



Annual Report

and summary financial statement
2007 / 2008



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About the Trust

Tees, Esk and Wear Valleys NHS Trust was created in April 2006, following the merger of County Durham and Darlington Priority Services NHS Trust and Tees and North East Yorkshire NHS Trust. It provides a range of mental health, learning disability and substance misuse services for the 1.3 million people living in County Durham, the Tees Valley and North East Yorkshire. With over 5,000 staff and an annual income of £220m we deliver our services by working in partnership with seven local authorities and primary care trusts, a wide range of voluntary organisations, as well as service users, their carers and the public.

The services are spread over a wide geographical area which includes coastal, rural and industrial areas. There are areas of high deprivation and of relative affluence.

Our vision

The wellbeing of people who need our services, and of the wider health and social care community, depends on our trust being excellent in:

- Playing our part in creating a complete system of care based on the needs of individuals;
- Providing high quality specialist services in partnership with other agencies;
- Developing an engaged, modern and confident workforce
- Attracting investing and managing resources to make the biggest difference.

In achieving our vision for the future we have four key aims:

- Delivery of high quality specialist care and treatment
- Specialist liaison across the health and social care system
- Working towards a complete system of care
- Listening to and learning from service users and carers.

Our values

Our vision is underpinned by our values and in determining those values we asked ourselves an important question:

“What do our service users want from us?”

The answers to this question can be summarised by six words that describe our core values:

Respect

We listen to and value everyone’s views. We are professional but not precious, working in partnership with people from other disciplines and organisations.

Safety

We do everything we can to make sure our services are as safe as possible. We make sure we learn lessons from what goes wrong and what goes right. When things go wrong we look for the root causes and not scapegoats.

Equality

We tailor our approach to individuals to meet their culture, background and preferences. We want the same for our service users and carers as we want for ourselves, to be a valued part of society.

Honesty

We work in an open, honest and fair way. Our decisions are transparent and we communicate clearly.

Efficiency

We provide care that is clinically and cost effective. We will reduce waste and increase efficient use of our resources.

Empowerment

We welcome change and devolved responsibility through diversity and leadership. We empower our service users, carers and staff to take a full and active part in developing our services and the organisation.

Foreword

It has been another busy year for the trust and, as ever, our staff have risen to the challenges and shown outstanding commitment and dedication to the people who use our services and support to the trust.

Our first annual health check by the Healthcare Commission confirmed that our services were among the best in the country – we received an ‘excellent’ rating for the quality of our services and ‘good’ for the use of resources. This was a tremendous achievement for us and is testament to the hard work of everyone at the trust.

Our staff do great work and in January this year we held our first awards dinner to recognise teams and individuals for their contribution to the trust. Over 180 people attended the ceremony and members of the trust board joined me in paying tribute to the winners and those who were shortlisted for these special awards.

Throughout the year our staff have worked with partner organisations, service users and carers to continue to modernise services and improve facilities. This report provides an overview of our key achievements and developments, which are all aimed at giving local people the quality of health care they deserve.

Over the last twelve months we have continued to develop our specialist services and strengthen our community services so that more people can receive the care they need in or near to their own home. For those who need to spend time in hospital we have improved access to therapies and activities and worked hard to ensure that the environment is of the highest possible standard.

But the health and social care environment is changing at a rapid rate and we need to adapt if we want to continue to be successful. Over the last year we have been firming up our plans for the future, which will enable us to meet the changing health care needs of the people who need our services.

On 1 July 2008 we became a NHS foundation trust, which will help us achieve our vision. It will also help us build on and improve relationships with our partners and give greater accountability to local people and our staff. We have been delighted with the response from our local communities – over 4,000 have already signed up to become members of the trust. I am extremely grateful for the support of our local primary care trusts and local authorities over the last year. We now want to continue to build up a strong membership of people who are passionate about mental health, learning disability and substance misuse services.

We have also seen some important changes at board level. Both the chief executive, Con Egan, and deputy chief executive, Jim Brydon retired last year, Sue Canning, director of HR and non-executive Maggie Bosanquet also left the trust and Dr Steve Humphries is on a secondment to Care Services Improvement Partnership (CSIP). I would like to thank them all for their hard

work and contribution to the trust and I am particularly grateful for the magnificent work that Harry Cronin did as acting chief executive for the last months of the reporting period.

I would also like to welcome the new directors – Martin Barkley - chief executive, David Levy – director of HR, Sharon Pickering – director of planning and performance and non-executive director Douglas Taylor.

We have set ourselves some ambitious goals for the coming years but I am confident that with the support of our staff, service users, carers and partner organisations we can look forward to a successful and exciting future.

A handwritten signature in black ink, appearing to read 'Jo Turnbull', written in a cursive style.

Jo Turnbull
Chairman

Working towards becoming a foundation trust (FT)

We believe that being a foundation trust will help us achieve our vision for the future. It will help us to:

- Build on and improve positive relationships with service users, carers, staff, partners and local people and give greater accountability to local people
- Strengthen our internal processes and systems to meet the challenges of modern health services
- Develop locally based specialist services
- Respond better to market opportunities.

In July 2007 we launched a 14 week public consultation on our plans to be an NHS Foundation Trust. The consultation, which ran from 9 July until 29 September 2007, was part of the trust's FT application process. It gave our staff, service users and carers, partner organisations and local people the opportunity to comment on our proposed constitution and helped shape our application to become an FT.

It was important to us that our staff, local people and our partner organisations were given the opportunity to comment on our proposed constitution and we made every effort to engage with people and discuss our plans.

We toured the region's summer events and talked to over 2,000 people at dozens of festivals, agricultural shows and farmers markets. We wrote to hundreds of local organisations and groups and distributed over 100,000 leaflets to public places.

Over 200 individuals and groups commented on our proposed constitution and the overall feedback was very positive. Hundreds of people showed their support by signing up to become members of the trust.

On the whole, people saw it as a real opportunity to get involved in our future and we received useful suggestions on how we could improve the structure of the membership and the council of governors:

The members are grouped into elected and non-elected categories:

Public

This group is open to anyone over 14 years who live in the areas we serve and there will be seven public constituencies.

Staff

Staff will become members automatically unless they choose to opt out. We will subdivide the staff constituencies into eight classes that represent professional groups and service directorates.

Non-elected members

There are 17 appointed members who represent our key partner organisations.

The council is made up of 53 elected and non-elected governors who will represent the interests of the public, our staff and a range of statutory and non-statutory organisations. Governor elections took place between April and June 2008.

Authorisation

At the end of 2007 the Trust was given the go ahead from the Department of Health to become an NHS foundation trust and we submitted our refreshed integrated business plan to Monitor, the independent regulator of foundation trusts, at the end of March.

After a rigorous assessment process by Monitor the Trust was authorised to be a foundation trust from 1 July 2008.

Our clinical services

A clinical directorate structure supports the effective provision of services. The trusts five clinical directorates are:

- Directorate of Adult Services
- Directorate of Children and Young People's Services
- Directorate of Older People's Services
- Directorate of Learning Disabilities and Forensic Services
- Directorate of Substance Misuse

Over the last year, each of the directorates has been finalising a five year strategy to meet the needs of the people they serve. These strategies include a number of key principles:

- Putting our service users and their families at the heart of all we do
- A strong commitment to developing partnerships with a range of organisations to develop services that meet local needs
- Providing services closer to people's homes by relying less on inpatient services and putting greater emphasis on developing specialist community and day services
- Providing modern inpatient facilities where needed, whilst reviewing and rationalising our estate in line with service developments
- Moving away from providing continuing care with a focus on providing specialist rehabilitation and challenging behaviour services
- Making sure we develop a flexible workforce and have the right mix of staff to run the services we need to provide by:
 - Building on the specialist skills and expertise of our staff
 - Looking at new ways of working
 - Investing in people by enhancing their skills and competencies.

The following section outlines the key achievements and developments of our clinical directorates.

Adult services

We provide mental health services to adults of working age, including:

- Inpatient, day and outpatient assessment and treatment services, including acute, intensive care and rehabilitation services.
- A wide range of community based services including crisis intervention, assertive outreach and early intervention

These services are managed in five localities:

- North Durham
- North Tees
- South Durham
- South Tees
- North East Yorkshire (see page 18 for information on services in North East Yorkshire)

Our main hospitals are the County Hospital in Durham, West Park Hospital in Darlington, St Luke's Hospital in Middlesbrough and Cross Lane Hospital in Scarborough.

Last year we finalised our five year strategy and over the coming months and years we aim to develop more specialist inpatient and day services, which will be supported by flexible and more closely co-ordinated community teams. The development of two new inpatient units in Teesside (Roseberry Park) and Durham (Lanchester Road Hospital) will provide improved environments for service users, staff and visitors and enable us to provide greater choice and flexibility to service users and carers.

The following section outlines some of the work that has already started to achieve our vision for the future.

Key achievements and developments

North Durham

- The new Lanchester Road Hospital project team continues to meet regularly and the new hospital, which will have 76 beds is scheduled to open in autumn 2009. Staff, service users and carers in the north of County Durham are looking forward to having a high quality inpatient environment. Work has continued to develop new models of care in preparation for the move into the new hospital. This includes reviewing our inpatient and community services in line with our vision for the future.
- We have extended the role of advanced practitioners to roll out new ways of working across all of north Durham. We have also appointed an advanced practitioner in Easington to work with people with personality disorders.

- Non-medical prescribing is now being delivered in Easington, Derwentside and Chester-le-Street enabling nurses and medical staff to further adopt new ways of working.
- Psychological therapies networks (PTN's) are now well established in Easington and have made significant reductions in waiting times for patients in Seaham. Similar networks are being established in Durham, Chester-le-Street and Derwentside.
- We have developed our specialist psychotherapy service to support the increased demand for group psychotherapy and supervision across north and south Durham. We are developing specialist psychotherapy services for learning disabilities and eating disorders, initially for Durham and Chester-le-Street. A six month pilot project has also got underway to develop user involvement and explore the feasibility of a user support network for specialist psychotherapy services.
- The crisis service and the in-patient teams have collaboratively achieved a reduction in admissions and quicker discharges for many patients by implementing a crisis team review of new admissions within 24 hours.
- We have been working with partner organisations in Easington to introduce new crisis beds to help reduce the need for hospital admissions. A four bedded crisis house will open in Seaham in May 2008.
- We continue to progress towards the full transfer of services in North Easington from Northumberland, Tyne and Wear NHS Trust (NTW) to Tees, Esk and Wear Valleys NHS Trust.

North Tees

- Sandwell Park (a 36 bed hospital) in Hartlepool was one of only four pilot sites to be chosen to take part in the national Star Wards initiative which aims to improve life for inpatients whilst creating a therapeutic environment. Marion Janner, author of the 'Star Wards' report visited the unit and gave staff a glowing review. The initiative helped us focus on providing a wide range of meaningful activities on the ward and in further developing intensive day services for service users both on and off the ward.
- We modernised and redesigned our community mental health teams in Stockton. The newly formed teams are now able to provide specialist health and social care for people with an affective or psychosis illness.
- There was a strong emphasis on developing and strengthening psychological based therapies across Stockton and Hartlepool and establishing a psychological therapy network.

- Hartlepool's dual diagnosis service was highlighted as an example of good practice with the recently published Turning Point Dual Diagnosis Good Practice guide.
- Our community intervention team continued to support the implementation of the NICE guidelines for schizophrenia by undertaking in house training. They were also selected to pilot the pathway in psychosis. The team are working with other teams and services both locally and nationally to share and spread an evidenced based approach to psychosis.
- Additional funding meant we were able to build on our successful primary care services by recruiting additional gateway and graduate mental health workers in Stockton.
- The crisis teams in Stockton and Hartlepool have been working together to offer service users a real alternative to hospital admission. The use of the community support beds (crisis beds) has led to a reduction in the number of hospital admissions.
- Our primary care services in Stockton and Hartlepool have been working closely with colleagues at the PCTs and other agencies to improve access to psychological therapies. The 'open doors' project is part of a national pilot project and also aims to reduce stigma in the workplace.
- Hartlepool's community resource team and the support, time and recovery (STR) service relocated into improved accommodation which allowed further specialisation of the service and strengthening of the STR team.
- We extended primary care services across all GP practices in Hartlepool.

South Durham

- A project got underway in 2007/08 to pilot a single point of access to adult mental health services in south Durham and Darlington. This will mean the amalgamation of the crisis resolution team, the quick access service and an inpatient ward to create an integrated access team.

The aim is to ensure that service users receive the care and support they need quickly. The team will triage and assess the service user so that they can be referred to the appropriate service, receive intensive treatment at home or, in some cases, be assessed for a short time on an inpatient ward. Dedicated occupational therapy and psychology staff as well as physiotherapy and technical instructors will also support this service.

- We set up a psychological therapies network to provide specialist therapies and other services such as training, supervision and consultation to staff across South Durham and Darlington.
- We designed a three day training module to give staff an introduction to the use of psychological approaches in inpatient settings. The psychological needs of a patient are an essential component of any recovery plan and around 95% of all qualified nursing staff have now undertaken this training, which has been identified as an area of good practice. A one day module has also been developed for nursing assistants and approximately 80% of staff have received this training.
- We have made good progress in developing intensive day services and providing health and wellbeing clinics.

South Tees

- The liaison psychiatry service has been taking part in the national collaborative – Promoting Better Services for People who Self Harm. They are working with James Cook University Hospital, the ambulance service and local service users and carers to improve services and address some of the traditional difficulties faced by service users who self harm.
- Crisis services have been undergoing a significant period of development and will soon move to providing twenty four hour cover and more focus on home based treatment options. They have been working more closely with inpatient wards and aim to have more involvement in supporting the discharge of service users. There has already been a marked reduction in the number of people who have been admitted to hospital and the development of these services will continue in preparation of the move to Roseberry Park in 2010.
- Middlesbrough has been the focus of a pilot for computer based cognitive behaviour therapy. This project has been supported by graduate mental health workers and the results are expected in the near future.
- The success of Redcar and Cleveland's psychological therapies network has continued. The membership has grown to 11 and the network continues to take a lead in developing therapeutic standards.
- We introduced a service user led wellbeing group across Redcar and Cleveland, support by an occupational therapist. This has been rolled out at different centres and has had an excellent attendance rate.

Children and Young People's Service

This service includes all child and adolescent mental health services as well as children's learning disability services and also the early intervention in psychosis teams.

Last year we finalised our five year strategy and over the coming months and years we aim to develop more early intervention services and support parents, as well as a wide range of child and adolescent mental health services for children with learning disabilities. We will work with commissioners to expand our specialist services, particularly autistic spectrum and eating disorder services, to ensure the same high standards of care are available across County Durham, Tees Valley and North East Yorkshire.

The following section outlines some of the work that has already started to achieve our vision for the future.

Key achievements and developments

- The service was audited with very positive results on both the inpatient units (QNIC – Quality Network for Inpatient CAMHS) and in the community (QINMAC standards – Quality Improvement Network for multi-agency CAMHS). Hartlepool Community Mental Health Team in particular received an excellent report and were asked to feed back nationally on the services they provide.
- Additional funding from the primary care trust and the securing of a contract from South Tees Youth Offending Service enabled us to expand our outpatient forensic service.
- We have agreed plans to enhance the inpatient accommodation at West Lane with improvements to the two units and leisure facilities outside. We have also agreed with our commissioners that we will convert two of the existing rooms to intensive care facilities to better meet the needs of young people.
- Our child learning disability (LD) service was runner up in the regional Health and Social Care Awards user involvement category and the service has agreed plans to significantly increase community based services in Teesside.
- We have continued to attract, recruit and retain high quality medics including the recruitment of four CAMHS consultants from speciality where there is a recognised shortage.

Older people's services

We provide mental health services for older people working in partnership with social care and a wide range of voluntary and independent service providers. Older people with mental health problems have complex needs and services need to be of high quality and work seamlessly across health and social care.

Last year we finalised our five year strategy and with the ageing population set to double by 2020 it is important that we make sure we are able to provide the specialist care more people will need in the future.

Over the coming months and years we will work with commissioners to develop our community services to give people round the clock support and we will focus on developing specialist services for people with complex needs or challenging behaviour.

The following section outlines some of the work that has already started to achieve our vision for the future.

Key achievements and developments

- Durham and Darlington services were the first service to be awarded four stars in the Excellence in Practice Award Scheme (EPAS) from the University of Teesside. This followed last year's success within the Derwent Clinic. We now intend to roll this out across the whole directorate.
- The pilot early on-set dementia team set up in Durham in conjunction with the primary care trust and the Local Authority has proved very successful and we have developed plans to extend it.
- The closure of Saint Christopher's in Redcar, which provided continuing care services, has provided the opportunity to further develop the community mental health team in the locality.
- A team from the Bowes Lyon unit in Durham were the first to benefit from a new continuous improvement initiative which is being rolled out across the trust. The North East Transformation System uses rapid process improvement workshops (RPIWs) to identify areas for improvement and bring about changes to improve quality.

Learning disabilities and forensics

We provide specialist assessment and treatment services to people with learning disabilities and mental health problems, epilepsy and challenging behaviour as well as some specialist services to other parts of northern England.

We also provide services for people with mental health problems who need to be cared for in medium or low secure environments at the Hutton Centre in Middlesbrough.

We finalised our five year strategy last year. The new inpatient unit, Roseberry Park, in Middlesbrough will allow us to develop a broader base of specialist inpatient services and we also want to work with our commissioners to develop our community services.

The following section outlines some of the work that has already started to achieve our vision for the future.

Key achievements and developments

- We opened two new low secure services and a number of people who had been receiving their care outside of the area were able to move back closer to their homes.
- We launched two new forensic learning disability services in County Durham and Darlington – a new community forensic team was established and a forensic rehabilitation service was set up on an interim basis on the Earls House site. a permanent site for this service is being planned.
- We have continued to improve services for people with learning disabilities and complex needs. We set up a new assertive outreach crisis team for Durham and Darlington as part of our plans to strengthen community support. The second stage of our plans will include the development of the new assessment and treatment facility in Lanchester Road Hospital, which is due to open towards the end of 2009.
- We have been working in partnership with independent sector organisations, Creative Support and Three Rivers Housing to develop individual tenancy schemes for people from the Stockton area. This work is on target and people are due to move into their new homes in June 2008.
- Work on a new forensic inpatient facility at Roseberry Park is already underway and should be completed by early summer 2010.
- As part of the NHS drive to move away from providing continuing care services, we have continued to work with our partners in the NHS, local authority and independent sector to arrange more appropriate care for

people. People from two units in Darlington have now moved to more suitable accommodation and a third unit in Teesdale has been transferred to an independent sector provider.

- Our learning disability user reference group continues to have a huge positive impact on the experience of our service users. The group launched a DVD on the user experience and members were key note presenters at the directorate's successful essence of care conference.

Substance Misuse

We provide substance misuse services for people aged 18 years and above. These are funded primarily through drug and alcohol action teams across Teesside, County Durham & Darlington.

We finalised our five strategy last year and over the coming months and years we will work with our commissioners and partners to develop services to meet local needs, and in particular to address the growing demand for alcohol misuse treatment. We aim to develop more specialist support and interventions around harm minimisation and improve services to prisons in our area.

The following section outlines some of the work that has already started to achieve our vision for the future.

Key Achievements and Developments

- We were awarded the contract for the alcohol service in Redcar as part of developments in that locality.
- Tom Carnwath, consultant psychiatrist was recognised nationally for his work in substance misuse with a silver award for clinical excellence by the Department of Health.
- The Directorate has been revising its five year strategy for addiction services in the light of new guidance on alcohol services and the requirements for inpatient detoxification and rehabilitation.
- The national pilot looking at injectable opiate treatment (RIOTT) has been extended for a further year after encouraging results in the first 12 months. The trial is looking into ways of helping heroin addicts not responding to conventional treatment methods.

North East Yorkshire

Our adult mental health services in Scarborough, Whitby and Ryedale are fully integrated with social care and our main inpatient base for these services is Cross Lane Hospital in Scarborough. We also provide older people's inpatient services at Cross Lane, Malton General Hospital and Whitby General Hospital.

Key achievements and developments

- A community eating disorder service has been developed across North Yorkshire through the PCT and the people in North East Yorkshire are participating and benefiting from this network.
- There have been improvements to the Cross Lane Hospital campus and plans agreed to develop a purpose built unit for older people.
- North Yorkshire PCT have agreed an extension and expansion of the community mental health teams for older people in the locality during the coming year.
- North East Yorkshire's first three nurse prescribers qualified last year and are now providing easier and quicker access to prescribed medication at Cross Lane Hospital. They are helping to reduce the number of unnecessary calls to junior doctors and making better use of nurses' and doctors' time.

Estates and facilities management

The estates and facilities management directorate (EFM) provides estates management, hotel services, health, safety and security management and capital project management services.

This year the trust has continued to improve both the physical environment and the standards of services provided and received external recognition of our engagement of service users in our major capital development projects.

We continue to work with the local acute trusts, primary care trusts, local authorities and health protection agency to support plans for handling major incidents and we continue to develop and review our own business continuity plans.

Key Achievements and Developments:

- £6.4 million has been invested in new and refurbished property including Earls House in Durham, Millbank Terrace in Redcar, Dover House in Hartlepool, Aysgarth Unit in Stockton and the Hutton Centre in Middlesbrough. We have also continued to maintain and refurbish our older properties to the best possible standard.
- A five year estate rationalisation programme has been developed and a site development plan for Earls House in Durham, Cross Lane Hospital in Scarborough and West Lane Hospital in Middlesbrough.
- We have achieved major milestones on the two Private Finance Initiative (PFI) schemes:
 - Contracts have been signed for the £18 million Lanchester Road Hospital project in Durham. The new hospital, which is due to open in 2009, will replace the County Hospital in Durham and Allensford ward in Shotley Bridge.
 - We have awarded the contract for the construction and management of Roseberry Park, Middlesbrough. Construction is well underway on the £74 million replacement for St Luke's Hospital, which is due to open in 2010.
- We once again received excellent or good ratings from the Patient Environment Assessment Team (PEAT). This year service user representatives were recruited and were valuable members of the PEATs. Last year we extended the national programme, which covers all inpatient units with more than 10 beds, to include smaller community premises. This will help us ensure that we are maintaining good standards across the trust.
- We have seen an improvement in the patient care environment and food standards in the Cook and Stephenson wards at North Tees Hospital. This followed the introduction of housekeepers as part of the

ward team – an initiative that is already working well in other parts of the trust.

- The hotel services team was successful in achieving Hospital Assured accreditation for the second year. The assessors rated their services as excellent in providing high quality, customer focussed services.
- The health, safety and security service continues to play a key role in ensuring safe and secure environments for both patients and staff. In September 2007 we introduced a workbook for managers, which contains clear guidance and assessment tools as well as specific risk assessments and protocols.
- We have undertaken major initiatives to develop a sustainable environmental programme looking at the use of utilities, water, waste disposal, recycling and life cycle procurement contracts to minimise our impact on the environment. We have developed a car park management strategy and are working with local authority transport plans. We have undertaken fire risk assessments of all our properties to ensure we meet current legislative standards.

Nursing, allied health professionals (AHPs) and psychology directorate

Key achievements and developments

- We launched the new nursing strategy in November 2007 at a conference attended by over 150 trust nurses. The strategy reflects the national key nursing agendas and will support the delivery of the clinical services' business plans.
- We increased the level of professional nursing support to operational services by implementing links with the clinical directorates. We have co-ordinated and supported major recruitment initiatives of new registrants and have introduced a new nursing preceptorship induction programme.
- The infection control team worked with the facilities directorate to achieve the 2007/08 Department of Health deep clean targets and an excellent level of achievement in PEAT reviews.
- We worked with the University of Teesside, the main education provider, to re-design the nursing pre-registration programmes for both mental health and learning disabilities, in line with the Chief Nursing Officer's review of mental health nursing and the national recommendations for learning disabilities nursing practice.
- Over 200 new nursing students commenced the practice element of their training this year with the trust, and there are placements for over 450 students. A new trust scholarship programme was launched and nine staff commenced professional pre-registration training in September 2007. Over 30 staff nurses began their registrant career with the Trust after having been sponsored through their training.
- Training continues to be a key priority of the NDT:
 - The clinical skills trainers and senior nurses within the team have delivered over 300 sessions of training both on the regular mandatory training programme, in inductions and in bespoke training delivered within the clinical services. The clinical training is receiving very positive evaluation from staff and the guidance available to help address clinical problems is also appreciated.
 - We have continued to work on the corporate clinical risk management development programme and over 1000 staff have been involved in training this year.
 - a new safeguarding children training strategy has been agreed and the systems and training for safeguarding adults are now established.
 - Non medical prescribing has been supported with the introduction of more robust governance processes and a programme of continuing development. The overall medicines

management programme has demonstrated significant uptake of clinical in reach training programmes.

- All the primary care trusts commissioned their suicide prevention services from the team and all their audit and action plans have been met. We also met the trust targets for 2007/08 and action plans are in place for 2008/09.
- The Infection Prevention and Control nurses have led the implementation of the standards within the new Health Act for Infection Prevention and Control, have further developed the IPC link worker programme and ensured all the Standards for Better Health are delivered to achieve compliance.
- An AHP strategy has been approved that supports and complements service strategies and has included the transfer of AHP services for adults previously provided by service level agreement into the Trust.

The information department

The trust's information strategy was developed in 2007/08 providing a clear direction of travel for developing information and supporting technologies. It will help us

- Transform how we work and provide care
- Continuously improve business processes
- Make more informed decisions
- Provide assurance and monitor performance

Key Achievements and Developments

Work commenced to provide a fully integrated technical infrastructure and electronic care record capable of delivering the trust's future information requirements. Key developments included:

- Maintaining and correcting the current patient systems until they are replaced by the single electronic patient record (PARIS).
- Securing a contract for the delivery of a replacement clinical system (PARIS), which is to be rolled out across the trust this year. The information team have been working closely with clinical teams to plan for the move to the new system, which will provide improved access to records and the availability of more up-to-date information across teams. This was undertaken alongside a similarly significant change to provide a single office and email system for the trust.
- Working with the trust's communication team to develop a new staff intranet – InTouch.
- Providing support for key pharmacy system developments.
- Establishing a dedicated team aligned to service areas across the trust to enhance the level of support to clinical services.

Clinical governance and assurance

The trust's vision for clinical governance is 'safe, patient-centred and effective high quality, clinical care and treatment delivered by valued individuals and teams in an environment of continuous improvement, learning, accountability and efficiency.'

The main focus for clinical governance in 2007/08 was the further development of the frameworks required for delivering the vision as detailed in the clinical governance strategy 2008 – 2010. The strategy is based upon the definitions of quality and safety set out within the domains of the *Standards for Better Health*.

The strategy provides all staff with a framework of accountability which allows them to recognise, assess and own quality, thereby enabling them to foster an innovative approach to service delivery and clinical care where staff can take opportunities to improve continually.

We undertook a robust self assessment of compliance with the Standards for Better Health and was able to submit a declaration of full compliance with the standards to the Healthcare Commission for the period 01/04/07 – 31/03/08.

We built upon the work undertaken to achieve Clinical Negligence Scheme for Trusts (CNST) Level 1, which was awarded in March 07 and we aim to achieve CNST Level 2 in 2009.

The clinical governance and clinical risk committee became a formal standing committee of the trust board from March 2008.

The clinical governance strategy and our declaration to the Healthcare Commission are both available on our website www.tevv.nhs.uk.

Serious Untoward Incidents involving data loss or confidentiality breach

From 1 April 2007 – 31 March 2008 the Trust did not have any serious untoward incidents involving data loss or confidentiality breaches (incidents classified at a severity rating of 3-5).

A summary of other personal data related incidents 2007/08 is noted below:

Summary of Personal data related Incidents 2007-2008

SUMMARY OF OTHER PERSONAL DATA RELATED INCIDENTS IN 2007 -08		
Category	Nature of Incident	Total
I	Loss of inadequately protected equipment, devices or paper documents from secured NHS premises	27
II	Loss of inadequately protected electronic equipment devices or paper documents from outside secured NHS premises	3
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0
IV	Unauthorised disclosure	6
V	Other *	15

* includes items such as access control problems, passwords violations

Mental Capacity Act and Mental Health Act

Last year saw the staged implementation of the Mental Capacity Act 2005, a legislative framework to safeguard people who lack capacity to make particular decisions for themselves. In preparation for this we introduced our own local policy and undertook an extensive training programme for staff to assist them in the day application of the Act. Further amendments to the Act – the deprivation of liberty safeguards – are scheduled to be introduced in April 2009 and preparations are underway to ensure that our organisation is equipped for this.

Legislation to amend the Mental Health Act 1983 received royal assent in July 2007. The amendments are being implemented nationally in a staged process, with the majority coming into effect in October 2008. They include some significant changes, such as supervised community treatment, a change in the definition of mental disorder and changes to professional roles. To prepare for this we have developed an implementation plan, which includes:

- in-depth training programme for all levels of staff
- awareness sessions and briefings for service users and carers
- significant policy development and impact assessment.




The trust received an extremely positive annual report from the Mental Health Act Commission (for the period November 2006 – September 2007). The Commission works to safeguard the interest of all people detained under the Mental Health Act 1983 and they make regular, unannounced visits to all places where patients are detained.

Our performance

The trust has continued to work towards delivery of all national and local targets.

	Indicator	Target	Actual	Variance
Mental Health				
1	New people receiving EIP (Recovery Plan)	230	236	6
2	Home Treatment Episodes	2978	3865	887
3	People receiving Assertive Outreach services	597	615	18
4	Percentage of carers with active care plan	100%	100%	0%
5	CPA 7 day follow up	100%	99%	-1%
CAMHS				
6	24 hour cover	Yes	Yes	N/A
7	OBDS on Adult wards patients under 16	0	0	0
8	OBDS on Adult wards patients aged 16 and 17	484	79	-405
9	OBDS on CAMHS wards patients aged under 18	3582	3512	-70
Workforce				
10	Gateway Workers	14	38.4	24.4
11	Graduate Workers in primary care	20.1	15	-5.1
12	STR Workers in post	71.98	83.7	11.72
13	Carer Support Staff	4.58	4.6	0.02
14	Secure Step-down staff	4.49	4.49	0.00

Key

	Achieved
	Under Performed
	Significantly Under Achieved

Listening and involving

It is very important that our service users, their carers, our staff, our many partner organisations and local people are involved in helping us plan, develop and deliver services. It is vital that we listen to what people have to say; that we learn from what we hear and take action wherever necessary.

Last year we demonstrated our commitment to this in many ways:

- The patient and public involvement (PPI) team, which is dedicated to the development of service user and carer involvement, has developed a strategy for patient and public involvement and community engagement throughout the Trust. This includes, for the first time, making payments for certain involvement activities.
- The PPI team are supporting directorates to develop involvement steering groups made up of service users, carers and members of staff. We hope that these will enable us to discuss plans for developing and improving services with service users and carers and to listen to their concerns and suggestions for changes.
- Service users and carers are continuing to influence the development of our services through their contribution to committees such as the pharmacy reference group, psychological therapies governance group. They continue to be involved in the Roseberry Park project in South Tees, and the Lanchester Road Hospital project in Durham.
- Our patient advice and liaison service (PALS) has continued to provide information, advice and support to service users and carers. We encourage comments and suggestions from service users and carers on all aspects of the services we provide and last year the team dealt with 804 issues.

PALS staff can identify trends in concerns being raised and alert managers to try to resolve problems in their areas. Individual concerns have been dealt with by liaison with clinicians, managers and outside agencies. Meetings have been arranged to discuss issues relating to care and treatment and people have been given advice on trust procedures and signposted to other agencies, including advocacy, housing and issues relating to benefits.

PALS staff helped with surveys in different service areas, seeking the view of patients and carers, identifying any areas for improvement. They also attend some of the community meetings taking place on wards across the Trust where environmental issues and new ideas for improvement are discussed. Some of the ideas that have been put in place following these meetings include:

- A registered “pat a dog” visiting a ward for elderly patients in Darlington
- patients on an adult ward in Durham having access to gym facilities and

- additional organised activities with an Occupational Therapist in Darlington.
- Last year we received 96 formal complaints (a reduction of five complaints compared to 101 received previous year). To date we have responded to 99% of written complaints within the Department of Health's timescale of 25 working days. In addition there were 13 agreed time extensions with complainants during the year (In September 2006 the amended complaints regulations allows trusts to extend timescales for complaints to be responded to if the complainant is in agreement).

The Healthcare Commission are responsible for operating the independent review part of the NHS complaints procedure. We received five new requests for an independent review from the Healthcare Commission. Of these five cases, three related to complaints received in previous years. Decisions received so far on these cases included one recommendation to register as a formal complaint, a number of recommendations made in two cases and no further action was indicated in two cases.

The Healthcare Commission also informed the Trust of a further eight decisions from complainants requesting independent review in previous years. The Healthcare Commission suggested a recommendation in six cases and two cases required no further action.

The Trust has recently revised its complaints policy which ensures it is following the Health Service Ombudsman's 'Principles for Remedy' which outlines good practice in relation to providing appropriate remedies for complainants.

The Trust has received the Health Service Ombudsman's final report regarding a complaint within adult mental health services which also involved a partner Social Care organisation. Following receipt of the report the Trust has agreed to implement recommendations/actions highlighted by the Ombudsman and has offered appropriate remedy in line with the 'Principles for Remedy'.

We learn valuable lessons from the complaints we receive and aim to ensure that we use these to improve services. Some of the changes we made last year in relation to complaints included:

- The reception area at Flatts Lane Centre, Middlesbrough was upgraded and refurbished to meet the requirements of the Disability Discrimination Act.
- Operational services to ensure letters of condolence and sympathy following the death of a patient/where a serious untoward incident has occurred
- Review of current Trustwide practice in relation to the need for full completion of all relevant documentation within clinical records, including physical examination of a patient on admission.

- Within case reviews or multi-disciplinary team meetings any specific concerns voiced by relative/carers to be recorded or specific comments from relatives/carers should also be written in the clinical record
- Trust needing to ensure that inpatients are provided with a lockable storage area for their personal items.

We expect amendments to the NHS complaints procedure to be introduced in April 2009 as a result of new regulations, which will unify the complaints system for health and social care, making it easier for people to complain. The new system will be a two stage complaints system which focuses on local resolution and then – if unresolved – an investigation by the Health Ombudsman will replace the often lengthy and bureaucratic procedures currently in place.

The new arrangements will make the whole experience of making a complaint simpler, more user-friendly and far more responsive to people's needs. It also emphasises that health and social care services should routinely learn from complaints, feeding into service improvement.

Our staff

This has been another successful year for the trust and this is a testament to the dedication, skill and attitude of our staff.

We strive to be a model employer and to support our staff in implementing our vision for the future. We are working to make sure we have the right mix of staff with the right skills to provide high quality, patient focused care. We have a range of robust policies and procedures in place that support our commitment to providing equal opportunities to present and potential employees, including the support of people with a disability.

Key achievements and developments

- Over the last year we developed workforce plans, which will provide a sound basis for planning service developments and achieving our objectives. We also agreed a new organisational change policy to ensure that changes are managed in a way that is consistent with the trust's values.
- The views of our staff are important to us. Over the last year we have listened to what staff have told us and acted upon the results.

Based on feedback from the 2006 national staff survey a group was set up to look at ways of improving the wellbeing of staff and three initiatives were introduced which will help us tackle of the issues raised:

- Non-religious retreats – a pilot programme was launched in February and initial feedback from staff was extremely positive
- A staff booklet – your guide to good health and wellbeing, containing advice on how to stay well and information about the support that is available to staff
- A physiotherapy at work pilot for staff in County Durham and Darlington (extending the service which is already available in the south of the trust).

The results of the 2007 national staff opinion survey were published at the beginning of April. We were pleased with the feedback, which placed us in the top 20% of mental health trusts in the country in almost a third of the key areas. We have developed action plans focusing on areas where we still need to improve.

- In January 2008 we held our first staff awards dinner. Over 180 people attended the ceremony at which the chairman announced the winners and runners of the annual Making a Difference awards. We also recognised staff for their long service with the NHS. Over 50 members of staff received their 30 years service awards at the trust's AGM in September 2007.

- We reviewed and refreshed our induction programme in 2007. Feedback from new employees has been positive although we will continue to monitor and improve the programme.
- Both clinical and non-clinical staff can now access a range of leadership and management development opportunities via Teesside University and the Institute of Leadership Management. Certificate, diploma, degree and masters level accredited programmes are now provided in addition to bespoke leadership and management development sessions designed to meet the needs of individuals and teams.
- Following lengthy consultation and negotiation with staff representatives, we reached an Agenda for Change local agreement for locally determined terms and conditions. This was a good example of effective partnership working and has helped to further harmonise terms and conditions of service across the trust.
- The electronic staff record (ESR) went live across the trust on 1 February 2008 bringing together a new common HR and payroll system.
- The new curriculum for core trainees was finalised and introduced in August 2007. The support required to create a programme that allows trainees to meet competencies and be assessed appropriately is a challenge. A bid was successful to allow the recruitment of a nurse specialist to project manage these issues.
- We have established a faculty of medical education within the Trust and worked pro-actively with medical colleagues who have gained enhanced educational responsibility.

Equality and Diversity

In October 2007 the government brought together the three existing statutory equality commissions and created the Commission on Equality and Human Rights to cover all equality strands (sexual orientation, religion and belief, and age in addition to race, gender, disability) and human rights. There is a full discrimination law review under way across the country to look at bringing all the current legislation into one single equality bill, covering all the main areas of equality. The Department of Health has already consulted on and produced its own single equality scheme with an integrated action plan, ahead of the law changes. The North East Strategic Health Authority (SHA) also has made a public commitment to having a single equality scheme (SES) by 2007. The model they are proposing will follow human rights issues and bedding equality within that into key activities within the SHA.

Over the last year our trust equality and diversity steering group have been working on delivering the action plans related to the race, disability and gender equality schemes. We will now develop our own SES and set out how we intend to make sure we promote equality for all and challenge discrimination.

Key achievements and developments

- A second cohort of clinical equality and diversity leads have gone through the trust's clinical leads and service improvement course (CLASIC), which provided them with a basic awareness of equality and diversity issues. A 'share and spread' learning event was held in Nov last year to showcase the service improvement projects that the CLASIC leads had delivered as part of their training.
- We developed an equality statement that outlines our commitment towards promoting equality, valuing diversity and challenging discrimination. This poster is displayed throughout the trust. We also developed information on how to access interpretation and translation services.
- The Trust has a critical role to play in ensuring that the equality general duties are turned into reality in mental healthcare. This has been achieved through undertaking a comprehensive and robust equalities impact assessment (EqIA) on all of our proposed and reviewed policies, procedures and practices. We have also developed a Trust's equality impact assessment (EqIA) system to maximise our contribution to achieving equality, by improving the way we develop our future projects/policies, methodologies and functions. The toolkit addresses gender, disability, sexual orientation, age, religion and belief and race.
- We continue to make excellent progress with our focussed implementation site (FIS). The FIS is now entering its final year and the focus will be on mainstreaming race equality into our core business. We have also identified a number of projects to be carried out: mental

health needs assessment with the Polish community living within Darlington, CDW support, race equality and cultural capability training (RECC) and also a regional spirituality conference.

The Board

Tees, Esk and Wear Valleys NHS Trust is run by a Trust Board made up of executive and non-executive directors, led by a non-executive chairman.

The Trust Board meets in public and is responsible for ensuring accountability to the public for the services it manages. Our Board members are:

Chairman

Mrs Jo Turnbull

Mrs Turnbull took up post in April 2006. She was previously chairman of County Durham and Darlington Priority Services NHS Trust and has been a non-executive director in the NHS for over 15 years.

Non-executive directors

Ms Maggie Bosanquet (until 31 January 2008). Maggie lives in County Durham, was previously non-executive director for County Durham and Darlington Priority Services NHS Trust. She works for Durham County Council where she is sustainability section manager.

Mr Paul Briggs, who was previously non-executive director at Durham and Chester-le-Street PCT. He is vice-chairman of the North East Assembly and a member of the Advisory Panel for Smoke Free North-East (FRESH). He is also currently a member of the CBI policy group.

Mr Andrew Lombard, who lives in Marske-by-the Sea, retired from Cleveland Police in 2005 after 21 years as head of information and communications technology and was previously a non-executive director of Tees and North East Yorkshire NHS Trust.

Mr Michael Newell, who has lived in Teesside since 1999, worked in the prison service for over 30 years, retiring from his post as Governor of Durham Prison in 2005. Since his retirement he has been involved in a number of consultancy roles and is an executive advisor to the board of an educational charity.

Mr John Robinson was previously a non-executive director of County Durham and Darlington Priority Services NHS Trust. A former head of nursing in Hartlepool, he is currently a councillor for County Durham and Sedgefield Borough, as well as a Justice of the Peace for South Durham.

Mr Douglas Taylor (from 1 March 2008). Douglas lives in Derwentside and is a qualified accountant with over 40 year's experience of the public and voluntary sectors. He has served as a director of finance in a development corporation and a major NHS teaching hospital trust. Latterly he spent over 10 years as chief executive of a Newcastle based regional housing association

Executive Management Team

Mr Con Egan, chief executive (until 31 December 2007)

Mr Jim Brydon, deputy chief executive and FT programme director (until 31 December 2007)

Mr Harry Cronin, executive director of nursing, psychology and allied health professions (acting chief executive from 1 Jan – 31 March 2008)

Dr Chris Fisher, executive director of governance and assurance (took up role of medical director on 1st March 2008)

Dr Steve Humphries, executive director of medical development, education and research (until 29th February 2008)

Mr Colin Martin, executive director of finance

Mr Les Morgan, chief operating officer

Mrs Sue Canning, director of human resources and organisational development (until 30 June 2007)

Mrs Judith Roberts, acting director of human resources (1 July 2007 – 31 January 2008)

Mr David Levy, director of human resources and organisational development (from 1 February 2008)

Mr Chris Parsons, director of estates and facilities management

Mrs Sharon Pickering, director of planning and performance

Mrs Jayne Cowell, acting director of information (until 30 November 2007)

It is the Trust Board's responsibility to provide strategic leadership for the organisation, to set the strategic objectives and ensure these are met through the establishment of appropriate systems and processes. A structure of standing committees, sub committees and groups supports this.

There were five standing committees, which reported directly to the Trust Board:

The Audit Committee provided the Trust Board with independent assurance that the system of integrated governance, risk management and internal control are working effectively.

Membership:

Mr Paul Briggs, non-executive director (chairman)

Mr Andrew Lombard, non-executive director

Mike Newell, non-executive director

The Mental Health Act Committee addressed the legal requirements of the Mental Health Act (1993), any quality issues arising from MHA visits will be addressed via the Clinical Governance and Risk Committee.

Membership

Mr John Robinson, non-executive director (chairman)

All non-executive directors of the Trust Board

The Remuneration Committee is responsible for Executive Directors' pay.

Membership:

Mrs Jo Turnbull, chairman

All non-executive directors of the Trust Board

The Charitable funds Committee is responsible for the management of the Trust's charitable funds.

Membership:

Mr Andrew Lombard, non-executive director (chairman)
Mr Paul Briggs, non-executive director
Mr Mike Newell, non-executive director

The **Governance and Risk Committee** provided assurance to the board that the systems of integrated Governance, risk management and internal control are delivering the Board's objectives.

Membership

Trust Chairman
Chairman of Audit Committee
Chairman of Clinical Governance Committee/Complaints Convener
Chairman of Information Committee
Chairman of Estates and Facilities Committee
Chairman of Workforce Development Committee
Chief Executive
Director of Planning, Performance, ICT and Information
Director of Finance
Director of Medical Staffing and Education
Chief Operating Officer
Director of Clinical Governance and Assurance
Director of Human Resources and Organisational Development
Director of Nursing and Allied Health Professionals
Director of Estates and Facilities

The trust approved new governance arrangements in March 2008 and streamlined the standing committees as follows:

- Audit committee
- Remuneration and terms of service committee
- Investment committee (including charitable funds)
- Mental health act committee
- Clinical governance and clinical risk

Two or more non executive directors will be represented on each of the committees and ensure cross-fertilisation between the committees, in particular the audit committee.

An integrated assurance framework and risk register was established in March which was a consolidation of existing systems and in line with best practice.

Financial Review

Summary performance

In the year the trust managed the competing pressures and achieved its financial targets, whilst continuing to deliver and develop services as identified elsewhere in this report.

Financial performance

The trust has achieved its four main targets for 2007/08. The targets and actual performance are as follows:

Break-even on income and expenditure	Achieved	Surplus achieved of £2,104k
Meet external financing limit	Achieved	
Capital cost absorption rate – Target 3.5%	Achieved	
Remained within capital resource limit	Achieved	

The surplus of £2,104k has been achieved in a year of improvement in services and management of financial pressures. Income growth in 2007/08 was 5.8%, reflecting the 2.5% inflationary increase and increased investment due to the new developments in 2007/08. The Trusts pay costs increased by 4.1%, reflecting a 1.9% inflationary increase and changes in the staff profiles. The capital development the Trust undertook in 2007/08 was an investment of £6.1m with the main investment for the Trusts Enabling works for PFI schemes, Roseberry Park and Lanchester Road. The year also saw the opening of Seaham Vicarage crisis service.

As the Trust moves forward to Foundation Trust status the financial performance of the Trust is expected to improve and is predicting for 2008/09 a year end surplus of £2.6m on a turnover of £221m. The underlying performance of the Trust is strong with an EBITDA (Earnings before interest, tax, Depreciation and Amortisation) of 8.9% and a forecast surplus of 1% of the Trusts turnover. The majority of the Trust's capital infrastructure is funded by Public Dividend Capital. The NHS Trust capital financing regime changed in 2007/08 to a system where Trust's need to internally generate resources to invest in their estate. Trusts can also access interest bearing loans to increase this investment subject to their financial position. The Trust is predicting that its stable financial position including liquidity will enable it to make future improvements in its estate without the need to access loans.

Each director has stated that as far as he/she is aware, there is no relevant audit information of which the Trust's auditors are unaware. All steps that ought to have been taken as a director in order to make him/herself aware of any relevant audit information and to establish that the Trust's auditors are aware of that information have been taken.

The Better Payment Practice Code

Unless other terms are agreed, the Trust is required to pay off its creditors within 30 days of receipt of goods, or valid invoice, whichever is the later (Prompt Payment) in accordance with the Confederation of British Industry (CBI) Better Payments Practice Code. The Trust's performance is contained within the Summary Financial Statements on page 46.

External Audit Fees

The Trusts external auditor is Deloitte & Touche LLP, for 2007/08 the costs for external audit services, excluding VAT, were £167,400. This covered audit services i.e. the statutory audit and services carried out in relation to these accounts, charitable funds and Use of Resources at a cost of £155,400 and fees of £12,000 were incurred in relation to value for money local studies.

The Trust's treatment of the pension liabilities is disclosed in the accounting policy note 1.13 in the full accounts and in the remuneration report as disclosed on page 51 within this annual report.

Summary financial statements for the year ended 31 March 2008

Accounts for the financial year ended 31 March 2008 have been prepared for the Trust's operating activities. This report contains summarised financial statements.

A full set of accounts, an annual report and the statement on internal control is available from

Director of Finance
Tees, Esk and Wear Valleys NHS Trust
West Park Hospital
Edward Pease Way
Darlington
Co Durham
DL2 2TS

STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTABLE OFFICER OF THE TRUST

The Secretary of State has directed that the Chief Executive should be the Accountable Officer to the Trust. The relevant responsibilities of Accountable Officers, including their responsibility for the propriety and regularity of the public finances for which they are answerable, and for the keeping of proper records, are set out in the Accountable Officers' Memorandum issued by the Department of Health.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in my letter of appointment as an accountable officer.

17 June 2008

A handwritten signature in black ink that reads "Marti Bailey". The signature is written in a cursive style with a large, looped 'B'.

Chief Executive

STATEMENT ON INTERNAL CONTROL

A full Statement on Internal Control is in place and is included within the full annual accounts. Details of how to obtain the full annual accounts are contained on the previous page.

Independent Auditors' Report to the Board of Tees, Esk and Wear Valleys NHS Trust

We have examined the summary financial statement of Tees, Esk and Wear Valleys NHS Trust for the year ended 31 March 2008 which comprises the Income and Expenditure Account, Balance Sheet, Statement of Total Recognised Gains and Losses, Cash Flow Statement, the Management Costs note, the Better Payment Practice Code note and the note of Related Party Transactions.

This report is made solely to the Board of Tees, Esk and Wear Valleys NHS Trust, as a body, in accordance with Part II of the Audit Commission Act 1998. Our audit work has been undertaken so that we might state to the Board those matters we are required to state to them in an auditors' 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 Trust and the Board as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the Annual Report with the statutory financial statements. We also read the other information contained in the Annual Report and consider the implications for our report if we become aware of any misstatements or material inconsistencies with the summary financial statement.

Basis of opinion

We conducted our work in accordance with Bulletin 1999/6 'The auditors' statement on the summary financial statement' issued by the Auditing Practices Board. Our report on the statutory financial statements describes the basis of our audit opinion on those financial statements.

Opinion

In our opinion the summary financial statement is consistent with the statutory financial statements of the Trust for the year ended 31 March 2008.

We have not considered the effects of any events between the date on which we signed our report on the annual accounts (20 June 2008) and the date of this statement.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
Newcastle upon Tyne
27 August 2008

**INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED
31 March 2008**

	2007/08	2006/07
	£000	£000
Income from activities	206,664	194,101
Other operating income	8,611	9,272
Operating expenses	(208,746)	(198,538)
OPERATING SURPLUS	6,529	4,835
Profit on disposal of fixed assets	<u>75</u>	<u>0</u>
SURPLUS BEFORE INTEREST	6,604	4,835
Interest receivable	778	376
Interest payable	0	0
Other finance costs - unwinding of discount	<u>(25)</u>	<u>(98)</u>
SURPLUS FOR THE FINANCIAL YEAR	7,357	5,113
Public Dividend Capital dividends payable	<u>(5,253)</u>	<u>(4,838)</u>
RETAINED SURPLUS FOR THE YEAR	<u>2,104</u>	<u>275</u>

All income and expenditure is derived from continuing operations.

**BALANCE SHEET AS AT
31 March 2008**

	31 March 2008 £000	31 March 2007 £000
FIXED ASSETS		
Intangible assets	0	2
Tangible assets	<u>165,787</u>	<u>157,934</u>
	165,787	157,936
CURRENT ASSETS		
Stocks and work in progress	215	213
Debtors	7,037	12,184
Cash at bank and in hand	<u>10,607</u>	<u>871</u>
	17,859	13,268
CREDITORS: Amounts falling due within one year	<u>(14,481)</u>	<u>(14,482)</u>
NET CURRENT ASSETS/(LIABILITIES)	3,378	(1,214)
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>169,165</u>	<u>156,722</u>
PROVISIONS FOR LIABILITIES AND CHARGES	(1,615)	(6,089)
TOTAL ASSETS EMPLOYED	<u><u>167,550</u></u>	<u><u>150,633</u></u>
FINANCED BY:		
TAXPAYERS' EQUITY		
Public dividend capital	143,821	140,780
Revaluation reserve	20,696	9,104
Donated asset reserve	494	474
Income and expenditure reserve	2,539	275
TOTAL TAXPAYERS' EQUITY	<u><u>167,550</u></u>	<u><u>150,633</u></u>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED
31 March 2008**

	2007/08	2006/07
	£000	£000
Surplus for the financial year before dividend payments	7,357	5,113
Unrealised surplus on fixed asset revaluations/indexation	11,790	9,139
Total recognised gains and losses for the financial year	19,147	14,252
Prior period adjustment	0	0
Total gains and losses recognised in the financial year	<u>19,147</u>	<u>14,252</u>

**CASH FLOW STATEMENT FOR THE YEAR ENDED
31 March 2008**

	2007/08 £000	2006/07 £000
OPERATING ACTIVITIES		
Net cash inflow from operating activities	17,316	5,619
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:		
Interest received	738	376
Net cash inflow from returns on investments and servicing of finance	738	376
CAPITAL EXPENDITURE		
(Payments) to acquire tangible fixed assets	(6,457)	(14,583)
Receipts from sale of tangible fixed assets	311	0
Net cash outflow from capital expenditure	(6,146)	(14,583)
DIVIDENDS PAID	(5,253)	(4,838)
Net cash inflow/(outflow) before management of liquid resources and financing	6,655	(13,426)
Net cash inflow/(outflow) before financing	6,655	(13,426)
FINANCING		
Public dividend capital received	3,041	13,489
Net cash inflow from financing	3,041	13,489
Increase in cash	9,696	63

Management costs

	2007/08 £000	2006/07 £000
Management costs	10,779	9,139
Income	215,275	203,358

Management costs are defined as those on the management costs website at www.dh.gov.uk/PolicyAndGuidance/OrganisationPolicy/FinanceAndPlanning/NHSManagementCosts/fs/en

Better Payment Practice Code

	2007/08 Number	2007/08 £000
Total Non-NHS trade invoices paid in the year	45,044	35,084
Total Non NHS trade invoices paid within target	42,323	32,133
Percentage of Non-NHS trade invoices paid within target	94%	92%
Total NHS trade invoices paid in the year	1,184	23,007
Total NHS trade invoices paid within target	765	18,566
Percentage of NHS trade invoices paid within target	65%	81%

The Better Payment Practice Code requires the Trust to aim to pay all undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later.

Related Party Transactions

Tees, Esk and Wear Valleys NHS Trust is a body corporate established by order of the Secretary of State for Health.

During the year none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions with Tees, Esk and Wear Valleys NHS Trust

The Department of Health is regarded as a related party. During the year Tees, Esk and Wear Valleys NHS 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 Department. These entities are listed below:

North East Strategic Health Authority
Yorkshire and Humber Strategic Health Authority

County Durham PCT
Darlington PCT
Gateshead PCT
Gedling PCT
Hartlepool PCT
Middlesbrough PCT
Morcambe Bay PCT
Newcastle PCT
North Tees PCT
North Tyneside PCT
North Yorkshire and York PCT
Northumberland Care Trust
Redcar and Cleveland PCT
Southampton City PCT
Sunderland Teaching PCT
Warrington PCT

County Durham and Darlington NHS Foundation Trust
East London and the City Mental Health NHS Trust
North East Ambulance Service NHS Trust
North Tees and Hartlepool NHS Foundation Trust
Northumberland, Tyne and Wear NHS Trust
Northumbria Health Care NHS Foundation Trust
Scarborough and North East Yorkshire Health Care NHS Trust
South Tees Hospitals NHS Trust
The Newcastle Upon Tyne Hospitals NHS Foundation Trust
Yorkshire Ambulance Service NHS Trust

NHS Business Services Authority
NHS Information Authority
NHS Litigation Authority
NHS Litigation Authority;
NHS Pensions Agency (NOT the pension scheme)
NHS Supplies Authority;

In addition, the Trust has had a number of material transactions with other Government Departments and other central and local Government bodies. Most of these transactions have been with:

Durham County Council
Darlington Borough Council
Hartlepool Borough Council
HMP Durham
Middlesbrough Borough Council
Redcar and Cleveland Borough Council
Stockton Borough Council

Remuneration Report

Salary and Pension entitlements of senior managers

A) Remuneration

Name and Title	2007-08			2006-07		
	Salary (bands of £5000) £000	Other Remuneratio n (bands of £5000) £000	Benefits in Kind Rounded to the nearest £100	Salary (bands of £5000) £000	Other Remuneratio n (bands of £5000) £000	Benefits in Kind Rounded to the nearest £100
Con Egan; Chief Executive (Apr-Dec)	105-110	0	4,500	140-145	-	5,400
Colin Martin; Finance Director	100-105	0	7,414	95-100	-	6,100
David Brown: MHSOP/C&YP's/Sub Misuse/NEY Director	75-80	0	2,164			
Christopher John Fisher; Medical Director	165-170	0	5,444	145-150	10-15	0
Stephen Humphries; Medical Director	155-160	35-40	6,506	150-155	35-40	0
David Levy; Human Resources	20-25	0	0			
Susan Alice Canning; Human Resources (Apr-Jun)	25-30	0	1,361	80-85	-	0
Judith Roberts; Human Resources (Jul-Jan)	40-45	0	0			
Harry Cronin; Nursing Director (Apr-Dec) / Chief Executive (Jan-Mar)	95-100	0	5,444	80-85	-	4,000
Chris Stanbury; Nursing Director (Jan-Mar)	15-20	0	0			
Christopher Hugh Parsons; Facilities Director	85-90	0	2,268	80-85	-	6,000
Les Morgan; Chief Operating Officer	95-100	0	2,679	45-50	-	9,200
Paul Newton; Learning Disabilities	75-80	0	7,117	80-85	-	2,300
Lesley Ann Crawford; Adults Service Director	70-75	0	0	70-75	-	0
Sharon Pickering; Planning and Performance Strategic Director	75-80	0	0			
James Leslie Brydon, Director of Planning, Performance and ICT	85-90	0	1,275	95-100	-	5,800

Benefits in kind are the provision of lease cars or car allowance

There were no payments made to Senior Managers for loss of office

B) Pension Benefits

Name and title	Real increase in pension at age 60	Real increase in pension lump sum at age 60	Total accrued pension at age 60 at 31 March 2008	Lump sum at age 60 related to accrued pension at 31 March 2008	Cash Equivalent Transfer Value at 31 March 2008	Cash Equivalent Transfer Value at 31 March 2007	Real Increase in Cash Equivalent Transfer Value	Employers Contribution to Stakeholder Pension
	(bands of £2500) £000	(bands of £2500) £000	(bands of £5000) £000	(bands of £5000) £000	£000	£000	£000	To nearest £100
Con Egan; Chief Executive (Apr-Dec)	5.0-7.5	17.5-20.0	70-75	215-220	0	1,157		
Harry Cronin; Nursing Director (Apr-Dec) / Chief Executive (Jan-Mar)	5.0-7.5	20.0 - 22.5	35-40	115-120	657	510	134	-
Colin Martin; Finance Director	0.0-2.5	7.5-10.0	25-30	85-90	362	313	42	-
Stephen Humphries; Medical Director	-2.5-0.0	0.0-2.5	25-30	80-85	396	372	11	-
Christopher Fisher, Medical Director	2.5-5.0	7.5-10.0	80-85	240-245	1352	1234	87	-
Les Morgan, Chief Operating Officer	2.5-5.0	10.0-12.5	30-35	95-100	475	369	96	-
Chris Stansbury, Acting Nursing Director (Jan - Mar)			25-30	75-80	360			-
David Levy, Director of HR (Jan - Mar)			10-15	35-40	176			-
Susan Canning, Director of HR (Apr-Jun)			35-40	105-110	0	554		-
Judith Roberts, Acting Director of HR (Jul - Jan)			20-25	60-65	384			-
James Brydon, FT Director (Apr-Dec)	12.5-15.0	37.5-40.0	50-55	155-160	0	591		-
Sharon Pickering, Director of Planning & Performance			15-20	50-55	205			-
Christopher Parsons, Director of Facilities	0.0-2.5	5.0-7.5	Oct-15	35-40	89	159	-74	-
Paul Newton, Service Director - LD & Forensic Services	0.0-2.5	2.5-5.0	35-40	110-115	522	477	33	-
Lesley Crawford, Service Director - Adult Services	0.0-2.5	0.0-2.5	25-30	75-80	373	341	23	-

As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and from 2004-05 the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries. 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.

Pay Terms and Conditions

With the exception of Directors, Non Executives and Medical Staffing the remaining workforce are covered by Agenda for Change. All inflationary pay uplifts have been in accordance with Department of Health recommendations with no performances bonus paid to any staff. All Executive Directors are on permanent contracts and a notice period of 6 months.

The Remuneration Committee is responsible for Executive Directors' pay.

Membership:

Mrs Jo Turnbull, chairman

All non-executive directors of the Trust Board



Tees, Esk and Wear Valleys NHS Foundation Trust

We hope you have found this annual report interesting and informative but if you have any suggestions on how we could improve it, or if you would like more information or additional copies please contact

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