an update from NTW at a future meeting, which will take place at St George's Park.

The Committee Chairman attended your presentation of the draft Quality Account for 2014/2015 on 14 April 2015. On the basis of that session and our earlier discussions, the Committee endorses your Strategic Objectives and direction of travel, and we look forward to a further session at St George's Park.

### **Healthwatch Gateshead's statement**

Healthwatch Gateshead welcome the opportunity to comment on the Quality Report for Northumberland, Tyne and Wear NHS Foundation Trust 2015/15.

As a consumer champion we are always looking to see how our local healthcare providers can learn, improve and build upon patient experience.

We are particularly pleased to see and acknowledge that the Trust has shown achievements in many of its aims through 2014/15, certainly around quality priorities and continues to meet priorities for quality of food and choice of food along with timings of meals but disappointed that it has not fully met its aim to improve referral

and waiting times, however acknowledge that this will continue to be a priority for the trust throughout 2015/16.

Overall we are pleased to see the trust is clearly making good progress in meeting its priorities and making clear commitments to improving the patient experience, continuing to listen and learn from its patients.

### **Gateshead Council's statement**

Based on Gateshead Care, Health and Wellbeing OSC's knowledge of the work of the Trust during 2014-15 we feel able to comment as follows:-

**Patient Safety** - The OSC was pleased to note that the Trust had included a breakdown of information on patient safety incidents in inpatient and community settings in this Account as requested by the OSC last year. The OSC was also pleased to note that the number of patient safety incidents where no harm is found is increasing and the numbers of incidents of moderate / major harm are decreasing. There also appears to be a significant decrease in the number of patient safety incidents in the community compared with 2013-14.

**Quality Priority** – To improve the assessment and management of risk  
The OSC queried why the target for professionally registered staff to complete enhanced suicide risk training was so far off target and noted that this was due to a delay in the Clinical Risk Strategy being agreed and training subsequently commencing. The OSC was reassured that this was a priority for the Trust going forwards and that the Trust aimed to have the training rolled out to 85% of relevant staff by the end of next year.

**Patient Experience** - The OSC noted that information from the Friends and Family Test did not appear to be included in the account although the Trust had implemented the test this year. The OSC considered that it is important that such information is included in the account going forwards.

The OSC also noted the importance of ensuring that services for patients continue to be located in the right place to ensure their needs are met.

**Waiting Times** - The OSC was concerned that performance in relation to achieving waiting times of less than 18 weeks was not as good as in other areas and queried why this was the case. The OSC noted that there are no national standards for waiting times for mental health services, however the Trust has prioritised this area and set its own targets as it is committed to reducing waiting times. There are specific challenges around waiting times for some regional services which affect the Trust's performance and the Trust is carrying out work with a view to investing in new services which aim to address these issues. Work is also ongoing with a view to further reducing waiting times for children from 18 weeks to 12 weeks by the end of the year with the aim of moving towards a waiting time of no more than 9 weeks.

**Complaints** - The OSC was pleased to note that the Trust has included a significant amount of information regarding complaints in this account in response to the OSC's comments last year.

The OSC is supportive of the Quality Account overall and is pleased to note that CQC has no compliance issues in regard to the Trust.

### **Sunderland City Council's Statement**

Thank you for the opportunity to comment on your 2014/15 Quality Account, which provides a good account of services and the performance achieved during the past year.

Scrutiny Councillors took evidence this year on the Children and Young People's Community Services – also known as CAMHS. The Scrutiny Committee has previously robustly monitored and challenged performance on waiting times for access to children and young people's services. At a scrutiny meeting held in April 2015, Scrutiny Councillors acknowledged the improvement and progress made and, although there is still some way to go, there is clearly a commitment to continued improvement. Scrutiny members in Sunderland will be interested in continuing to monitor waiting times for children's and young people's services.

Sunderland Scrutiny Councillors are happy to endorse the priorities in the Trust's draft Quality Account going forward. Overall, we would like to thank you for presenting your report and look forward to a further year of quality and safety improvements.



## Appendix 1: Monitor Compliance Framework

MONITOR PERFORMANCE 2014-15 (by quarter)						
Risk Assessment Framework	Target	Q1 (Apr - June)	Q2 (July - Sept)	Q3 (Oct- Dec)	Q4 (Jan - Mar)	
Overall Governance Risk Rating	Green	Green	Green	Green	Green	●
Overall Finance Risk Rating	3	3	3	4	3	●
Referral to treatment waiting times - non-admitted	95%	100.0%	99.7%	100.0%	100.0%	●
Referral to treatment waiting times - incomplete	92%	99.4%	100.0%	100.0%	100.0%	●
CPA 7 day follow up	95%	98.2%	95.6%	97.8%	98.0%	●
CPA review within 12 months	95%	97.1%	96.5%	96.8%	95.6%	●
Minimising mental health delayed transfers of care (including social care)	≤7.5%	3.1%	2.7%	3.0%	3.1%	●
Admissions to inpatient services had access to crisis resolution home treatment teams	95%	100.0%	100.0%	99.8%	100.0%	●
Data Completeness: 6 indicators	97%	99.8%	99.8%	99.8%	99.8%	●
Data Completeness: outcomes for patients on CPA 3 indicators	50%	92.5%	92.2%	91.7%	91.7%	●
Self certification against LD access requirements	Green	Green	Green	Green	Green	●
Clostridium Difficile - meeting the C Diff objective	0	0	0	0	0	●
MRSA - meeting the MRSA objective	0	0	0	0	0	●
Risk of, or actual, failure to deliver Commissioner Requested Services	No	No	No	No	No	●
CQC compliance action outstanding	No	No	No	No	No	●
CQC enforcement action within the last 12 months	No	No	No	No	No	●
CQC enforcement action currently in effect	No	No	No	No	No	●
Moderate CQC concerns or impacts regarding the safety of health	No	No	No	No	No	●
Major CQC concerns or impacts regarding the safety of healthcare	No	No	No	No	No	●
Trust unable to declare ongoing compliance with minimum standa	No	No	No	No	No	●

●	Achieving Monitor target
●	Breaching Monitor target

## Appendix 2: CQC Registered locations and services

The following table outlines the Trust's primary locations for healthcare services as at 31 March 2015.

Locations	Regulated Activities			Service Types							
	Treatment of Disease, Disorder of Injury	Diagnostic and Screening Procedures	Assessment or medical treatment for persons detained under the Mental Health Act 1983	CHC	LDC	LTC	MHC	MLS	PHS	RHS	SMC
Brooke House	●	●	●							●	
Cherry Knowle Hospital	●	●	●			●		●		●	
Craigavon Short Break Respite Unit	●	●	●					●			
Elm House	●	●	●					●			
Ferndene	●	●	●			●		●		●	
Heppell House	●	●	●			●		●		●	
Hopewood Park	●	●	●			●		●		●	
Monkwearmouth Hospital	●	●	●			●		●		●	
Campus for Ageing and Vitality	●	●	●					●			
Northgate Hospital	●	●	●					●		●	
Queen Elizabeth Hospital	●	●	●			●		●		●	
Rose Lodge	●	●	●					●			
Royal Victoria Infirmary	●	●	●					●			
St George's Park	●	●	●			●	●	●		●	
St Nicholas Hospital	●	●	●	●	●	●	●	●	●	●	●
Walkergate Park	●	●	●					●		●	

### Key

- CHC** – Community health care services
- LDC** – Community based services for people with a learning disability
- LTC** – Long-term conditions services
- MHC** – Community based services for people with mental health needs
- MLS** – Hospital services for people with mental health needs, and/or learning disabilities, and/or problems with substance misuse
- PHS** – Prison healthcare services

- RHS** – Rehabilitation services
- SMC** – Community based services for people who misuse substances

**CQC Registered Locations, Regulated Activities and Service Types – Social and Residential**

	Regulated Activity	Service Type
Registered Home / Service	Accommodation for persons who require nursing or personal care	Care home service without nursing
Easterfield Court	●	●

### Appendix 3: Local Clinical Audits

Trust wide initiatives:	
1	Suitability of Staffing (CQC Outcomes 13 & 14)
2	Trust-wide Seclusion Audit Q4 (2013-2014)
3	Planned Care – Care Co-ordination Audit
4	Mental Health Act Policy – Consent to Treatment
5	Urgent Care – Care Co-ordination Audit
6	Specialist Care – Care Co-ordination Audit
7	MHA & Policy Compliance : Patient Rights
8	CQUIN Standard 6 – Carers Survey
9	Quality Priority 2 – Patient Experience – Points of You
10	Self-Administration of Medicines
11	Audit of NTW (O)27 Nutrition Policy
12	Nutrition Screening in Adults over 18 Years Old within Inpatient Units
13	Audit to determine whether the Gateshead Crisis and Ward based teams prescribe antipsychotic medication for first episode psychosis in accordance with the local draft guidelines
14	Controlled Drugs
15	Unlicensed Use of Drugs
16	Antipsychotic Medication for First Episode Psychosis: An Audit of NICE Clinical Guideline Recommendations for Psychosis and Schizophrenia in Children and Young People
Group Specific initiatives	
17	Standards of Interim Discharge Summary
18	Smoking Cessation Practices in Stepped Care In Patient Services in South of Tyne and compliance with local and national guideline
19	Physical health monitoring in Antipsychotic medication according to trust guidelines
20	Audit of Prescribing Practice in Old Age Psychiatry Ward at Akenside Ward, Centre of Ageing and Vitality
21	FACE Risk Audit – Crisis Team
22	Improving Information Given to Patients Admitted to Ward 18 STDH Re: Purpose & Possible Side Effects of Psychotropic Medications
23	Current Alcohol Detox Practice According to Guidelines - A Re-Audit
24	Safety & Suitability of Premises
25	Audit of Prescription of Night Sedation On Inpatient Wards on The Bede Wing
26	72 Hour Discharge Planning Meetings - A Re-Audit of CA-13-0040
27	Advanced decisions in inpatient dementia care services
28	The Assessment of Falls Intervention in Old Age Organic Inpatient Wards - Roker and Mowbray - in Monkwearmouth Hospital: A Comparison with the Trust Local Policy
29	Anti Cholinergic Cognitive Burden in Patients on Admission and Discharge from Mowbray Ward
30	Physical Health Monitoring of Patients Prescribed Anti-Psychotics

31	Re-audit of waiting times from the time a referral is received to the time the patient is seen
32	Recommended Equipment for Physical Health Assessment in Psychiatric Unit
33	Cardio metabolic monitoring for patients in Rose Lodge Hospital
34	Audit of admission documentation process in 3 urgent care sites
35	Are Newly Admitted Service Users Having Their Physical Health Form Completed Fully During Their Inpatient Stay?
36	Audit of the Implementation of NTW Observation Policy across Older Persons Inpatient Services North of Tyne
37	ECG monitoring and recording practice on acute admission service
38	An audit of response times to urgent and routine referrals against PLAN standards by the liaison psychiatry team based in Royal Victoria Infirmary and Freeman Hospitals
39	Audit of Mental State Examination Recording in Admission Documentation (Core Assessment Document)
40	A retrospective assessment of the quality of completion of physical health monitoring records for patients in acute inpatient mental health services at Hopewood Park
41	Prolactin levels monitoring in patients receiving anti psychotics
42	NICE CG68- Screening of depression following stroke on E58
43	A GP evaluation of community mental health services for Older people in Morpeth, Bedlington and Cramlington within Planned Care
44	Repeat audit on monitoring of patients on high dose antipsychotic therapy (HDAT)
45	Transitions in Urgent Care
46	Audit of form T2 and T3
47	Are my new referrals to ADHD having a risk assessment?
48	Belief in Recovery Project - Staff Survey
49	Smoking Cessation Practices in Stepped Care In Patient Services in South of Tyne and compliance with local and national guideline
50	NICE CG 42 Are patients with Alzheimer's disease in the Tynedale CMHT locality prescribed Memantine according to NICE Guidelines?
51	An audit of the information provided in written referrals to the Older Persons Liaison Psychiatry Service
52	Audit of follow-up for patients following DNA at Castleside Day Unit
53	Dual Diagnosis re-audit
54	Do patients on antipsychotic medication under the North Tyneside West CMHT receive physical health monitoring in line with guidelines.
55	Audit of physical health monitoring of patients in adult community mental health teams. (Catchment area 1)
56	NICE CG 79 To measure our adherence to the NICE guideline for the treatment of Emotionally unstable Personality disorder patients
57	An audit of current prescribing, administration and physical health monitoring of depot anti-psychotics within NTW NHS Foundation Trust outpatient and community services

58	Physical Monitoring of patients prescribed antipsychotics
59	Audit of Timeliness and Quality of Out-Patient Reports
60	Are baseline physical investigations for people commencing antipsychotic therapy being completed according to local and national guidance?
61	A qualitative and quantitative audit with service evaluation of the newly developed smoking cessation service provided by secondary care mental health services within the Sunderland locality.
62	An audit of the GP referral letters to the North Tyneside CMHT against the Standard Referral Proforma
63	Re-Audit: GP Communication Audit in Learning Disabilities - Planned Care, Monkwearmouth Hospital
64	Re-Audit: Recording of Driving Status of referrals to South of Tyne Memory Protection Service (MPS)
65	Re-Audit: Organic referrals to the South of Tyne Memory Protection Service and Older Persons CMHT
66	Assessment times for new referrals into the EIP service.
67	National Specialist Commissioning Team (NSCT) & Secure Forensic Mental Health Service for Young People
68	Psychotropic Drug Interactions
69	Transition Planning in Young People (14-19) with an ASD Diagnosis open to CAMHS Service
70	Do Patients in the MH & Deafness Service have Care Co-ordinators / Lead Professionals in Secondary Care?
71	Methadone & Buprenorphine for the Management of Opioid Dependence
72	Waiting List Management Model - medical staff open case audit
73	QS23 Drug Use Disorders
74	Assessments of ADHD Referrals and Outcomes
75	Assessment of current prescribing of anti-epileptics for acute generalise convulsive seizures at WGP Neuro-Rehabilitation Centre as compared with current NICE guidelines
76	Prescribing Acamprosate in Patients with Moderate or Severe Alcohol Dependence.
77	Validity of diagnosis of attention deficit hyperactivity disorder ADHD in outpatient clinics
78	Record Keeping Audit 2014
79	An audit of prescribing practices of medication under shared care at Benton House
80	Audit of post incident reviews following administration of IM rapid tranquilisation
81	Audit & Evaluation of Standard Directions in the Newcastle Crown Court Service, Mental Health Liaison Team
82	Care Plans for Section 17 Leave on a Low Secure Forensic Ward
83	Discharge and Follow Up
84	Review of those on Anti-Depressant with Drug and Alcohol Dependency
85	Effectiveness of Clinical Supervision and Peer Review - Audit Across Directorate in Relation to NTW's Developing Policy

86	Care Co-ordination - To find out percentage of CPA's within CYP Inpatient Services where the young person is in attendance
87	Case Note Audit to Evaluate the Adherence to Essential Electronic Record Keeping
88	Records Audit of North East Drive Mobility Clinical Assessment
89	Young People Engaging in Activity after Education
90	Audit of Height & Weight of All Children and Young People in the Inpatient Settings of Ferndene and Alwood
91	Audit on Obesity and Diabetes Management in Schizophrenia/Psychosis on an Inpatient Ward
92	Re-Audit of Proposed Referral Guidelines in the Forensic Liaison (Community Mental Health Team) Service of Northumberland, Tyne and Wear NHS Foundation Trust
93	Audit of Referral Process in Northgate Hospital
94	To Develop a Greater Understanding of Young Person Attendance within CYP Inpatient Services in Relation to Clinical Team Meetings (CTM)
95	Alwood Clinics Involvement in CQUIN Measures for 'Enhancing Family Support'
96	Urine Drug Screen for the Newly Admitted Patient to Redburn Ward, Ferndene Hospital
97	Forensic Inpatient Knowledge of Advanced Statements and their Use
98	An Audit to Test High Dose Antipsychotic Therapy (HDAT) and Polypharmacy Prescribing and Monitoring Across NTW Forensic Wards
99	To Develop an Understanding of Young People's Engagement in Physical Activity over a Two-Week Period at Alwood Clinic
100	Re-Audit on Obesity and Diabetes Management in Schizophrenia / Psychosis on an Inpatient Ward
101	Are we recording accurately the medications and allergies of clients on admission and discharge to the Oswin Unit
102	Audit of Borderline Personality Disorder: Treatment and Management
103	Audit on Interventions Provided by the Plummer Court for Moderate and Severe Alcohol Dependence after Successful Detoxification.
104	An Audit on Satisfaction Questionnaires Sent Out to Families who Received a Second Opinion Assessment for Bipolar Affective Disorder from ABS
105	An Audit on the monitoring of blood glucose levels in patients on antipsychotic therapy

## **Appendix 4 - Statement of Directors Responsibilities in respect of the Quality Account**

The Directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations to prepare Quality Accounts for each financial year.

Monitor has issued guidance to NHS foundation trust boards on the form and content of annual quality reports (which incorporate the above legal requirements) and on the arrangements that foundation trust boards should put in place to support the data quality for the preparation of the Quality Report.

In preparing the Quality Report, directors are required to take steps to satisfy themselves that:

- The content of the Quality Report meets the requirements set out in the NHS Foundation Trust Annual Reporting Manual 2014/15;
- The content of the Quality Report is not inconsistent with internal and external sources of information including:
  - Board Minutes and papers for the period April 2014 to May 2015
  - Papers relating to Quality reported to the Board over the period April 2014 to May 2015
  - Feedback from Commissioners dated May 2015
  - Feedback from governors dated May 2015
  - Feedback from Local Health watch organisations dated May 2015
  - Feedback from Overview and Scrutiny Committee dated May 2015
  - The Trust's complaints information presented to the Board that has not yet been published under regulation 18 of the Local Authority, Social Services and NHS Complaints Regulations 2009, dated May 2015
  - The 2014 national patient survey
  - The 2014 national staff survey
  - The Head of Internal Audit's annual opinion over the trust's control environment dated May 2015
  - CQC Intelligent Monitoring Report dated November 2014
- The Quality Report presents a balanced picture of the NHS Foundation Trust's performance over the period covered;
- The performance information in the Quality Report is reliable and accurate;



- There are proper internal controls over the collection and reporting of the measures of performance included in the Quality Report; and these controls are subject to review to confirm that they are working effectively in practice;
- The data underpinning the measures of performance reported in the Quality Report is robust and reliable, conforms to specified data quality standards and prescribed definitions, is subject to appropriate scrutiny and review; and
- The Quality Report has been prepared in accordance with Monitor’s annual reporting guidance (which incorporates the Quality Accounts Regulations published at [www.monitor.gov.uk/annualreportingmanual](http://www.monitor.gov.uk/annualreportingmanual)) as well as the standards to support data quality for the preparation of the Quality Report (available at [www.monitor.gov.uk/annualreportingmanual](http://www.monitor.gov.uk/annualreportingmanual)).

The directors confirm to the best of their knowledge and belief that they have complied with the above requirements in preparing the Quality Report.

By order of the Board

27 May 2015

Paul McEldon

Vice Chairman

27 May 2015

John Lawlor

Chief Executive

## **Appendix 5: Limited Assurance Report on the content of the Quality Report**

### **Independent Auditor's Report to the Council of Governors of Northumberland, Tyne and Wear NHS Foundation Trust on the Quality Report**

We have been engaged by the Council of Governors of Northumberland, Tyne and Wear NHS Foundation Trust to perform an independent assurance engagement in respect of Northumberland, Tyne and Wear NHS Foundation Trust's Quality Report for the year ended 31 March 2015 (the "Quality Report") and certain performance indicators contained therein.

#### **Scope and subject matter**

The indicators for the year ended 31 March 2015 subject to limited assurance consist of the national priority indicators as mandated by Monitor:

- 100% enhanced Care Programme Approach (CPA) patients receiving follow-up contact within seven days of discharge from hospital; and
- Admissions to inpatient services had access to crisis resolution home treatment teams.

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

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

The Directors are responsible for the content and the preparation of the Quality Report in accordance with the criteria set out in the NHS Foundation Trust Annual Reporting Manual issued by Monitor.

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

- the Quality Report is not prepared in all material respects in line with the criteria set out in the NHS Foundation Trust Annual Reporting Manual;
- the Quality Report is not consistent in all material respects with the sources specified in section 2.1 of Monitor's Detailed Guidance for External Assurance on Quality Reports 2014/15; and
- the indicators in the Quality Report identified as having been the subject of limited assurance in the Quality Report are not reasonably stated in all material respects in accordance with the NHS Foundation Trust Annual Reporting Manual and the six dimensions of data quality set out in the Detailed Guidance for External Assurance on Quality Reports.

We read the Quality Report and consider whether it addresses the content requirements of the NHS Foundation Trust Annual Reporting Manual, and considered the implications for our report if we became aware of any material omissions.

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

- Board minutes for the period April 2014 to April 2015;
- Papers relating to quality reported to the Board over the period April 2014 to April 2015;
- Feedback from Commissioners, NHS Northumberland, NHS North Tyneside, NHS Newcastle Gateshead, NHS South Tyneside and NHS Sunderland Clinical Commissioning Group (undated);
- Feedback from governors, (undated);
- Feedback from local Healthwatch organisations; Healthwatch Newcastle (undated), Healthwatch Northumberland (undated), and Healthwatch Gateshead (undated);
- Feedback from Overview and scrutiny committee; Northumberland County Council (dated 7 May 2015), Gateshead (undated), and Sunderland City Council (dated 15 May 2015);
- The Trust's complaints information that has not yet been published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, covering the period April 2013 to March 2014;
- The 2014 national patient survey;
- The 2014 national NHS staff survey;
- Care Quality Commission Intelligent Monitoring Report, dated November 2014;
- The Head of Internal Audit's annual opinion over the trust's control environment for the period April 2014 to March 2015; and
- Any other information included in our review.

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

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

This report, including the conclusion, has been prepared solely for the Council of Governors of Northumberland, Tyne and Wear NHS Foundation Trust as a body, to assist the Council of Governors in reporting Northumberland, Tyne and Wear NHS Foundation Trust's quality agenda, performance and activities. We permit the disclosure of this report within the Annual Report for the year ended 31 March 2015, to enable the Council of Governors to demonstrate that it has discharged its governance responsibilities by commissioning an independent assurance report in connection with the indicators. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors as a body and Northumberland, Tyne and Wear NHS Foundation Trust for our work or this report, except where terms are expressly agreed and with our prior consent in writing.

### **Assurance work performed**

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

- Evaluating the design and implementation of the key processes and controls for managing and reporting the indicators;
- Making enquiries of management;
- Testing key management controls;
- Limited testing, on a selective basis, of the data used to calculate the indicator back to supporting documentation;
- Comparing the content requirements of the NHS Foundation Trust Annual Reporting Manual to the categories reported in the Quality Report; and
- Reading the documents.

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

### **Limitations**

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

The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision of these criteria, may change over time. It is important to read the Quality Report in the context of the criteria set out in the NHS Foundation Trust Annual Reporting Manual.

The scope of our assurance work has not included governance over quality or non-mandated indicators which have been determined locally by Northumberland, Tyne and Wear NHS Foundation Trust.

### **Conclusion**

Based on the results of our procedures, nothing has come to our attention that causes us to believe that, for the year ended 31 March 2015:

- The Quality Report is not prepared in all material respects in line with the criteria set out in the NHS Foundation Trust Annual Reporting Manual;
- The Quality Report is not consistent in all material respects with the sources specified in section 2.1 Monitor's Detailed Guidance for External Assurance on Quality Reports 2014/15; and
- The indicators in the Quality Report subject to limited assurance have not been reasonably stated in all material respects in accordance with the NHS Foundation Trust Annual Reporting Manual.

Cameron Waddell (CPFA) Engagement Lead, for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
Rivergreen Centre, Aykley Heads, Durham, DH1 5TS

27 May 2015

## Appendix 6: Glossary of Terms

<b>AIMS</b>	Accreditation for inpatient mental health services
<b>Care Co-ordinator</b>	A named person to co-ordinate the services a patient receives where their needs are numerous or complex, or where someone needs a range of different services.
<b>Care Packages and Pathways</b>	A project to redesign care pathways that truly focus on value and quality for the patient.
<b>Commissioners</b>	Members of Primary Care Trusts (PCT's), regional and national commissioning groups responsible for purchasing health and social care services from NHS Trusts.
<b>CQUIN</b>	Commissioning for Quality and Innovation – a scheme whereby part of our income is dependant upon improving quality
<b>CMHT</b>	Community Mental Health Team
<b>CRHT</b>	Crisis Resolution Home Treatment – a service provided to service users in crisis.
<b>Clinician</b>	A clinician is a health professional. Clinicians come from a number of different healthcare professions such as psychiatrists, psychologists, nurses, occupational therapists etc.
<b>Clusters</b>	Clusters are used to describe groups of service users with similar types of characteristics.
<b>CPA</b>	Care Programme Approach. CPA is a term for describing the process of how mental health services service users' needs, plan ways to meet them and check that they are being met.
<b>CQC</b>	Care Quality Commission – the independent regulator of health and adult social care in England. The CQC registers (licenses) providers of care services if they meet essential standards of quality and safety and monitor them to make sure they continue to meet those standards.
<b>CYPS</b>	Children and Young Peoples Services – also known as CAMHS
<b>Dashboard</b>	An electronic system that presents relevant information to staff, service users and the public
<b>Dual Diagnosis</b>	Service users who have a mental health need combined with alcohol or drug usage

<b>Forensic</b>	Forensic teams provide services to service users who have committed serious offences or who may be at risk of doing so
<b>HoNOS/HoNOS 4 factor model</b>	Health of the Nation Outcome Scales. A clinical outcome measuring tool.
<b>IAPT</b>	Improving Access to Psychological Therapies – a national programme to implement National Institute for Health and Clinical Excellence (NICE) guidelines for people suffering from depression and anxiety disorders.
<b>LD</b>	Learning Disabilities
<b>Lead Professional</b>	A named person to co-ordinate the service a patient receives if their needs are not complex.
<b>Leave</b>	A planned period of absence from an inpatient unit which can range from 30 minutes to several days
<b>MHA</b>	Mental Health Act
<b>MHMDS</b>	Mental Health minimum data set – a standard set of information sent from mental health providers to the Information Centre
<b>Monitor</b>	The independent regulator of NHS Foundation Trusts, ensuring they are well led and financially robust.
<b>Monitor Compliance Framework</b>	Monitor asks Foundation Trusts to assess their own compliance with the terms of their authorisation. NHS foundation Trusts submit an annual plan, quarterly and ad hoc reports to Monitor.
<b>Multi- Disciplinary Team</b>	Multi-disciplinary teams are groups of professionals from diverse disciplines who come together to provide care – i.e. Psychiatrists, Clinical Psychologists, Community Psychiatric Nurses, Occupational Therapists etc.
<b>Next Steps</b>	A group of projects to ensure that the organisation is fit for the future and provides services that match the best in the world.
<b>NEQOS</b>	North East Quality Observatory System – an organisation that helps NHS Trusts to improve quality through data measurement.
<b>NHS Performance Framework</b>	An assessment of the performance of NHS Trusts against minimum standards. As a Foundation Trust we are not required to report against these standards however we have decided to utilise the framework to strengthen our performance management function.

<b>NHS Safety Thermometer</b>	The NHS Safety Thermometer provides a quick and simple method of surveying patients harms and analysing results so that you can measure and monitor local improvement
<b>NICE</b>	National Institute for Health and Clinical Excellence – a group who produce best practice guidance for clinicians
<b>NIHR</b>	National Institute of Health Research – an NHS organisation undertaking healthcare related research
<b>NIHR</b>	National Institute for Health Research – an NHS organisation undertaking healthcare related research
<b>NPSA</b>	National Patient Safety Agency
<b>NTW</b>	Northumberland, Tyne and Wear NHS Foundation Trust
<b>Out of area placements</b>	Service users who are cared for out of the North East area or service users from outside of the North East area being cared for in the North East.
<b>Pathways of care</b>	Service user journey through the Trust – may come into contact with many different services
<b>PCT</b>	Primary Care Trust – a type of NHS Trust that commissions primary, community and secondary care from providers
<b>Points of You/How's it Going</b>	NTW service user/carer feedback processes allowing us to evaluate the quality of services provided
<b>Productive Ward</b>	The Productive Ward focuses on improving ward processes and environments to help nurses and therapists spend more time on patient care thereby improving safety and efficiency
<b>QRP</b>	Quality and Risk Profile – produced by the Care Quality Commission, this document gathers together key information about Northumberland, Tyne and Wear NHS Foundation Trust to support CQC's role in monitoring our compliance with the essential standards of quality and safety.
<b>RIO</b>	Electronic patient record
<b>Shared Care</b>	A partnership between two different healthcare organisations involved in an individual's care, i.e. between the Trust and the patient's GP.
<b>SMART</b>	Specific, Measurable, Achievable, Realistic, Timely – a way of setting objectives to make sure they are achievable

<b>Serious Incident</b>	Serious incident - an incident resulting in death, serious injury or harm to service users, staff or the public, significant loss or damage to property or the environment, or otherwise likely to be of significant public concern. This includes 'near misses' or low impact incidents which have the potential to cause serious harm.
<b>SWEMWEBS</b>	Warwick-Edinburgh Mental Wellbeing Scale – a clinical outcome measuring tool.
<b>Transition</b>	When a service user moves from one service to another i.e. from an inpatient unit to being cared for by a community team at home



## 7 **STAFF SURVEY**

Details are included in the Strategic Report.

## 8 REGULATORY RATINGS

### Monitor Regulatory risk ratings

On 1 April 2013, the provider licence came into effect for all NHS Foundation Trusts, the licence replacing the terms of Authorisation as Monitor's primary tool for overseeing NHS Foundation Trusts. It incorporates a set of requirements covering governance and financial viability as well as other areas reflecting Monitor's expanded role within the health sector.

Monitor's Compliance Framework historically set out the approach Monitor took to assess compliance of NHS Foundation Trusts with their Terms of Authorisation, with a particular focus on financial and governance risk. From 1 October 2013 the Risk Assessment Framework replaced the Compliance Framework in the areas of Monitor's oversight of providers of key NHS services (not just Foundation Trusts) and the governance of Foundation Trusts.

The Trust's risk ratings for 2014/15 are shown in the table below, including expected performance as identified in the Annual Plan 2014/15:

**Table 22: Risk ratings for 2014/15 including expected performance as identified in the Annual Plan 2014/15**

<b>Risk Rating</b>	<b>Annual Plan 2014/15</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
<b>Risk Assessment Framework</b>					
<b>Continuity of service rating</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>3</b>
<b>Governance rating</b>	<b>Green</b>	<b>Green</b>	<b>Green</b>	<b>Green</b>	<b>Green</b>

The Trust's risk ratings for 2014/15 were in line with the expected performance as identified in the Annual Plan 2014/15.

There were no formal interventions from Monitor during 2014/15.

Risk ratings for 2013/14 are shown in the table below including expected performance as identified in the Annual Plan 2013/14:

**Table 23: Risk ratings for 2013/14 including expected performance as identified in the Annual Plan 2013/14**

<b>Risk Rating</b>	<b>Annual Plan 2013/14</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
<b>Under the Compliance Framework</b>					
<b>Financial risk rating</b>	<b>3</b>	<b>3</b>	<b>3</b>		
<b>Governance risk rating</b>	<b>Green</b>	<b>Green</b>	<b>Green</b>		
<b>Under the Risk Assessment Framework</b>					
<b>Continuity of service rating</b>				<b>3</b>	<b>3</b>
<b>Governance rating</b>				<b>Green</b>	<b>Green</b>

The Trust's risk ratings for 2013/14 were in line with the expected performance as identified in the Annual Plan 2013/14.

**9 INCOME DISCLOSURES REQUIRED BY SECTION 43(2A) OF THE NHS ACT 2006 (AS AMENDED BY THE HEALTH AND SOCIAL CARE ACT 2012)**

**Private Patient Income**

	<b>2014/15</b>	2013/14
	<b>£000</b>	£000
Private patient income	<b>143</b>	157
Total patient related income	<b>280,620</b>	280,710
Proportion (as percentage)	<b>0.05%</b>	0.06%

The statutory limitation on private patient income in Section 44 of the 2006 Act was repealed with effect from 1 October 2012 by the Health and Social Care Act 2012. The Health and Social Care Act 2012 requires Foundation Trusts to make sure that the income they receive from providing goods and services for the NHS (their principle purpose) is greater than their income from other sources.

## **10 OTHER DISCLOSURES IN THE PUBLIC INTEREST**

### **Counter Fraud Activities**

The Trust receives a dedicated local counter fraud specialist service from the Northern Audit and Fraud Service and has developed a comprehensive counter fraud work plan in accordance with guidance received from NHS Protect. The Trust also has a Fraud and Corruption Policy and Response Plan approved by the Audit Committee.

Anyone suspecting fraudulent activities within the Trust's services should report their suspicions to the Executive Director of Finance or to the Trust's Local Counter Fraud Specialists on 0191 203 1406 or 07876 594661. Alternatively fraud can be reported through the confidential freephone reporting line on 0800 028 40 60 between 8am and 6pm, Monday to Friday or on line at <http://www.reportnhsfraud.nhs.uk>

## **11 STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES**

### **Statement of the chief executive's responsibilities as the accounting officer of Northumberland, Tyne and Wear 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 Monitor.

Under the NHS Act 2006, Monitor has directed Northumberland, Tyne and Wear 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 accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Northumberland, Tyne and Wear NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *NHS Foundation Trust Annual Reporting Manual* and in particular to:

- Observe the Accounts Direction issued by Monitor, 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; and
- Prepare the financial statements on a going concern basis.

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

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

**John Lawlor**  
**Chief Executive**  
**27 May 2015**

## **12 ANNUAL GOVERNANCE STATEMENT 2014/2015**

### **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 Northumberland, Tyne and Wear 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 Northumberland, Tyne and Wear NHS Foundation Trust for the year ended 31 March 2015 and up to the date of approval of the annual report and accounts.

### **3 Capacity to handle risk**

The Executive Director of Performance and Assurance has overall lead responsibility for performance risk management within the Foundation Trust. While the Executive Director of Performance and Assurance has a lead role in terms of reporting arrangements, all Directors have responsibility for the effective management of risk within their own area of direct management responsibility, and corporate and joint responsibility for the management of risk across the organisation.

Structures and systems are in place to support the delivery of integrated risk management, across the organisation. A wide range of risk management training has continued to be provided throughout the Foundation Trust during the year. This includes providing training for all new staff as well as training specific to roles in areas of clinical and corporate risk. Delivery of training against planned targets is monitored by the Board of Directors, and managed through the Trust Corporate Decisions Team and devolved management structures. The Foundation Trust has a Board of Directors approved Risk Management Strategy in place.

Committees of the Board of Directors are in place both to ensure effective governance for the major operational and strategic processes and systems of the Foundation Trust, and also to provide assurance that risk is effectively managed. Operations for the Foundation Trust are managed through an organisational structure, with operations divided into three Groups, and each has governance



committees in place for quality and performance and operational management. Risk registers are maintained and reviewed by each Group and reviewed through the Foundation Trust-wide governance structures. The Quality and Performance Committee consider Group and Directorate top risks and the Assurance Framework and Corporate Risk Register every two months. The Corporate Decisions Team also undertake this review from an operational perspective to ensure that risks are recorded effectively and consistently and that controls in place are appropriate to the level of risk. The Audit Committee considers the systems and processes in place to maintain and update the Assurance Framework, and considers the effectiveness and completeness of assurances that documented controls are in place and functioning effectively. The Mental Health Legislation Committee has delegated powers to ensure that there are systems, structures and processes in place to support the operation of mental health legislation, within both inpatient and community settings and to ensure compliance with associated codes of practice and recognised best practice.

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

The Foundation Trust continually reviews its risk and control framework through its governance and operational structures. It has identified its major strategic risks, and these are monitored and maintained and managed through the Board of Directors Assurance Framework and Corporate Risk Register, supported by Group and Directorate risk registers. The Foundation Trust's principal risks and mechanisms to control them are identified through the Assurance Framework, which is reviewed by the Board of Directors every two months. These risks are reviewed and updated through the Foundation Trust's governance structure. Outcomes are reviewed through consideration of the Assurance Framework to assess for completeness of actions, review of the control mechanisms and on-going assessment and reviews of risk scores.

The principal risks are considered as those rated over 15 at a corporate level on the standard 5 by 5 risk assessment measure. The table below summarises those risks and the key controls as reported in the Board Assurance Framework and Corporate Risk Register. All risks identified below are considered as in year and future risks.

<b>Reference</b>	<b>Risk</b>	<b>Key Controls</b>
SO1.1	That we do not develop and correctly implement service model changes.	Evidence base developed through Service Model Review. Governance arrangements, including programme management structure under Business Case Process.
SO1.2	That we do not effectively engage commissioners and other key stakeholders leading to opposition or significant delay in implementing service model review changes and other major planned service changes.	Partnership arrangements, including Customer Relationship Management. Engagement with Clinical Commissioning Groups. Membership of Health and Well-being Boards for 5 out of 6 localities. Staff Side Engagement and Partnership Agreement. Service User and Carer Network Groups Community Strategy.
SO2.2	That we do not manage our financial resources effectively to ensure long term financial stability (including differential between income and inflation, impact of QIPP and the cost improvement programme).	Operational Plan/5 Year Strategy 2014-2019/IBP/Long term financial model/ Updated Financial Strategy. Transforming Services Programme – aligning long term strategy / service redesign with funding. Financial Delivery Plan (including. Cost Improvement Plan) – management by CDT Assurance provided by FIBD Committee.
SO2.7	That we do not meet compliance and performance standards and/or misreport on these through data quality errors.	Financial and Performance Management reporting systems; other business critical systems. Trust Essential Standards Working Group. Group Governance – Q&P Committees / Essential Standards sub groups. Quality Accounts. Data Quality Policy.
SO3.1	That we do not effectively manage significant workforce and organisational changes, including increasing staff productivity.	Workforce Strategy. Workforce Programme Board. Workforce KPIs monitored through Q&P Committee. Group/Directorate Workforce Plans. Time and Attendance and e-rostering system. Transitional Employment & Development Approach (TED). Revalidation process.
SO5.1	That there are risks to the safety of service users and others if the key components to support good patient safety governance are not embedded across the Trust.	Monitoring of Quality Account Goal 1 (reducing harm to patients). Complaints, Litigation, Incidents, PALS and Points of You (CLIPP) reporting system in place across Clinical Services. Patient Safety Incidents reporting system, including Serious and Untoward Incidents (SUIs). Incidents Policy Infection Prevention and Control Policy and Practice Guidance Notes (PGNs). Medicines Management Policy and PGNs Safety Alerts Policy.

SO5.2	That there are risks to the safety of service users and others if we do not have safe and supportive clinical environments.	Care Quality Commission inspections and action plans. Clinical Environment Risk Assessment (CERA) process. Capital programme to improve facilities.
SO5.3	That there are risks to the safety of service users and others if the key components to support good care co-ordination are not embedded across the Trust.	Care Co-ordination and Care Programme Approach Policy and Practice Guidance Notes. Care Co-ordination training.
SO5.4	That there are risks to the safety of service users and others if the key components to support good Safeguarding and MAPPA arrangements are not embedded across the Trust.	Safeguarding Children and Safeguarding Adults Policies, Trust Action Plan. Local Safeguarding Boards. Trust-wide structure for Safeguarding in place. Trust Safeguarding – Public Protection Meeting.
SO5.6	The risk that high quality, evidence-based and safe services will not be provided if there are difficulties in accessing services in a timely manner and that services are not sufficiently responsive to demands.	Reconfiguration of team and working practices across Sunderland and South Tyneside. Crisis Teams have a prescriptive service framework.
SO5.10	That we do not ensure that we have effective governance arrangements in place to maintain safe services whilst implementing the Transforming Services Programme.	Governance Arrangements. Programme Management arrangements. Decision Making Framework. Board Assurance Framework.
SO6.3	That we do not further develop integrated information systems across partner organisations.	Local partnerships to support integrated Information across organisational boundaries. Trust Information Sharing Policy. Information Protocols.
From Corporate Risk Register	Risk of injury or death of an inpatient from ligature use, including compliance with the Trust's Observation Policy.	Observation Policy and training arrangements. SUI review process. Anti –ligature programme. Clinical Environmental Risk Assessment process and programme.
From Corporate Risk Register	That uncertainties during the transition to embedding new NHS structures and systems affect the ability of the Trust to progress its strategic objectives.	Contractual arrangements. Customer Relationship Management. Engagement with Clinical Commissioning Groups.

The governance structures supporting and underpinning this are the Quality and Performance Committee, Finance, Infrastructure and Business Development Committee, and Mental Health Legislation Committee. There is also a Trust Programmes Board, which provides the Board with assurance regarding the Trust's Programmes, which deliver on the Trust's transformation and development agenda. These structures were reviewed by the Trust Board in May 2012. Terms of Reference for the Board and standing committees were also reviewed in April 2014, as a part of the annual review process.

Each of the Committees is chaired by a Non-Executive Director and has Executive Director membership. The Quality and Performance Committee acts as the core risk management committee of the Foundation Trust Board of Directors, ensuring that there is a fully integrated approach to performance and risk management. This

Committee provides oversight to the performance and assurance framework, Foundation Trust risk management arrangements for both clinical and non-clinical risk, and has full responsibility for overseeing the Foundation Trust's performance against essential standards for quality and safety as part of this role. The Quality and Performance Committee reviews the top risks for each Group, and the Assurance Framework and Corporate Risk Register every two months. The Committee also considers all aspects of quality and performance, in terms of delivery of internal and external standards of care and performance. The Finance, Infrastructure and Business Development Committee provides assurance that all matters relating to Finance, Estates, Information Management and Technology and Business and Commercial Development are effectively managed and governed.

Quality Governance arrangements are through the governance structures outlined above, ensuring there are arrangements in place from ward to Board. Review, monitoring and oversight of these arrangements takes place through the following among others:

1. Trust Board
2. Quality and Performance Committee
3. Group Quality and Performance Committees
4. Corporate Decisions Team meetings

In 2010 the Foundation Trust supported Monitor in the development of a Quality Governance Framework. The Trust now reviews its performance against Monitor's published Quality Governance Framework on a quarterly basis through the Quality and Performance Committee.

The Foundation Trust has a data quality improvement plan in place to ensure continuous improvement in performance information and has made continued advances in this area through 2014-15 with continued development of dashboard reporting from patient and staff level to Trust position. The Foundation Trust audit plan includes a rolling programme of audit against all performance and quality indicators.

Registration compliance is managed through the above quality governance structures and is supplemented by a Group Director being responsible for the oversight of all compliance assessments and management of on-going compliance through the Trust CQC Quality Compliance Group. This Group reports into the Corporate Decisions Team. There is a central log of all evidence supporting registration requirements and a process in place through the governance arrangements highlighted above to learn from external assessments and improve our compliance. The CQC Quality Compliance Group undertakes regular reviews of compliance against the CQC Fundamental Standards including undertaking mock visits and identifying Improvement requirements.

This formal governance framework is supplemented by an on-going programme of Board visits, which are reported through the Corporate Decisions Team, and an ongoing programme of observational shifts with wards and teams for Corporate Decisions Team members.

The Foundation Trust is registered with the CQC and has maintained full registration, with no non-routine conditions, from 1<sup>st</sup> April 2010. The CQC has inspected all of the Trust registered locations. The Foundation Trust is fully compliant with the requirements of registration with the CQC.

The Foundation Trust recognises the significant organisational change that is required to meet the challenges of the external environment, the changing NHS and the requirement to improve the quality of our services with reducing resources. In response to this the Foundation Trust has developed its Transforming Services Programme. This Programme is focussed on developing a new service model for the Trust, having implemented a new business model, which included seeking to put clinicians at the heart of the Foundation Trust decision making process. The Service Model Review, which was clinically led has developed a blueprint for the future development of the Foundation Trust services to meet our future challenges, and was presented to our Board of Directors in July 2011. The Board of Directors receives an update on Trust Programmes every two months.

As described above the Foundation Trust has robust arrangements for governance across the Trust. Risks to compliance with the requirements of NHS Foundation Trust condition 4 (FT governance) are set out where appropriate within the Trust Assurance Framework and Corporate Risk Register. The Board has reviewed its governance structures and the Board and its Committees undertake an annual self-assessment of effectiveness and annual review of their terms of reference. The Board reviewed its Corporate Governance Statement at its May meeting, where it considered evidence of assurance against each of the statements required. This evidence documented where the Board had considered appropriate information in its public and private meetings, where internal and external assurances had been gained, mapped across to the Assurance Framework, how the Board had received further evidence and assurance through Board visits and development sessions with the wider Foundation Trust management team, and how the Board and governance structures monitored and assured compliance with the requirements as set out in the statement. The management of future risks was comprehensively mapped against the past evidence of delivery.

The Corporate Decisions Team is responsible for the co-ordination and operational management of the system of internal control and for the management of the achievement of the Foundation Trust's objectives agreed by the Board of Directors. Operational management, through the Foundation Trust's Directors, is responsible for the delivery of Foundation Trust objectives and national standards and for managing the risks associated with the delivery of these objectives through the implementation of the Foundation Trust's risk and control framework. Governance groups have been in place across all areas throughout this accounting period, with each Directorate, and then Group having in place an Operational Management Group, and a Quality and Performance Group. To fulfil this function the Corporate Decisions Team reviews the Foundation Trust Assurance Framework and Corporate Risk Register, as well as reviewing Group top risks. It also receives and considers detailed reports on performance and risk management across the Foundation Trust. Summary reports on the work of Internal Audit and the Counter Fraud Team are also presented to the Corporate Decisions Team on a regular basis, with the emphasis on lessons learned and follow up actions required.

The Risk Management Strategy, the associated Risk Management Policy and the governance structure identified above have been developed in line with nationally identified good practice and assurance of this have previously been received through independent assessment of performance against standards assessed through the National Health Service Litigation Authority scheme, where the Foundation Trust had Level 1 compliance, with 100% delivery against all standards. The Assurance Framework and arrangements for governance were subjected to external review through the Foundation Trust application process, including review by Monitor, the Department of Health and independent auditors during 2009, and are subject to on-going review through Internal Audit.

The Foundation Trust commenced the preparatory work associated with an external review of its governance arrangements during 2014-15 including a self assessment of its governance arrangements, using Monitor's Governance Review-Well led Framework and is putting in place a range of improvement actions prior to the external review in 2015.

The Foundation Trust Safeguarding and Public Protection Group (SAPP) is responsible for reviewing all safeguarding incidents, including domestic abuse, public protection, Serious Case reviews and Learning from local regional and national enquiries. The membership consists of the 6 Group Nursing and Medical directors, who are members on the 6 Local Authority Safeguarding Children and Adults Boards.

During 2014, the Foundation Trust worked closely with statutory agencies under Section 11 of the Children Act 2004 which places a statutory duty on key organisations to make arrangements to ensure that in discharging their functions they have the regard to the need to safeguard and promote the welfare of children.

The Foundation Trust has robust processes in place for training staff and reporting safeguarding concerns about Adults and Children. For example, in addition to statutory and mandatory safeguarding training, in line with national and regional concerns regarding Child Sexual Exploitation, all staff working with children and young people have received additional training. During 2014/15, the Internal Audit Team undertook a high level review of risks and mitigation and all areas were satisfactory.

The Foundation Trust sponsors a wide range of NHS research and ensures adequate governance arrangements are in place for this research through an approvals and monitoring process in line with the national principles for research governance in the Research Governance Framework. This is overseen by the Research and Development Committee which reports to the Quality and Performance Committee.

The Foundation Trust involves public stakeholders in identifying and managing risks to its strategic objectives in a number of ways. These include:

- Working with partners in health and social services in considering business and service change. The Foundation Trust has a framework for managing change to services agreed as part of its contracts with its main commissioners across the North East. The Foundation Trust also has good relationships with

Overview and Scrutiny Committees, with an excellent record of obtaining agreement to significant service change.

- Active relationships with Healthwatch and user and carer groups, and works with these groups on the management of service risks.
- A Deputy Director of Partnerships Role reporting directly into the Chief Executive for sustaining effective relationships with the key public stakeholders.
- Active engagement with governors on strategic, service, and quality risks, including active engagement in the preparation of the Annual Plan, Quality Accounts and the setting of annual Quality Priorities.

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 in to the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

Control measures are in place to ensure that the organisation's obligations under equality, diversity and human rights are complied with. All policies implemented across the organisation have been subject to equality impact assessments.

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

## **5 Review of economy, efficiency and effectiveness of the use of resources**

The Foundation Trust has a Financial Strategy, which is approved by the Board of Directors. The Financial Strategy was reviewed and approved by the Board of Directors in March 2013, updated in May 2013, and reviewed and approved in March 2014, as part of the Annual Plan. The Financial Strategy has been considered by the Finance Infrastructure and Business Development Committee, and adopted by the Board. The Financial Strategy as adopted in March 2013 supported the updated five year Integrated Business Plan, which was formally approved by the Board in September 2012, and identified clear plans for the longer term use of resources to meet the organisational objectives and the financial demands generated by the prevailing economic climate. The Strategy has been updated as part of the preparation for submission of the 2015-16 Annual Plan, and now includes detailed plans for delivery of service and financial objectives to March 2017.

The financial position is reviewed on a monthly basis through the Finance Infrastructure and Business Development Committee, through the Corporate Decisions Team and through the Board of Directors. The Financial Delivery Plan is reviewed on a monthly basis by the Finance Infrastructure and Business Development Committee, for both the deliverability and impact of the overall plan and individual schemes. The Board receives an update on the Financial Delivery Plan at each meeting. On-going plans for financial delivery have been developed

through the Transforming Services Programme, and reviewed through the Corporate Decisions Team and the Board.

An integrated approach has been taken to financial delivery with resources allocated in line with the Foundation Trust Service Development Strategy. Financial and Service Delivery Plans are integrally linked with Workforce Development Plans, which are in place for each Group. Each Group reviews its own performance on its contribution to the Financial Delivery Plan at its monthly Operational Management Group. The Foundation Trust actively benchmarks its performance, through a range of local, consortium based and national groups.

Internal Audit provides regular review of financial procedures on a risk based approach, and the outcomes of these reviews are reported through the Audit Committee. The internal audit plan for the year is approved on an annual basis by the Audit Committee, and the plan is derived through the consideration of key controls and required assurances as laid out in the Trust Assurance Framework. The Audit Committee have received significant assurance on all key financial systems through this process.

## **6 Information Governance**

The Foundation Trust also has effective arrangements in place for Information Governance with performance against the Information Governance Toolkit reported through the Health Informatics Group, Finance, Infrastructure and Business Development Committee and the Corporate Decisions Team. The Foundation Trust put in place a range of measures to manage risks to data security and has met the required standard of level 2 across all key standards in the Information Governance Toolkit.

The Foundation Trust has had one incident during the current year classified at level 2 in the Governance Incident Reporting Tool. In this incident two raw HES data files containing 62,148 and 54,860 admission/discharge events were uploaded on to the North East Quality Observatory Service website in December 2013 and removed May 2014. This was reported to the Information Commissioner (IC) but no action was taken. In response to a wider review of a further 6 incidents reported to the IC in previous years, the Foundation Trust has requested support from the IC to assist the Trust in reviewing its information governance arrangements and to identify areas for improvement.

## **7 Annual Quality Report**

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

2014/15 is the 6th year of developing of Quality Accounts/Report for Northumberland, Tyne and Wear NHS Foundation Trust. The Foundation Trust has



built on the extensive work undertaken to develop the Trust Integrated Business Plan and has drawn on the various guidance published in relation to Quality Accounts.

The Foundation Trust has drawn upon service user and carer feedback as well as the Council of Governors to inform the Quality Account/Report. We have also listened to partner feedback on areas for improvement and our response to these are incorporated in the 2014-15 Quality Account.

Whilst the national requirement is to set annual priorities the Foundation Trust has established 3 overarching Quality Goals which span the life of the Integrated Business Plan, ensuring our annual priorities enable us to continually improve upon the three elements of quality: Patient Safety, Clinical Effectiveness and Patient Experience as shown in the table below:

<b>Goal</b>	<b>Description</b>
Safety	Reduce incidents of harm to patients
Experience	Improve the way we relate to patients and carers
Effectiveness	Ensure the right services are in the right place at the right time for the right person

Our Quality Governance arrangements are set out in section 4 of the Annual Governance Statement. The Executive Director of Performance and Assurance has overall responsibility to lead the production and development of the Quality Account/Report. A formal review process was established, the Quality Account/Report drafts were formally reviewed through the Foundation Trust governance arrangements (Corporate Decisions Team, Quality and Performance Committee, Audit Committee, Council of Governors and Board of Directors) as well as being shared with partners.

The Trust has put controls in place to ensure the accuracy of the data used in the Quality Account/Report. These controls include:

- Trust policies on quality reporting, key policies include:
  - NTW(O)05 - Incident Policy (including the management of Serious Untoward Incidents)
  - NTW(O)07 - Comments, Compliments and Complaints Policy
  - NTW(O)09 - Management of Records Policy
  - NTW(O)26 - Data Quality Policy
  - NTW(O)28 – Information Governance Policy
  - NTW(O)34 - 7 Day Follow Up
  - NTW(O)62 - Information Sharing Policy
- Systems and processes have been further improved across the Foundation Trust during 2014-15 with the continued expansion of the near real-time dashboard reporting system, reporting quality indicators at every level in the Trust from patient/staff member to Trust level.

- The Foundation Trust has training programmes in place to ensure staff have the appropriate skills to record and report quality indicators. Key training includes:
  - Electronic Patient Record (RiO)
  - Trust Induction
  - Information Governance
- The Foundation Trust audit plan includes a rolling programme of audits on quality reporting systems and metrics.
- The internal audit plan is fully aligned to the Foundation Trust's Corporate Risk Register and Assurance Framework, and integrates with the work of clinical audit where this can provide more appropriate assurance.
- In 2010 the Foundation Trust supported Monitor in the development of a Quality Governance Framework. The Board now reviews it's performance against Monitor's published Quality Governance Framework on an annual basis.
- The Foundation Trust has a near real-time reporting system which connects all our business critical systems. The system presents information at varying levels enabling board to patient drill down. It is accessible by all Trust staff.

Through the engagement and governance arrangements outlined above the Foundation Trust has been able to ensure the Quality Account/Report provides a balanced view of the organisation and appropriate controls are in place to ensure the accuracy of data.

## **8 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, the counter fraud team, clinical audit and the executive managers and clinical leads within the NHS Foundation Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the quality report attached to this annual report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Trust Board, the Audit Committee, and the Foundation Trust governance committees and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Performance and Assurance Framework provide me with evidence that the effectiveness of controls in place to manage the risks associated with achieving key organisational objectives have been systematically reviewed. Internally I receive assurance through the operation of a governance framework as described above, including the Trustwide Governance Structure, Directorate and Group level governance structures, internal audit reviews and the Audit Committee.

My review is also informed by (i) On-going registration inspections and Mental Health Act reviews by the Care Quality Commission (ii) the National Health Service Litigation Authority, having achieved 100% at Level I for the Risk Management

Standards for Mental Health and Learning Disability, (iii) External Audit, (iv) NHS England (v) Monitor's ongoing assessment of the Foundation Trust's performance, and (vi) on-going review of performance and quality by our commissioners.

Throughout the year the Audit Committee has operated as the key standing Committee of the Trust Board with the responsibility for assuring the Board of Directors that effective processes and systems are in place across the organisation to ensure effective internal control, governance and risk management. The Audit Committee is made up of three Non-Executive Directors, and reports directly to the Board of Directors. The Committee achieves its duties through:

- Review of the Assurance Framework in place across the organisation and detailed review of the Foundation Trust's self-assessment against essential standards.
- Scrutiny of the corporate governance documentation for the Foundation Trust.
- The agreement of external audit, internal audit and counter fraud plans and detailed scrutiny of progress reports. The Audit Committee pays particular attention to any aspects of limited assurance, any individual areas within reports where particular issues of risk have been highlighted by internal audit, and on follow up actions undertaken. Discussions take place with both sets of auditors and management as the basis for obtaining explanations and clarification.
- Receipt and detailed scrutiny of reports from the Foundation Trust's management concerning the governance and performance management of the organisation, where this is considered appropriate.
- Review of its own effectiveness against national best practice on an annual basis. The terms of reference for the committee were adopted in line with the requirements of the Audit Committee Handbook and Monitor's Code of Governance.

The Trust Board itself has a comprehensive system of performance reporting, which includes analysis against the full range of performance and compliance standards, review of the Assurance Framework and Corporate Risk Register every two months, ongoing assessment of clinical risk through review of complaints, SUIs, incidents, and lessons learned. The Quality and Performance Committee receives a regular update on the performance of clinical audit. The Board of Directors also considers on a quarterly basis an epidemiological review of suicides, presented by our Trust lead for Public Health.

There are a number of processes and assurances that contribute towards the system of internal control as described above. These are subject to continuous review and assessment. The Assurance Framework encapsulates the work that has been undertaken throughout the year in ensuring that the Board of Directors has an appropriate and effective control environment. This has identified no significant gaps in control and where gaps in assurance have been identified, actions are in place to ensure that these gaps are addressed.

## **9 Conclusion**

My review confirms that Northumberland Tyne and Wear NHS Foundation Trust has a generally sound system of internal control that supports the achievement of its policies, aims and objectives. No significant internal control issues have been identified.

John Lawlor

Chief Executive Officer  
(on behalf of the board)

27 May 2015

## **13 ANNUAL ACCOUNTS**

### **Independent auditor's report to the Governors of Northumberland, Tyne and Wear NHS Foundation Trust**

We have audited the financial statements of Northumberland, Tyne and Wear NHS Foundation Trust for the year ended 31 March 2015 under the National Health Service Act 2006. The financial statements comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows and the related notes. These financial statements have been prepared under applicable law and the accounting policies set out in the Statement of Accounting Policies.

We have also audited the information in the Remuneration Report that is described as having been audited.

This report is made solely to the Council of Governors of Northumberland, Tyne and Wear NHS Foundation Trust in accordance with Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Council of Governors of the Trust, as a body, 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 Council of Governors of the Trust, as a body, for our audit work, for this report or for the opinions we have formed.

#### **Respective responsibilities of the accounting officer and the auditor**

As described more fully in the Statement of Accounting Officer's Responsibilities, the accounting officer is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice's Board's Ethical Standards for Auditors.

#### **Our assessment of the risks of material misstatement**

During the course of the audit we identified the following risks that had the greatest effect on our overall audit strategy:

- The risk of management override of controls as International Standards on Auditing (UK and Ireland) state that this risk must always be treated as significant;
- Property valuation; and
- Revenue and expenditure recognition.

#### **Our assessment and application of materiality**

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on the financial statements and our audit.

Materiality is used so we can plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. The level of materiality we set is based on our assessment of the magnitude of misstatements that individually or in aggregate, could reasonably be expected to have influence on the economic decisions the users of the financial statements may take based on the information included in the financial statements.

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole. The overall materiality level we set for Northumberland, Tyne and Wear NHS Foundation Trust's financial statements was £2.88 million, which is approximately 1% of Operating expenses (adjusted for the impact of impairments of property, plant and equipment). We used Operating expenses (adjusted for the impact of impairments of property, plant and equipment) to calculate our materiality as, in our view, this is the most relevant measure of the underlying financial performance of Northumberland, Tyne and Wear NHS Foundation Trust.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £86,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to Northumberland, Tyne and Wear NHS Foundation Trust's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the accounting officer and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

We scoped our audit approach in response to the risks outlined on the previous page as follows:

Risk	Audit approach
<p><b>Management override of controls</b></p> <p>In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.</p>	<p>Our approach involved:</p> <ul style="list-style-type: none"> <li>• testing the appropriateness of journal entries and other adjustments made in preparing the financial statements;</li> <li>• reviewing the key areas within the financial statements where management has used judgement and applied estimation techniques;</li> <li>• reviewing significant transactions outside the normal course of business or that otherwise appear to be highly unusual.</li> </ul>
<p><b>Property valuation</b></p> <p>Land and buildings are the Trust's highest value assets. Management engage an expert, to assist in determining the fair value of property to be included in the financial statements. Changes in the value of property may impact on the Statement of Comprehensive Income depending on the circumstances and the specific accounting requirements of the Annual Reporting Manual.</p>	<p>Our approach involved:</p> <ul style="list-style-type: none"> <li>• updating our understanding on the approach taken by the Trust in its valuation of land and buildings;</li> <li>• reviewing the scope and terms of the engagement with the valuer and how management used the valuation report to value land and buildings in the financial statements;</li> <li>• obtaining information on the methodology and the valuer's procedures to ensure objectivity and quality; and</li> <li>• considering evidence of regional valuation trends.</li> </ul>
<p><b>Revenue and expenditure recognition</b></p> <p>There is a risk of fraud in the financial reporting relating to revenue and expenditure recognition due to the potential to inappropriately record revenue and expenditure in the wrong period. Due to there being a risk of fraud in revenue and expenditure recognition we consider it to be a significant risk on all audits.</p>	<p>Our approach involved evaluating the design and implementation of controls to mitigate these risks and undertaking a range of substantive procedures including:</p> <ul style="list-style-type: none"> <li>• testing of material income and expenditure including tests to ensure transactions are recognised in the correct year;</li> <li>• testing material year end receivables, payables, accruals and provisions;</li> <li>• reviewing intra-NHS reconciliations and data matches;</li> <li>• reviewing management oversight of material accounting estimates and any changes to accounting policies;</li> <li>• reviewing judgements about whether the criteria for recognising provisions were satisfied; and</li> <li>• testing of material adjustment journals.</li> </ul>

## **Opinion on financial statements**

In our opinion the financial statements:

- Give a true and fair view of the state of Northumberland, Tyne and Wear NHS Foundation Trust's affairs as at 31 March 2015 and of its income and expenditure for the year then ended;
- Have been prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2014/15; and
- Have been prepared in accordance with the requirements of the National Health Service Act 2006.

## **Opinion on other matters prescribed by the Audit Code for NHS Foundation Trusts**

In our opinion the part of the Remuneration Report to be audited has been properly prepared in accordance with the accounting policies directed by Monitor as being relevant to NHS Foundation Trusts.

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

We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- Materially inconsistent with the information in the audited financial statements; or
- Apparently materially incorrect based on, or materially inconsistent with, our knowledge of Northumberland, Tyne and Wear NHS Foundation Trust acquired in the course of performing our audit; or
- Is otherwise misleading.

In particular we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

We also have nothing to report where under the Audit Code for NHS Foundation Trusts we are required to report to you if, in our opinion, the Annual Governance Statement does not reflect the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual, is misleading or is not consistent with our knowledge of Northumberland, Tyne and Wear NHS Foundation Trust and other information of which we are aware from our audit of the financial statements. We are not required to assess, nor have we assessed, whether all risks and controls have been addressed by the Annual Governance Statement or that risks are satisfactorily addressed by internal controls.



## **Certificate**

We certify that we have completed the audit of the accounts of Northumberland, Tyne and Wear NHS Foundation Trust in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Audit Code for NHS Foundation Trusts issued by Monitor.

Cameron Waddell (CPFA) for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
Rivergreen Centre, Aykley Heads, Durham, DH1 5TS  
27 May 2015

## **Foreword to the Accounts**

### **Northumberland, Tyne and Wear NHS Foundation Trust**

These accounts for the period ended 31 March 2015 have been prepared by the Northumberland, Tyne and Wear NHS Foundation Trust under Schedule 7 of the National Health Service Act 2006, paragraphs 24 and 25 and in accordance with directions given by Monitor, the Independent Regulator of Foundation Trusts, and have been prepared on a going concern basis.

**John Lawlor**  
**Chief Executive**  
**27 May 2015**

<b>Statement of Comprehensive Income</b>				
			2014/15	2013/14
		Note	£000	£000
<b>Operating income from continuing operations</b>		<b>3</b>	<b>314,978</b>	301,260
<b>Operating expenses from continuing operations</b>		<b>4</b>	<b>(340,052)</b>	<b>(393,744)</b>
<b>Operating (deficit)</b>			<b>(25,074)</b>	<b>(92,484)</b>
<b>Finance costs</b>				
Finance income		11	69	94
Finance expense - financial liabilities		12	(5,484)	(5,401)
Finance expense - unwinding of discount on provisions			(84)	(97)
PDC dividends payable			(1,031)	(3,078)
<b>Net finance costs</b>			<b>(6,530)</b>	<b>(8,482)</b>
Share of surplus/(deficit) from joint ventures			49	(38)
<b>(Deficit) for the year</b>			<b>(31,555)</b>	<b>(101,004)</b>
<b>Other comprehensive income</b>				
Impairments			(163)	(9,488)
Revaluations			758	693
<b>Total comprehensive (expense) for the year</b>			<b>(30,960)</b>	<b>(109,799)</b>

<b>Statement of Financial Position</b>				
			<b>2014/15</b>	<b>2013/14</b>
		<b>Note</b>	<b>£000</b>	<b>£000</b>
<b>Non-current assets</b>				
	Intangible assets	14	453	102
	Property, plant and equipment	15	122,952	151,065
	Investments in associates and joint ventures	16	50	10
	Trade and other receivables	21	102	101
	<b>Total non-current assets</b>		<b>123,557</b>	<b>151,278</b>
<b>Current assets</b>				
	Inventories	20	312	396
	Trade and other receivables	21	20,701	12,375
	Non-current assets for sale and assets in disposal groups	17	1,645	14,098
	Cash and cash equivalents	22	20,566	15,295
	<b>Total current assets</b>		<b>43,224</b>	<b>42,164</b>
<b>Current liabilities</b>				
	Trade and other payables	23	(25,026)	(20,890)
	Borrowings	24	(6,156)	(5,507)
	Provisions	28	(1,039)	(3,244)
	Other liabilities	26	(999)	(490)
	<b>Total current liabilities</b>		<b>(33,220)</b>	<b>(30,131)</b>
	<b>Total assets less current liabilities</b>		<b>133,561</b>	<b>163,311</b>
<b>Non-current liabilities</b>				
	Borrowings	24	(92,431)	(93,987)
	Provisions	28	(6,149)	(5,057)
	Other liabilities	26	(301)	(261)
	<b>Total non-current liabilities</b>		<b>(98,881)</b>	<b>(99,305)</b>
	<b>Total assets employed</b>		<b>34,680</b>	<b>64,006</b>
<b>Financed by</b>				
	<b>Taxpayers' equity:</b>			
	Public Dividend Capital		203,311	201,677
	Revaluation reserve	30	2,298	12,344
	Income and expenditure reserve		(170,929)	(150,015)
	<b>Total taxpayers' equity</b>		<b>34,680</b>	<b>64,006</b>

The financial statements were approved by the Board on 27 May 2015 and signed on its behalf by:

John Lawlor  
Chief Executive  
27 May 2015

<b>Statement of Changes in Taxpayers' Equity: 1 April 2014 to 31 March 2015</b>				
		<b>Taxpayers' Equity</b>		
	<b>Total</b>	<b>Public Dividend Capital</b>	<b>Revaluation Reserve</b>	<b>Income &amp; Expenditure Reserve</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Others' and Taxpayers' equity at 1 April 2014</b>	<b>64,006</b>	201,677	12,344	(150,015)
Deficit for the year	(31,555)	0	0	(31,555)
Transfer between reserves	0	0	0	0
Impairments	(163)	0	(163)	0
Revaluations - property, plant and equipment	758	0	758	0
Transfer to retained earnings on disposal of assets	0	0	(10,622)	10,622
Other reserves movements	0	0	(19)	19
Public Dividend Capital received	1,634	1,634	0	0
<b>Others' and Taxpayers' equity at 31 March 2015</b>	<b>34,680</b>	203,311	2,298	(170,929)

<b>Statement of Changes in Taxpayers' Equity: 1 April 2013 to 31 March 2014</b>				
		<b>Taxpayers' Equity</b>		
	<b>Total</b>	<b>Public Dividend Capital</b>	<b>Revaluation Reserve</b>	<b>Income &amp; Expenditure Reserve</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Others' and Taxpayers' equity at 1 April 2013</b>	<b>173,522</b>	201,394	22,009	(49,881)
Deficit for the year	(101,004)	0	0	(101,004)
Transfer between reserves	0	0	(489)	489
Impairments	(9,488)	0	(9,488)	0
Revaluations - property, plant and equipment	691	0	691	0
Transfer to retained earnings on disposal of assets	0	0	(381)	381
Other recognised gains and losses	2	0	2	0
Public dividend capital received	283	283	0	0
<b>Others' and Taxpayers' equity at 31 March 2014</b>	<b>64,006</b>	201,677	12,344	(150,015)

<b>Statement of Cash Flows</b>			
		2014/15	2013/14
	Note	£000	£000
<b>Cash flows from operating activities:</b>			
Operating (Deficit) from continuing operations		(25,074)	(92,484)
<b>Operating (deficit)</b>		<b>(25,074)</b>	<b>(92,484)</b>
<b>Non-cash income and expense:</b>			
Depreciation and amortisation		5,851	7,565
Impairments		51,850	104,757
Reversals of impairments		(13,478)	(518)
Loss on disposal		(1,426)	0
(Increase) in trade and other receivables		(9,149)	(29)
Decrease in inventories		84	27
Increase/(Decrease) in trade and other payables		2,799	(784)
Increase/(Decrease) in other liabilities		549	(619)
(Decrease)/Increase in provisions		(1,197)	670
Other movements in operating cash flows		6,987	(1,447)
<b>Net cash generated from operations</b>		<b>17,796</b>	<b>17,138</b>
<b>Cash flows from investing activities:</b>			
Interest received		68	93
Purchase of intangible assets		(377)	(102)
Purchase of Property, Plant and Equipment and Investment Property		(14,131)	(41,137)
Sales of Property, Plant and Equipment and Investment Property		6,889	2,446
<b>Net cash generated (used in) investing activities</b>		<b>(7,551)</b>	<b>(38,700)</b>
<b>Cash flows from financing activities:</b>			
Public dividend capital received		1,634	283
Loans received from the Independent Trust Financing Facility		4,600	16,000
Loans repaid to the Independent Trust Financing Facility		(1,704)	0
Loans repaid to the Department of Health		(2,766)	(2,766)
Capital element of finance lease rental payments		(60)	(60)
Capital element of PFI, LIFT and other service concession payments		(977)	(977)
Interest paid		(1,225)	(1,000)
Interest element of finance lease		(44)	(46)
Interest element of PFI, LIFT and other service concession obligations		(4,224)	(4,178)
PDC Dividend paid		(208)	(3,772)
<b>Net cash generated financing activities</b>		<b>(4,974)</b>	<b>3,484</b>
<b>Increase/(Decrease) in cash and cash equivalents</b>		<b>5,271</b>	<b>(18,078)</b>
<b>Cash and cash equivalents at 1 April</b>		<b>15,295</b>	<b>33,373</b>
<b>Cash and cash equivalents at 31 March</b>	22	<b>20,566</b>	<b>15,295</b>

## Notes to the Accounts

### 1. Accounting Policies and other Information

Monitor has directed that the financial statements of NHS Foundation Trusts shall meet the accounting requirements of the NHS Foundation Trust Annual Reporting Manual which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2014/15 issued by Monitor. The accounting policies contained in that manual follow International Financial Reporting Standards and HM Treasury's Financial Reporting Manual (FReM) to the extent that they are meaningful and appropriate to NHS Foundation Trusts. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

#### 1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

##### 1.1.1 Going Concern

These accounts have been prepared on a going concern basis following an assessment by the Trust of the historical, current and future performance of the Trust and an assessment of the risk to the continuity of services.

#### 1.2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Trusts accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

##### 1.2.1 Critical judgements in applying accounting policies

The following are critical judgements, apart from those involving estimations (see 1.2.2) that management has made in the process of applying the Trust's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

The Trust has made critical judgements, based on accounting standards, in the classification of leases and arrangements containing a lease.

The Trust has made critical judgements in relation to the Modern Equivalent Asset (MEA) revaluation as at the 31 March 2015. The District Valuer carries out a professional valuation of the modern equivalent asset required to have the same productive capacity and service potential as existing Trust assets. Judgements have been by the Trust in relation to floor space, bed space, garden space, car parking areas and all areas associated with the capacity required to deliver the Trust's services as at 31 March 2015.

### **1.2.2 Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Under International Accounting Standard (IAS) 37, significant provisions totalling £621,000 were made for probable transfers of economic benefits in respect of employee claims, legal costs and redundancy provisions. Legal claims are based on professional assessments, which are uncertain to the extent that they are an estimate of the probable outcome of individual cases. Also, under IAS 19, accruals have been made for the value of carried forward annual leave owed totalling £1,243,000 and £129,000 receivable for leave taken in advance

The Trust's revaluations of land and buildings are based on professional valuations provided by the District Valuer on a Modern Equivalent Asset basis as per note 1.6. Impairments are recognised on the basis of these valuations.

### **1.3 Income**

Income in respect of services provided is recognised when, and to the extent that, performance occurs and is measured at the fair value of the consideration receivable. The main source of income for the Trust is contracts with Commissioners in respect of health care services.

Where income is received for a specific activity which is to be delivered in a subsequent financial year, that income is deferred.

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

### **1.4 Expenditure on Employee Benefits**

#### ***Short-term Employee Benefits***

Salaries, wages and employment-related payments 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 NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. It is not possible for the NHS Foundation Trust to identify its share of the underlying scheme liabilities. Therefore, the scheme is accounted for as a defined contribution scheme.

Employers pension cost contributions are charged to operating expenses as and when they become due.



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

### **1.5 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.

### **1.6 Property, Plant and Equipment**

#### **1.6.1 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; and
- The cost of the item can be measured reliably
- The item has cost 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; or
- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, e.g. plant and equipment, then these components are treated as separate assets and depreciated over their own useful economic lives.

#### **1.6.2 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 fair value.

##### **(a) Property Assets**

Land and buildings used for the Trust's services or for administrative purposes are stated in the statement of financial position at their re-valued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure

that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost
- For non-operational properties including surplus land, the valuations are carried out at open market value.

HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. The Trust has applied the modern equivalent asset approach to valuations since 1 April 2009. The Trust's appointed professionally qualified valuer is the District Valuer (North) based at the Durham Valuation Office. IAS 16 requires that the carrying value of property is not materially different to fair value at the balance sheet date. To reflect changes in the property market and building cost indexation since the last valuation as at 31 March 2014, a review of the values of land and buildings was undertaken as at 31st March 2015.

Additional alternative valuations of open market value or value in existing use have been obtained for non-operational assets held for sale or operational properties where disposal is planned and imminent.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are re-valued and depreciation commences when they are brought into operational use.

#### (b) Non-property Assets

NHS bodies may elect to adopt a depreciated historical cost basis as a proxy for fair value for assets that have short useful lives or low values (or both). For depreciated historical cost to be considered as a proxy for fair value, the useful life must be a realistic reflection of the life of the asset and the depreciation method used must provide a realistic reflection of the consumption of that asset class.

Assets that are not covered by the above paragraph should be carried at fair value and should be valued using the most appropriate valuation methodology available.

Until 31 March 2008, fixtures and equipment were carried at replacement cost, as assessed by indexation and depreciation of historic cost. From 1st April 2008 indexation has ceased. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

#### ***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 economic 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' ceases to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the Trust, respectively.

Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as assessed by the Trust's professional valuers. Leaseholds are depreciated over the primary lease term.

Equipment is depreciated on current cost evenly over the estimated life. The Trust adheres to standard lives for equipment assets except where it is clear that the standard lives are materially inappropriate. Standard equipment lives are:

- Short life engineering plant and equipment      5 years
- Medium life engineering plant and equipment    10 years
- Long life engineering plant and equipment      15 years
- Vehicles    7 years
- Furniture     10 years
- Office and IT equipment                              5 years
- Soft furnishings     7 years

### ***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 income.

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 NHS Foundation Trust Annual Reporting Manual 2014-15, 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 income to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

### ***De-recognition***

Assets intended for disposal are reclassified as 'Held for Sale' once all of the following criteria are met:

- The asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- The sale must be highly probable i.e.:
  - management are committed to a plan to sell the asset;
  - an active programme has begun to find a buyer and complete the sale;
  - the asset is being actively marketed at a reasonable price;
  - the sale is expected to be completed within 12 months of the date of classification as 'Held for Sale'; and
  - the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'Held for Sale' and instead is retained as an operational asset and the asset's economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

The revaluation surplus included in equity in respect of an item of property, plant and equipment is transferred in full to retained earnings at the point in time when an asset is derecognised. This applies when an asset is sold or when an asset is retired or disposed of.

### ***Donated, government grant and other grant funded assets***

Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

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

### ***Private Finance Initiative (PFI) Transactions***

PFI transactions which meet the International Financial Reporting Interpretations Committee (IFRIC) 12 definition of a service concession, as interpreted in HM Treasury's FReM, are accounted for as 'on-Statement of Financial Position' by the Trust. The underlying assets are recognised as Property, Plant and Equipment at their fair value. An equivalent financial liability is recognised in accordance with IAS 17.

The annual contract payments are apportioned between the repayment of the liability, a finance cost and the charges for the services. The finance cost is calculated using the implicit interest rate for the scheme, which is in accordance with guidance issued by the Department of Health: 'Accounting for PFI under IFRS'. The service charge is recognised in operating expenses and the finance cost is charged to Finance Costs in the Statement of Comprehensive Income.

For each year of the contract, an element of unitary payment is allocated to lifecycle replacement based on the capital costs that the operator expect, at financial close, to incur for that year. Life-cycle expenditure is capitalised in accordance with IAS 16 when the expenditure meets the Trust's recognition criteria as detailed above to the extent that the capital is funded by the unitary payment. Where all or part of the capital cost is unanticipated, or the cost of the asset is greater than planned, the Trust treats it as a free asset. Where the operator replaces lifecycle components earlier or later than planned but the cost of the replacement was anticipated in the operator's model, this is recognised as a temporary liability or temporary prepayment.

## **1.7 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 and where the cost is at least £5,000.

### ***Internally Generated Intangible Assets***

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

Expenditure on research is not capitalised.

Expenditure on development is capitalised only where all of the following can be demonstrated:

- The project is technically feasible to the point of completion and will result in an intangible asset for sale or use;
- The Trust intends to complete the asset and sell or use it;
- The Trust has the ability to sell or use the asset;
- How the intangible asset will generate probable future economic or service delivery benefits e.g. the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- Adequate financial, technical and other resources are available to the Trust to complete the development and sell or use the asset; and
- The Trust can measure reliably the expenses attributable to the asset during development.

### ***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 fair value. Revaluations gains and losses and impairments are treated in the same manner as for Property, Plant and Equipment.

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 economic lives in a manner consistent with the consumption of economic or service delivery benefits.

## **1.8 Government Grants**

Government grants are grants from Government bodies other than income from Commissioners or NHS 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.

## **1.9 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) basis. This is considered to be a reasonable approximation to fair value due to the high turnover of inventories.

## **1.10 Cash and cash equivalents**

Cash and cash equivalents include cash held in the Government Banking Service, cash with commercial banks and cash in hand. Cash and bank balances are recorded at the current values of these balances in the Trust's cash book. Interest earned on bank accounts is recorded as finance income in the period to which it relates. Bank charges are recorded as operating expenditure in the periods to which they relate.

As the Trust has no bank overdrafts, there is no difference between the amounts disclosed as cash and cash equivalents in the Statement of Financial Position and in the Statement of Cash Flows.

## **1.11 Financial Instruments and Financial Liabilities**

### ***Recognition***

Financial assets and financial liabilities which arise from contracts for 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, are recognised when, and to the extent which, performance occurs i.e. when receipt or delivery of the goods or services is made.

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 in note 1.12.

All other financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

### ***De-recognition***

All financial assets are de-recognised when the rights to receive cash flows from the assets have expired or the Trust has transferred substantially all of the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

### ***Classification and Measurement***

Financial assets are categorised as 'Fair Value through Income and Expenditure', Loans and receivables or 'Available-for-sale financial assets'.

Financial liabilities are classified as 'Fair Value through Income and expenditure' or as 'Other Financial Liabilities'.

### ***Financial assets and financial liabilities at 'Fair Value through Income and Expenditure'***

Financial assets and financial liabilities at 'Fair Value through Income and Expenditure' are financial assets or financial liabilities held for trading. A financial asset or financial liability is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Derivatives which are embedded in other contracts but which are not 'closely-related' to those contracts are separated-out from those contracts and measured in this category. Assets and liabilities in this category are classified as current assets and current liabilities.

These financial assets and financial liabilities are recognised initially at fair value, with transaction costs expensed in the income and expenditure account. Subsequent movements in the fair value are recognised as gains or losses in the Statement of Comprehensive Income.

### ***Loans and Receivables***

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

The Trust's loans and receivables comprise: current investments, cash and cash equivalents, NHS debtors, accrued income and 'other receivables'.

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

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

### ***Available for Sale Financial Assets***

Available for sale financial assets are non-derivative financial assets which are either designated in this category or not classified in any of the other categories. They are included in long-term assets unless the Trust intends to dispose of them within 12 months of the Statement of Financial Position date.

Available for sale financial assets are recognised initially at fair value, including transaction costs, and measured subsequently at fair value, with gains or losses recognised in reserves and reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'. When items classified as 'available-for-sale' are sold or impaired, the accumulated fair value adjustments recognised are transferred from reserves and recognised in 'Finance Costs' in the Statement of Comprehensive Income.

### ***Other Financial Liabilities***

All other financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective



interest method. The effective interest rate is the rate that discounts exactly estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount of the financial liability.

They are included in current liabilities except for amounts payable more than 12 months after the Statement of Financial Position date, which are classified as long-term liabilities.

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to Finance Costs. Interest on financial liabilities taken out to finance Property, Plant and Equipment or intangible assets is not capitalised as part of the cost of those assets.

### ***Determination of Fair Value***

For financial assets and financial liabilities carried at fair value, the carrying amounts are determined from quoted market prices, independent appraisals, discounted cash flow analysis or other appropriate methods.

### ***Impairment of Financial Assets***

At the Statement of Financial Position date, the Trust assesses whether any financial assets, other than those held at 'fair value through income and expenditure' are impaired. Financial assets are impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the Statement of Comprehensive Income and the carrying amount of the asset is reduced through the use of a provision for irrecoverable debt. Irrecoverable debt provisions are made when debts are over 3 months old, unless there is a reason not to make the provision, such as an agreement to pay. In the case of disputes, provisions are made for debts less than 3 months old.

## **1.12 Leases**

### **1.12.1 Trust as Lessee**

#### ***Finance Leases***

Where substantially all risks and rewards of ownership of a leased asset are borne by the Trust, the asset is recorded as Property, Plant and Equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease.

The asset and liability are recognised at the commencement of the lease. Thereafter, the asset is accounted for as an item of property, plant and equipment.

The annual rental is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income. The lease liability is de-recognised when the liability is discharged, cancelled or expires.

### ***Operating Leases***

Other leases are regarded as operating leases and the rentals are charged to operating expenses on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to operating expenses over the life of the lease.

Contingent rentals are recognised in the period in which they are incurred.

### ***Leases of Land and Buildings***

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately.

## **1.12.2 Trust as Lessor**

### ***Finance Leases***

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Trust's net investment in the lease. Income is allocated to accounting periods so as to reflect a constant periodic rate of return.

### ***Operating Leases***

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

## **1.12.3 Disclosures**

In accordance with IAS 17 the Trust will disclose a description of significant leasing arrangements including;

- (i) The basis on which contingent rent is determined;
- (ii) The existence and terms of renewal, purchase options and escalation clauses; and
- (iii) Any restrictions imposed by lease arrangements.

## **1.13 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 the discount rates published and mandated by HM Treasury.

### **Clinical Negligence Costs**

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the Trust pays an annual contribution to the NHSLA, which, in return, settles all

clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Trust is disclosed in note 28.2 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 the NHS Litigation Authority 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.

### **1.14 Contingencies**

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 29 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 29, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

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

### **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 Trust. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

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, except for (i) donated assets, (ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, (iii) any PDC dividend balance receivable or payable. In accordance with the requirements laid down by the Department of Health (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 thus calculated is not revised should any adjustment to net assets occur as a result of the audit of the annual accounts.

### **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.

### **1.17 Corporation Tax**

Foundation Trusts are exempt from corporation tax on their principle health care income under section 519A Income and Corporation Taxes Act 1988. In determining whether other income may be taxable, a full review of the Trust's activities has been carried out in accordance with guidance published by HM Revenue and Customs to establish any activities that are subject to Corporation Tax. Based on this review there is no corporation tax liability in the period ended 31 March 2015.

### **1.18 Foreign Exchange**

The functional and presentational currencies of the Trust are 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 (other than financial instruments measured at 'fair value through income and expenditure') 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.

### **1.19 Third Party Assets**

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's FReM.

### **1.20 Losses and Special Payments**

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are

divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had NHS Foundation Trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

However, 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.

### **1.21 Transfers of Functions**

For functions that have been transferred to the Trust from another NHS or Local Government body, the assets and liabilities transferred are recognised in the accounts as at the date of transfer. The assets and liabilities are not adjusted to fair value prior to recognition. The net gain/loss corresponding to the net assets/liabilities transferred is recognised within income/expenses, but not within operating activities.

For property plant and equipment assets and intangible assets, the Cost and Accumulated Depreciation / Amortisation balances from the transferring entity's accounts are preserved on recognition in the Trust's accounts. Where the transferring body recognised revaluation reserve balances attributable to the assets, the Trust makes a transfer from its income and expenditure reserve to its revaluation reserve to maintain transparency within public sector accounts.

For functions that the Trust has transferred to another NHS/Local Government body, the assets and liabilities transferred are de-recognised from the accounts as at the date of transfer. The net loss/gain corresponding to the net assets/liabilities transferred is recognised within expenses/income, but not within operating activities. Any revaluation reserve balances attributable to assets de-recognised are transferred to the income and expenditure reserve.

Adjustments to align the acquired function to the Foundation Trust's accounting policies are applied after initial recognition and are adjusted directly in taxpayers' equity.

### **1.22 Accounting Standards that have been issued but have not yet been adopted**

The standards which have been released but which are not mandatory in the 2014/15 accounts are set out below:

- IFRS 9 Financial Instruments
- IFRS 13 Fair Value Measurement
- IAS 19 Employee Benefits (amendment only to employer contributions to defined benefit pension schemes)
- IAS 36 Impairment of Assets (amendment only in relation to recoverable amount disclosures)
- IFRIC 21 Levies

The Trust expects that there will be no material impact on the Financial Statements as a result of the adoption of these standards.

### **1.23 Accounting Standards issued that have been adopted early**

No new accounting standards or revisions to existing standards have been early adopted in 2014/15.

### **1.24 Investments in Associates and Joint Arrangements**

An entity is an associate of an NHS Foundation Trust where the Trust has significant influence over it and yet the entity is not a subsidiary or a joint arrangement. Where an associate exists, the Trust must recognise its activities through the equity accounting method in accordance with IAS 28.

Joint arrangements apply where two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is either a joint operation or a joint venture.

#### ***Joint operations***

Joint operations are arrangements in which the Trust has joint control with one or more other parties. Joint arrangements generally operate without the establishment of a separate formal entity and the Trust therefore has the rights to the assets, and obligations for the liabilities, relating to the arrangement. The Trust includes within its financial statements its share of the assets, liabilities, income and expenses for joint operations.

#### ***Joint Ventures***

Joint ventures are arrangements in which the Trust has joint control with one or more other parties, and where it has the rights to the net assets of the arrangement. Accounting as a joint venture generally applies where arrangements are structured through a separate vehicle which confers a separation between the parties and the vehicle and as a result, the assets, liabilities, revenues and expenses held are those of the separate vehicle and the Trust only has an investment in the net assets of the vehicle. Joint ventures and investments in associates are accounted for using the equity method and reported in its separate financial statements in accordance with IAS 27. The joint venture is initially recognised at cost. It is increased or decreased subsequently to reflect the Trust's share of the entity's profit or loss or other gains and losses. It is also reduced when any distribution, e.g. share dividends, are received by the Trust from the joint venture.

The Trust has a 50% share in a limited liability partnership with independent healthcare providers Insight Ltd (formerly MHCO) which is a Joint Venture. The Newcastle Talking Therapies LLP has been commissioned by NHS North of Tyne to deliver a service aimed at 'Improving Access to Psychological Therapies - IAPT' for the people of Newcastle.

### **1.25 Consolidation of NHS Charitable Funds**

Prior to 2013/14, the FT Annual Reporting Manual permitted NHS Foundation Trusts not to produce consolidated accounts to include NHS charitable funds. From

2013/14, where the NHS Foundation Trust is the corporate trustee of the charitable funds and where the fund balances held are material, Foundation Trusts are required to assess their relationship to the charitable funds and account for the funds as a subsidiary where the Trust has the power to govern the financial and operating policies of the charitable fund.

The Trust benefits from charitable funds held by the Newcastle Healthcare Charity as Special Trustee. The Trust is not corporate trustee of the charitable funds and does not have the power to govern the financial and operating policies of the charitable funds held on behalf of the Trust. Consolidation is therefore not appropriate.

## **2 Segmental Analysis**

The Trust is solely involved in health care activities and does not consider that its clinical services represent distinct operating segments.

Of the total income reported during the financial year, £261,060,000, 83% of total income, was received from Clinical Commissioning Groups (CCGs) and NHS England (2013/14: 87%). As CCGs and NHS England are under common control they are classed as a single customer for this purpose.

### 3 Income

#### 3.1 Operating Income (by classification)

	2014/15	2013/14
	£000	£000
<b>Income from activities</b>		
Cost and volume contract income	39,120	36,655
Block contract income	239,554	239,465
Private patient income	143	157
Other clinical income	1,803	4,433
<b>Total income from activities</b>	<b>280,620</b>	280,710
<b>Other operating income</b>		
Research and development	2,212	2,282
Education and training	9,112	9,435
Cash donations received from other bodies	33	0
Non-patient care services to other bodies	1,521	1,638
Other*	4,162	3,875
Profit on disposal of land and buildings	1,543	0
Reversal of impairments of property, plant and equipment	13,478	518
Rental revenue from operating leases - minimum lease receipts	231	303
Income in respect of staff costs where accounted on gross basis	2,066	2,499
<b>Total other operating income</b>	<b>34,358</b>	20,550
<b>Total operating income</b>	<b>314,978</b>	301,260
<b>of which:</b>		
Related to Continuing Operations	314,978	301,260
Related to Discontinued Operations	0	0
<b>*Analysis of "Other operating income - Other"</b>		
Car Parking	50	52
Estates recharges	234	264
IT Recharges	79	27
Pharmacy Sales	5	1
Clinical Tests	85	58
Clinical excellence awards	404	510
Catering	979	953
Grossing up consortium arrangements	1,900	1,695
Other	426	315
<b>Total</b>	<b>4,162</b>	3,875



### 3.2 Private Patient Income

	2014/15 £000	2013/14 £000
Private patient income	143	157
Total patient related income	280,620	280,710
<b>Proportion (as percentage)</b>	<b>0.05%</b>	<b>0.06%</b>

The statutory limitation on private patient income in section 44 of the 2006 Act was repealed with effect from 1 October 2012 by the Health and Social Care Act 2012. The Health and Social Care Act 2012 requires Foundation Trusts to make sure that the income they receive from providing goods and services for the NHS ( their principle purpose) is greater than their income from other sources.

### 3.3 Operating Lease Income

The Trust leases land and buildings to a number of external bodies, mainly other NHS bodies.

	2014/15 £000	2013/14 £000
<b>Operating lease income</b>		
Rental revenue from operating leases - minimum	231	303
<b>Total operating lease income</b>	<b>231</b>	<b>303</b>
<b>Future minimum lease payments due:</b>		
<b>on leases of land expiring</b>		
- not later than one year;	1	1
- later than one year and not later than five years;	4	4
- later than five years.	87	88
<b>sub total</b>	<b>92</b>	<b>93</b>
<b>on leases of buildings expiring</b>		
- not later than one year;	229	259
- later than one year and not later than five years;	56	57
- later than five years.	158	172
<b>sub total</b>	<b>443</b>	<b>488</b>
<b>Total future minimum lease payments due</b>	<b>535</b>	<b>581</b>

### 3.4 Operating Income (by type)

	2014/15	2013/14
	£000	£000
<b>Income from activities</b>		
NHS Foundation Trusts	532	645
CCGs and NHS England	261,060	261,139
Local Authorities	9,718	10,918
Non-NHS: private patients	143	157
NHS injury scheme (was RTA)	1	81
Non NHS: other	9,166	7,770
<b>Total income from activities</b>	<b>280,620</b>	<b>280,710</b>
<b>Other operating income</b>		
Research and development	2,212	2,282
Education and training	9,112	9,435
Cash donations received from other bodies	33	0
Non-patient care services to other bodies	1,521	1,638
Other*	4,162	3,875
Profit on disposal of land and buildings	1,543	0
Reversal of impairments of property, plant and equipment	13,478	518
Rental revenue from operating leases - minimum lease receipts	231	303
Income in respect of staff costs where accounted on gross basis	2,066	2,499
<b>Total Other Operating Income</b>	<b>34,358</b>	<b>20,550</b>
<b>Total Operating Income</b>	<b>314,978</b>	<b>301,260</b>
<i>*Analysis of "Other operating income - Other"</i>		
Car Parking	50	52
Estates recharges	234	264
IT Recharges	79	27
Pharmacy Sales	5	1
Clinical Tests	85	58
Clinical excellence awards	404	510
Catering	979	953
Grossing up consortium arrangements	1,900	1,695
Other	426	315
<b>Total</b>	<b>4,162</b>	<b>5</b>

### 3.5 Analysis of Income from activities arising from Commissioner Requested Services and all other services

	2014/15 £000	2013/14 £000
Commissioner Requested Services	278,817	276,277
Non-Commissioner Requested Services	1,803	4,433
<b>Total income from activities</b>	<b>280,620</b>	<b>280,710</b>

## 4 Operating Expenses

	2014/15 £000	Restated 2013/14 £000
Services from NHS Foundation Trusts	736	683
Services from NHS Trusts	0	2
Services from CCGs and NHS England	139	0
Purchase of healthcare from non NHS bodies	4,580	2,547
Employee Expenses - Executive directors	925	1,302
Employee Expenses - Non-executive directors	113	103
Employee Expenses - Staff	232,451	229,243
Supplies and services - clinical (excluding drug costs)	3,667	3,410
Supplies and services - general	4,110	4,512
Establishment	1,548	2,819
Research and development - (not included in employee expenses)	770	369
Research and development - (included in employee expenses)	1,327	1,817
Transport (Business travel only)	2,431	2,622
Transport (other)	1,860	1,772
Premises - business rates payable to local authorities	1,046	1,175
Premises other	11,580	11,718
Increase/(decrease) in provision for impairment of receivables	(50)	469
Change in provisions discount rate(s)	338	264
Inventories written down (net, including inventory drugs)	10	32
Drug costs (non-inventory drugs only)	1,426	1,408
Drug inventories consumed	3,140	3,268
Rentals under operating leases - minimum lease receipts	5,621	5,464
Rentals under operating leases - contingent rent	93	89
Rentals under operating leases - sublease payments	(13)	(13)
Depreciation on property, plant and equipment	5,825	7,565
Amortisation on intangible assets	26	0
Impairments of property, plant and equipment	51,763	104,757
Impairments of assets held for sale	87	0
Audit services- Statutory audit	48	48
Clinical negligence	308	317
Loss on disposal of property, plant and equipment	117	0
Legal fees	(138)	1,140
Consultancy costs	374	568
Training, courses and conferences	972	1,234
Patient travel	363	358
Redundancy - (Not included in employee expenses)	226	134
Early Retirements - (Not included in employee expenses)	175	62
Hospitality	30	70
Insurance	665	995
Losses, ex gratia & special payments - (Not included in employee expenses)	9	84
Other	1,354	1,337
<b>Total</b>	<b>340,052</b>	<b>393,744</b>
<b>of which:</b>		
Related to Continuing Operations	340,052	393,744
Related to Discontinued Operations	0	0

The prior year comparator has been restated due to additional disclosures in relation to premises disclosures.

## 5 Senior Managers Remuneration

	2014/15 £000	2013/14 £000
<b>Total of key management personnel compensation:</b>		
Short-term employee benefits	838	1,137
Post-employment benefits	103	89
<b>Total key management compensation</b>	<b>941</b>	<b>1,226</b>

Key management personnel includes the executive and non-executive directors, which together comprised 14 directors in the financial year 2014/15. There are 2 non-executive and 1 executive director in post for part-year periods. Full directors remuneration details for individual senior managers are provided within the Trust's Annual Report.

Post employment benefits include contributions made by the Trust to the NHS Pension Scheme only.

There were no other long-term benefits, termination benefits or share-based payments made to senior managers during the year.

No advances were made and no credits were granted by the Trust to directors during the year. The Trust has not provided any guarantees on behalf of directors during the year.

## 6 Exit Packages

### 6.1 Exit Packages 2014/15

	Compulsory Redundancies Number	Compulsory Redundancies £000	Other Departures Agreed Number	Other Departures Agreed £000	Total Exit Packages Number	Total Exit Packages £000	Special Payments Number	Special Payments £000
<b>Exit package cost band:</b>								
< £10,000	0	0	1	8	1	8	0	0
£10,001 to £25,000	0	0	2	38	2	38	0	0
£25,001 to £50,000	0	0	0	0	0	0	0	0
£50,001 to £100,000	0	0	3	207	3	207	0	0
£100,001 to £150,000	0	0	1	114	1	114	0	0
£150,001 to £200,000	0	0	0	0	0	0	0	0
> £200,001	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>367</b>	<b>7</b>	<b>367</b>	<b>0</b>	<b>0</b>

Redundancy and other departure costs have been paid in accordance with the provisions of Agenda for Change terms and conditions.

The termination benefits included in exit packages relate to redundancy and early retirements.

## 6.2 Exit Packages 2013/14

	Compulsory Redundancies Number	Compulsory Redundancies £000	Other Departures Agreed Number	Other Departures Agreed £000	Total Exit Packages Number	Total Exit Packages £000	Special Payments Number	Special Payments £000
<b>Exit package cost band:</b>								
< £10,000	0	0	1	8	1	8	0	0
£10,001 to £25,000	0	0	3	50	3	50	0	0
£25,001 to £50,000	0	0	2	73	2	73	0	0
£50,001 to £100,000	0	0	0	0	0	0	1	95
£100,001 to £150,000	0	0	0	0	0	0	0	0
£150,001 to £200,000	0	0	0	0	0	0	0	0
> £200,001	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>131</b>	<b>6</b>	<b>131</b>	<b>1</b>	<b>95</b>

Redundancy and other departure costs have been paid in accordance with the provisions of Agenda for Change terms and conditions.

The termination benefits included in exit packages relate to redundancy and early retirements and the special payment relates to a compromise agreement.

## 7 Employee Expenses

### 7.1 Employee Expenses

	Total 2014/15 £000	Permanently Employed 2014/15 £000	Other 2014/15 £000	Total 2013/14 £000	Permanently Employed 2013/14 £000	Other 2013/14 £000
Salaries and wages	187,315	186,172	1,143	185,247	183,713	1,534
Social security costs	13,692	13,692	0	13,898	13,898	0
Pension cost - defined contribution plans:						
Employers contributions to NHS Pensions	23,157	23,157	0	23,296	23,296	0
Pension cost - other contributions	0	0	0	0	0	0
Termination benefits	0	0	0	0	0	0
Agency/contract staff	11,149	0	11,149	10,445	0	10,445
<b>Total staff costs</b>	<b>235,313</b>	<b>223,021</b>	<b>12,292</b>	<b>232,886</b>	<b>220,907</b>	<b>11,979</b>
included within:						
<b>Costs capitalised as part of assets</b>	<b>610</b>	<b>610</b>	<b>0</b>	<b>524</b>	<b>524</b>	<b>0</b>
<b>Analysed into operating expenditure</b>						
Employee Expenses - Staff	232,451	220,174	12,277	229,243	217,349	11,894
Employee Expenses - Executive Directors	925	925	0	1,302	1,302	0
Research & Development	1,327	1,312	15	1,817	1,732	85
<b>Total employee benefits excluding capitalised costs</b>	<b>234,703</b>	<b>222,411</b>	<b>12,292</b>	<b>232,362</b>	<b>220,383</b>	<b>11,979</b>

### 7.2 Average Number of Employees (whole time equivalent basis)

	Total 2014/15 Number	Permanently Employed 2014/15 Number	Other 2014/15 Number	Total 2013/14 Number	Permanently Employed 2013/14 Number	Other 2013/14 Number
Medical and dental	326	300	26	333	310	23
Administration and estates	1,206	1,137	69	1,185	1,134	51
Healthcare assistants and other support staff	493	458	35	504	461	43
Nursing, midwifery and health visiting staff	3,453	3,312	141	3,440	3,319	121
Scientific, therapeutic and technical staff	685	672	13	661	651	10
Other	0	0	0	0	0	0
<b>Total average numbers</b>	<b>6,163</b>	<b>5,879</b>	<b>284</b>	<b>6,123</b>	<b>5,875</b>	<b>248</b>
of which:						
Number of employees (WTE) engaged on capital projects	13	13	0	12	12	0

### 7.3 Exit Packages: other (non-compulsory) departure payments

	Payments Agreed 2014/15 Number	Total Value of Agreements 2014/15 £000	Payments Agreed 2013/14 Number	Total Value of Agreements 2013/14 £000
Voluntary redundancies including early retirement contractual	7	367	6	131
<b>Total Exit packages</b>	<b>7</b>	<b>367</b>	<b>6</b>	<b>131</b>

### 7.4 Employee Benefits

The cost of leave 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. There were no other employee benefits during the year (2013/14: £nil).

### 7.5 Early Retirements due to ill health

During the year there were 9 early retirements (2013/14: 11) from the Trust agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £363,000 (2013/14: £624,000). The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

## 8 Operating Miscellaneous

### 8.1 Operating Leases

The Trust has operating lease arrangements for the use of land, buildings, vehicles and equipment. Within some of these arrangements contingent rent is paid based on an annual uplift for future price indices (RPI).

	2014/15 £000	2013/14 £000
Minimum lease payments	5,621	5,464
Contingent rents	93	89
Less sublease payments received	(13)	(13)
<b>Total</b>	<b>5,701</b>	<b>5,540</b>
<b>Future minimum lease payments due:</b>		
- not later than one year;	5,701	5,659
- later than one year and not later than five years;	5,038	5,429
- later than five years.	2,379	2,531
<b>Total</b>	<b>13,118</b>	<b>13,619</b>
<b>Total of future minimum sublease lease payments to be received</b>	<b>(13)</b>	<b>(13)</b>

### 8.2 Limitations on Auditors Liability

There is no specified limitation on the auditors liability for the year (2013/14:£nil).

### 8.3 The Late Payment of Commercial Debts (Interest) Act 1998

The Trust has no late payment of interest on commercial debts or compensation paid to cover debt recovery costs as at 31 March 2015 (31 March 2014:£nil)

## 8.4 Audit Remuneration

The Trust had no other audit remuneration as at 31 March 2015 (31 March 2014: £nil). Auditors remuneration for the statutory audit is shown in note 4.

## 9 Discontinued Operations

The Trust had no discontinued operations as at 31 March 2015 (31 March 2014: £nil).

## 10 Corporation Tax

Foundation Trusts are exempt from corporation tax on their principle health care income under section 519A Income and Corporation Taxes Act 1988.

A full review of the Trusts activities has been carried out in accordance with guidance published by HM Revenue & Customs to establish any activities that are subject to Corporation Tax. Based on this review there is no corporation tax liability in the year ended 31 March 2015 (31 March 2014: £nil).

## 11 Finance Income

	2014/15 £000	2013/14 £000
Interest on bank accounts	69	97
Interest on loans and receivables	0	(3)
<b>Total</b>	<b>69</b>	<b>94</b>

## 12 Finance Costs

	2014/15 £000	2013/14 £000
<b>Interest expense:</b>		
Loans from the Independent Trust Financing Facility	809	692
Capital loans from the Department of Health	407	485
Finance leases	44	46
<b>Finance Costs on PFI and other service concession arrangements (excluding LIFT)</b>		
Main finance costs	2,996	3,062
Contingent finance costs	1,228	1,116
<b>Total</b>	<b>5,484</b>	<b>5,401</b>

## 13 Impairment of Assets

During the year, the Trust recognised impairments totalling £38,535,000 made up of net impairments totalling £38,372,000 (£51,850,000 impairments and £13,478,000 reversals) being charged to the Statement of Comprehensive Income and impairments totalling £163,000 being charged to the revaluation reserve utilising positive reserve balances.

Of this total, an impairment charge of £47,663,000 was recognised relating to a newly built inpatient unit brought into operational use within the year.

The remaining impairments and reversal of impairments recognised during the year are as a result of a valuation carried out by the District Valuer to reflect current market conditions as at 31 March 2015. NHS specialised buildings have increased by approximately 17% in 2014/15.

Within the valuation, £87,000 of the impairments relates to consumption of economic benefits for assets held for sale due to an updated valuation prior to sale.

## 14 Intangible Assets

### 14.1 Intangible Assets 2014/15

	<b>Total 2014/15 £000</b>	<b>Software Licences purchased 2014/15 £000</b>	<b>Intangible Assets under Construction 2014/15 £000</b>	<b>2013/14 £000</b>
<b>Valuation/gross cost at 1 April 2014</b>	<b>102</b>	102	0	0
Additions - purchased	377	126	251	102
<b>Valuation/gross cost at 31 March 2015</b>	<b>479</b>	228	251	102
<b>Amortisation at 1 April 2014</b>	<b>0</b>	0	0	0
Provided during the year	26	26	0	0
<b>Amortisation at 31 March 2015</b>	<b>26</b>	26	0	0
<b>Net book value by ownership:</b>				
NBV - purchased at 31 March	<b>453</b>	<b>202</b>	<b>251</b>	102

### 14.2 Economic Life of Intangible Assets

	<b>Minimum Life Years</b>	<b>Maximum Life Years</b>
Software licences purchased	5	5



## 15 Property, Plant and Equipment

### 15.1 Property, Plant and Equipment 2014/15

	Total	Land	Buildings exc. Dwellings £000	Dwellings	Assets under Construction	Plant & Machinery	Transport Equipment	Information Technology	Furniture & Fittings
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Valuation/gross cost at 1 April 2014</b>	<b>159,575</b>	<b>24,965</b>	<b>69,726</b>	<b>90</b>	<b>47,496</b>	<b>3,757</b>	<b>96</b>	<b>10,190</b>	<b>3,255</b>
Additions - purchased	15,477	0	8,779	0	3,651	716	0	1,394	937
Impairments	(163)	(29)	(134)	0	0	0	0	0	0
Reclassifications	0	0	46,928	0	(47,046)	91	0	0	27
Revaluations	(40,435)	(8,265)	(32,170)	0	0	0	0	0	0
Transfers to/from assets held for sale & assets in disposal groups	0	0	0	0	0	0	0	0	0
Disposals	(3,945)	0	(434)	0	0	(422)	(15)	(2,927)	(147)
<b>Valuation/gross cost at 31 March 2015</b>	<b>130,509</b>	<b>16,671</b>	<b>92,695</b>	<b>90</b>	<b>4,101</b>	<b>4,142</b>	<b>81</b>	<b>8,657</b>	<b>4,072</b>
<b>Accumulated depreciation at 1 April 2014</b>	<b>8,510</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,062</b>	<b>89</b>	<b>4,845</b>	<b>1,514</b>
Provided during the year	5,825	0	3,328	3	0	440	3	1,679	372
Impairments	51,763	8,510	43,253	0	0	0	0	0	0
Reversal of impairments	(13,478)	(147)	(13,328)	(3)	0	0	0	0	0
Revaluations	(41,193)	(8,363)	(32,830)	0	0	0	0	0	0
Disposals	(3,870)	0	(423)	0	0	(405)	(15)	(2,927)	(100)
<b>Accumulated depreciation at 31 March 2015</b>	<b>7,557</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,097</b>	<b>77</b>	<b>3,597</b>	<b>1,786</b>
<b>Net book value by ownership:</b>									
Owned	98,881	16,621	68,677	90	4,098	2,045	4	5,060	2,286
Finance leased	776	50	726	0	0	0	0	0	0
On-Statement of Financial Position PFI contracts	22,927	0	22,924	0	3	0	0	0	0
Government granted	29	0	29	0	0	0	0	0	0
Donated	339	0	339	0	0	0	0	0	0
<b>Net book value by ownership total at 31 March 2015</b>	<b>122,952</b>	<b>16,671</b>	<b>92,695</b>	<b>90</b>	<b>4,101</b>	<b>2,045</b>	<b>4</b>	<b>5,060</b>	<b>2,286</b>

To ensure that asset values at 31 March 2015 reflect current market conditions valuations were carried out by the District Valuer.

Of the totals at 31 March 2015, £13,232,000 related to land, £87,177,000 related to buildings valued on a Modern Equivalent Asset alternative site basis.

Of the totals at 31 March 2015, £2,711,000 related to land, £4,284,000 related to buildings and £90,000 related to dwellings valued on an Existing Use basis.

Of the totals at 31 March 2015, £728,000 related to land, £1,234,000 related to buildings valued on a market value basis. These relate to non-operational assets

## 15.2 Property, Plant and Equipment 2013/14

	Total	Land	Buildings exc. Dwellings	Dwellings	Assets under Construction	Plant & Machinery	Transport Equipment	Information Technology	Furniture & Fittings	NHS Charitable fund assets £000
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Valuation/gross cost at 1 April 2013</b>	<b>243,252</b>	46,224	151,730	89	27,338	4,143	120	10,388	3,220	0
Additions - purchased	38,587	5	9,008	56	26,978	212	0	2,112	216	0
Additions - leased	0	0	0	0	0	0	0	0	0	0
Impairments	(9,488)	(58)	(9,426)	(4)	0	0	0	0	0	0
Reclassifications	0	0	6,575	49	(6,820)	11	0	160	25	0
Revaluations	(108,751)	(20,916)	(87,735)	(100)	0	0	0	0	0	0
Transfers to/from assets held for sale & assets in disposal group	(716)	(290)	(426)	0	0	0	0	0	0	0
Disposals	(3,309)	0	0	0	0	(609)	(24)	(2,470)	(206)	0
<b>Valuation/gross cost at 31 March 2014</b>	<b>159,575</b>	24,965	69,726	90	47,496	3,757	96	10,190	3,255	0
<b>Accumulated depreciation at 1 April 2013</b>	<b>9,457</b>	0	0	0	0	2,247	110	5,706	1,394	0
Provided during the year	7,565	0	5,196	7	0	424	3	1,609	326	0
Impairments	104,757	21,182	83,482	93	0	0	0	0	0	0
Reversal of impairments	(518)	(81)	(437)	0	0	0	0	0	0	0
Revaluations	(109,442)	(21,101)	(88,241)	(100)	0	0	0	0	0	0
Disposals	(3,309)	0	0	0	0	(609)	(24)	(2,470)	(206)	0
<b>Accumulated depreciation at 31 March 2014</b>	<b>8,510</b>	0	0	0	0	2,062	89	4,845	1,514	0
<b>Net book value by ownership:</b>										
Owned	131,055	24,965	49,750	90	47,465	1,692	7	5,345	1,741	0
Finance leased	624	0	624	0	0	0	0	0	0	0
On-Statement of Financial Position PFI contracts	19,041	0	19,010	0	31	0	0	0	0	0
Government granted	21	0	21	0	0	0	0	0	0	0
Donated	324	0	321	0	0	3	0	0	0	0
<b>Net book value by ownership total at 31 March 2014</b>	<b>151,065</b>	24,965	69,726	90	47,496	1,695	7	5,345	1,741	0

To ensure that asset values at 31 March 2014 reflect current market conditions valuations were carried out by the District Valuer.

Of the totals at 31 March 2014, £10,800,000 related to land, £63,614,000 related to buildings valued on a Modern Equivalent Asset alternative site basis.

Of the totals at 31 March 2015, £4,008,000 related to land, £5,551,000 related to buildings and £90,000 related to dwellings valued on a Modern Equivalent asset existing site basis.

Of the totals at 31 March 2015, £10,157,000 related to land, £563,000 related to buildings valued on a market value basis. These relate to non-operational assets.

## 15.3 Economic Life of Property, Plant and Equipment

	Minimum Life Years	Maximum Life Years
Land	20	100
Buildings excluding dwellings	1	90
Dwellings	9	44
Assets under construction	0	0
Plant & machinery	0	12
Transport equipment	0	1
Information technology	0	5
Furniture & fittings	0	10

## 16 Investments

### 16.1 Investments

	2014/15	2013/14
	Investments in associates and joint ventures	Investments in associates and joint ventures
	£000	£000
<b>Carrying value at 1 April</b>	10	229
Share of profit	49	(38)
Other equity movements	(9)	(181)
<b>Carrying value at 31 March</b>	<b>50</b>	<b>10</b>

The Trust has a 50% share in a Limited Liability Partnership (LLP) established on 1 March 2011 with independent healthcare providers Insight Ltd (formerly MHCO). The Newcastle Talking Therapies LLP has been commissioned by NHS North of Tyne to deliver a new service aimed at 'Improving Access to Psychological Therapies - IAPT' for the people of Newcastle.

### 16.2 Fair value of investments in associates and joint ventures

	Value	Interest Held
	£000	%
<b>As at 31 March 2015</b>		
Insight Ltd (formerly MHCO) / NTW LLP	50	50%
<b>As at 31 March 2014</b>		
MHCO / NTW LLP	10	50%

## 17 Non-current Assets for Sale and Assets in Disposal Groups

### 17.1 Non-current Assets for Sale and Assets in Disposal Groups 2014/15

	Total	Property, Plant & Equipment: Land	Property, Plant & Equipment: Buildings
	£000	£000	£000
<b>Net book value at 1 April 2014</b>	<b>14,098</b>	12,826	1,272
Plus assets classified as available for sale	0	0	0
Less assets sold in year	(12,366)	(12,140)	(226)
Less Impairment of assets held for sale	(87)	(35)	(52)
<b>Net book value at 31 March 2015</b>	<b>1,645</b>	651	994

At 1 April 2014 the Trust held 1 area of land including associated professional fees and marketing costs (£11,864,000) and 11 buildings with associated land (£2,234,000).

During the year, there was no land or buildings reclassified as held for sale.

The area of land and 2 buildings and their associated land were sold in year, leaving 9 buildings and the associated land. These buildings are in the process of being sold as part of 1 sale transaction.

## 17.2 Non-current Assets for Sale and Assets in Disposal Groups 2013/14

	<b>Total £000</b>	Property, Plant & Equipment: Land £000	Property, Plant & Equipment: Buildings £000
<b>Net book value at 1 April 2013</b>	<b>14,422</b>	13,001	1,421
Plus assets classified as available for sale in the year	<b>716</b>	290	426
Less assets sold in year	<b>(1,040)</b>	(465)	(575)
Less Impairment of assets held for sale	<b>0</b>	0	0
<b>Net book value at 31 March 2014</b>	<b>14,098</b>	12,826	1,272

## 17.3 Liabilities in Disposal Groups

The Trust has no liabilities in disposal groups as at 31 March 2015 (31 March 2014:£nil).

## 18 Other Assets

The Trust has no other assets as at 31 March 2015 (31 March 2014:£nil).

## 19 Other Financial Assets

The Trust has no other financial assets as at 31 March 2015 (31 March 2014:£nil).

## 20 Inventory

### 20.1 Inventory 2014/15

	<b>Total £000</b>	Drugs £000	Consumables £000	Energy £000	Other £000
<b>Carrying Value at 1 April 2014</b>	<b>396</b>	300	12	14	70
Additions	<b>3,348</b>	3,093	111	2	142
Inventories consumed (recognised in expenses)	<b>(3,422)</b>	(3,140)	(111)	(4)	(167)
Write down of inventories recognised as an expense	<b>(10)</b>	(8)	0	0	(2)
Other	<b>0</b>	0	0	0	0
<b>Carrying Value at 31 March 2015</b>	<b>312</b>	245	12	12	43

## 20.2 Inventory 2013/14

	Total	Drugs	Consumables	Energy	Other
	£000	£000	£000	£000	£000
<b>Carrying Value at 1 April 2013</b>	<b>423</b>	<b>307</b>	<b>11</b>	<b>19</b>	<b>86</b>
Additions	3,910	3,299	192	18	401
Inventories consumed (recognised in expenses)	(3,889)	(3,268)	(185)	(23)	(413)
Write down of inventories recognised as an expense	(32)	(22)	(6)	0	(4)
Other	(16)	(16)	0	0	0
<b>Carrying Value at 31 March 2014</b>	<b>396</b>	<b>300</b>	<b>12</b>	<b>14</b>	<b>70</b>

## 21 Trade Receivables and Other Receivables

### 21.1 Trade Receivables and Other Receivables

	31 March 2015	31 March 2014
	£000	£000
<b>Current</b>		
NHS receivables - revenue	7,212	4,312
Receivables due from NHS charities - Revenue	17	9
Other receivables with related parties - revenue	1,740	1,199
Provision for impaired receivables	(674)	(758)
Deposits and advances	0	10
Prepayments (non-PFI)	2,966	2,658
Accrued income	576	386
Interest receivable	3	2
Operating lease receivables	1	1
PDC dividend receivable	69	892
VAT receivable	767	581
Other receivables - Revenue	8,024	3,083
<b>Total current trade and other receivables</b>	<b>20,701</b>	<b>12,375</b>
<b>Non-current</b>		
Prepayments (non-PFI)	102	101
<b>Total non-current trade and other receivables</b>	<b>102</b>	<b>101</b>

### 21.2 Provision for Impairment of Receivables

	2014/15	2013/14
	£000	£000
<b>At 1 April</b>	<b>758</b>	<b>303</b>
Increase in provision	882	692
Amounts utilised	(34)	(14)
Unused amounts reversed	(932)	(223)
<b>At 31 March</b>	<b>674</b>	<b>758</b>

## 21.3 Analysis of Impaired Receivables

	Trade Receivables 31 March 2015 £000	Other Receivables 31 March 2015 £000	Trade Receivables 31 March 2014 £000	Other Receivables 31 March 2014 £000
<b>Ageing of impaired receivables:</b>				
0 to 30 days	72	47	155	15
30 to 60 days	35	3	32	6
60 to 90 days	54	3	0	11
90 to 180 days	117	13	205	22
over 180 days	241	89	260	52
<b>Total</b>	<b>519</b>	<b>155</b>	<b>652</b>	<b>106</b>
<b>Ageing of non-impaired receivables past their due date:</b>				
0 to 30 days	498	140	38	8
30 to 60 days	1,002	4	103	5
60 to 90 days	72	4	307	8
90 to 180 days	82	5	457	15
over 180 days	(14)	54	230	67
<b>Total</b>	<b>1,640</b>	<b>207</b>	<b>1,135</b>	<b>103</b>

## 21.4 Finance Lease Receivables

The Trust has no finance lease receivables at 31 March 2015 (31 March 2014:£nil).

## 22 Cash and Cash Equivalents

	2014/15 Cash and cash equivalents £000	Restated 2013/14 Cash and cash equivalents £000
<b>At 1 April</b>	<b>15,295</b>	<b>33,373</b>
Net change in year	5,271	(18,078)
<b>At 31 March</b>	<b>20,566</b>	<b>15,295</b>
Broken down into:		
Cash at commercial banks and in hand	302	545
Cash with the Government Banking Service (GBS)	764	1,750
Deposits with the National Loan Fund	19,500	13,000
Other current investments	0	0
<b>Cash and cash equivalents as per the Statement of Financial Position</b>	<b>20,566</b>	<b>15,295</b>
Bank Overdrafts - (GBS and commercial banks)	0	0
Drawdown in committed facility	0	0
<b>Cash and cash equivalents as per the Statement of Cash Flows</b>	<b>20,566</b>	<b>15,295</b>

The Trust held £1,727,000 cash and cash equivalents at 31 March 2015 (31 March 2014: £1,994,000) which relates to monies held on behalf of patients. This has been excluded from the cash and cash equivalents figure reported in the accounts.

The comparatives have been restated to disclose deposits with the National Loans Fund separate to cash with the Government Banking Service.

## 23 Trade and Other Payables

### 23.1 Trade and Other Payables

	31 March 2015 £000	31 March 2014 £000
<b>Current</b>		
NHS payables - revenue	3,150	736
Amounts due to other related parties - revenue	71	108
Other trade payables - capital	3,304	1,958
Other trade payables - revenue	2,275	3,203
Social Security costs	2,027	2,161
Other taxes payable	2,236	2,236
Other payables	5,241	5,307
Accruals	6,722	5,181
<b>Total current trade and other payables</b>	<b>25,026</b>	<b>20,890</b>

The Trust had £nil non-current trade and other payables at 31 March 2015 (31 March 2014: £nil).

### 23.2 Early Retirements included in NHS Payables above

The Trust has £nil liabilities for early retirements payable over 5 years (31 March 2014: £nil).

## 24 Borrowings

	31 March 2015 £000	31 March 2014 £000
<b>Current</b>		
Loans from Foundation Trust Financing Facility	1,824	1,704
Loans from Department of Health	2,766	2,766
Obligations under finance leases	60	60
Obligations under PFI contracts (excl. lifecycle)	1,506	977
<b>Total current borrowings</b>	<b>6,156</b>	<b>5,507</b>
<b>Non-current</b>		
Loans from Foundation Trust Financing Facility	41,072	38,296
Loans from Department of Health	9,687	12,453
Obligations under finance leases	1,133	1,193
Obligations under Private Finance Initiative contracts	40,539	42,045
<b>Total non-current borrowings</b>	<b>92,431</b>	<b>93,987</b>

## 25 Prudential Borrowing Limit

The prudential borrowing code requirements in section 41 of the NHS Act 2006 have been repealed with effect from 1 April 2013 by the Health and Social Care Act 2012. The financial statements disclosures that were provided previously are no longer required.

## 26 Other Liabilities

	31 March 2015 £000	31 March 2014 £000
<b>Current</b>		
Other Deferred income	999	490
<b>Total current other liabilities</b>	<b>999</b>	<b>490</b>
<b>Non-current</b>		
Other Deferred income	301	261
<b>Total non-current other liabilities</b>	<b>301</b>	<b>261</b>

## 27 Other Financial Liabilities

The Trust had £nil other financial liabilities at 31 March 2015 (31 March 2014:£nil).

## 28 Provisions for Liabilities and Charges

### 28.1 Provisions for Liabilities and Charges

	Current		Non-Current	
	31 March 2015 £000	31 March 2014 £000	31 March 2015 £000	31 March 2014 £000
Pensions relating to former directors	24	61	442	331
Pensions relating to other staff	93	96	933	971
Other legal claims	245	268	0	0
Agenda for Change	0	0	0	0
Equal pay	246	1,563	0	0
Redundancy	143	282	0	0
Other	288	974	4,774	3,755
<b>Total</b>	<b>1,039</b>	<b>3,244</b>	<b>6,149</b>	<b>5,057</b>

### 28.2 Provisions for Liabilities and Charges Analysis

	Total £000	Pensions: former directors £000	Pensions: other staff £000	Other Legal Claims £000	Equal Pay £000	Redundancy £000	Other £000
<b>At 1 April 2014</b>	<b>8,301</b>	392	1,067	268	1,563	282	4,729
Change in the discount rate	338	24	33	0	0	0	281
Arising during the year	1,782	109	87	248	0	1	1,337
Utilised during the year - accruals	(89)	(6)	(24)	0	0	0	(59)
Utilised during the year - cash	(1,517)	(59)	(73)	(89)	(45)	0	(1,251)
Reversed unused	(1,711)	0	(77)	(182)	(1,272)	(140)	(40)
Unwinding of discount	84	6	13	0	0	0	65
<b>At 31 March 2015</b>	<b>7,188</b>	466	1,026	245	246	143	5,062
<b>Expected timing of cashflows:</b>							
- not later than one year;	1,039	24	93	245	246	143	288
- later than one year and not later than five years;	1,348	94	360	0	0	0	894
- later than five years.	4,801	348	573	0	0	0	3,880
<b>Total</b>	<b>7,188</b>	466	1,026	245	246	143	5,062

The total value of clinical negligence provisions carried by the NHS Litigation Authority on behalf of the Trust is £1,709,000 at 31 March 2015 (31 March 2014 : £1,637,000) and these liabilities are not recognised in the Trust's accounts.



## **Pensions**

The pension provisions are based on pension payments and average life expectancies of former employees. The value and timing of the provision would therefore not be expected to vary significantly.

## **Legal Claims**

There are 52 provisions for employers and public liability claims against the Trust. Information regarding the probability of success, values and timings of these claims has been provided by the NHS Litigation Authority. All of the cases are subject to future change; in particular they may take longer to settle, due to the nature of legal cases.

## **Other**

This represents provisions by the Trust for the following:

- Future payments in respect of injury benefit claims. This provision is based on actual injury benefit payments and average life expectancies. The value and timing of the provision would therefore not be expected to vary significantly. This provision relates to 22 people and the value is based on current life expectancy data.
- Provisions for employee litigation cases.

The Treasury Pension rate applied to the Pensions and Injury Benefits provision has changed to 1.30% (previously 1.80%).

## **29 Contingencies**

	31 March 2015 £000	31 March 2014 £000
<b>Value of contingent liabilities:</b>		
NHS Litigation Authority Legal Cases	(172)	(211)
Employment tribunal and employee related litigation cases	(2)	(538)
Other	0	0
<b>Gross value of contingent liabilities</b>	<b>(174)</b>	<b>(749)</b>
Amounts recoverable against liabilities	0	0
<b>Net value of contingent liabilities</b>	<b>(174)</b>	<b>(749)</b>
<b>Net value of contingent assets</b>	<b>0</b>	<b>0</b>

Contingent liabilities include:

- Estimates provided by the NHSLA for public liability and employer liability cases.
- Estimates provided by the Trusts legal advisor for employee litigation cases.

The Trust has a possibility of future liabilities or future assets in relation to the Northgate Land sale which has completed in 2014/15. The asset sale relates to a sale of land to Taylor Wimpey for the purpose of the construction of a housing development and was based on a sale value of £17m less an estimate for costs of £3.1m. The sale was based on a net receipt of £13.5m. Within the contract, it is agreed to review the costs on an ongoing basis throughout the construction and

sewerage works and also to undertake overage reviews at each stage of the construction to assess if more monies are owed to the Trust due to an increase in property values.

### 30 Revaluation Reserve

#### 30.1 Revaluation Reserve 2014/15

	<b>Total</b>	Property, Plant & Equipment	Assets Held for Sale
	<b>£000</b>	£000	£000
<b>Revaluation reserve at 1 April 2014</b>	<b>12,344</b>	1,666	10,678
Impairments	<b>(163)</b>	(163)	0
Revaluations	<b>758</b>	758	0
Asset disposals	<b>(10,622)</b>	(48)	(10,574)
Other reserve movements	<b>(19)</b>	0	(19)
<b>Revaluation reserve at 31 March 2015</b>	<b>2,298</b>	2,213	85

#### 30.2 Revaluation Reserve 2013/14

	<b>Total</b>	Property, Plant & Equipment	Assets Held for Sale
	<b>£000</b>	£000	£000
<b>Revaluation reserve at 1 April 2013</b>	<b>22,009</b>	11,357	10,652
Impairments	<b>(9,488)</b>	(9,488)	0
Revaluations	<b>691</b>	691	0
Transfers to other reserves	<b>(489)</b>	(489)	0
Asset disposals	<b>(381)</b>	(31)	(350)
Other recognised gains and losses	<b>2</b>	0	2
Other reserve movements	<b>0</b>	(374)	374
<b>Revaluation reserve at 31 March 2014</b>	<b>12,344</b>	1,666	10,678

## 31 Related Parties

### 31.1 Related Party Transactions 2014/15

	Income £000	Expenditure £000
<b>Transactions with board members:</b>		
Hugh Morgan Williams, Chairman		
- Council Member : University of Durham. The Trust has raised and paid invoices in relation to training	46	3
Ruth Thompson, Non-Executive Director		
- Governor : University of Sunderland. The Trust has raised and paid invoices in relation to training.	4	7
James Duncan, Executive Director of Finance and Deputy Chief Executive		
- brother in law is a partner at Bond Dickinson (formerly Dickinson Dees). The Trust paid purchase invoices and accrued for invoices payable in respect of legal fees.		51
- Vice Chair of the HFMA Mental Health Faculty. The Trust has paid invoices in respect of fees.		3
Chris Watson, Non-Executive Director		
- Head of Asset Planning, Northumbrian Water Ltd. The Trust has paid invoices in respect of water rates.		417
Gary O'Hare, Executive Director of Nursing and Operations		
- wife is employed by the North of England Mental Health Development Unit which has been commissioned to support work to repatriate out of area placements and invoices have been paid in respect of professional services.		138
<b>Value of transactions with board members</b>	<b>50</b>	<b>619</b>
<b>Value of transactions with key staff members</b>	<b>0</b>	<b>0</b>
<b>Value of transactions with other related parties:</b>		
Department of Health	853	39
Other NHS bodies	275,861	8,708
Charitable Funds	0	0
Subsidiaries / Associates / Joint Ventures	233	0
Other	19,884	39,164
NHS Shared Business Services	0	0
<b>Total value of transactions with related parties in 2014/15</b>	<b>296,881</b>	<b>48,530</b>

## 31.2 Related Party Transactions 2013/14

	Income £000	Restated Expenditure £000
<b>Transactions with board members:</b>		
James Duncan, Executive Director of Finance & Deputy Chief Executive		
- brother in law is a partner at Bond Dickinson (formerly Dickinson Dees). The Trust processed purchase invoices for legal fees.		56
- Vice Chair of the HFMA Mental Health Faculty		3
Chris Watson, Non-Executive Director		
- Head of Asset Planning at Northumbrian Water. The Trust processed purchase invoices for water rates.		384
Dr Gillian Fairfield, Chief Executive		
- Non-Executive Board Director of the National Health Service Board for England and Wales.	3	
The Trust processed invoices for Dr Fairfield's remuneration as a non-executive director which was paid to the Trust		
<b>Value of transactions with board members</b>	<b>3</b>	<b>443</b>
<b>Value of transactions with key staff members</b>	<b>0</b>	<b>0</b>
<b>Value of transactions with other related parties:</b>		
Department of Health	1,545	1,916
Other NHS bodies	276,182	8,116
Charitable Funds	0	0
Subsidiaries / Associates / Joint Ventures	505	0
Other	19,594	39,268
NHS Shared Business Services	0	0
<b>Total value of transactions with related parties in 2013/14</b>	<b>297,829</b>	<b>49,743</b>

### 31.3 Related Party balances at 31 March 2015

	Receivables £000	Payables £000
<b>Balances (other than salary) with board members:</b>		
Chris Watson, Non-Executive Director - <i>Head of Asset Planning at Northumbrian Water. The Trust held purchase invoices and accrued for invoices payable for water rates and has some prepaid invoices</i>	3	37
James Duncan, Executive Director of Finance & Deputy Chief Executive - <i>Vice Chair of the HFMA Mental Health Faculty. The Trust held a purchase invoice in respect of fees.</i>		2
Hugh Morgan Williams, Chairman - <i>Council Member : University of Durham. The Trust has an outstanding receivable and held a purchase invoice</i>	44	3
Ruth Thompson, Non-Executive Director - <i>Governor : University of Sunderland. The Trust held a purchase invoice in relating to training.</i>		3
<b>Value of balances (other than salary) with board members</b>	<b>47</b>	<b>45</b>
<b>Value of balances (other than salary) with key staff members</b>	<b>0</b>	<b>0</b>
<b>Value of balances (other than salary) with related parties in relation to doubtful debts</b>	<b>0</b>	<b>0</b>
<b>Value of balances (other than salary) with related parties in respect of doubtful debts written off in year</b>	<b>0</b>	<b>0</b>
<b>Value of balances with other related parties:</b>		
Department of Health	208	62
Other NHS bodies	6,736	5,609
Charitable Funds	0	0
Subsidiaries / Associates / Joint Ventures	19	0
Other	22,423	7,991
NHS Shared Business Services	0	0
<b>Total balances with related parties at 31 March 2015</b>	<b>29,433</b>	<b>13,707</b>

## 31.4 Related Party Balances at 31 March 2014

	Receivables £000	Payables £000
<b>Balances (other than salary) with board members:</b>		
Chris Watson, Non-Executive Director		
- Head of Asset Planning at Northumbrian Water. The Trust held purchase invoices and accrued for invoices payable for water rates.		20
James Duncan, Executive Director of Finance & Deputy Chief Executive		
- brother in law is a partner at Bond Dickinson (formerly Dickinson Dees). The Trust held purchase invoices and accrued for invoices payable in respect of legal fees.		3
Dr Gillian Fairfield, Chief Executive		
- Non-Executive Board Director of the National Youth Justice Board for England and Wales.		
The Trust has 1 invoice due in respect of Dr Fairfield's remuneration and travelling expenses	3	
<b>Value of balances (other than salary) with board members</b>	<b>3</b>	<b>23</b>
<b>Value of balances (other than salary) with key staff members</b>	<b>0</b>	<b>0</b>
<b>Value of balances (other than salary) with related parties in relation to doubtful debts</b>	<b>0</b>	<b>0</b>
<b>Value of balances (other than salary) with related parties in respect of doubtful debts written off in year</b>	<b>0</b>	<b>0</b>
<b>Value of balances with other related parties:</b>		
Department of Health	1,178	15
Other NHS bodies	4,088	2,678
Charitable Funds	9	0
Subsidiaries / Associates / Joint Ventures	0	0
Other	1,860	8,141
NHS Shared Business Services	0	0
<b>Total balances with related parties at 31st March 2014</b>	<b>7,138</b>	<b>10,857</b>

### 31.5 Related Party Balances at 31 March 2015

The Department of Health is regarded as a related party. During the period the Trust has had a significant number of material transactions with the department, and with other entities for which the department is regarded as the parent organisation. Details of collectively significant transactions and balances:

	Income	Expenditure	Receivables	Payables
	2014/15	2014/15	42,094	42,094
	£000	£000	£000	£000
<b>NHS Foundation Trusts:</b>				
Gateshead Health NHS Foundation Trust	-	1,242	-	1,307
Newcastle upon Tyne Hospitals NHS Foundation Trust	2,048	2,374	-	-
Northumbria Healthcare NHS Foundation Trust	-	1,294	-	-
<b>NHS CCGs, NHS England, Department of Health and Other Special Health Bodies:</b>				
NHS Durham Dales, Easington and Sedgefield CCG	2,369	-	-	-
NHS Gateshead CCG	19,151	-	-	-
NHS Newcastle North and East CCG	20,293	-	-	-
NHS Newcastle West CCG	21,504	-	-	-
NHS North Durham CCG	1,326	-	-	-
NHS North Tyneside CCG	18,167	-	-	2,137
NHS Northumberland CCG	48,032	-	-	-
NHS South Tyneside CCG	21,769	-	-	-
NHS Sunderland CCG	51,809	-	-	-
NHS England	54,998	-	2,354	-
Health Education England	8,696	-	-	-
<b>Local Government bodies:</b>				
Newcastle upon Tyne City Council	3,132	-	-	-
North Tyneside Metropolitan Borough Council	2,030	-	-	-
Northumberland Unitary Authority	4,299	-	-	-
<b>Central Government bodies:</b>				
HM Revenue & Customs - Other taxes and duties	-	13,692	-	4,263
NHS Pension Scheme (Own staff E'ers and E'ees contributions)	-	23,157	-	3,032
Scottish Government	7,341	-	-	-
National Loans Fund	-	-	19,500	-
Belfast Health and Social Care Trust - Northern Ireland	1,004	-	-	-

In addition, the Trust has had material transactions (under £1,000,000) with other related parties including: City Hospitals Sunderland NHS Foundation Trust, North East Ambulance Service NHS Foundation Trust, South Tyneside NHS Foundation Trust, Tees Esk and Wear Valleys NHS Foundation Trust, NHS Birmingham Crosscity CCG, NHS Cumbria CCG, NHS Darlington CCG, NHS Hartlepool And Stockton-On-Tees CCG, NHS South Tees CCG, NHS Litigation Authority, NHS Property Services, Leeds City Council, Sunderland City Metropolitan Borough Council, Home Office (including prisons), Welsh Assembly Government, Department of Energy and Climate Change.

The Trust has also had transactions with Insight Ltd as part of the Trust's joint venture.

The Trust has also received payments from a number of charitable funds administered by the Newcastle Healthcare Charity.

## 32 Commitments

### 32.1 Contractual Capital Commitments

	2014/15 £000	2013/14 £000
<b>Commitments in respect of capital expenditure at 31 March:</b>		
Property, plant and equipment	1,017	3,189
<b>Total</b>	<b>1,017</b>	<b>3,189</b>

### 32.2 Other Financial Commitments

	31 March 2015 £000	31 March 2014 £000
The Trust is committed to making the following annual payments under non-cancellable contracts (which are not leases, PFI contracts or other service concession arrangements) at 31 March 2015 as follows, analysed by the period during which the payment is made:		
not later than 1 year	7,919	5,560
after 1 year and not later than 5 years	5,000	3,287
paid thereafter	77	18
<b>Total</b>	<b>12,996</b>	<b>8,865</b>

## 33 Finance Lease Obligations

	31 March 2015 £000	31 March 2014 £000
<b>Gross lease liabilities</b>	<b>1,629</b>	<b>1,733</b>
<b>of which liabilities are due</b>		
- not later than one year;	102	104
- later than one year and not later than five years;	386	394
- later than five years.	1,141	1,235
Finance charges allocated to future periods	(436)	(480)
<b>Net lease liabilities</b>	<b>1,193</b>	<b>1,253</b>
- not later than one year;	60	60
- later than one year and not later than five years;	240	240
- later than five years.	893	953

## 34 Private Finance Initiative (PFI) Obligations deemed to be on the Statement of Financial Position

The Trust has two PFI schemes deemed to be on-Statement of Financial Position.

**St Georges Park** (hospital accommodation for the provision of mental health services):

Estimated Capital Value: £27.5m

Total Length of Project: 30 years

Contract Start Date: 10 May 2004

Number of Years to End of Project: 19 years

**Walkergate Park** (hospital accommodation providing specialised services for people with neurological and neuropsychiatric conditions):

Estimated Capital Value: £23.7m



Total Length of Project: 32 years  
 Contract Start Date: 21 July 2005  
 Number of Years to End of Project: 22 years

Both contracts contain payment mechanisms providing for deductions in the unitary payment made by the Trust for poor performance and unavailability.

The unitary charge for both schemes is subject to an annual uplift for future price indices (RPI).

The operators are responsible for providing a full service for the length of each contract, after such time these responsibilities revert to the Trust.

During the reporting period there were no changes to the contractual arrangements of either scheme. However, the Trust signed a contract variation in respect of buildings works at St Georges Park which came into effect during 2012/13 and results in an increase to the Unitary Charge going forward.

Both schemes are treated as an asset of the Trust and the substance of each contract is that the Trust has a finance lease. Payments comprise two elements; imputed finance lease charges and service charges.

### 34.1 Total Obligations for PFI contracts on the Statement of Financial Position

	31 March 2015 £000	31 March 2014 £000
<b>Gross PFI liabilities</b>	<b>80,465</b>	<b>84,439</b>
<b>of which liabilities are due</b>		
- not later than one year;	4,426	3,973
- later than one year and not later than five years;	14,203	15,198
- later than five years.	61,836	65,268
Finance charges allocated to future periods	(38,420)	(41,417)
<b>Net PFI liabilities</b>	<b>42,045</b>	<b>43,022</b>
- not later than one year;	1,506	977
- later than one year and not later than five years;	3,189	3,939
- later than five years.	37,350	38,106

### 34.2 On Statement of Financial Position PFI Commitments

	Total 31 March 2015 £000	Total 31 March 2014 £000
Commitments in respect of the service element of the PFI:		
not later than one year	1,788	2,336
later than one year and not later than five years	12,605	10,948
later than five years	47,930	51,375
<b>Total</b>	<b>62,323</b>	<b>64,659</b>

The commitments disclosed include future estimated indexation applied to service charges.

### **35 Events after the Reporting Period**

There are no events after the reporting period to disclose which have not already been included in the accounts as adjusting events (31 March 2014:£nil).

### **36 Financial Instruments**

IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Due to the continuing service provider relationship that the Trust has with Clinical Commissioning Groups (CCGs) and NHS England and the way those NHS organisations are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply.

The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's Standing Financial Instructions and policies agreed by the board of directors. 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 and therefore has low exposure to currency rate fluctuations.

#### ***Credit Risk***

The Trust can borrow within affordable limits and Monitor will assess the affordability of material borrowing. The Trust can invest surplus funds in accordance with Monitor's guidance on Managing Operating Cash. This includes strict criteria on permitted institutions, including credit ratings from recognised agencies. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to manage the risks facing the Trust in undertaking its activities.

#### ***Liquidity Risk***

The Trust's net operating income is received under legally binding contracts with local Clinical Commissioning Groups (CCGs) and NHS England, which are financed from resources voted annually by Parliament. The Trust has financed capital expenditure from internally generated resources, and net borrowing of £55,349,000 which is within its affordable limits. The Trust is not, therefore, exposed to significant liquidity risks.

#### ***Market Risk***

The main potential market risk to the Trust is interest rate risk. The Trust's financial liabilities carry nil or fixed rates of interest. Cash balances are held in interest bearing accounts for which the interest rate is linked to bank base rates and changes are notified to the Trust in advance. The Trust is not, therefore, exposed to significant interest-rate risk.

## 36.1 Financial Assets by Category

	Total	Loans & Receivables
	£000	£000
<b>Assets as per the Statement of Financial Position at 31 March 2015:</b>		
Trade and other receivables excluding non financial assets (at 31 March 2015)	16,901	16,901
Other investments (at 31 March 2015)	50	50
Cash and cash equivalents at bank and in hand	20,566	20,566
<b>Total at 31 March 2015</b>	<b>37,517</b>	<b>37,517</b>
<b>Assets as per the Statement of Financial Position at 31 March 2014:</b>		
		Restated
NHS trade and other receivables excluding non-financial assets	8,233	8,233
Other investments (at 31 March 2014)	10	10
Cash and cash equivalents at bank and in hand	15,295	15,295
<b>Total at 31 March 2014</b>	<b>23,538</b>	<b>23,538</b>

The 2013/14 comparatives have been restated to include investments and to include all receivable invoices as contractual rights to assets, except for receivables for PDC dividend and prepayments.

## 36.2 Financial Liabilities by Category

	Total	Other Financial Liabilities
	£000	£000
<b>Liabilities as per the Statement of Financial Position at 31 March 2015:</b>		
Borrowings excluding finance lease and PFI liabilities	55,349	55,349
Obligations under finance leases	1,193	1,193
Obligations under Private Finance Initiative contracts	42,045	42,045
NHS trade and other payables excluding non-financial assets	20,763	20,763
<b>Total at 31 March 2015</b>	<b>119,350</b>	<b>119,350</b>
<b>Liabilities as per the Statement of Financial Position at 31 March 2014:</b>		
		Restated
Borrowings excluding finance lease and PFI liabilities	55,219	55,219
Obligations under finance leases	1,253	1,253
Obligations under Private Finance Initiative contracts	43,022	43,022
NHS trade and other payables excluding non-financial assets	16,493	16,493
<b>Total at 31 March 2014</b>	<b>115,987</b>	<b>115,987</b>

## 36.3 Maturity of Financial Liabilities

	31 March 2015	Restated 31 March 2014
	£000	£000
In one year or less	26,919	22,000
In more than one year but not more than two years	5,429	6,035
In more than two years but not more than five years	15,250	16,044
In more than five years	71,752	71,908
<b>Total at 31 March</b>	<b>119,350</b>	<b>115,987</b>

The 2013/14 comparators have been restated to include all payables invoices as contractual liabilities.

### 36.4 Fair Values of Financial Assets at 31 March 2015

	Book Value	Fair Value
	£000	£000
Non-current trade and other receivables excluding non-financial assets	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

### 36.5 Fair Values of Financial Liabilities at 31 March 2015

	Book Value	Fair Value
	£000	£000
Loans	50,759	50,759
<b>Total</b>	<b>50,759</b>	<b>50,759</b>

## 37 Pensions

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions). The scheme is an unfunded, defined benefit scheme that covers NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is 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, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the scheme is taken as equal to the contributions payable to the 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 the scheme liability is carried out annually by the scheme actuary 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 are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2015, is based on valuation data as 31 March 2014, updated to 31 March 2015 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 scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts, published annually. These accounts can be viewed on the NHS Pensions website. 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 scheme (taking into account its recent demographic experience), and to recommend the contribution rates.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012.

The Scheme Regulations were changed to allow contribution rates to be set by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

### ***(c) Scheme provisions***

The NHS Pension Scheme provided defined benefits, which are summarised below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met before these benefits can be obtained:

The Scheme is a “final salary” scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.

With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as “pension commutation”.

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. From 2011-12 the Consumer Price Index (CPI) has been used and replaced the Retail Prices Index (RPI).

Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year’s pensionable pay for death in service, and five times their annual pension for death after retirement is payable.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the employer.

Members can purchase additional service in the NHS Scheme and contribute to money purchase AVC’s run by the Scheme’s approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

## 38 Losses and Special Payments

### 38.1 Losses

	<b>Total number of cases 2014/15 Number</b>	<b>Total value of cases 2014/15 £000</b>	<b>Total number of cases 2013/14 Number</b>	<b>Total value of cases 2013/14 £000</b>
Losses of cash due to:				
- theft, fraud etc	4	0	7	0
- overpayment of salaries	23	8	22	8
Fruitless payments and constructive losses	16	5	34	8
Bad debts and claims abandoned	13	27	17	15
Stores losses	2	10	3	32
<b>Total losses</b>	<b>58</b>	<b>50</b>	<b>83</b>	<b>63</b>
<b>Special Payments</b>				
	<b>Total number of cases 2014/15 Number</b>	<b>Total value of cases 2014/15 £000</b>	<b>Total number of cases 2013/14 Number</b>	<b>Total value of cases 2013/14 £000</b>
Ex gratia payments in respect of:				
- loss of personal effects	57	17	54	29
- personal injury with advice	24	102	16	58
<b>Total Special Payments</b>	<b>81</b>	<b>119</b>	<b>70</b>	<b>87</b>
<b>Total Losses and Special Payments</b>	<b>139</b>	<b>169</b>	<b>153</b>	<b>150</b>

These amounts are reported on an accruals basis but exclude provision for future losses.



**This report is available on request in other formats;  
we will do our best to provide a version of this report in a  
format that meets your needs.**

**For other versions telephone 0191 213 0151  
or email [communications@ntw.nhs.uk](mailto:communications@ntw.nhs.uk)**

**Copies of the Annual Report can be obtained from our website  
([www.ntw.nhs.uk](http://www.ntw.nhs.uk)) and the NHS Choices website ([www.nhs.uk](http://www.nhs.uk)).  
If you have any feedback or suggestions on how we could improve  
our Annual Report, please do let us know by emailing  
[communications@ntw.nhs.uk](mailto:communications@ntw.nhs.uk) or calling 0191 213 0151**

**Copies can be obtained by contacting:**

**Communications Department**

**St. Nicholas Hospital**

**Jubilee Road, Gosforth**

**Newcastle upon Tyne**

**NE3 3XT**

**Tel: 0191 213 0151**

