



Tees, Esk and Wear Valleys
NHS Foundation Trust

Annual report and accounts 2019/20

Tees, Esk and Wear Valleys NHS Foundation Trust

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National Health Service Act 2006

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Foreword by the Chairman and Chief Executive

A review of our year

The introduction to the annual report offers an opportunity to reflect on the past year - our key achievements and the challenges we've faced. It's also a chance to look ahead and consider how we can continually learn and improve what we do.

There have been some incredibly sad and sombre moments. The tragic deaths of two young people, who were inpatients at West Lane Hospital in Middlesbrough, were devastating. The subsequent decision in August by the Care Quality Commission (CQC) to close the inpatient wards was also extremely difficult, particularly for the young people at West Lane Hospital and their families. We are deeply sorry that the care we provided didn't keep them safe and we'll be doing everything we can to make sure this doesn't happen again. A number of internal and external reviews and investigations will take place, including an independent investigation, commissioned by NHS England. This investigation has now started but, as a complex system review, it is appreciated that it will take some time to complete. The Trust will, of course, be cooperating fully.

In March we received the results of our latest Care Quality Commission inspection and were rated 'requires improvement'. Whilst we were rated 'good' for effective, caring and well-led, we were rated 'requires improvement' in the areas of safe (unchanged from our previous inspection) and responsive. This resulted in 'requires improvement' overall. We are working quickly to address the areas that require improvement and we've already made changes since the inspection. However, we know that there are opportunities to further improve and we are committed to doing this with a key focus on patient safety and responsive services.

Due to the Covid-19 pandemic it has certainly been a very different and at times very difficult end to the year. The impact has been felt across the world and these really are unprecedented times. At the point of writing this it is still very much an ongoing challenge. Our focus is on caring for our patients and providing services to those who need them. We've seen fantastic examples of staff truly going above and beyond their duties, supporting patients, supporting colleagues and really making a difference to people's lives.

Whilst the Covid-19 pandemic is at the forefront of everyone's mind, a great deal has happened in the Trust over the past year.

Foss Park Hospital, our new purpose-built 72 bed mental health hospital located on Haxby Road in York, opened in April 2020. It is a fantastic, modern hospital which will provide the highest quality of care for our local communities.

Foss Park is part of a wider transformation of services across our North Yorkshire and York Locality. During 2019 with Harrogate and Rural District Clinical Commission Group (CCG) and Leeds CCG to engage with local communities about the proposal to reinvest money in community services, focussing on supporting people at home whenever possible. This continues to progress.

In the past year additional funding has been secured to improve mental health crisis services for people living in County Durham, Darlington, Teesside and North Yorkshire and York. This funding will strengthen the services that are available for people in a mental health crisis and will help to reduce the impact on wider public services.

We are involved in a new service which will provide specialist mental health support to vulnerable young people within their place of education. We are also proud to have been awarded a contract to work with Spectrum Community Health CIC and Humankind to deliver integrated healthcare services at seven prisons in the North East.

Investment continues in our estates and building has started on the new community mental health hub for Hambleton and Richmondshire. The development will be located on the Kings Park site in Northallerton and will be a combined location for our adult mental health services, mental health services for older people, children and young people's services and learning disability services. A plan to invest in a new location for York Child and Adolescent Mental Health Services (CAMHS) community services as an alternative to Lime Trees is also in progress. Similarly, a plan to improve the CAMHS provision in Redcar by relocating is in process. These projects should be completed in 2021.

In June 2019 we appointed a contractor to address the construction defects identified at Roseberry Park in Middlesbrough, mentioned in previous annual reports. Work has now started in a phased approach.

Support for service users and carers remains an area we aim to continually improve. With the help of carers, we were awarded our second star in the National Triangle of Care Membership Scheme which recognises long-term commitment from mental health providers who are working to become more carer inclusive. We know there is always more to do but we were delighted to achieve this award.

We also held our first service users and carers' celebration event in December to showcase the involvement that takes place and to thank those undertaking this work. This was a great success and we are planning similar events in the future.

We continue to work with partners across the health, social care and voluntary sectors and to support this we launched the Right Care, Right Place programme. The programme will look at a whole system approach to delivering mental health services and will involve working across both health and social care. This will enable us to focus on community, inpatient and urgent care, and ensure these services work together to continually improve the experiences of patients.

The Trust has also engaged in the wider work on the developing Integrated Care Systems across the North East and North Cumbria and in Humber, Coast and Vale which includes North Yorkshire and York to ensure that mental health and disability services are firmly on the agenda.

Our people are at the heart of everything that we do. We want TEWV to be an organisation where everyone values each other and everyone feels valued. This will ultimately help us to provide outstanding patient care. To support this we launched our 'Making a difference together' programme this year. The focus is to support staff to maintain their health and wellbeing, promote a positive culture, develop our leaders, and ensure that people feel safe to speak up and to learn from and celebrate good practice. This year we also introduced our

first Trust-wide online conversations. These are safe spaces for staff to share their views about how we can make improvements in some key areas and helps us to make sure that everyone has a voice.

Looking to the future

The quality of our services along with the safety of the people who use them, and our staff, is our priority.

Our business plan fully supports the national priorities and we are committed to improving the quality of our services and increasing the value that we provide to service users, carers, partner organisations and commissioners. The key themes that underpin our plans for next year are:

- An overarching commitment to promoting recovery, including developing personalised care planning and trauma-informed care, provided by staff with the right skills and values and supported by digital technology
- A continuing focus on improving the quality of our services and ensuring that they are purposeful and productive
- A focus on supporting the whole health and social care system to work in a more integrated, effective and efficient way

The impact of Covid-19 will continue for the foreseeable future, with a long-lasting effect on our communities. This will bring new challenges to us all. We're also anticipating the impact that this will have on mental health services and the likely increase in demand. This is something that we will monitor closely and will be a key factor in future planning.

The current situation has also encouraged us all to work very differently and innovatively. This will continue as a key theme in 2020/21 through our digital transformation strategy. We will develop new processes and technology to improve the services that we provide to our service users and our staff. This year there was extensive work on Cito, an electronic system to support the patient 'journey' through personalised care planning. This will support staff to work in a way that has recovery and co-production at its centre. There is more work to do.

We are fortunate to work with committed staff and supportive partner organisations and commissioners. We also benefit from the expertise and experience of service users, carers and Governors. Together we will work towards achieving our goals and to provide the best possible care for the people who use our services.



Miriam Harte
Chairman
23rd June 2020



Colin Martin
Chief Executive
23rd June 2020

This annual report, including the annual accounts, has been prepared under a direction issued by Monitor under the National Health Service Act 2006.

The Performance Report

Overview of Performance

Purpose

The purpose of the performance report is to provide an overview of the Foundation Trust, our purpose, our strategic direction, including our vision, mission and strategic goals, the key risks to achieving them and information on how we have performed during the year.

Statement from the Chief Executive

2019/20 was a challenging year.

Despite the difficulties and pressures facing our organisation, we met our financial requirements and continued to improve against a number of key performance targets.

However, whilst the Care Quality Commission, in its report published in March 2020, rated us as 'good' in the effective, caring and well-led domains and highlighted a number of areas of outstanding practice, the regulator downgraded our overall rating to 'requires improvement' and applied the same grading in the areas of 'safe' and 'responsive'.



Colin Martin
Chief Executive

23rd June 2020

TEWV at a glance

Tees, Esk and Wear Valleys NHS Trust was created in April 2006, and became a Foundation Trust in July 2008 under the NHS Act 2006. In June 2011 we gained responsibility for services in Harrogate, Hambleton and Richmondshire and in October 2015 we took over the contract for Mental Health and Learning Disability services in the Vale of York.

As a Foundation Trust we are accountable to local people through our Council of Governors and are regulated by NHS Improvement and by the Care Quality Commission.

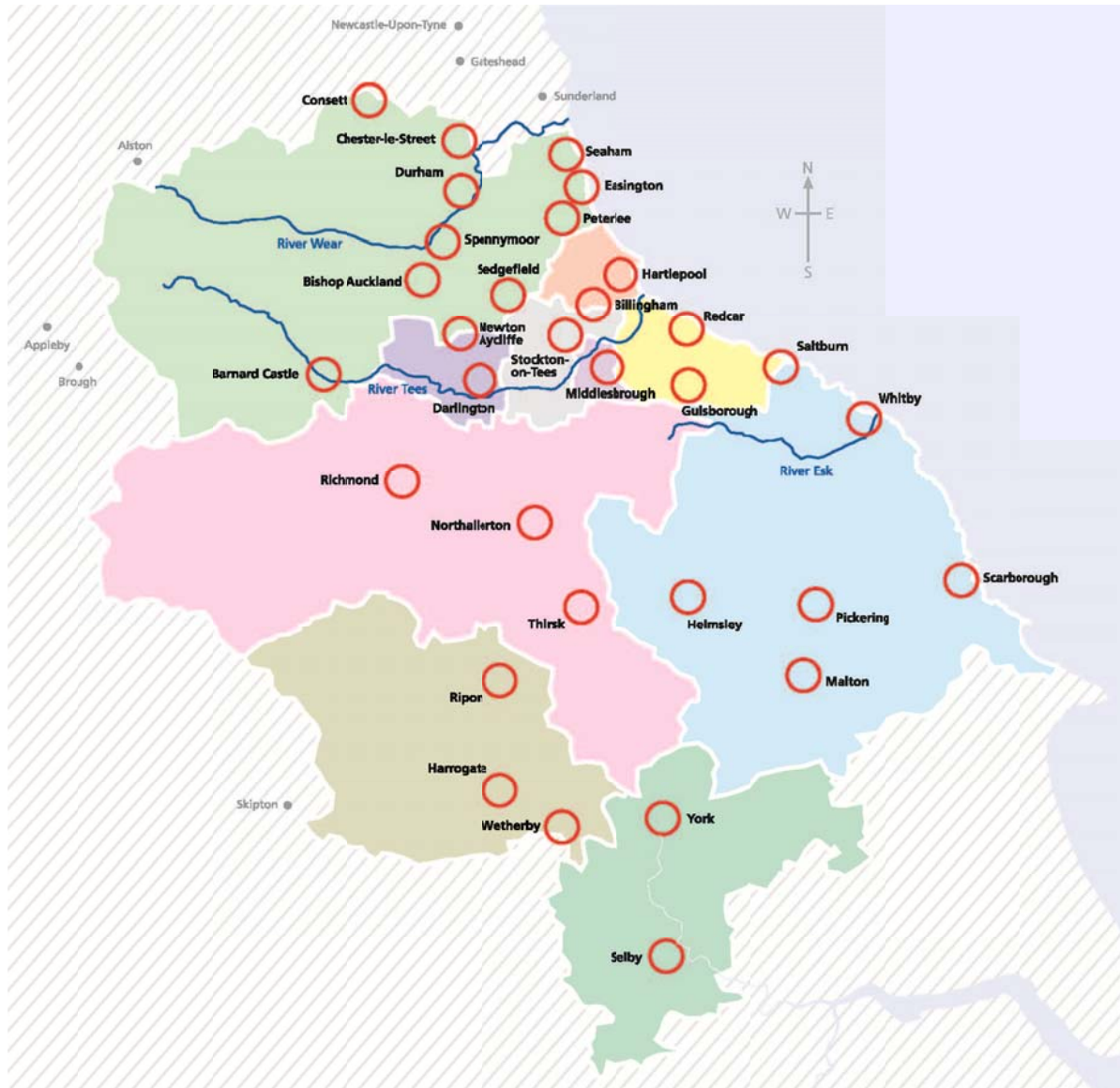
We provide a range of inpatient and community Mental Health and Learning Disability services for approximately two million people of all ages living in:

- County Durham
- Darlington
- The Teesside boroughs of Hartlepool, Stockton-on-Tees, Middlesbrough and Redcar and Cleveland
- North Yorkshire, including Scarborough, Whitby, Ryedale, Hambleton and Richmondshire, Selby, Harrogate and Ripon

- The City of York
- The Pocklington area of East Yorkshire
- The Wetherby area of West Yorkshire

Our Adult inpatient Eating Disorder services and our Adult Secure (Forensic) wards serve the whole of the North East and North Cumbria. We also provide mental health care within prisons located in North East England, Cumbria and parts of Lancashire.

The area we serve



The TEWV approach

Vision

The Trust's vision is:

“To be a recognised centre of excellence with high quality staff providing high quality services that exceed people’s expectations”

Mission

The Trust's mission is:

“To improve people’s lives by minimising the impact of mental ill-health or a learning disability”

Strategic Goals

The mission and vision drives our strategic and operational plans through five strategic goals – these are the things that drive our priorities:

- **To improve the quality of life of service users and their carers by working with them to provide excellent services**
- **To continuously improve the quality and value of our work**
- **To recruit, develop and retain a skilled, compassionate and motivated workforce**
- **To have effective partnerships with local, national and international organisations for the benefit of the communities we serve**
- **To be recognised as an excellent and well governed Foundation Trust that makes best use of its resources for the benefit of the communities we serve**

Diagram 1 (page 13) shows how our mission, which is recovery focussed, is underpinned by our strategic goals, strategic priorities, operational priorities and Quality Account priorities

Our Values

Commitment to quality

We demonstrate excellence in all of our activities to improve outcomes and experiences for users of our services, their carers and families and staff.

Respect

We listen to and consider everyone's views and contributions, maintaining respect at all times and treating others as we would expect to be treated ourselves.

Involvement

We engage with staff, users of our services, their carers and families, Governors, members, GPs and partner organisations so that they can contribute to decision making.

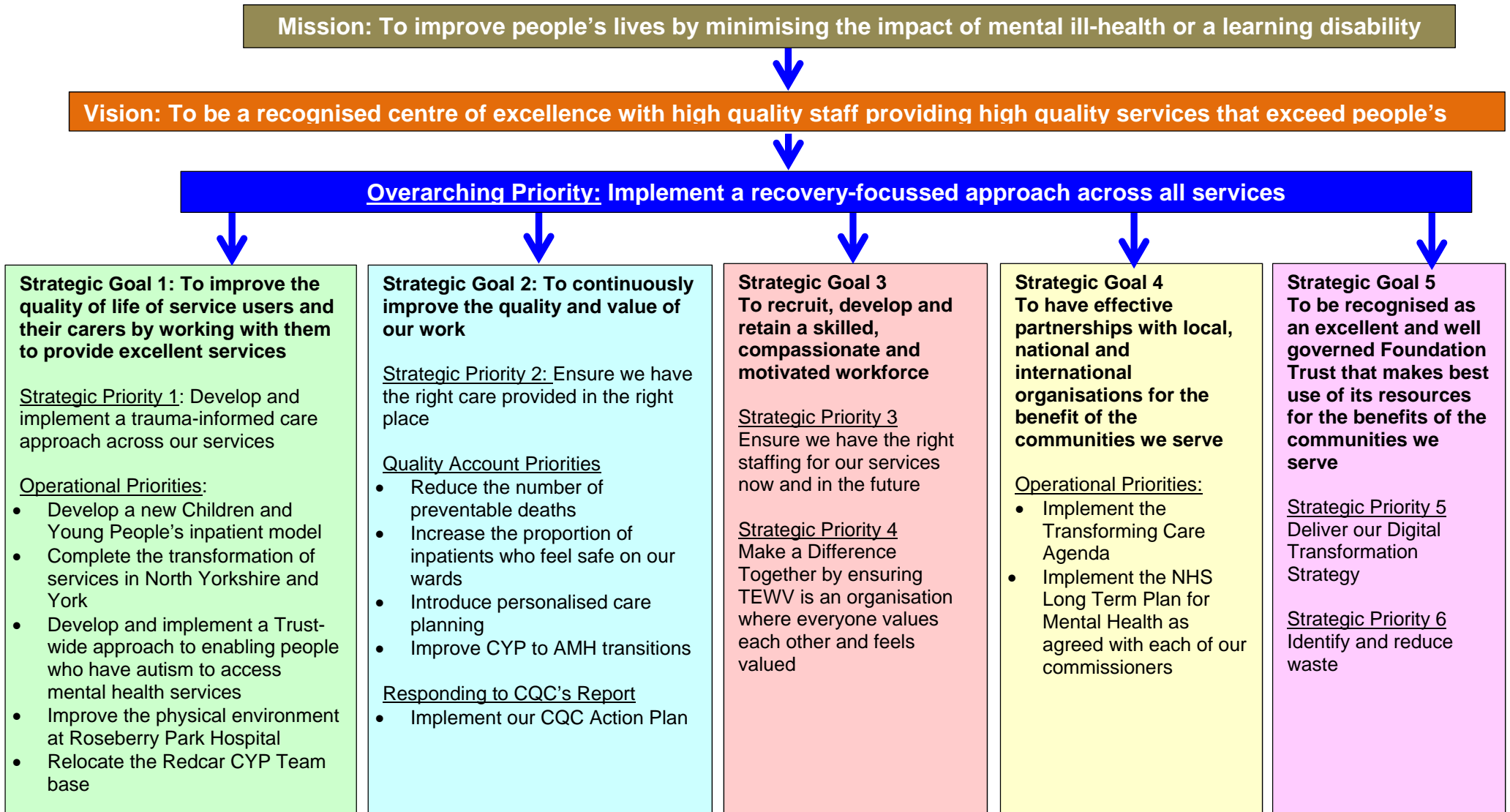
Wellbeing

We promote and support the wellbeing of users of our services, their carers, families and staff.

Teamwork

Team work is vital for us to meet the needs and exceed the expectations of people who use our services. This not only relates to teams within Tees, Esk and Wear Valleys NHS Foundation Trust, but also the way we work with GP practices and partner organisations.

Diagram 1 – TEWV Strategic Direction



The Trust has a number of strategies that set out our high level approach to achieving our strategic goals. These cover recovery, quality, workforce, leadership development, equalities, finance, digital transformation and data quality. Some of these are being implemented through Trust-wide programmes, linked to our business plan priorities (e.g. Recovery and Digital Transformation). Others are being driven forward by Trust-wide Steering Groups who ensure the strategies influence new policies and processes that change the way our core work is delivered.

Our business model focusses on delivering our mission and vision. The Trust assesses any opportunities to submit proposals for new business against a range of criteria to ensure that we do not divert resources from our core purpose unnecessarily.

Our Services

We provide a wide range of Community Mental Health and Learning Disability Services for people of all ages. Our services' role is to provide therapeutic and pharmacological treatments and other support to keep patients safe and to help them to achieve the recovery goals that they set for themselves.

The Trust's services are organised primarily on a Locality-basis, covering:

- Durham and Darlington
- Teesside
- North Yorkshire and York

There is a fourth directorate covering Forensic Services.

Clinical leadership is aligned through the Clinical Directors across four specialities which cut across the whole Trust area:

- Adult Mental Health Services
- Mental Health Services for Older People
- Children and Young People's Services
- Adult Learning Disability Services

Registration with the Care Quality Commission (CQC) and periodic/special reviews

Following submission of the Provider Information Request (PIR) on 17 July 2019, the Trust received notification of core service inspections commencing 23 September 2019. The CQC made the decision to inform the Trust of the date of inspection given the number of services they wished to include. The following core services were inspected during the week 23 September–3 October 2019:

- Forensic Inpatient/Secure Wards
- Long stay/rehabilitation mental health wards for working age adults
- Acute wards for adults of working age and psychiatric intensive care units
- Wards for people with learning disabilities or autism
- Mental Health crisis services and health-based places of safety

- Community based Mental Health Services for Older People
- Specialist Community Mental Health services for children and young people
- Wards for older people with mental health problems
- Specialist Eating Disorder Services

A 'Learning from Deaths' Review was also undertaken by the CQC on 22 October 2019, following which the Trust was provided with informal feedback that there were no immediate concerns raised.

In addition, the CQC undertook its inspection of whether the Trust as a whole is well-led on 5/6 November 2019. This included interviews with senior staff, focus groups, a review of documents and attendance at relevant governance and Board meetings.

The Trust received the draft report on 30 December 2019 and the factual accuracy response was submitted on the deadline of 14 January 2020. The CQC published their report and ratings on 3 March 2020.

The CQC's rating for each key domain overall was:



The Trust was changed to a 'Requires Improvement' rating overall with two elements being rated as 'requiring improvement' – 'Safe' and 'Responsive'.

Responding to the external environment

TEWV serves patients across a large geographical area that includes:

- A number of industrial and/or coastal towns with high deprivation levels
- Areas of former coal mining and iron ore mining which combine semi-rurality with high deprivation levels
- Sparsely populated, isolated rural areas
- Relatively affluent agricultural areas
- Pockets of urban and suburban affluence
- The largest concentration of armed forces personnel in the UK (Catterick Garrison)

Challenges for TEWV as a provider include how to:

- Balance the different needs and priorities of Commissioners while providing a consistent level of quality across the Trust
- Manage resources so that we can deliver effectively in urban and rural areas with different financial pressures
- Manage the changing demand for our services
- Respond to new national policy and guidance
- Make best use of new medical and information technology which opens up additional ways of delivering services

Key issues, opportunities and risks which could affect the Trust in delivering its objectives and/or its future success and sustainability

Potential changes to service models and the provider landscape

The NHS Long Term Plan published in January 2019 sets out how the NHS will use the additional funding allocated to it to meet the pressures that staff face and accelerate the redesign of patient care to future proof the NHS for the decade ahead. The Long Term Plan builds upon earlier guidance/policy documents, including Future in Mind, the Mental Health Five Year Forward View, and the Transforming Care for People with a Learning Disability guidance and guidance on the development of Sustainable Transformation Plans (STP)/ Integrated Care Systems

These documents highlight the importance of the following:

- The need to have parity of esteem for mental health and to develop new services which support the prevention and address inequalities in the wider health and social care economy
- The greater integration of services and how this can be achieved through new models of care, particularly in terms of services being integrated with Primary Care Services
- A reduction in the over reliance on inpatient services with more people being supported in the community

As the emphasis for NHS services has moved from working in competition to area based planning, the main changes to the landscape have included integration between planning and commissioning; and the development of new structures such as Integrated Care Systems (ICSs), Integrated Care Partnerships (ICPs) and Primary Care Networks (PCNs)

The Trust has created partnerships with its commissioners in order to increase the input of skilled clinicians and managers into decision making so that public money is used more effectively to achieve the goals of the NHS Long Term Plan.

These partnerships include:

- Durham, Darlington and Tees Mental Health and Learning Disability Strategic Partnership
- North Yorkshire Mental Health and Learning Disability Strategic Partnership

In addition the Trust has worked closely with the Cumbria, Northumberland, Tyne & Wear Foundation Trust and NHS England Specialised Services Commissioners to develop New Care Models for Adult Secure and CAMHS Tier 4 services. These developments have led to some significant changes in service provision which have ensured that care is provided as close to home as possible through for example, the creation of 24/7 CAMHS Crisis Teams and purchase of the Kooth, which is an on-line based early intervention and support system.

The national development of Provider Collaboratives to replace the New Care Models present further opportunity for providers to take a more system leadership role in commissioning. During 2019/20 it was agreed that Cumbria, Northumberland Tyne and Wear (CNTW) would lead the Children and Young People's provider collaborative for children and young people, and also for adult "tertiary" eating disorder services. TEWV will lead the Adult Secure provider collaborative across the North East and Cumbria. The expected go-live date for the provider collaboratives has now been postponed from 1 October 2020 as a result of the Covid-19 pandemic but there are no significant risks from this postponement for the Trust because the existing new care models governance structures can remain in place.

During 2019/20, the Trust engaged with three separate ICSs, but from 1st April 2020 all of the area served by the Trust's secondary care services is within the Humber, Coast and Vale or the North East and North Cumbria ICSs. This provides the opportunity for the Trust to focus its expertise in these two systems, in order to ensure the delivery of services to meet the needs of those with mental health condition, a learning disability or autism. It is critical that the Trust continues to play a significant role in these systems as they evolve to ensure that any risks to the delivery of its strategic direction are understood and mitigated.

At a more local level, the advent of Primary Care Networks is an opportunity for the Trust to advance integration at a local level. The Trust is increasing the number of staff embedded in GP practices or who work actively with our voluntary sector partners. Our Right Care Right Place Programme underpins these developments and forms the basis on which we can build further in the future.

During 2019/20 the Trust continued to engage with stakeholders in the Harrogate and Selby areas of North Yorkshire, the City of York and the town of Wetherby about how services could be best transformed to improve patient care. Following significant engagement with service users, carers, Governors, staff and wider stakeholders a plan was agreed with the relevant CCGs, for people to access the new purpose built Foss Park Hospital, in York, which opened in 2020. In addition to the new hospital, community teams will now operate at an enhanced level in order to ensure as much care as possible is provided in the community thereby reducing the need for an admission into a hospital bed.

The Trust continues to deliver mental health services to prisons across the North East, Cumbria and northern Lancashire in conjunction with voluntary sector partners. A NHSE tendering process during 2019/20 resulted in confirmation that TEWV will continue to provide support into these prisons for the next seven years as part of a partnership with Spectrum and Humankind.

TEWV's new contract to provide support for criminal justice mental health liaison in York and North Yorkshire went live at the start of 2019/20, and so this has been the first year where TEWV has provided this service across the whole of our delivery footprint.

The NHS Long Term Plan

The NHS Long Term Plan published in January 2019 and the subsequent (July 2019) NHS Mental Health Implementation Plan 2019/20 – 2023/24 sets out how the NHS will use the additional funding allocated to it to meet the pressures that staff face and accelerate the redesign of patient care to future proof the NHS for the decade ahead. The Long Term Plan builds upon earlier guidance/policy documents, including Future in Mind, the Mental Health Five Year Forward View, and Transforming Care for People with a Learning Disability guidance and guidance on the development of Sustainable Transformation Plans (STP)/Integrated Care Systems. The Interim People Plan and the Mental Health Community Framework are also key policies which the Trust is taking into account in its planning for the future.

These documents highlight the importance of the following:

- The need to have parity of esteem for mental health, including commissioners meeting the minimum investment standard for mental health and to develop new services which support the prevention and address inequalities in the wider health and social care economy
- The greater integration of services and how this can be achieved through new models of care, particularly in terms of services being integrated with Primary Care Services and community-based organisations and assets
- A reduction in the over reliance on inpatient services with more people being supported in the community
- A system-wide response to prevention and early intervention, which requires greater emphasis on place-based planning
- Developing new staff roles such as Physician Associates, Nursing Associates and Peer Support Workers
- Provider Trusts working with educational providers to increase the numbers of staff being trained to be the health professionals of the future

However there are also a number of risks linked to the key policy drivers.

The need to ensure parity of esteem nationally is welcome, as is the additional resource that has been identified to support the delivery of the Mental Health

elements of the Long Term Plan. However there are number of risks associated with this. Firstly, whilst CCGs may allocate resources to mental health that meet the national Mental Health Investment Standard, this may not be used to deliver the requirements within the guidance but to meet other demands such as increasing Continuing Health Care expenditure for those people with a mental health condition, a learning disability or autism. This could result in key new services not being available at the anticipated levels. Furthermore there is a risk that the workforce required to implement the ambitions within the Long Term Plan is not available or that it leads to a reduction in the workforce in 'core' services as staff are attracted to 'new cutting edge services'.

The continued drive within the policy document to improve access to services, for community, crisis and inpatient services, is also welcome and indeed the Trust has prioritised access to services for a significant number of years. We already provide 24/7 crisis care for working age adults for example, and our waiting times for CAMHS services are better than the national average in most areas. However there remain risks that the national targets do not reflect the starting points of services; that the national construction of the targets is not in line with local service models; and the national targets are not achievable due to a shortage in staff with appropriate skills. This latter risk crystallised in 2018/19 and 2019/20 where the Trust's use of agency workers was above target and although effective mitigations are now in place, clinical workforce supply (from medics to health care assistants) risks remain one of the most significant challenges for the Trust in the years ahead.

The drive for integration of services and the development of larger planning footprints via Integrated Care Systems described above has gathered pace. Whilst planning on larger footprints is essential for some services, such as inpatient and more specialist services (e.g. perinatal services), for the vast majority of services delivered by mental health providers it is often more appropriate to plan and deliver on much smaller footprints. As described above, the changes in ICS boundaries made in April 2020 now place the Trust's North Yorkshire and York services wholly within one ICS (Humber Coast and Vale) with Tees Valley/Durham services wholly within the North East and Cumbria ICS. This reduces some of the ICS related risks, but the Trust still faces complexity because the new CCG and Integrated Care Partnership boundaries in County Durham, Darlington and Teesside are not coterminous with current patient flows.

The integration of services also creates risks that mental health and learning disability services might suffer due to the focus being prioritised on other health services. However, it may also provide opportunity to ensure that people's mental health is considered alongside their physical health problems, particularly in terms of people with long-term conditions which often have a psychological impact. The Trust anticipates that the differences in premature mortality rates between people with a mental health condition and the general population will become a major system-wide challenge over the coming years and it is co-leading work to address this in the North East and North Cumbria ICS.

Whilst the Trust is supportive of the need to ensure that there is not an over reliance on the use of inpatient beds there is a risk that the number of beds are reduced prior to appropriate alternatives being available in the community. This continues to be a significant risk in terms of our learning disability services where, in order to discharge

patients, significant care packages are often required in the community. In addition there is a risk that the remaining beds become financially unsustainable.

In March 2020 the Covid-19 crisis precipitated increased discharges from Adult Mental Health and Older People's beds and together with a reduction in admissions resulted in a consequent fall in bed occupancy. Initial indications suggest that these changes have been mostly beneficial in terms of the intensity of care and therapeutic interventions experienced by inpatients. In our 2020/2021 Annual Report we will be able to comment on whether these new lower bed occupancy rates have been able to be sustained due to greater emphasis on intensive service user support of vulnerable people at risk of admission in the community.

In response to the above risks and uncertainties:

- The Board continues to keep abreast of changes to the wider environment and the implications of the key external environmental drivers such as the Long Term Plan, Community Framework and the Learning Disability Transforming Care agenda and has taken them into consideration in developing its Business Plan
- The Trust has active engagement in the North East and North Cumbria and Yorkshire and Humber Transforming Care Boards and continues to work with commissioners on the development of a robust learning disability community model that will allow more individuals to be cared for in the community whilst also ensuring that the required number of inpatients beds can be provided in a financially sustainable way
- The Trust continues to work with commissioners to ensure that the national Mental Health Investment Standard is met. A ring-fenced approach to the total mental health and learning disability commissioning budget, linked to the Strategic Partnerships, has been agreed with the CCGs
- The Trust has worked with commissioners to draw up investment plans to support the implementation of the Long Term Plan. This includes for example investment to improve crisis services. These plans include an increase in geographical coverage of voluntary-sector run "safe havens" across North Yorkshire, and the development of crisis peer support in Durham and the Tees Valley, which will be implemented during 2020/21
- The Trust has invested resource from our Strategic Change Fund into the development of Trust-wide programmes of change, focussed on Recovery, Trauma Informed Care, Right Care: Right Place, Right Staffing, Making a Difference Together, Digital Transformation and Waste Reduction
 - The Recovery programme is helping the Trust re-orientate its services towards maximising service user wellbeing, including coproduction and personalisation of care planning, the development of peer support workers and recovery colleges
 - The Trauma Informed Care programme is helping all Trust services better understand the role of trauma in mental illness and how to use

this understanding to provide more therapeutic environments and interventions

- The Right Care Right Place programme is engaging with Primary Care Networks, local authorities and the voluntary /community sector to produce jointly owned visions for the future of crisis, community and inpatient services and developing plans to ensure we achieve these
- The Right Staffing programme has helped us to reduce our agency spend and is helping to develop our workforce to meet future challenges and ways of working
- The Making a Difference Together programme is ensuring that the whole organisation works together as one to deliver the Trust's Strategic Direction, including supporting staff wellbeing and ensuring we consistently have the right culture across the organisation
- The Digital Transformation programme is making sure that the Trust uses technology effectively to improve the efficiency and effectiveness of our services and access for service users. This included a pilot of Attend Anywhere (video conferencing system for service user – clinician meetings) which was successfully piloted in parts of North Yorkshire and then rapidly rolled out to the whole Trust in March 2020
- Our Waste Reduction programme ensures that the Trust identifies and eliminates activities and process that add insufficient value so that we can continue to be financially sustainable and invest in service developments and estate improvements

The Financial Challenge

The successful delivery and development of the services we provide depends on us maintaining our strong financial performance. However there are some risks to this:

- The NHS England commitment that Mental Health Funding will grow, as an overall share of the NHS Budget over the next four years, is a key priority for the 10 year Plan. In financial terms this commitment to the Mental Health Investment Standard means each CCG must provide the equivalent of their overall CCG Allocation Growth for each year into mental health services plus an additional (1.7%) on top of growth for the financial year 2020/21; however this may not all be invested in implementation of the Long Term Plan if there are pressures in other areas such as Continuing Health Care
- Whilst funding for NHS services has been ring-fenced, this is not the case for our partners, for example, Local Authorities. The savings they are required to make will create financial pressures for us going forward
- There is also a financial risk linked to the NHS expectations of annual efficiency. The national productivity requirement was again 1.1% for 2019/20. This will help the Trust as it reduces our annual requirement to find new savings but will still

be challenging in light of the new services the Trust will be required to deliver as part of the Long-Term Plan

To seek to mitigate these risks we will:

- Invest in digital transformation as a means of improving efficiency in the future
- Continue to improve the productivity of our services using our well established Quality Improvement System
- Continue to work with partners to seek to develop ways of providing services which meet the needs of each organisation whilst maintaining service quality
- Continue to assess and monitor the impact of proposals for efficiency savings to ensure that they do not impact adversely on the quality of our services

Our excellent reference costs and strong track record on financial delivery mean that we are in a relatively strong position to respond to the challenges above.

Recruitment and Retention of Staff

The Trust continues to be challenged in recruiting sufficient healthcare professionals in a range of different posts. Our ability to access the right number and quality of clinical staff has been identified as being a key workforce risk for the Trust.

Targeted recruitment campaigns, tailored to each Locality and service are a common feature of our approach along with the significant increase in using social media to connect and engage with the employees of the future. As a consequence, our recruitment fill rates continue to improve slightly on the previous year

We have seen a slight increase to our overall turnover rate though nursing and healthcare assistant turnover rates reduced during 2019/20. An analysis of the data suggests that the largest single reason for leaving was retirement. The introduction of a new flexible working procedure, complemented by the development of a 'retire and return' scheme, has seen the numbers of staff retiring and then returning to the Trust increase.

In response to the concerns about healthcare professional recruitment and retention, the Trust is:

- Regularly reviewing and updating its recruitment and retention action plan. Progress made with implementation of key actions is reported to the Trust's Right Staffing Programme Board and the Resources Committee of the Board of Directors
- Identifying and implementing new and innovative recruitment processes and incentives, tailored to the needs of the different services. Examples have included a greater use of social media, localised leaflet drops, targeted recruitment fairs and enhancing working relationships with higher education institutes

- Seeking better understanding of the reasons why staff leave the Trust and, through this, identify the actions that we can take to reduce labour turnover where it is linked to staff experience
- Implementing and evaluating measures to help improve the supply of temporary staffing. The Trust now manages its own supply of agency workers, in line with national procurement and agency guidance, and is seeking to improve the experiences of temporary workers and the quality of information that is shared with services about temporary staffing
- Developing new roles and career paths within the Trust, including the introduction of the national Nursing Associate role, Physicians Associates and Advanced Clinical Practitioner roles
- Using a crowdsourcing platform to engage staff in conversations about key issues arising from the 2018 staff survey results. The feedback provided by staff through the crowdsourcing conversations in 2019/20 has enhanced our understanding of the staff survey results and generated a number of new actions in response
- Seeking to improve the work experiences of staff within protected characteristic groups by consulting with them about what the most important actions are that ought to be taken to eradicate discrimination, promote good relationships and advance equality of opportunity. The outcome of this consultation has been the development of a new Equality, Diversity and Human Rights Strategy that is now being implemented
- Supporting the work of Integrated Care Systems by contributing to collective workforce modelling and planning activities.

The impact of Brexit upon the NHS workforce is not yet clear and the Board will be keeping this issue under close scrutiny, particularly in terms of its possible effect on our ability to recruit and retain staff.

Demography and Demand

Demographic change and changes in demand are risks for the Trust because:

- The block payment nature of our contracts means that our income does not automatically rise as activity increases
- Changes in the pattern of demand might result in the current pattern and location of resources (such as staff or beds) becoming misaligned with need

The Trust includes predicted changes in referrals amongst the information used in developing its Business Plan. We have, therefore, factored in the likely increase in the number of under 18s and over 65s in the coming years, alongside a static 18-65 population into our plans. We have increased the sophistication of our statistical modelling of referral, caseload and activity projections and carried out periodic deep dives/demand and capacity reviews into specific services to fully understand the causes of increased demand and/or deteriorating waiting times.

However, referral patterns can also change due to changes in GP practice, economic shocks and changes in public attitudes to mental health. At the end of the period covered by this annual report, as a result of the Covid-19 pandemic, schools were closed, GPs moved to video and telephone triage and consultations and there were public perceptions that the NHS was closed other than for Covid-19 treatment. This led to a drop in referrals for many services we provide. The Trust's annual report for 2020/21 will give more detail on how predictions of need and demand for our services have been produced and checked regularly against key data such as referrals and waiting times, including the impact of the Covid-19 pandemic.

Through our positive relationships with our commissioners we ensure that increases in referrals can be considered during contract negotiations, and in-year peaks in need or demand for services mitigated by additional financial or non-financial support.

Capital Development

Roseberry Park Hospital in Middlesbrough was an operated healthcare facility under the Private Finance Initiative (PFI) that opened in March 2010. The PFI contract was terminated on the 27th September 2018.

There have been a range of issues associated with the hospital and the Trust is now engaged in a process to agree the level of compensation on termination of the PFI contract with the appointed liquidators.

After a competitive tendering process, the Trust (through its Construction Framework) appointed Interserve as its Main Contractor to undertake the rectification works of Blocks 5 and 10 and the construction of a decant block (Block 16) to assist in the moves required within the forensic element of the site.

Works commenced on the three blocks in September 2019 with Blocks 10 and 5 programmed to be completed in September and October 2020 respectively and Block 16 in December 2020.

Foss Park Hospital, our new purpose-built mental health hospital in York, opened on Tuesday 21st April 2020. The building was inspected and approved virtually by the Care Quality Commission before opening. The opening happened a week ahead of plan, despite the challenges being faced at the time. The hospital is a 72-bed hospital providing two adult single-sex wards and two older people's wards (one for people with dementia and one for people with mental health conditions such as psychosis, severe depression or anxiety). The hospital also has a Section 136 assessment suite, an electroconvulsive therapy suite and dedicated space for research and development. The Adult and Older People's Crisis Teams and the Care Home Liaison and Dementia Teams will also relocate to Foss Park.

The project to build Foss Park was started in 2016 and our aim was to build an innovative, cutting-edge hospital that provides the highest quality of care for our local communities – and challenges the traditional views of a typical mental health hospital. More than 50 workshops involving service users, carers and clinical staff were used to inform the design of the build and to improve our understanding and

awareness of their needs. Service users and carers were also part of the working group which proposed the hospital site and ward names.

Covid-19

The Coronavirus pandemic had a major impact on the Trust as the year ended.

A range of actions were taken to mitigate the consequential risks including mobilising all our resources; introducing interim arrangements to support agile decision making whilst also maintaining assurance on the quality and safety of services; and supporting staff through the challenges they faced.

The positive response of staff was overwhelming with many working above and beyond expectations.

However, the pandemic also resulted in work on a number of corporate functions and priorities being paused as staff were redeployed to support clinical services within TEWV and the wider NHS. This means that there are some gaps in end of year data in this document, and accounts for some (though not all) delays in achieving our 2019/20 improvement

We are reflecting on the changes introduced in response to pandemic and the benefits that they might continue to provide going forward.

Regulatory requirements

We fully support the NHS providing high quality healthcare. It is what both we expect of ourselves as well as what patients and carers expect from us. Nevertheless there is a risk that we might not achieve the standards set by the Care Quality Commission in all services all of the time.

To address this risk we have strengthened our governance arrangements and undertake regular self-assessments to ensure that, when shortcomings are identified, they are dealt with.

The Board, acknowledging the events in 2019 which led to the closure of the CAMHS inpatient wards at West Lane Hospital by the CQC, is not fully assured that the Trust's governance structures, risk management arrangements and assurance and escalation processes are as effective as is required. The following actions have been taken in response:

- The West Lane Project Committee has been established. Its Terms of Reference include the commissioning and coordinator of reviews to support the strengthening of the Trust's structures, systems and processes including governance arrangements
- An independent governance review has been commissioned (findings awaited)

Governance

In response to focussing efforts on Business Continuity Planning, ensuring social distancing during Covid-19 and in line with national directive guidance, the Trust took

the decision to stand down a number of existing strategic level Quality and Safety meetings for a period of time.

In their place a Gold-Silver-Bronze command structure has been introduced together with interim arrangements for quality and safety to ensure a level of assurance can continue to be provided to the Board.

Gold Command (comprising the Board's Executive Directors) provides the strategic management of the Covid-19 pandemic response.

At a tactical level (Silver Command) eight 'cells' have been put in place each with an identified Lead Director and appropriate membership to enable effective functionality. The remit of the quality and safety cell is to maintain quality and safety whilst responding to the challenges posed during the Covid-19 pandemic through four key elements of a quality cycle:

1. **Insight** - Identify and review agreed quality and safety intelligence
2. **Involve** - Seek clarity / explanations from services and other key stakeholders
3. **Improve** - Agree relevant actions to be taken to mitigate risk/ improve outcomes & performance
4. **Inspire** - Identify & share learning and good practice internally & externally

At the operational (Bronze) level, a number of quality and safety indicators have been agreed for routine monitoring and reporting within these arrangements from ward/team to Board level. A weekly operational performance and quality dashboard has also been developed.

A revised approach to the Quality Assurance Committee (QuAC) meeting was also agreed, known as the Agile QuAC. This was developed to ensure that the Board gain assurance on the critical areas whilst minimising the request/impact on operational services for information/assurance.

Once business continuity arrangements are stepped down, and in line with the governance review requested by the Trust, there are opportunities to work in a more agile way, using more 'real time' data and timely escalation from ward/team to Board.

Going Concern

Through the financial statements and financial performance indicators the Trust can demonstrate a strong underlying financial position.

The 2020-21 annual plan provides for a surplus of £2.8m (0.7% of turnover) and reflects a significant level of non-recurrent expenditure. The Directors' view is that the Trust is a going concern and can make the disclosure as recommended by the accounting standards board that:

"After making enquiries the Directors have a reasonable expectation that the Tees, Esk and Wear Valleys NHS Foundation Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts".

Emergency Planning and Business Continuity

All Trusts have a duty to prepare for emergencies, maintain plans for preventing emergencies and for reducing or controlling the effects and returning to business as usual as soon as possible.

In order to give assurance that it has addressed this duty the Trust has developed a comprehensive management framework which addresses NHS England's Core Standards for Emergency Preparedness, Resilience and Response.

An annual report is taken to Audit and Risk Committee and the Board of Directors to provide evidence of the annual self-assessment process covering the core standards prior to the submission to Local Health Resilience Partnerships.

Human Rights

The Trust has recently been awarded a grant from the Health Foundation to work with the British Institute of Human Rights to embed a rights based approach to decision making within the Trust's Recovery programme. This work builds on work previously carried out with the Early Intervention in Psychosis Teams. The Trust believes that a Human Rights based approach to decision making within our organisation will support us to:

- Provide a legal framework for services to support our ability to share decisions with service users and carers
- Consider human rights within the process of decision making, ensuring if we are in a position where we need to restrict an individual's Human Rights, the action is least restrictive and proportionate to the situation
- Provide the organisation, teams and services with a framework to better support the implementation of a harm minimisation approach to managing risk and supporting safety in the least restrictive way
- Reduce avoidable iatrogenic harm caused by services (i.e. harm inadvertently caused to a patient due to the way in which clinical services provide assessment and treatment to them)
- Promote empowerment and reduce disempowerment of individuals accessing our services

How we performed in 2019/20

How we measure our performance

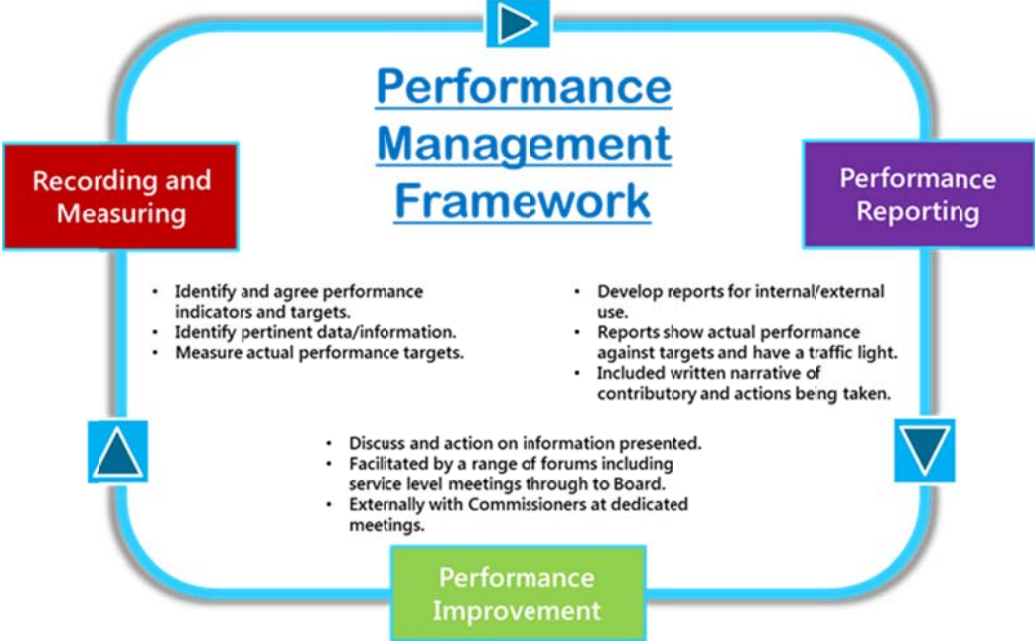
Each year the Board of Directors sets a number of stretching targets (key performance indicators) for the Trust to work towards as part of its commitment to year-on-year improvement. This is undertaken as part of the annual business planning framework.

The key performance indicators are reported within a “dashboard” which provides a high level overview of operational delivery throughout the financial year. This report is produced monthly specifically for our Board of Directors to give it assurance that the Trust is continuing to deliver operationally. We also make it available to our service users and carers, the wider public and commissioners and it is presented and discussed with our Council of Governors once a quarter. The Board of Directors deliberately set aspirational and stretching targets in recognition of our vision to provide excellent services that exceed people’s expectations.

The Board of Directors discusses the “Trust Dashboard” each month in terms of areas of good practice but also areas where improvement is needed. If there are any areas where the Trust is significantly underperforming the Board of Directors may request further analysis and/or an action plan if it feels this is necessary, for example a detailed analysis of Readmissions within 30 days was requested and presented to the board during 2019/20. If the Board of Directors identifies any trends which could impact on the Trust and operational delivery then this would be escalated through the Risk Management processes.

TEWV measures performance via a number of ways. While the Trust Dashboard is critical in monitoring performance, it is only one part of an overarching performance management framework that supports delivery of high quality care. Other examples of performance dashboards include the “strategic direction performance report”, “Positive and Safe Dashboard” and “Quality strategy scorecard” where we measure progress against the strategic goals we have set. Our “commissioner reports” demonstrate progress against the key performance indicators agreed in our contracts

These dashboards help us to manage and continuously improve the quality of care we deliver as part of our integrated performance management framework. This is a key control for managing risk and forms a continuous cycle of performance improvement, as shown in the diagram below.



The Trust is currently developing a new Performance Management Framework (PMF). This framework will help any TEWV employee, manager or Board member;

any partner of TEWV or any regulator to gain an overall understanding of TEWV’s approach to Performance Management and how it underpins the delivery of high quality services. The framework will ensure the Trust continues to reflect best practice and utilise the most effective tools available. This includes the development of Statistical Process Charts (SPC) to understand trends in data and whether improvement or deterioration has in fact occurred. The document is also being designed to help managers, at all levels of the organisation, understand their role in improving quality and the corporate support available to them to ensure they are as effective as possible in how they do this.

Performance against key targets

The following table is the Trust’s dashboard of key performance indicators for 2019/20. The Board received a monthly performance report during 2019/20 which contained performance against this range of indicators.

Note: Due to the unprecedented situation, the two outcomes KPIs, detailed below, are reporting data from April 19 – February 20 only. These were not reported during March 2020 as their production has not yet been automated and all efforts had been diverted to manage the Covid-19 situation.

- The % teams achieving the agreed improvement benchmarks for HoNOS (clinical outcome measure) total score
- The % teams achieving the agreed improvement benchmarks for SWEMWBS (patient reported outcome measure)

1.Quality	2019/20 Actual	2019/20 Target	2018/19 Actual	Change on 18/19	Improvement / Deterioration on 2018/19
Percentage of patients who were seen within 4 weeks for a first appointment following an external referral	83.53%	90.00%	86.82%	-3.29	↓
Percentage of patients starting “treatment” within 6 weeks of external referral	61.37%	60.00%	54.82%	6.55	↑
The total number of inappropriate Out of Area Placement days over the reporting period (Rolling 3 months)	2,367	2,037	1,361	1,006	↓
Percentage of patients surveyed reporting their overall experience as excellent or good	91.71%	94.00%	91.41%	0.30	↑
The percentage of Serious Incidents which are found to have a root cause or contributory finding	37.90%	32.00%	N/A	N/A	New KPI 19/20
The % teams achieving the agreed improvement benchmarks for HoNOS (clinical outcome measure) total score	60.60%	67.25%	59.41%	1.19	↑
The % teams achieving the agreed improvement benchmarks for SWEMWBS (patient reported outcome measure)	68.70%	78.25%	67.38%	1.32	↑

2.Activity	2019/20 Actual	2019/20 Target	2018/19 Actual	Change on 18/19	Improvement / Deterioration on 2018/19
Number of new unique patients referred	87,724	N/A	83,472	4,252	N/A
The number of new unique patients referred with an assessment completed	50,286	N/A	51,553	-1,267	N/A
Number of new unique patients referred and taken on for treatment	20,775	N/A	18,742	2,033	N/A
Number unique patients referred who received treatment and were discharged	34,321	N/A	27,682	6,639	N/A
Bed Occupancy (AMH & MHSOP Assessment & Treatment Wards)	91.72%	90%	93.06%	-1.34	↑
Number of patients occupying a bed with a length of stay (from admission) greater than 90 days (AMH & MHSOP A&T Wards (Snapshot)	51	61	48	3	↓
Percentage of patients re-admitted to Assessment & Treatment wards within 30 days (AMH & MHSOP)	25.73%	23%	22.86%	2.87	↓
3.Workforce	2019/20 Actual	2019/20 Target	2018/19 Actual	Change on 18/19	Improvement / Deterioration on 2018/19
Vacancy Rate (Healthcare Professionals only)	12.18%	6.50%	N/A	N/A	New KPI for 2019/20
Percentage of staff in post more than 12 months with a current appraisal	87.00%	95.00%	92.32%	5.32	↓
Percentage compliance with mandatory and statutory training	92.64%	92.00%	93.23%	0.59	↓
Percentage sickness absence rate (month behind)	5.42%	4.40%	5.03%	0.39	↓
4. Money	2019/20 Actual	2019/20 Target	2018/19 Actual	Change on 18/19	Improvement / Deterioration on 2018/19
Delivery of our financial plan (I and E) (- equates to a surplus; + equates to a deficit)	16,119,449	-5,845,000	-58,365,473	74,484,922	↓
CRES delivery	12,116,139	9,898,992	6,479,880	5,636,259	↑
Cash against plan	76,914,455	54,409,000	72,728,808	4,185,647	↑

Arrows indicate improvement (↑) or deterioration (↓) on previous year, when N/A this indicates a KPI has changed, or is new, so no comparison can be made.

Notes

Percentage of patients who were seen within 4 weeks for a 1st appointment following an external referral: the Trust position for the financial year is 83.53% which did not meet the annual target of 90.00% and was a deterioration on the

annual outturn for 2018/19 which was 86.82%. Where there are areas of concern, plans are in place to address these as far as possible. Analysis of patterns and trends has been completed using SPC charts

The total number of inappropriate Out of Area Placement (OAP) days over the reporting period (rolling 3 months): this indicator measures the number of days a patient spends in a hospital within the Trust that is not the one to which we would expect them to have been admitted due to no beds being available in the hospital we would have expected them to have been admitted to. The Trust position for the financial year is 2367 days, which did not achieve the annual target of 2,037. Action plans are in place to reduce the number of inappropriate out of area admissions and this was being monitored and discussed across all levels of the organisation on a daily, weekly and monthly basis.

Percentage of patients surveyed reporting their overall experience as excellent or good: the Trust position for the financial year is 91.71% with did not meet the annual target of 94% %. This is similar to the 91.41% outturn recorded for 2018/19. Work continues within each Locality to review feedback from service users in order to identify actions that can be taken to improve the experience of those people who use our services.

The percentage of Serious Incidents which are found to have a root cause or contributory finding: the number shown as a target is the maximum level of serious incidents (SIs) which have a root cause or contributory finding that we would expect to see rather than a target number we are trying to achieve. The Trust has underperformed against this indicator with a level of 37.90%. The Patient Safety Team has analysed all the reports of the SIs and identified no particular patterns or themes.

The percentage of teams achieving the agreed improvement benchmarks for HoNOS total score: this is a clinical outcome measure; an improvement in HoNOS is shown by an increase in the patient's actual HoNOS score. The change is identified by comparing the first HoNOS score calculated on admission, and the score on discharge. The Trust position for the year April 19–February 20 is 60.60% which did not meet the target of 67.25% but is an improvement on the 2018/19 outturn. Work continues with the services to improve the position and the Trust has established a Trust-wide all speciality clinical outcomes group to drive further improvement.

The percentage of teams achieving the agreed improvement benchmarks for SWEMWBS: this is a patient reported outcome measure; an improvement in SWEMWBS is shown by an increase in the patient's actual SWEMWBS score. The change is identified by comparing the first SWEMWBS score calculated on admission, and the score on discharge. The Trust position for the year April 19-February 20 is 68.70% which did not meet the annual target of 78.25% but is an improvement on 2018/19. Work continues with the services to improve the position and the Trust has established a Trust-wide all speciality clinical outcomes group to drive further improvement.

Percentage of people re-admitted to Assessment & Treatment wards within 30 days (AMH & MHSOP): the Trust position for the financial year is 25.73% which did not achieve the annual target of 23%. The circumstances of the readmissions have been investigated and all were attributable to the severity of the symptoms and personal circumstances of the patients concerned.

Vacancy Rate (Healthcare Professionals only): This measures the total number of advertised vacancies against the total number of budgeted staff; however it is important to note that not all posts will be vacant as a number of post holders will be working their notice periods. The Trust position for the financial year is 12.18%, which did not meet the annual target of 6.50%. North Yorkshire and York are reporting the highest vacancy rate. A Right Staffing Agency dashboard was implemented in the year to monitor the usage of agency staff; this supports operational services to monitor vacancies more effectively.

Percentage of staff in post more than 12 months with a current appraisal: the Trust has under-performed against the 95% target with an outturn of 87%. The use of operational management huddles is now embedded across the Trust which includes discussions on appraisal compliance levels; it is hoped this will have a positive impact on performance levels being achieved in future years.

Percentage sickness absence rate: the Trust has under-performed against the 4.50% target with a performance level of 5.42%. This is a deterioration in performance compared to the 2018/19 position of 5.03%. The new Occupational Health service provider commenced on 1st December 2019. The new provider offers a streamlined online process for referring staff requiring an Occupational Health review. Staff are offered an appointment quickly and management reports are available within a few days through the online portal. This means that any support required to enable the member of staff to return or remain at work can be actioned as quickly as possible. Staff are able to access a confidential 24 hour support service to seek help on a range of issues. We have jointly procured the Occupational Health service in partnership with Cumbria, Northumberland, Tyne and Wear (CNTW) NHS Foundation Trust and Solutions which offers opportunities to learn from one another about improving the management of sickness absence and, to share initiatives/practice from each organisation. The Sickness Absence Management Procedure is currently being reviewed and a revised procedure is currently being considered by the Policy Working Group, it's envisaged a finalised procedure will be signed off by the Trust's Joint Consultative Committee (JCC) in September 2020.

Delivery of our financial plan (I and E): The Trust achieved and delivered its financial target (control total) set for 2019/20. For the period ending 31 March 2020 the comprehensive income outturn, after adjustments for impairments and prior year provider sustainability (PSF) adjustment, was a surplus of £11.384m, representing 3% of the Trust's turnover, and was £5.899m ahead of the annual NHSI plan. For annual accounts purposes the Trust reported deficit was £16,119k (as shown in the table above) as it includes a modern equivalent asset revaluation (MEA) impairment of £27.628m and prior year PSF allocation of £0.125m. These are technical accounting adjustments and are excluded when measuring control total performance.

CRES Delivery (snapshot): Identified Cash Releasing Efficiency Savings at 31 March 2020 was £12.116m and was £2.217m ahead of plan at the financial year end. The Trust continues to identify schemes for future years.

Cash against plan: Total cash at 31 March 2020 was £76.914m; this was £22.505m ahead of plan and was largely due to higher than anticipated creditor accruals where invoices have not been received by the Trust, delays within the capital expenditure plan, additional mental health support funding from NHS Improvement and the Trust surplus being higher than planned.

Performance against key health care targets

The Trust monitors a range of key health care targets which include those set internally by the Board of Directors, those set externally as part of the mental health contracts with Commissioners and the national ones within the NHS Oversight Framework (NHSOF). This section will focus on the national ones within the NHSOF, which are internally reported to the Board on a quarterly basis.

There are six operational performance metrics within the NHS Oversight Framework (NHSOF) August 2019 which revised and replaced some of the previously defined Single Oversight Framework metrics. The Trust monitors progress against each of these and provides an update to the Board of Directors within its monthly Dashboard report, in addition to a quarterly report that monitors all NHSOF metrics. The Trust has consistently achieved three metrics:

- People with a first episode of psychosis begin treatment with a NICE recommended package of care within 2 weeks of referral
- IAPT/Talking Therapies - waiting time to begin treatment within 6 weeks
- IAPT/Talking Therapies - waiting time to begin treatment within 18 weeks

Since August 2019 the IAPT recovery rate has performed below target, only reporting above standard in February 2020. Whilst a number of CCGs did report an underperformance in some months, all areas in Durham & Darlington consistently performed below target. During this period, an action plan was agreed and implemented with commissioners and all three CCG areas have reported improvements since December.

Out of area placements have been worse than standard since January 2020. The deterioration in performance was linked to increases in the bed occupancy levels. Specific work is being taken forward with regards to bed management as part of the Right Care Right Place Strategic Programme and an action plan has been developed to try to ensure we proactively manage bed usage across the organisation.

The Data Quality Maturity Index reported below the national standard for the first three months of the year. However, significant improvement work has been undertaken in line with the Commissioning for Quality & Innovation requirements and the Trust has reported consistently above standard since July 2019.

Financial performance and going concern

In 2019-20 the Trust continued to build on the strong underlying financial position from previous years. This position allowed new investments in services and improvements in quality to take place against a background of low levels of financial risk.

The 2019-20 Financial Strategy was agreed by the Board of Directors as part of the Trust's Integrated Business Plan and underpinned the achievement of the Trust's strategic objectives.

The Trust achieved and delivered its financial target (control total) set for 2019/20.

The Trust achieved an adjusted financial surplus (£11.4m) that was in excess of the control total agreed with NHS Improvement (£5.5m). A full reconciliation of this to the financial statements is included in note 2.2 of the 2019/20 accounts.

The adjusted financial surplus was lower than recorded in 2018/19, though this was due to non-recurrent benefits received in 2018/19 linked to termination of a PFI contract. Excluding the impact of these, financial performance was consistent for both years.

Based on previous financial performance and financial plans for the next 5 years, the Trust has concluded it should continue to operate as a going concern.

Progress towards targets agreed with local Commissioners

The Trust provides regular performance information to its commissioners as part of the mental health contract covering activity, key performance indicators and measures of quality. The Trust's commitment to contract performance management is evidenced through monthly contract meetings, and sub groups with commissioners which are regularly attended and have full participation of senior staff. These meetings/groups focus on areas such as service quality, service development and finance.

There were two operational standards and four national quality requirements included within the 2019/20 mental health contract which were:

- Number of episodes of mixed sex accommodation – sleeping
- Percentage CPA seven-day follow up (adult services)
- Duty of Candour (failure to notify)
- People with a first episode of psychosis begin treatment with a NICE recommended package of care within two weeks of referral
- The proportion of people that wait six weeks or less from referral to entering a course of IAPT treatment against the number of people who finish a course of treatment in the reporting period.
- The proportion of people that wait 18 weeks or less from referral to entering a course of IAPT treatment against the number of people who finish a course of treatment in the reporting period

The majority of standards were achieved for the 2019/20 financial year for the nine core CCGs; however there was one exception: 'People with a first episode of psychosis begin treatment with a NICE recommended package of care within two weeks of referral' was not achieved for Scarborough & Ryedale CCG where the Trust achieved 41.67% against a standard of 50%.

Staff capacity (sickness and vacancies) within those teams was the primary reason for this under-performance. Remedial action was undertaken during the year and action plans were developed. This included reviewing job plans, increasing staff hours and the provision of support from other teams for urgent cases. Improvements have been seen throughout the year.

We have also continued to drive improvements in the quality of our services. Much of this has been progressed using our Quality Improvement System, and commissioners/service users and carers have been involved in some of these developments.

During 2019/20 we:

- Secured additional funding for urgent care services and 'places of safety' across the Trust; plans for each Locality are as follows:
 - North Yorkshire: over £500,000 worth of funding from local CCGs will be used to reduce the impact of mental health crisis on individuals and wider services, such as the police, ambulance and accident and emergency departments. Funding has also been secured for Harrogate Core 24 liaison service which will be deployed at wards in Harrogate and District General Hospital, including A&E
 - Durham and Darlington and Teesside: More than £2 million will be invested over the next two years to strengthen the services that are available for people in a mental health crisis and to help reduce the impact on wider public services. Plans are in progress so that Crisis Services in this area will be extended to support older people with complex needs as well as people living with dementia. Individuals with lived experience of mental ill health will also be recruited into peer support roles to help others on their journey to recovery. There is also additional support in each Locality. In Teesside, a mental health helpline will be introduced. Dedicated psychology staff will also be employed and work with partner agencies to develop alternative emergency support arrangements. In Durham and Darlington, services have been funded to provide high-intensity work with people who regularly attend urgent care services. Telephone support will be available to those in distress through the introduction of a 111 (Option 2) service and the further development of local community initiatives such as safe havens will be supported
- Secured further funding to continue the rollout of the Autism Pathway to Adult Mental Health Services and to deliver further staff training on 'Autism Awareness' and 'Understanding Autism'

- Held an event to celebrate the end of our second year of developing coaching across the Trust. A recent evaluation showed that the impact of the coaching work has improved staff wellbeing, confidence, ability to goal set and ability to lead or manage teams
- Held an awards ceremony celebrating Adult Secure Service Users' recovery achievements (sponsored by Rethink Mental Illness) for the fifth year running, recognising individuals for their charitable efforts, health improvements, skills development and steps towards their recovery
- Completed significant progress in relation to the building of our new hospital, Foss Park in York, which opened in April 2020
- Worked in partnership with the British Institute for Human Rights, exploring ways to empower Service Users to know and claim their rights
- Have been successful in securing the contract for the provision healthcare services across the seven North East prisons, in partnership with Spectrum and Humankind, from 1st April 2020
- Secured transformation funding for the perinatal service which has been used to procure a mobile app for fathers and partners to support mothers throughout pregnancy and after the birth of their child
- Have been successful in the Children's Mental Health Support Team funding bids in Teesside, Durham, Darlington, Ryedale, Scarborough and Selby areas. This ensures that Mental Health Support Teams, supervised by NHS Children and Young People's Mental Health staff, will provide specific extra capacity for early intervention and ongoing support within an education setting
- Continued work on the Whole Pathway Commissioning for Children and Young People. This means coming together with our external partners to improve children and young people's emotional health and wellbeing. Events were held in November 2019 (Durham, Darlington and Teesside) and January 2020 (North Yorkshire) with different stakeholders, young people and their parents to ask what their vision for the future would be, and to identify key improvements to services for children, young people and families. An action plan has been developed to take these key priorities forward
- Developed specific additional recovery and trauma-informed training to complement the Trust Leadership Programme
- Conducted a Trust-wide establishment review to assess whether we have the right numbers and skill mix of staff for the numbers and complexity of service users on each ward. Further actions will be undertaken in relation to this over the coming year
- Undertaken two 'Trust-wide conversations' for staff using an online discussion platform, with 1,264 staff taking part and generating 8,661 ideas, comments and votes about how we can improve the well-being and the voice of staff. They

have been independently analysed and findings have enabled the Trust to draft a series of actions to be taken forward, which we are discussing further with staff

- The Positive Practice in Mental Health collaborative presented key recommendations to the government for improving and delivering high-quality mental health crisis care. Within their report, the Child and Adolescent Mental Health Service Crisis, Liaison and Intensive Home Treatment in County Durham and Darlington and the Crisis Assessment Suite at Roseberry Park in Middlesbrough were identified as examples of positive practice in action
- Have been successful in securing funding to develop a new Persistent Physical Symptoms service across County Durham

Progress of 2019/20 Quality Account Priorities:

Improve the Clinical Effectiveness and Patient Experience in times of Transition from CYP to AMH Services

- The Trust is now part of an NHS England Transitions Collaborative; although plans were originally made to hold a local Transitions event, this was superseded by a similar national event held by NHS England
- A gap analysis has been undertaken in relation to the number of transitions and transition panels occurring per Locality; the findings were reported through the Trust Transitions Steering Group
- Improvement trajectories have been set and progress has been monitored by the Trust Transitions Steering Group
- The Healthcare Safety Investigation Branch report 'Transition from Child and Adolescent Mental Health Services to Adult Mental Health Services' has been reviewed; although the six recommendations in the report are aimed at regulatory and commissioning bodies to action, the principles of the learning have been shared with the Service Development Groups (AMH and CAMHS) and the Transitions Steering Group
- Work has been undertaken to look at potential barriers to successful transitions and consider how these could be overcome:
 - Models for Transition Panels have been agreed
 - Experts by Experience have been involved in sharing their experiences of Transitions
 - Case studies have been presented at various forums in relations, and the learning relating to these issues
 - Partners from other organisations have also been involved in this work

Reduce the number of Preventable Deaths

- An Action Plan from the March 2019 Family Conference has been produced and actions have been implemented throughout 2019/20
- Two new guidance booklets were circulated, and a review and evaluation of the impact of these booklets was undertaken
- The Trust-wide policy on Preventable Deaths has been reviewed and amended in line with new national guidance

- The Trust has participated in all of the regional Mental Health Learning from Deaths Forum meetings during 2019/20

Making Care Plans more personal

- The Trust completed and evaluated seven full-day trial 'personalising care planning' workshops, involving Experts by Experience during Q4 2018/19 and Q1 2019/20. Around 90 people in total attended each workshop. The feedback provided at these events was that the trainers, content and audience were appropriate, but that the timing of the events was perhaps too early, given the need to attach the new Care Programme Approach (CPA) to the Trust IT systems
- The training package has been reviewed and has been found not to be as effective as anticipated; it is also not sustainable without additional resource. Although the training package was useful for developing basic skills in working with distress, goal setting and shared decision making, it did not meet the desired outcomes. However, this has allowed sufficient direct contact with front line services to identify what is needed. This has been an ongoing review throughout 2019/20, as and when training has been conducted
- The first testing of the proposed new care planning process/template (DIALOG) has been pushed back to 2020/21, due to interdependencies with the new Trust-wide IT system, CITO. Non-live User Assurance Testing (UAT) has taken place during 2019/20
- The re-audit of the CPA took place via the Central Audit Team during Q4 2019/20. All cases that were audited were a repeat audit from the previous sample
- A compare and contrast review of Patient Experience was conducted

Develop a Trust-wide approach to Dual Diagnosis which ensures that people with substance misuse issues can access appropriate and effective mental health services

- A review of Trust-wide Dual Diagnosis networks has been undertaken to ensure that they are effective, sustainable and fit for purpose
- Attendance at these Dual Diagnosis networks has been reviewed, gaps identified and actions implemented to encourage attendance from under-represented groups, to ensure that these networks are truly multi-agency
- New reporting procedures are now in place via Datix, so that incidents involving drugs and/or alcohol are appropriately flagged
- A qualitative evaluation has been undertaken into how the new Datix reporting procedures are working and whether these incidents are being picked up and recorded correctly
- Work has been undertaken to explore how peer workers can be better involved with Dual Diagnosis work across the Trust area, including consideration of how a Peer Leadership Network could be established
- A further survey of staff Dual Diagnosis capabilities and skills was undertaken during 2019/20; it is planned to repeat this survey during 2020/21 and produce a related paper following this future survey

Review our Urgent Care services and identify a future model for delivery

- The second Trust Crisis Operational Policy has been reviewed and released for use
- A Trust-wide Urgent Care Conference was held in May 2019
- Trust-wide peer review visits in line with HTAS/TEWV Standards have been carried out throughout the year
- Ambulance services are now able to check whether any person they are called to see has a Mental Health condition and/or a Crisis Plan in place
- The CITO pathway/journey for Crisis and Urgent Care has now been agreed
- The two teams in Durham and Darlington merged to form a single service; the new Crisis Operational Model hub was opened in Quarter 4 2019/20. This was later than we had hoped due to issues around the identification of a suitable base and negotiating car parking capacity
- The agreed actions arising from the Teesside Urgent Care review have been implemented throughout the year
- Key principles and a future vision for the future urgent care model have been developed

Delivery of the priorities is undertaken through a programme and project approach. The Executive Management Team meets each month as the “Strategic Change Oversight Board” to monitor progress.

A number of strategies also support the delivery of the Strategic Direction. Of these, the Quality Strategy sets our vision and direction for the further development and improvement of the quality of care delivered by the Trust.

The Accountability Report

In the Accountability Report we provide information on our governance arrangements, staffing and the remuneration of Directors and Senior Managers in order to demonstrate how we comply with best practice and key rules and requirements.



Colin Martin
Chief Executive

23rd June 2020

The Directors' Report

The Chairman, Deputy Chairman, Chief Executive and other Board Members as at 31st March 2020

Miriam Harte, Chairman of the Trust

Miriam has a wealth of experience within the NHS, having spent the last 12 years as a Non-Executive Director. She was on the Board at City Hospitals Sunderland NHS Foundation Trust for nine years, and, most recently, was a non-Executive Director with Northumberland, Tyne and Wear NHS Foundation Trust. She is also a chartered accountant and has extensive business experience.

Qualifications: BA, MA, FCA

Principal Skills & Expertise: Leadership, strategy, communications and change management

Term of office: 1st April 2019 – 31st March 2022

Date of Initial appointment: 1st April 2019

(Note: the Chairman had no other material commitments during the year)

Hugh Griffiths Non-Executive Director, Deputy Chairman of the Trust and Chairman of the Quality Assurance Committee

Hugh was a consultant psychiatrist from 1988 and for eight years was an NHS Trust Medical Director. In 2000 he also became Medical Director of the Northern Centre for Mental Health. He was Director of Policy and Knowledge Management for the NHS Clinical Governance Support Team in 2003/2004 and from then until 2010 was Deputy National Clinical Director for Mental Health (England) at the Department of Health. Thereafter he was the National Clinical Director for Mental Health (England), leading the development of the Government's mental health strategy 'No Health Without Mental Health'. He retired in March 2013.

Qualifications: MBBS, FRCPsych

Principal Skills & Expertise: Service improvement, policy development, clinical leadership and management

Term of office: 1 April 2018 to 31 March 2021*

Date of Initial appointment: 1st April 2015 (prior to his appointment Hugh served as an Associate Non-Executive Director of the Trust (non-voting) between 1st September 2014 and 31st March 2015).

Marcus Hawthorn, Non-Executive Director, Chairman of the Resources Committee and Senior Independent Director

Marcus is the Director of The National Registers of Communication Professionals working with Deaf and Deafblind People (NRCPD) and a former Colonel in the British Army. He has extensive command and operations experience in the military and his 30 years' service culminated in a number of senior programme and change management roles in the Ministry of Defence and the Home Office. Prior to his current role at NRCPD he was most recently the Northern Area Manager for the Royal British Legion and Head of Risk and Compliance at Age UK.

Qualifications: BEng(Hons) Chemical Engineering, MSc Design of Information Systems, Postgraduate Diploma in Law and a past Fellow of both the Chartered Management Institute and of the Institute of Leadership and Management

Principal Skills & Expertise: Crisis planning, resilience and business continuity; logistics; risk, compliance and audit management; program management; change management; engagement and partnerships; human resource management; public and third sector focus.

Term of office: 31 August 2019 to 31 March 2020*

Date of initial appointment: 1 September 2013

(Note: Marcus completed his second, three year, term of office as a Non-Executive Director on 31 August 2019. He was appointed by the Council of Governors for a further term of seven months to support the new Chairman during her first year in office and to avoid risks arising from significant changes to the Non-Executive Director membership of the Board during 2019/20)

Professor Pali Hungin, Non-Executive Director

Pali, a GP by background, qualified at Newcastle University and practiced in the Stockton area for 25 years. He was the Founding Dean of Medicine and the Head of the School of Medicine, Pharmacy and Health at Durham University from 2003 to 2014 and the President of the British Medical Association in 2017. He is currently Emeritus Professor at the Institute of Health and Society in the Faculty of Medical Sciences at Newcastle University. Pali served as a Governor of TEWV from its inception as a Foundation Trust, to 2016. He presently leads the Academy of Medical Royal Colleges' commission on impending developments in healthcare and the evolving role of clinicians. He also works with Genome England and is the Trustee Treasurer of the Royal Medical Benevolent Fund.

Qualifications: MBBS MD FRCP FRCGP FRSA

Principal skills and expertise: Academic developments, recruitment and retention of clinical staff, physical health status of service users, organisational culture.

Term of Office: 1 September 2019 to 31 August 2022

Date of initial appointment: 1 September 2019

David Jennings Non-Executive Director and Chairman of the Audit and Risk Committee

David is a qualified accountant and worked for the Audit Commission for 26 years, including as acting head of operations. He set up his own business in 2011 and led the creation of a shared service between Redcar and Cleveland and Middlesbrough Councils' internal audit functions. He also acted as a consultant to a consortium of eight national accountancy firms seeking entry to the post-Audit Commission market.

Qualifications: Chartered Institute of Public Finance and Accountancy (CIPFA)

Principal Skills & Expertise: Expertise primarily in areas associated with finance, performance, and governance and skills in governance, auditing, business planning, the public sector, local government, performance improvement, shared services, business process improvement, performance management, change management, strategy, accounting, management and leadership.

Term of Office: 1 September 2017 to 31 August 2020*

Date of Initial appointment: 1st September 2014

Paul Murphy, Non-Executive Director and Chairman of the Mental Health Legislation Committee (from 1st October 2019)

Paul has had a broad range of experiences at a senior level in public and private (not-for-profit) sectors, as well as central and local government, including spells as a ministerial private secretary and an assistant director at City of York Council. He is now a freelance consultant, with an interest in particular in mental health, wellbeing, and in services for children and young people.

Qualifications: BA (Hons) English & Related Literature

Principal skills and expertise: Strategic planning, operational management, change management, human resources, communications, education, and articulating the service user voice.

Term of office: 1 September 2019 to 31 August 2022*

Date of Initial appointment: 1 September 2016

Bev Reilly, Non-Executive Director

Bev has been a Nurse for 32 years. Up until recently, Bev was the Director of Nursing and Quality for NHS England covering Cumbria and the North East. Her long career has spanned a number of organisations across acute, primary and community care settings at a local, regional and national level. She is experienced in quality assurance and regulatory requirements having led on this as part of her role within NHS England and close working with NHS Improvement and the Care Quality Commission.

Qualifications: RGN, BA (Hons)

Principal skills and expertise: Nursing leadership, quality assurance, patient safety, patient and staff experience, risk management, strategic planning, partnership working.

Term of Office: 1 September 2019 to 31 August 2022

Date of initial appointment: 1 September 2019

Shirley Richardson, Non-Executive Director and Chairman of the West Lane Project Committee (from December 2019)

Shirley was the Board Nurse Director at Gateshead Health NHS Foundation Trust for 17 years prior to her retirement in 2010. She is a registered nurse and has leadership experience in acute, elderly, mental health, learning disability and paediatrics, across both hospital and community. Since 2011 she has been Chairman of Carers Together Foundation, a charity providing information, advice and support to carers in Middlesbrough, Redcar and East Cleveland.

Principal skills and experience: Transformational leadership, strategic planning, coaching and mentoring, service redesign, performance improvement, quality and safety systems, governance and risk management, research and development.

Qualifications: MBA, RN, Diploma of Chartered Institute of Marketing

Term of office: 1 September 2019 to 31 August 2022*

Date of Initial appointment: 1 September 2016

Colin Martin, Chief Executive

Colin has worked in local government and the NHS for over 30 years and was previously the Director of Finance for Tees and North East Yorkshire NHS Trust. He is a Director of North East Transformation System Ltd, a joint venture between the Trust and Gateshead Health NHS Foundation Trust.

Qualifications: Qualified accountant, FCCA.

Principal Skills & Expertise: Programme and project management, systems development, PFI finance, information analysis, performance management and service development

Appointed: 1 May 2016 (prior to his appointment Mr. Martin was the Trust's Director of Finance and Information)

Ruth Hill, Chief Operating Officer

Ruth has over 25 years' experience in the NHS and local government, including her role as Director of Operations in York and Selby at the Trust. Ruth has also worked in commissioning, quality improvement, public health and service development in a number of roles across the North East.

Qualifications: Masters, Nye Bevan Programme

Principal Skills and Expertise: Service improvement, coaching, management and leadership skills, quality improvement, operational delivery.

Appointed: August 2018

Dr Ahmad Khouja, Medical Director

Ahmad is a practicing consultant psychiatrist in Forensic Learning Disabilities. He was appointed Medical Director in March 2018; prior to this he was the Deputy Medical Director and Senior Clinical Director for the Forensic Service. He has a research degree in Molecular Medicine from Oxford University. He was a former Training Programme Director for Higher Trainees in the Psychiatry of Learning Disability. He is a Certified Leader for the Trust's Quality Improvement System and a Master Coach. He has led on recovery and harm minimisation for the Trust.

Qualifications: MRCPsych, MBChB, BA (Hons) DPhil (Oxon)

Principal Skills & Expertise: Psychiatric practice, clinical leadership, patient safety, clinical effectiveness, programme and project management, service improvement, medical education, research and development

Appointed: March 2018

Patrick McGahon, Director of Finance and Information

Patrick started his career in local government before moving to the NHS in the 1994. He has been an NHS Board Director for over 20 years mainly in provider organisations and was previously the Director of Finance for the NHS Business Services Authority.

He is a Chairman of Carlisle College, part of the NCG Group.

Qualifications: Qualified accountant, CPFA, BA (Econ) (Hons) and MBA.

Principal Skills & Expertise: Strategy development including corporate, financial and informatics, financial turnaround, contract management and commercial, systems development, service development, shared services, performance management and PFI finance.

Appointed: April 2018

Elizabeth Moody, Director of Nursing and Governance and Deputy Chief Executive

Elizabeth was delighted to join the Trust in July 2015 as Director of Nursing and Governance. She has over 25 years' experience in the NHS having registered as an RMN in 1991. Before joining the Trust, Elizabeth held a variety of clinical, professional and managerial roles across inpatient and community mental health and Learning Disability settings. Elizabeth is responsible at Board level for the professional leadership of nursing, quality and safety. She is a Certified Leader for the Trust's Quality Improvement System and Think On coach.

Qualifications: RMN, PGDip Professional practice

Principal Skills and Expertise: Mental Health nursing skills, project management, service improvement, managerial and leadership skills, patient and carer experience, patient safety, quality and assurance

Appointed: August 2015

John Maddison, Associate Non-Executive Director

John joined the Trust as an Associate Non-Executive Director on 1st January 2020 as part of the Trust's succession planning arrangements. He retired in June 2019 after working in the NHS for 37 years. He studied Economics and Accountancy at Loughborough University and joined the NHS as a graduate trainee accountant in Yorkshire. The majority of John's career was based in the North East working in Finance, primarily in the acute sector and senior positions at the strategic tier including NHS England. He was Director of Finance and Informatics at an acute FT in the North East and a large teaching hospital in the North Midlands prior to joining Gateshead Health FT in 2014 as Group Director of Finance & Informatics and latterly as Deputy Chief Executive and Acting Chief Executive for the final year prior to retirement.

Qualifications: BSc Econ/Acc. Chartered Institute of Public Finance & Accountancy.

Principal Skills and Expertise: Operational and strategic finance and planning, governance and risk management and performance management.

Appointed: January 2020

*(Note: *indicates that the individual has been reappointed as a Board member of the Foundation Trust.)*

Changes to the Board of Directors

- Richard Simpson, Non-Executive Director and Chairman of the Mental Health Legislation Committee, retired from the Board on 31st August 2019
- Marcus Hawthorn, Non-Executive Director, Senior Independent Director and Chairman of the Resources Committee, retired from the Board on 31st March 2020
- During 2019/20 Colin Martin announced his intention to retire from his role as the Chief Executive. Following a recruitment and selection process which involved Governors and service users and carers, Brent Kilmurray was appointed as the new Chief Executive and will join the Trust in June 2020. Brent is currently the Chief Executive of the Bradford District Care NHS Foundation Trust having previously worked for TEWV. Overall, he has fifteen years'

experience as an Executive Director across acute hospital care, community health services, and mental health and learning disability services with the majority of his career being spent in provider Trusts in the North East region

- Patrick McGahon has also announced his intention to retire for his role as Director of Finance in July 2020. Following recruitment, it is expected that his successor will join the Trust mid-way through 2020/21

Registers of Interests

Details of company directorships or other material interests in companies held by directors which might conflict with their responsibilities are included in the “Registers of Interests”. This document is available for inspection on our website www.tevv.nhs.uk.

Compliance with accounting guidance

The accounts are independently audited by Mazars LLP as external auditors in accordance with the National Health Service Act 2006 and Monitors Code of Audit Practice (as adopted by NHS Improvement). As far as the directors are aware, all relevant audit information has been fully disclosed to the auditor and that no relevant audit information has been withheld or made unavailable. Nor have any undisclosed post balance sheet events occurred.

No political or charitable donations were made by the Trust during 2019-20.

Accounting policies for pensions and other retirement benefits are set out in the accounts and details of Senior Managers remuneration can be found in the remuneration report.

The Trust had complied with the cost allocation and charging requirements as set out in HM Treasury and Office of Public Sector Information guidance.

Better Payment Practice Code

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. Performance for the financial year 2019-20 was as follows:

	2019-20	
	Number of Invoices	Value of invoices £000s
NHS Creditors		
Total bills paid	1,436	28,913
Total bills paid within target	1,323	27,046
Percentage of bills paid within target	92.1%	93.5%
Non-NHS Creditors		
Total bills paid	59,492	125,238
Total bills paid within target	56,114	120,355
Percentage of bills paid within target	94.3%	96.1%

It is Trust policy to pay all creditors as they fall due, unless extenuating circumstances are apparent, e.g. a dispute in the amount being charged or the service/goods provided.

The total potential liability to pay interest on invoices paid after their due date during 2019-20 would be £2,337,149, an increase on 2018-19 amounts (£1,251,742). There have been minimal claims under this legislation, therefore the liability is only included within the accounts when a claim is received.

NHS Improvement's 'well-led' Framework

In this section of the Annual Report we provide an overview of the arrangements in place to ensure that services are well-led having regard to NHS Improvement's (NHSI) well-led framework.

NHSI's framework is structured around eight characteristics of a well-led organisation.

There is Leadership Capacity and Capability to develop high quality sustainable care

Our overall leadership is provided by the Board of Directors comprising a Non-Executive Chairman, Executive Directors and Non-Executive Directors.

As shown in their biographies (provided in the Accountability Report) all Board Members are highly skilled and come from a broad range of professional backgrounds and experience.

The composition of the Board is regularly reviewed.

Board Members are subject to an annual performance assessment based on a scheme developed by Deloitte LLP. Details of this scheme are provided as part of the disclosures on the NHS Foundation Trust Code of Governance.

Arrangements for the regular appraisal of all leaders within the organisation are in place and monitored by the Executive Management Team.

Leadership of each of the Trust's Localities (County Durham and Darlington, Tees, North Yorkshire and York and Forensic Services) is provided by a Director of Operations, Deputy Medical Director and Head of Nursing.

The Leadership and Management Groups (LMGBs) for each Locality:

- Provide assurance on the quality and safety of the operational clinical services to the Quality Assurance Committee
- Are accountable for the delivery of relevant elements of the Business Plan, contractual requirements, and compliance with CQC and other legislative and regulatory frameworks

The Clinical Directorate Quality Assurance Groups deliver assurance to their respective LMGBs through monitoring inspection reports, user feedback, performance data, audit outcomes, untoward incidents, complaints, CQC reports, etc. and providing oversight of governance systems, including risk management, and the appropriate delivery of action plans.

Speciality Development Groups, chaired by the Senior Clinical Directors, are also in place to support consistency and the implementation of best practice across each Clinical Specialty.

These arrangements enable the Trust to achieve the benefits which come from being large and diverse whilst providing robust building blocks for our clinical governance systems.

Leaders across the organisation place a high importance on being visible and approachable.

“Gemba Walks”, the personal observation of work being undertaken, are a key element of our Quality Improvement System.

Each month, teams of Directors visit services providing staff with opportunities to raise issues. The outcomes of these visits are reported to, and monitored by, the Executive Management Team with an annual report being provided to the Board.

Succession planning and talent management arrangements, including a shadow Board, are in place to identify and develop our next generation of leaders.

There is a clear vision and credible strategy to deliver high quality sustainable care to people and robust plans to deliver it

Our Strategic Direction, comprising the vision, mission and strategic goals, is focussed on the delivery of high quality, sustainable.

The Business Plan, to deliver our Strategic Direction, is refreshed annually taking into account changes to the external and internal environment and the views of stakeholders, Governors, service users and carers, staff and partner organisations.

Through this process, strategic and quality account priorities care (see “The Performance Report”) are identified and agreed.

There is a culture of high quality, sustainable care

The Trust promotes an organisational culture which is open, fair and promotes learning. It encourages all staff to adopt a responsive and open approach towards identifying and understanding potential risks and responding to them. This includes requirements to report unsafe acts or conditions and untoward incidents and near misses using the Trust’s incident reporting process.

The Trust’s Values: commitment to quality, respect, involvement, wellbeing and teamwork, were developed in consultation with service users, carers, Governors and staff.

Expected behaviours to support each of these Values have been identified.

A staff Compact has also been developed which sets out the psychological contract, “gives” and “gets”, between the Trust and its staff.

All nursing and healthcare staff are expected to comply with the six enduring values and behaviours of 'compassion in practice' published by NHS England.

Our culture is supported by:

- Our Quality Improvement System which instils a philosophy of continuous improvement
- Our Recovery Programme focussing on the model of co-production with increased opportunities for individuals with lived experience to be involved in the design and delivery of services
- Training, development and supervision
- An open learning approach
- The application of the Duty of Candour
- Our focus on coaching which supports staff reflect on their own thoughts; problem solve; and make more effective decisions for themselves and with those they work with

There are a number of ways in which staff can raise concerns about patient safety:

- Through the “Whistleblowing Policy”
- Through an online system (anonymously if required) with the Executive Management Team
- Through the Freedom to Speak Up Guardian
- Through the Guardian of Safe Working
- Through the quarterly Friends and Family Test surveys circulated to all Trust employees
- During Directors’ visits to services

There are clear responsibilities and roles and systems to support good governance and management

Clarity of roles and responsibilities within the Trust’s governance arrangements is provided through our Constitution, including the schedule of reserved matters to the Board and Scheme of Delegation; the schedule of responsibilities of the Chairman and Chief Executive; the Scheme of Delegation of functions included in the Mental Health Act Code of Practice; the terms of reference of the Board’s Committees and the Executive Management Team; the Trust’s Quality Governance arrangements; the Trust’s programme and project management arrangements; and a comprehensive suite of policies and procedures.

A number of systems are in place to support good governance including:

- The PARIS clinical record system
- The Integrated Information Centre (IIC) which is a data warehouse and supports both corporate decision making and assurance processes and management activity through the provision of “real time” performance information

- The DATIX system enabling us to manage and report on incidents, complaints and risks and which supports our serious incident processes
- The e-rostering system which supports safe staffing in the Trust's inpatient wards
- The Quality Improvement System

There are clear processes in place to manage risks, issues and performance

The key systems and processes in place for managing risks, issues and performance are aligned to our governance structure: the Board, the Board's Committees, the Executive Management Team, the LMGBs, QuAGs and wards and teams.

Oversight of, and assurance on, organisational risk management arrangements is provided by the Audit and Risk Committee.

Daily lean management and escalation procedures, together with the clear roles and responsibilities described above, provide a ward to Board approach.

Appropriate and accurate information being effectively processed, challenged and acted upon

Our performance metrics, and their targets, are reviewed and refreshed each year as part of our business planning processes.

Benchmarking and other external sources of information, such as Model Hospital and NHS Benchmarking are used as appropriate to identify issues for investigation or improvement.

Evidence of information being challenged and acted upon is provided in the minutes of Board and committee meetings which are available on our website.

Our performance dashboard metrics are subject to data quality checks.

People who use services, the public, staff and stakeholder partners are engaged and involved to support high quality sustainable services

Wide ranging arrangements are in place to enable us to effectively engage with the public, staff and stakeholder partner organisations.

Principally these include:

- Our Council of Governors
- Engagement with our members (see the Membership Report)
- The work of our Involvement and Engagement Team (details provided later in this section)
- The Recovery Programme including the involvement of experts by experience in cultural change, participation in various project and steering groups, taking part in recruitment and contributing to policy
- Formal consultation on service changes in partnership with our commissioners, for example, the transformation of services in North Yorkshire
- The national patient survey
- Work to embed the triangle of care

- The collection of patient experience data and the involvement of service users in identifying actions for improvement
- The national staff survey and quarterly “friends and family” test surveys
- Crowdsourcing (online) conversations with staff
- Our involvement in the development of integrated care systems and partnerships and other joint arrangements with commissioners and other providers
- Membership of the northern regional collaborative of nine trusts to support learning from deaths
- Membership and participation in local safeguarding boards
- Regular meetings with representatives of local Healthwatch
- Bespoke engagement to support our business plan priorities including new capital developments

In the Annual Governance Statement (AGS) we highlight two areas of risk in relation to our governance arrangements, those arising from events at West Lane Hospital in 2019, which led to legal and regulatory action against the Trust, and the impact of the Covid-19 pandemic. Details of the mitigating actions put in place in response to these risks are also provided in the AGS which include, for the former risk, the commissioning of an external governance review.

Notwithstanding these risks, the Trust concludes that it continues to be well led and this was reaffirmed by the CQC, with a rating of “good” in the ‘well led’ domain being maintained following an inspection, in September to November 2019.

Using our Foundation Trust Status to develop services and improve patient care

Being a Foundation Trust is helping us:

- To build on and improve positive relationships with service users, carers, staff, partners and local people and be more accountable to local people
- To strengthen our internal process and systems to meet the challenges of modern health services
- To develop locally based specialist services
- To respond better to market opportunities
- To continue to invest in capital developments, such as the new Foss Park Hospital
- To engage with NHS England and the CCGs to develop new models of care, and improve the commissioning/planning process

Overview of arrangements in place to govern and improve service quality

The Trust has implemented its Quality Strategy, launched in 2014, which describes the arrangements for the governance of quality across the organisation. Those arrangements include the clinical governance systems for the Trust services together with the clinical assurance systems that detail how the corporate governance teams and Trustwide assurance groups manage the relevant assurance processes. The quality strategy is being delivered through frameworks for patient safety, patient experience and clinical effectiveness together with the Trust workforce strategy. The

strategy was last refreshed in 2016 and progress against the metrics is being monitored by relevant Trust groups.

Delivery of the Quality Strategy is reported through a strategic scorecard with key performance indicators for each framework, reported quarterly to the Quality Assurance Committee, a sub-group of the Board of Directors.

Each clinical directorate, in the operational Localities of the Trust, has a quality assurance group (QuAG) that reviews the performance against quality indicators of their clinical teams. Those groups manage their clinical directorate quality improvement plan, monitoring quality data and the local risk register providing assurance and escalating risk where necessary to the Locality Management and Governance Boards (LMGBs). These Boards provide exception reports monthly to the Quality Assurance Committee with a regular bi-monthly assurance report on service quality. A set of standardised quality reports for the QuAGs, LMGBs, Trust-wide quality assurance groups, Quality Assurance Committee and commissioners are in place. Agendas are aligned with the CQC Fundamental Standards for Quality and Safety.

The Corporate Quality Governance Teams manage the operational systems to provide quality performance information for the service and Trustwide quality assurance groups, boards and committee. These include, for example, the Patient Safety Team, the Compliance Team, Complaints and PALS Teams, Clinical Audit and Effectiveness Team, Quality Data Team and Patient and Carer Experience Team. The Regulatory Compliance Team implements a programme of peer and service user inspections across Trust services to monitor the quality of service delivery against the regulatory fundamental standards. All corporate teams then also monitor quality improvement action plans developed from the performance deficits and risks identified and report into the Trustwide assurance groups and the Quality Assurance Committee.

The Quality Compliance Group established during 2016/17 further supports quality assurance and improvement in line with CQC requirements. It is chaired by the Director of Quality Governance and attendance includes the Heads of Service and Modern Matrons from across the organisation. The purpose of this group is to provide information and share learning from CQC inspections.

The Trustwide QuAGs track performance against the quality strategy scorecard and other Trustwide key performance indicators related to the key elements of quality – safety, effectiveness, experience, safeguarding, infection control, physical health, equality, diversity and human rights and medicines management. These groups also develop responses to national quality and best practice directives on a Trustwide basis and report on a regular reporting schedule to the Quality Assurance Committee.

The Quality Assurance Committee provides an assurance and exception report to the Board of Directors on a monthly basis.

In addition to the implementation of the quality strategy, the Trust monitors and reports on performance against the national and local quality indicators in the commissioned contracts. Monthly quality reports are produced for all the service

contracts and reviewed by commissioners with the Locality Operational Management Teams, Corporate Performance and Quality Governance Teams. Each Locality management team therefore has oversight of their service performance against the internal strategic quality targets and against their contractual quality indicators.

Service improvements following staff or patient feedback and CQC reports

Following concerns being raised by the Care Quality Commission with regard to local independent Learning Disability (LD) providers, the Trust provided LD expertise and support to the hospitals/units to provide assurance to commissioner re the quality of care. This included staff being deployed to work into the unit. We also worked with Commissioners to find appropriate caring placements for the patients which included admitting patients to TEWV LD inpatients services where this was required.

During 2018/19 the Trust continued to make improvements based on inspection feedback received from the Care Quality Commission. This included:

- Undertaking proactive recruitment and retention programmes to improve staffing establishment levels where this was needed. This included targeted recruitment events and innovations in recruitment practices
- A programme of work focused on enhancing patient care plans. This involved reviewing plans to ensure that they were more personalised, recovery orientated and reflected the patient's thoughts and views. The work programme also informed the design and development of the new patient record system CITO so that the format of care documents is improved for patients
- Additional works being undertaken to enhance privacy and dignity in wards where there was dormitory style accommodation. The Trust also continued to progress building works in order that there would be no dormitory style accommodation by Spring 2020
- Reviewing Nurse Call systems and installing new systems where these were required so that patients could summon assistance where needed

CQC feedback was also taken into account when designing and building the new Foss Park Hospital in York which continued during 2018/2019 to bring modern mental health inpatient wards to the communities of North Yorkshire and York.

We also gain important feedback from patient and carer surveys, which enable us to focus on additional improvements, for instance, we have:

- Established a quarterly service user and carer involvement group in North Yorkshire and York
- Established service user representation in the Locality Transformation Programme for North Yorkshire
- Set up a shadow AMH QuAG in Durham and Darlington for service users/carers
- Secured funding in Darlington and North Durham for GP aligned mental health professionals, to ensure increased and equitable service across the Durham and Darlington region
- Established a participation group for CYP in York

- Set up a shadow MHSOP QuAG in Teesside
- Established a shadow ALD QuAG in North Yorkshire
- Commenced service user and carer monthly involvement groups in York and Selby, Scarborough, Harrogate and Hambleton and Richmondshire

Information on complaints handling

Complaints are managed following national guidance and we endeavour to respond to all of our formal complaints within 60 days. We have a complaints manager aligned to each Locality area of the Trust who works with the relevant operational staff member, service user and/or carer to resolve the issue that has been raised.

Working in Partnership

TEWV has several significant partnerships and alliances. These include:

- Our work with NHS England (NHSE), Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust (CNTW) and other providers to progress provider-led management of NHSE commissioning budgets. We have active projects in adult secure (forensic) specialist inpatient services. We have continued to invest resources into Crisis/Intensive Home Treatment Teams for under 18s across the area served by the Trust in order to reduce avoidable admissions to inpatient beds
- Our involvement in the development of strategic commissioning partnerships: - one with the CCGs across Durham, Darlington and Teesside and a second with the North Yorkshire CCGs. This has enabled mental health spending to be ring-fenced and improved the quality of case management reviews. It is starting to reduce duplication between commissioning and provider planning work
- We are formal research partners of York University and continue to work with the appropriate Research Councils, Clinical Networks and other bodies to increase the number of TEWV service users and services supporting research into mental health (including dementia), and learning disabilities.
- We support the work of the Cumbria & North East and Humber Coast and Vale Integrated Care Systems as they develop plans for mental health and learning disability services. This has included supporting work on improving the physical health of service users. During 2019/20 we also supported the work of the West Yorkshire and Harrogate ICS, but from 1st April 2020 the Harrogate and Rural District area have moved into the Humber, Coast and Vale ICS
- We are an active member of the three Crisis Care Concordat groups which cover the area we serve which has helped us to build closer relationships with other health providers, ambulance services and police forces.
- The Trust works with a number of voluntary and charitable sector organisations. In some services, such as mental health service provision in prisons or in our Durham and Darlington talking therapies service this is in a contractual form. But we also have more informal day to day links with the third

sector, and in the Vale of York we manage a grant-giving scheme for local VCS organisations (York Connects)

- At the end of the year, the Trust supported partnership structures, such as Local Resilience Forums, as part of the UK's approach to the Covid-19 pandemic
- We have also worked very closely in partnership with some of our local Higher Education settings, such as Hull and York Medical School and at the new medical school at Sunderland University

Involvement and Engagement

We have continued to deliver an extensive programme of service user and carer involvement, building on our agreed framework and supported by our Involvement and Engagement Team.

The involvement and engagement undertaken with service users and carers is aligned to an agreed ladder of participation that is not designed in a hierarchical method but aligned to accountability and responsibility.

Involvement of service users and carers over the last 12 months has included:

- 350 service users and carers being formally registered to undertake a wide range of involvement activities with over 185 individual requests for involvement being co-ordinated by the team
- Over 125 service users or carers being trained and participating in interview panels for staff
- An event co-produced with service users and carers to celebrate and to thank them for their commitment and support. One attendee stated that the event made them *“feel appreciated and included for what I have done. Plus it reminds me of how I am managing my recovery”*
- Hosting the inaugural event purely for carers which was organised and delivered by carers demonstrating the power of true co-production where over 120 people attended. Feedback was received that it had enabled attendees to *‘Find out more about the Trust’s work and to work more closely with carers, developing effective partnership working with carers and carer organisations’*
- Continuing to support involvement through steering groups, committees and local governance groups with membership increasing during the year
- Regular contributions to, and influence over, service improvement through participation in the Trust’s Quality Improvement System
- Involvement in the refresh of our Business Plan through focus groups and service user and carer participation in our annual Board Planning event
- Numerous workshops and focus groups around quality and safety initiatives including the piloting of the use of body cameras by staff; how performance

metrics are understood and reported on; and the redesign of crisis and home treatment services across the Trust

- Participation in patient led assessment of the care environment (PLACE) inspections with 26 service users and carers being trained in the methodology and undertaking inspections in 13 inpatient areas in the Trust
- Holding two conferences focussing on the delivery of the Recovery Framework each of which involved over 100 attendees
- Bringing together services users, carers, staff and partners, as part of the Right Care Right Place priority, to consider future service provision through a number of local engagement and consultation events
- Supporting public engagement in major service changes such as the delivery of the Harrogate Transformation programme and in the development of the new Hospital, Foss Park, in York including service user and carer representation on the Foss Park Steering Group and the art strategy and horticultural design groups
- The participation of a number of service users and carers in a visit to mental health services in Trieste which has led to the 'Northern Quarter' development work for York linking all sectors together
- The expansion of shadow quality governance groups, comprising service users and carers, with pilots in some adult and older people's services
- Increasing the number of Involvement Peer and peer training support roles over the year
- Service users supporting the increase in the portfolio of training offered on the Trust's Arch Recovery College online including a recent launch of courses for young people
- Carers and some service users have been involved with Triangle of Care through attending the steering group meetings. They have also co-designed and co-delivered the Triangle of Care Conference and helped to deliver training
- The Trust is currently piloting the requirement that there is a service user on all interview panels for posts at Band 7 and above
- Continuing the co-delivery of the development programmes

The Trust also congratulated a service user who received the prestigious Royal College of Psychiatrists Award of Service User of the Year in 2019 in recognition of their remarkable commitment to training staff and service improvement.

The Trust has reimbursed those service users and carers over the age of 18 years undertaking involvement activities with over £60,000 involvement payments made from processing just under 2200 individual payments. This was a 20% increase on

the payments made in 2018/19, which indicates that a significant expansion of service user and carer engagement has taken place.

A survey of involvement members to identify satisfaction and support mechanisms was undertaken in 2019/20. As a result 93% reported satisfaction with their involvement. This was slight reduction on the previous year (96%).

A key area of focus for 2020/21 will be the further development of our approach to service user and carer attendance and participation in formal meetings and governance processes.

Consulting with local people

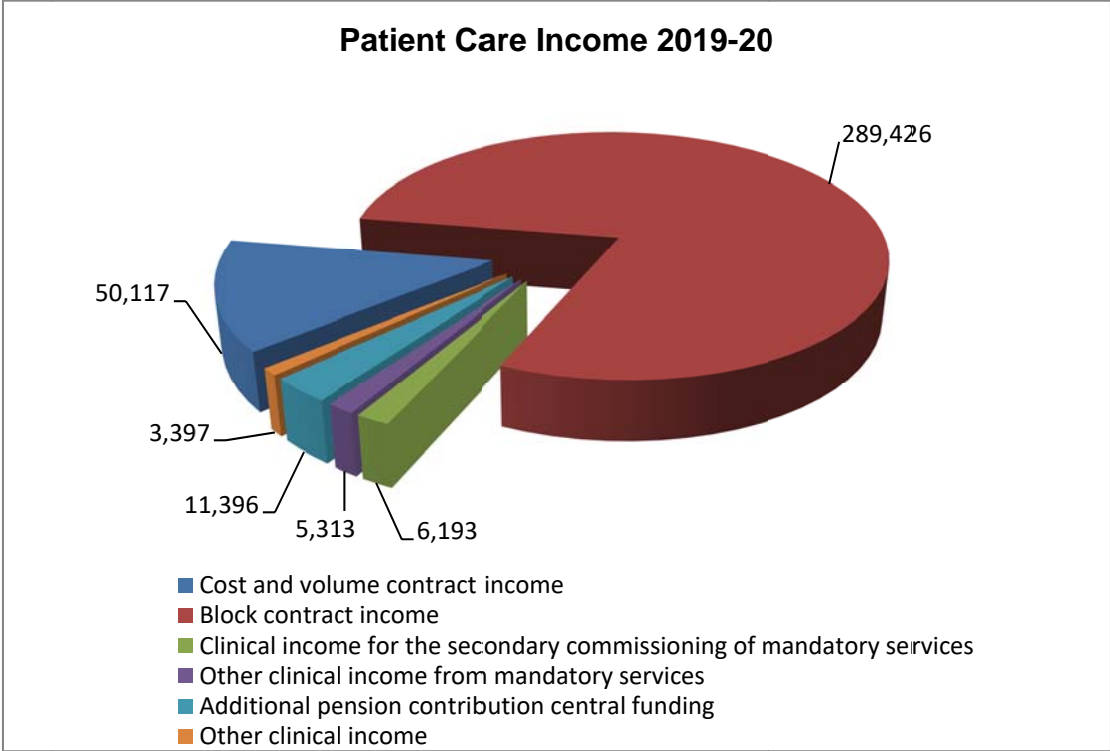
- We carried out a 12-week public engagement in relation to the transformation of our inpatient and community 'offer' to the residents of Harrogate town/rural district and Wetherby. This took place from 24th June 2019 to 13th September 2019 and was led by the Trust in conjunction with the NHS Harrogate and Rural District CCG and NHS Leeds CCG. This allowed members of the public to give their views on what they would like to see as part of the new enhanced offer
- TEWV assisted South Tees CCG in their consultation on proposed changes to respite services in Middlesbrough and Redcar and Cleveland. Following the referral of the proposals to the Secretary of State and the direction against decommissioning the service, TEWV is working very closely with service users and their families to co-produce a future service model that can best meet people's needs

Fees and charges

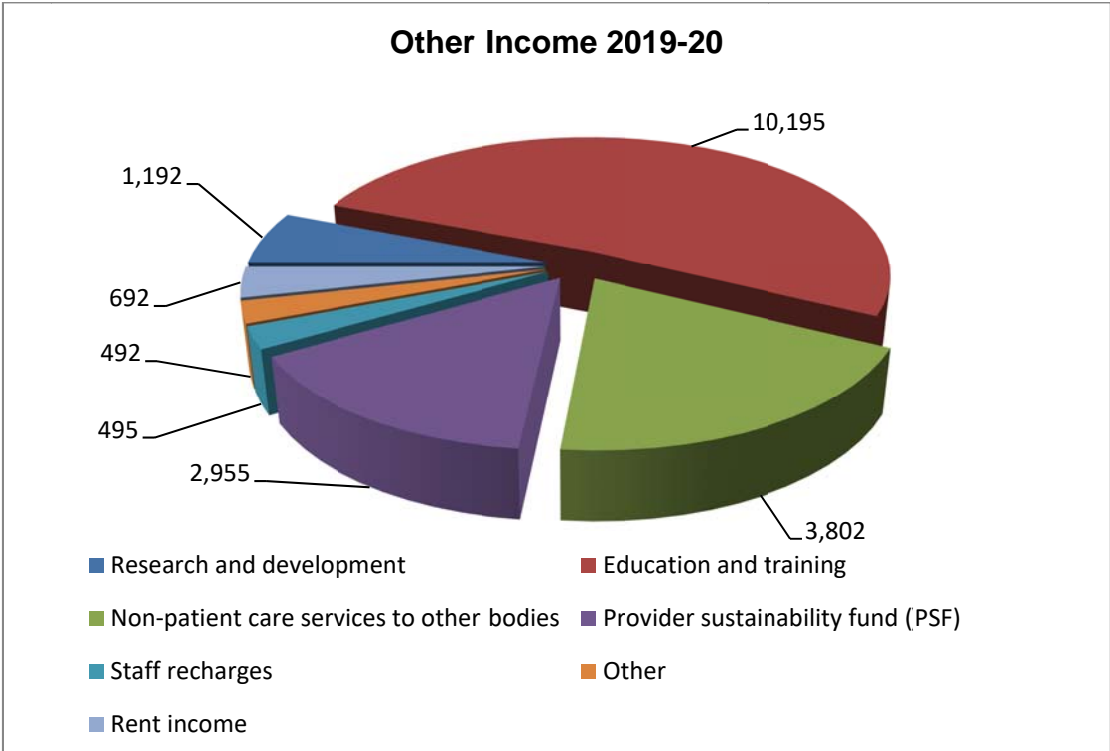
The Trust received no income from fees and charges.

Income Generation

During 2019/20, income generated was £385.7m from a range of activities; 94.8% from direct patient care. Patient care income came from the following areas:



There was a further £19.8m from the provider sustainability fund, education, and other non-patient care services.



As shown above, the Trust's income from the provision of goods and services for the purposes of the health service in the UK was greater than its income from the provision of goods and services for any other purposes. This income had no negative impact on the provision of health services.

Statement as to disclosure to Auditors

Each of the Directors, holding office on 31st March 2020, confirms that:

- As far as they are aware, there is no relevant information of which the Trust's Auditor is unaware
- That they have taken all steps they ought to have taken as a Director in order to make themselves aware of any such information and to establish that the Auditor is aware of that information

Modern Slavery Act Statement

Tees, Esk and Wear Valleys NHS Foundation Trust provides mental health and learning disability services to a population of two million people across Durham, Teesside and North Yorkshire.

All Trust staff in clinical or non- clinical roles have a responsibility to consider issues regarding modern slavery, and incorporates their understanding of these issues into their day to day practice. Front line NHS staff are well placed to be able to identify and report any concerns they may have about people who use our services and modern slavery is part of the safeguarding agenda for children and adults.

The Trust is fully aware of its responsibilities towards patients, employees and the local community and, as such, we have a strict set of ethical values that we use as guidance with regard to our commercial activities. We therefore expect that all suppliers to the Trust adhere to the same ethical principles.

In compliance with the consolidation of offences relating to trafficking and slavery with the Modern Slavery Act 2015 the Trust continues to review its supply chains with a view to confirming that such actions are not taking place.

Advice and training about slavery and human trafficking is available to staff through the Safeguarding Team.

Further information on Modern Day Slavery can be found by visiting:

<https://modernslavery.co.uk/>

Equality and Diversity Report

Equality Objectives 2016-2020

In March 2016 each Locality was asked to develop an equality objective for 2016-2020. There has been evidence of good consultation and activities in Localities which led to the development of the equality objectives.

Durham and Darlington Equality Objective 2017–2020: To continue to ensure that the principles of Green Light are embedded in adult services (this is a framework for improving access to mental health services for people with learning disabilities)

Progress: Due to multiple changes in the Locality the green light innovation event was delayed. Staff from Durham and Darlington attended the Greenlight ‘review’ Kaizen event in the Teesside Locality in January 2020 and considered what could be utilised via a share and spread event in the Durham and Darlington Locality. Durham and Darlington Adult Mental Health & Adult Learning Disabilities services continue to work closely together around a small number of patients with complex needs who require input from both services and consideration of the Greenlight principles of reasonable adjustments to support people with learning disabilities and autism within services are considered within these joint pieces of work.

York and Selby overall objective 2016-2020: Working with partners to improve access and experience of mental health services for students and young people (16 – 25) in York and Selby.

Progress: The York and Selby objective has been completed within the agreed timescale (end of 2018/2019).

Forensic Services Equality Objective 2017/2020: To improve the support for staff who are on extended forms of planned maternity/paternity/adoption leave.

Progress: The service has re-audited compliance with the Maternity, Adoption and Paternity Procedure using a sample provided by Human Resources of the people currently on maternity leave. The results are currently being analysed to identify further work that may be required

Teesside

Objective 1 2016-2020: To continue implementation of the Greenlight audit (this is a framework for improving access to mental health services for people with learning disabilities) in adult services, building on the work carried out last year and completing the self-assessment.

Progress: Objective 1 was completed within the agreed timescale

Objective 2: Under/Over-Represented Communities 2017–2020. Based upon the information identified from analysis of our data, the Locality has begun to explore the reasons for the under/over representation of particular BAME communities within services.

Progress: The Locality has continued to use a community development approach to review the experience of services for its BAME communities and to identify remedial actions that need to be taken to support access for those communities to achieve successful outcomes. MHSOP are continuing to build on the introduction to the NHS course training provided to South Asian communities, and following on from the latest course a further seven volunteers have been recruited into paid roles as bank staff. A

further introduction to the NHS course started in January 2020. The introduction to the NHS course is a five-week health and social care course, which is run by the Trust, a third sector partner and Middlesbrough community learning services. The aim is for women who have taken the course to become volunteers and eventually work for the Trust through the Temporary Staffing Team. This opportunity is allowing the Trust to begin changing the staffing demographic within older people's services, to ensure it is more reflective of the communities that it serves as well as breaking barriers around mental health. The women attending the course now feel confident about their understanding of mental health and the treatment options open to them.

North Yorkshire Objective 2016-2020: To better understand the mental health needs of the farming communities in North Yorkshire and where appropriate take action to improve and increase access to services.

Progress: The Locality has developed a project group with community stakeholders, including local farming support groups. This group is leading the work with the farming community. The group have engaged in further outreach sessions with positive feedback at the Great Yorkshire show. An awareness raising package on mental health issues was developed for use at the Great Yorkshire show. The group has been working with the Communications Team to use social media as a tool to raise awareness of mental health issues within the farming community and filmed a series of talking heads which have received positive feedback. A training package on working with the farming community has been developed and rolled out to staff. The group is planning to engage with local agricultural colleges to reach a younger audience and is working with the Nation Farmers Union to include articles on mental health in its newsletters

Equality Strategy and Objective 2020-2023

A revised Equality, Diversity and Human Rights Strategy for 2020–2023 was approved by the Board of Directors in January 2020 in order to more fully realise the vision, mission and strategic goals of the Trust. As part of the development of this strategy a consultation was held with service users, carers, and staff and partner organisations during 2019. There was an encouraging level of engagement in the consultation exercise. A number of very clear themes emerged from this consultation and these themes have helped to shape the strategy:

Disability

Work needs to be done to ensure managers understand disability fully and are aware of how to support staff with disabilities.

Trans

Staff overwhelmingly asked for Trans awareness training

Race and Ethnicity

Staff requested more training on managing verbal aggression from patients, carers and relatives towards staff (this applies more widely than race and ethnicity).

Data Completeness

There was strong agreement that demographic data completeness captured in the Trust's staff record (ESR) and clinical record (Paris) needed to be improved.

Community Engagement

More work needs to be undertaken with hard to reach service user and carer groups to improve their access to and experienced of services

As a result of this feedback five equality objectives have been developed:

- Ensure that where agreed, staff that require a reasonable adjustment have this/these in place
- Ensure we support and respond to staff that experience verbal aggression and to proactively reduce the number of incidents of verbal aggression towards staff
- Ensure we have a suitably trained and skilled workforce to address the needs of Trans patients and staff
- To increase the recording of disability and sexual orientation on Paris (clinical record system) and ESR (Electronic Staff Record system) of patients and staff
- Increase the number of BAME service users who access services within the Trust and report a positive experience

The 2020–2023 Equality Strategy can be found at: <https://www.tewv.nhs.uk/about-us/how-we-do-it/equality-and-diversity/>

Key Equality Data

The Trust publishes the following equality data annually. It should be noted that due to the current Covid-19 pandemic the Equality and Human Rights Commission has postponed reporting under the Equality Act and NHS England has suspended reporting of the Workforce Race Equality Standard and the Workforce Disability Equality Standard, so with the exception of the information on service users and the Equality Delivery System which is published every 3–4 years all data relates to 2019:

- Publication of data on service users; available at: <https://www.tewv.nhs.uk/content/uploads/2020/03/Pub-of-Equality-Data-May-19rev1.pdf>
- Publication of information on staff; available at: <https://www.tewv.nhs.uk/content/uploads/2019/05/Publication-staff-2019.pdf>
- Workforce Race Equality Standard and Action Plan; available at: <https://www.tewv.nhs.uk/content/uploads/2019/07/WRES-2019-action-plan-v3web.pdf>
- Workforce Disability Equality Standard and Action Plan; available at: <https://www.tewv.nhs.uk/content/uploads/2019/07/WDES-2019-action-plan-v2web.pdf>
- Equality Delivery System 2; available at: <https://www.tewv.nhs.uk/content/uploads/2018/08/Equality-and-Diversity.pdf>

Actions taken by the Trust

The Trust has taken a number of actions to address issues of differences in outcomes and experiences for both staff and service users from protected groups.

Details of these are contained in:

- The Equality objective section above
- The Equality Strategy 2020–2024
- The Workforce Race Equality Standard document
- The Workforce Disability Equality Standard document
- The Trust intends to publish metric data on its LGBTQ+ staff that mirrors the metrics in the WRES and WDES. An action plan will be developed on the basis of the measurements which will allow the Trust to demonstrate progress against the indicators of LGBT equality. ESR does not currently allow for information to be gathered about Trans staff. The Trust is exploring ways to generate more information about Trans staff through the National NHS staff survey and the staff Friends and Family test to help ensure that the experiences of Trans staff can be captured and can inform action planning

Remuneration report

Statement from the Chairman of the Board's Nomination & Remuneration Committee

Information on the Board's Nomination and Remuneration Committee is provided in the section on Governance in the Accountability Report.

In 2014/15 the Committee agreed an Executive Management Team (EMT) Pay Framework. Details of this policy are set out below.

This Framework does not cover the remuneration of:

- The Chief Executive
- The Medical Director
- Senior Clinical Director for the Kaizen Promotion Office (KPO)
- The Director of Therapies
- Those members of the Executive Management Team employed at the time of its introduction that have chosen to remain employed under national Agenda for Change terms and conditions have the option to move under the Framework at any time.

During 2019/20 the Committee made a basic pay cost of living increase of 1.32% to those senior managers covered by the EMT Pay Framework, and they received a non-consolidated cash lump sum of 0.77% of basic pay.

Details of the salaries and allowances and pension benefits of senior managers in 2019/20 and payments made to past senior managers are provided in the tables in this section.

Miriam Harte
Chairman of the Board’s Nomination and Remuneration Committee

Senior Managers’ Remuneration Policy

The key features of the Executive Management Team (EMT) Pay Framework and pay arrangements for those senior managers not covered by it, except for those employed under national Agenda for Change and national medical and dental terms and conditions of service are set out in the table below:

No changes were made to the components of the EMT Pay Framework during 2019/20.

<p>Basic Pay</p>	<p>The EMT Pay Framework is based on job evaluation point scores provided by Capita using an independent job evaluation system and agreed job descriptions.</p> <p>The pay levels are equivalent to the mid-point of the pay ranges proposed by Capita in 2014, updated by any subsequent cost of living increases, and are equivalent to the upper quartile market pay level for Executive Directors in Mental Health and Learning Disabilities NHS Trusts.</p> <p>The maximum amount which could be paid under the Framework to all members of the EMT, collectively, is £1,669,775.</p> <p>Through these arrangements the Trust has satisfied itself that senior managers’ remuneration is reasonable.</p> <p>The basic pay arrangements support the short and long term strategic objectives of the Trust by enabling the Trust to recruit and retain talented individuals who undertake key leadership roles using levels of remuneration that represent value for money and which are comparable to those of other similar organisations.</p>
<p>Performance Related Components</p>	<p>In general, the EMT Pay Framework has no performance related components; however, starting salaries of less than the full amount (typically 7.5%) have been used for new post holders.</p> <p>The full amount becomes payable subject to the post-holder demonstrating good performance in their first year in office taking into account achievement of objectives and the outcome of their appraisals.</p>

Recruitment and Retention Premia (RRP)	The Nomination and Remuneration Committee has the option of paying Recruitment and Retention Premia (RRP) but these should only be paid where there is clear evidence that the payments can be justified. No members of the EMT were paid a RRP during 2018/19.
Allowances	A Directors Travel Allowance of £5,444 is included within basic pay. A temporary (2 years) travel allowance of £6,000 is included for one Director.
Provisions for the recovery of sums paid to Directors or for withholding payments of sums to senior managers	There is contractual provision for making appropriate deductions from notice period payments. Entitlement to pay progression, where applicable, is subject to confirmation from the individual's line manager that their performance over the preceding 12 months period has been rated as being good. The Nomination and Remuneration Committee of the Board of Directors agreed to the incorporation of an 'earn back' clause whereby up to 10% of salary is put at risk pending an annual review of performance against objectives set.
Remuneration above £150,000	A comparison is undertaken with NHS VSM pay-bands and with published salary bands within similar NHS organisations. The scale and complexity of TEWV which services a population of 2m people from over one hundred sites, working with nine Clinical Commissioning Groups, either upper tier local authorities and within three STPs is also a factor.
Arrangements specific to individual Senior Managers	Not Applicable

Other Policy Disclosures

- Service Contract Obligations: None identified
- Policy on Payment for Loss of Office: A contractual entitlement to three months' notice, other than in the case of summary dismissal. Where eligible an entitlement to a redundancy payment in accordance with Section 16 of the National Terms and Conditions of Service
- Diversity and Inclusion: The Nomination and Remuneration Committee's approach to diversity and inclusion is based on the Trust's Human Rights, Equality and Diversity Policy. This Policy, which is available on the Trust's website, lays down expected standards in relation to equality, diversity and human rights in employment and service delivery. These standards say that TEWV:
 - Will respect and protect the human rights of all service users, staff and anyone else who has a relationship to the Trust.
 - Takes breaches of policy very seriously, particularly those that when breached have a harmful effect on other people. Victimisation, harassment, discrimination (or an attempt to do so) and bullying will not be tolerated and will, where substantiated lead to disciplinary action

- Staff who identify with protected groups have the right to be treated in a fairly and with dignity and respect and without the fear of unlawful discrimination, harassment, victimisation or bullying
- Is committed to the ongoing development of staff awareness and knowledge of equality, diversity and human rights. Staff development begins on employment and continues throughout an individual's career until they leave the Trust
- Is committed to monitoring, evaluating and reporting on issues of equality, diversity and human rights in employment and service provision
- Will work towards best practice standards of equality, diversity and human rights and not merely comply with legislation
- Will promote equality, foster good relations and take an anti-discriminatory approach in all areas of employment and service delivery
- Will ensure that barriers to accessing services and employment are identified and removed so that no person is treated less favourably because they identify with a protected group/s
- The Trust recognises the importance of this Policy in the employment relationship it has with its staff and in provision of services for service users, and will reflect this commitment in all Trust policies, procedures and practices etc.

The policy extends outside the workplace and Trust staff should be aware that workplace behaviour includes time when they are not physically at work but are participating in activities where work is a factor, i.e. team nights out, shopping trips with colleagues etc. This is because abusive, discriminatory and / or unethical behaviour outside of work could still affect the relationship between the Trust and its employees, particularly if it is deemed to be so serious that it would warrant disciplinary action or allegations of gross misconduct, as would be the case if the individual or group concerned were at work

The Policy supports the delivery of the Trust's Equality Strategy. Progress on the delivery of the Equality Objectives, included in the Strategy, is monitored by the Equality, Diversity and Human Rights Steering Group.

Further information on Equality and Diversity is provided in the Accountability Report, while demographic information on the Trust's senior managers is provided in the Staff Report.

Statement of consideration of employment conditions elsewhere in the Foundation Trust: A combination of an independent job evaluation scheme, to establish respective job weights, and independently gathered and reported information about Very Senior Manager remuneration levels in comparable trusts were used to establish the Executive Management Team Pay Framework. CAPITA undertook the job evaluation exercise and provided information about remuneration levels of equivalent posts within comparable organisations. This information has been used by the Nomination and Remuneration Committee to establish and operate the Executive Management Team Pay Framework since 2014 including consideration of updated independent remuneration reports. Individual employees directly affected by the Executive Management Team Pay Framework were consulted about the approach

being taken and given the opportunity to retain their existing terms and conditions of employment should they wish to do so.

Non-Executive Director Remuneration

Basic Remuneration	The basic fees payable to the Chairman and Non-Executive Directors have been set by the Council of Governors taking into account information provided by Capita on fees payable by other Foundation Trusts. The Non-Executive Directors have not received an increase in their remuneration since 2013/14.
Additional fees paid for other duties	Additional fees are payable to the Chairman of the Audit and Risk Committee and the Senior Independent Director.
Allowances	The Chairman and Non-Executive Directors are able to claim reimbursement of expenses (e.g. travel) in line with Trust policy.



Colin Martin
Chief Executive

23rd June 2020

Senior Manager's Remuneration Tables (subject to audit)

	2019-20						2018-19					
	Salary (bands of £5000) £000	Other Remuneration (bands of £5000) £000	Benefits in kind* Rounded to the nearest £100	Pension related benefits (bands of £2500) £000	Total Remuneration (bands of £5000) £000	Expenses Paid (rounded to nearest £100)	Salary (bands of £5000) £000	Other Remuneration (bands of £5000) £000	Benefits in kind* Rounded to the nearest £100	Pension related benefits (bands of £2500) £000	Total Remuneration (bands of £5000) £000	Expenses Paid (rounded to nearest £100)
Mr Colin Martin, Chief Executive	170-175	-	10,300	37.5-40.0	220-225	1,100	170-175	0	11,100	17.5-20.0	205-210	900
Mr Brent Kilmurray, Deputy Chief Executive (left 19 August 2018)	-	-	-	-	-	-	45-50	0	3,300	77.5-80.0	130-135	700
Mrs Ruth Hill, Director of Operations – York & Selby (left 31 July 2018); Chief Operating Officer (started 1 August 2018)	125-130	-	7,100	60.0-62.5	190-195	600	115-120	0	2,200	102.5-105.0	220-225	900
Mr Patrick McGahon****, Director of Finance and Information	135-140	5-10	0	7.5-10.0	150-155	1,200	130-135	5-10	0	120.0-122.5	260-265	1,700
Mrs Elizabeth Moody, Director of Nursing and Governance and Deputy Chief Executive (latter post started 20 August 2018)	115-120	-	14,200	0	125-130	1,300	110-115	0	11,400	5.0-7.5	130-135	1,800
Dr Ahmad Kouja**, Medical Director	165-170	35-40	0	57.5-60.0	260-265	4,300	155-160	50-55	0	155.0-157.5	365-370	4,000
Mr David Levy, Director of Human Resources and Organisational Development	110-115	-	0	0	110-115	0	105-110	0	0	7.5-10.0	115-120	400
Mrs Jennifer Illingworth, Director of Quality Governance (left 5 January 2020); Director of Operations – Director of Operations – County Durham and Darlington (started 6 January 2020)	100-105	-	8,100	10.0-12.5	120-125	1,400	95-100	0	6,300	17.5-20.0	125-130	1,500
Mrs Avril Lowery, Director of Quality Governance (started 01 February 2020)	15-20	-	0	22.5-25.0	35-40	0	0	0	0	0	0	0
Mrs Sharon Pickering, Director of Performance, Planning and Communications	100-105	-	600	7.5-10.0	110-115	1,300	100-105	0	10,200	17.5-20.0	125-130	1,200
Mr Patrick Scott, Director of Operations – County Durham and Darlington (left 31 August 2018); Director of Operations – York and Selby (started 1 September 2018, left 31 January 2019)	-	-	-	-	-	-	90-95	0	4,400	10.0-12.5	105-110	1,100

Mr David Brown, Chief Operating Officer (started 01 December 2017, left 1 August 2018); Director of Operations – York and Selby (started 1 December 2018, left 31 March 2019)	-	-	0	-	-	-	120-125	0	3,600	75.0-77.5	200-205	1,400
Mr Levi Buckley, Director of Operations - Director of Operations – County Durham and Darlington (left 3 November 2019)	60-65	-	0	10.0-12.5	70-75	1,500	100-105	0	0	55.0-57.5	155-160	1,200
Mrs Donna Sweet, Director of Operations – County Durham and Darlington (started 4 November 2019, left 4 January 2020)	70-75	0-5	2,200	22.5-25.0	100-105	600	0	0	0	0	0	0
Mrs Adele Coulthard, Director of Operations – Director of Transformation – North Yorkshire (left 3 February 2019)	-	-	-	-	-	-	85-90	0	3,400	7.5-10.0	95-100	0
Mr Tim Cate, Director of Operations – North Yorkshire (started 01 September 2017, left 31 March 2019)	-	-	-	-	-	-	70-75	0	1,200	0	70-75	1,700
Mrs Naomi Lonergan, Director of Operations – North Yorkshire and York (started 01 April 2019)	100-105	-	5,200	62.5-65.0	170-175	700	0	0	0	0	0	0
Mr Dominic Gardner, Director of Operations - Teesside	105-110	-	0	30.0-32.5	135-140	2,700	100-105	0	1,300	202.5-205.0	305-310	600
Mrs Lisa Taylor, Director of Operations – Forensic Services (started 1 September 2018)	95-100	-	3,600	105.0-107.5	205-210	500	75-80	0	2,700	67.5-70.0	150-155	1,500
Mr Robert Cowell, Director of PFI Projects (left 31 August 2018); Director of Operations - Estates and Facilities Management (started 1 September 2018, left 31 March 2019)	-	-	-	-	-	-	95-100	0	3,900	0	100-105	900
Mr Paul Foxton, Director of Operations – Estates and Facilities Management (left 31 August 2018)	-	-	-	-	-	-	75-80	0	1,800	0.0-2.5	75-80	1,600
Mr Phil Bellas, Trust Secretary	85-90	-	0	15.0-17.5	105-110	0	85-90	0	0	20.0-22.5	105-110	0
Dr Ruth Briel***, Senior Clinical Director – Kaizen Promotion Office (left 30 September 2019)	40-45	5-10	0	-	50-55	2,500	70-75	15-20	0	45.0-47.5	135-140	3,100
Mrs Sarah Dexter-Smith: Director of Therapies*****	90-95	0-5	0	25.0-27.5	120-125	3,800	90-95	0	0	37.5-40.0	125-130	2,000
Mrs Miriam Harte, Chairman - started 1 April 2019	50-55	-	0	-	50-55	3,000	0	0	0	0	0	0

Mrs Lesley Bessant, Chairman - left 31 March 2019)	-	-	-	-	-	-	50-55	0	0	0	50-55	4,200
Mr Richard Simpson, Non-Executive Director *****	5-10	0-5	0	-	5-10	1,900	10-15	0	0	0	10-15	2,700
Mr Marcus Hawthorn: Non-Executive Director (Senior Independent Director)	15-20	-	0	-	15-20	0	15-20	0	0	0	15-20	0
Mr David Jennings, Non-Executive Director (Chairman of the Audit and Risk Committee)	15-20	-	0	-	15-20	1,000	15-20	0	0	0	15-20	1,300
Dr Hugh Griffiths, Non-Executive Director	10-15	-	0	-	10-15	1,900	10-15	0	0	0	10-15	2,800
Mrs Shirley Richardson, Non-Executive Director	10-15	-	0	-	10-15	2,200	10-15	0	0	0	10-15	2,000
Mr Paul Murphy, Non-Executive Director	10-15	-	0	-	10-15	1,100	10-15	0	0	0	10-15	1,300
Mr Pali Hungin, Non-Executive Director (started 1 September 2019)	5-10	-	0	-	5-10	300	0	0	0	0	0	0
Mrs Beverley Reilly, Non-Executive Director (started 1 September 2019)	5-10	-	0	-	5-10	600	0	0	0	0	0	0
Mr John Maddison, Associate Non-Executive Director (started 1 January 2020)	0-5	-	0	-	0-5	0	0	0	0	0	0	0

Remuneration ranged from	5-10
Remuneration ranged to	205-210
Band of highest paid directors (£000)#	170-175
Median of total remuneration	27,416
Ratio (Director to Median)	6.3

Remuneration ranged from	5-10
Remuneration ranged to	205-210
Band of highest paid directors (£000)#	170-175
Median of total remuneration	29,608
Ratio (Director to Median)	5.8

The above table shows the remuneration for time worked as a senior manager only. Where this was for part-year (dates shown in table), the table reflects this

* Benefits in kind are the provision of lease cars

** Other remuneration includes Clinical Excellence Award and additional clinical programmed activity worked during the reported period

*** Other remuneration includes Clinical Excellence Award

**** Other remuneration includes a recruitment and retention payment

***** Other remuneration is on call payment

***** Other remuneration is related to meeting attendance

Pension-related benefits have been excluded from this calculation, as they are not known for all staff. The Chief Executive's salary is used for this calculation as the Medical Director receives additional remuneration not linked to work as a Director

Pension-related Benefits

The value of pension-related benefits that are accrued during the year is calculated as the real increase by pension multiplied by 20, less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights. This value derived does not represent an amount that will be received by the individual. It is a calculation that is intended to provide an estimation of the benefit that being a member of the pension scheme could provide.

The pension benefit table provides further information on the pension benefits accruing to the individual

Expenses for Governors

At 31 March 2020, the Trust had 45 Governors (2018-19, 42), with 23 receiving reimbursement of expenses (2018-19, 29). The total amount reimbursed as expenses was £4,718 (£6.920 in 2018-19)

Pay Terms and Conditions

With the exception of Directors, Non-Executives and medical staffing, the workforce are covered by Agenda for Change. All inflationary uplifts for staff employed under the national terms and conditions have been in accordance with nationally determined pay arrangements. All Executive Directors are on a permanent contract and have a notice period of six months.

The Remuneration Committee is responsible for Executive Directors pay.



Colin Martin
Chief Executive

23rd June 2020

Senior Manager's Pension Benefits Table

Name and Title	Real increase in pension at retirement age for time in post (bands of £2500) £000	Real increase in pension lump sum at retirement age for time in post (bands of £2500) £000	Total accrued pension at retirement age at 31 March 2020 (bands of £5000) £000	Lump sum at retirement age related to accrued pension at 31 March 2020 (bands of £5000) £000	Cash Equivalent Transfer Value at 31 March 2020 £000	Cash Equivalent Transfer Value at 31 March 2019 £000	Real Increase in Cash Equivalent Transfer Value for time in post £000
Mr Colin Martin, Chief Executive	2.5-5.0	-2.5-0.0	75-80	200-205	1,628	1,547	56
Mrs Ruth Hill, Director of Operations – York & Selby (left 31 July 2018); Chief Operating Officer (started 1 August 2018)	2.5-5.0	2.5-5.0	40-45	95-100	755	683	54
Mr Patrick McGahon, Director of Finance and Information	0.0-2.5	-5.0 - -2.5	55-60	130-135	1,149	1,111	18
Mrs Elizabeth Moody, Director of Nursing and Governance and Deputy Chief Executive (latter post started 20 August 2018)	0.0-2.5	-5.0 - -2.5	45-50	140-145	1,007	980	11
Dr Ahmad Kouja, Medical Director	2.5-5.0	0.0-2.5	55-60	125-130	1,091	1,007	58
Mr David Levy, Director of Human Resources and Organisational Development	0.0-2.5	0.0-2.5	30-35	95-100	793	760	18
Mrs Jennifer Illingworth, Director of Quality Governance (left 5 January 2020); Director of Operations – Director of Operations County Durham and Darlington (started 6 January 2020)	0.0-2.5	-2.5-0.0	35-40	75-80	652	626	13
Mrs Donna Sweet: Director of Operations – County Durham and Darlington (started 4 November 2019, left 4 January 2020)	0.0-2.5	2.5-5.0	30-35	100-105	732	583	23
Mrs Avril Lowery, Director of Quality Governance (started 01 February 2020)	0.0-2.5	2.5-5.0	40-45	130-135	1,000	831	27
Mrs Sharon Pickering, Director of Planning, Performance and Communications	0.0-2.5	-2.5-0.0	40-45	100-105	837	809	14
Mr Levi Buckley, Director of Operations – Director of Operations – County Durham and Darlington (left 3 November 2019)	0.0-2.5	-2.5-0.0	40-45	50-55	558	531	11
Mrs Naomi Lonergan, Director of Operations – North Yorkshire and York (started 01 April 2019)	2.5-5.0	5.0-7.5	10-15	15-20	182	126	43

Mr Dominic Gardner, Director of Operations – Teesside	0.0-2.5	0.0-2.5	25-30	50-55	454	416	24
Mrs Lisa Taylor, Director of Operations – Forensic Services (started 1 September 2018)	5.0-7.5	10.0-12.5	30-35	65-70	527	426	88
Mr Phil Bellas, Trust Secretary	0.0-2.5	-2.5-0.0	15-20	25-30	302	278	12
Mrs Sarah Dexter-Smith, Director of Therapies	0.0-2.5	0.0-2.5	25-30	50-55	406	374	19

As Non-Executive members do not receive pensionable remuneration, there are 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 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 arrangements to secure pension benefits in another pension scheme, or arrangement when the member leaves a scheme and chooses to transfer their benefits accrued in the previous 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 this disclosure applies. The CETV figures, and from 2004-2005 the other pension details, include the value of any pension benefits in another scheme or arrangements 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.

The reason for the negative increase in lump sum for seven senior managers is due to the inflation factor used (2.4%) being higher than the percentage growth in benefits.

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.

Real increases are shown pro rata for the period employees were working as a senior manager for the Trust, if an employee left post, or started a role midway through the year.

The method used to calculate CETVs changed, to remove the adjustment for Guaranteed Minimum Pension (GMP) on 8 August 2019. If the individual concerned was entitled to a GMP, this will affect the calculation of the real increase in CETV. This does not affect any other columns in the table above.

The above table is accurate as at 31 March 2020. Actions (yet to be announced) following the McCloud judgement may impact on some or all of the figures shown.

Colin Martin
Chief Executive

23rd June 2020

Staff Report

Staff Costs (subject to audit)

	Permanent £000	Other £000	2019/20 TOTAL £000	2018/19 TOTAL £000
Salaries and Wages	204,544	19,726	224,270	213,820
Social Security Costs	18,232	1,861	20,093	19,075
Apprenticeship Levy	958	110	1,068	1,018
Employer's Contributions to NHS Pension Schemes	33,618	3,845	37,463	24,902
Pension Cost – other	69	8	77	36
Temporary Staff	-	8,748	8,748	9,632
Total Staff Costs	257,421	34,298	291,719	268,483
Of Which:				
Costs capitalised as part of assets	244	-	244	261

Average number of employees - WTE basis (subject to audit)

	Permanent Number	Other Number	2019/20 TOTAL Number	2018/19 TOTAL Number
Medical and Dental	204	115	319	313
Administration and Estates	1,074	128	1,203	1,209
Healthcare Assistants and Other Support Staff	306	13	319	320
Nursing, midwifery and health visitor staff	3,244	697	3,942	3,926
Scientific, therapeutic and technical staff	745	66	812	793
Healthcare science staff	3	-	3	2
Social care staff	10	22	32	25
Total average numbers	5,587	1,043	6,629	6,588
Of Which:				
Number of employees (WTE) engaged on capital projects	4	-	4	6

Demographic Information

Our workforce is primarily white, broadly in line with our local population and at the end of March 2018 there were 5,548 female members of staff (78%) and 1,517 male members of staff (22%)

The number of male and female directors and senior managers (i.e. members of the Board of Directors and Executive Management Team) is 11 male directors and 11 female directors.

Sickness absence figures (January to December 2019)

Sickness absence figures for the Trust can be accessed via NHS Digital using the following link:

<https://digital.nhs.uk/data-and-information/publications/statistical/nhs-sickness-absence-rates/january-2020-provisional-statistics>

Staff policies and actions taken

We have a range of policies and procedures which support our commitment to being a good employer and to providing equal opportunities to present and potential employees:

- The Trust sickness absence procedure contains a provision for disability leave so that staff with a disability who require regular treatment to maintain their health and attendance at work, can do so within an agreed number of days leave
- The recruitment and selection policy is based upon national and Disability Confident recruitment standards and we guarantee to interview all applicants who declare they have a disability and who meet the minimum requirements for the post. The Trust will provide all reasonable adjustments to enable people with a disability to attend for interview. This applies not only to staff applying for their first post with the Trust but also to staff seeking promotion
- The redeployment process provides the opportunity for staff who are no longer able to carry out their job either on health grounds or because of organisational change to secure suitable alternative employment with the Trust. This can involve a period of shadowing, training and a trial period to widen the suitable opportunities available
- The Trust's staff development policy recognises that people learn in different ways and that a positive learning environment that endeavours to meet people's needs is likely to impact positively on the level of knowledge retained. Reasonable adjustments work positively in a learning environment as they remove barriers to learning. Staff are far less likely to learn and retain knowledge if they are worried or anxious. Everyone is different, so this could be something that impacts directly on a person within the learning environment or it could be that another factor outside the learning environment is having a detrimental impact on their ability to learn or participate in the training. Managers and staff are encouraged to contact the education and training department to discuss how the Trust can best meet the needs of people from protected groups whilst they are participating in education and training
- During 2019/20 we made efforts to improve the training needs analysis by the greater involvement of services in speciality based training needs identification and planning activities
- The Trust is a member of the Business Disability Forum, a not for profit registered charity, as part of efforts to improve workplace disability policy and practice
- The Trust Workforce Strategy is monitored by the Resources Committee on a quarterly basis. The strategy describes how we intend to improve the quality of our services through workforce supply, development, health and wellbeing and engagement activities

Occupational Health

The 2019/20 staff flu campaign was the most successful to date with 68.86% of frontline healthcare workers receiving a flu vaccination (equating to 3,952 frontline staff). Uptake rates were 2.26% higher than 2018-19. Demand for physiotherapy and counselling services continued to be high, however access to these services was maintained during 2019/20.

The Trust started to work with a new Occupational Health service provider from 1st December 2019, People Asset Management (P.A.M), continuing the work to maintain and improve staff health and wellbeing.

In addition to Occupational Health services the Trust provides a wide range of health and wellbeing support services for staff, such as an Employee Support Service, Employee Psychology Service and Staff Mindfulness Service as well as health improvement information through its staff intranet and weekly e-bulletins. The Trust's Crowdsourcing platform has also been used to ask staff about wellbeing support provided by the Trust with follow up actions being identified.

P.A.M. has links with senior Human Resources and Organisational Development staff to monitor progress relating to sickness absence team meetings, the Infection and Prevention Control Committee, the Health Safety, Security and Fire Committee, the Health and Wellbeing Group, the Mindful Employer Group, the Staff Flu Vaccination Group and health and wellbeing related improvement events.

Health, safety and security

In addition to ensuring that staff receive advice, support and training, incidents are investigated and lessons learnt, our Health, Safety and Security Team work to continuously improve the services they provide to the Trust.

During 2019/20, the Trust Health and Safety Procedures were updated and approved by the Health Safety, Security and Fire Group; they are now published on InTouch. Audit One also completed an audit of the new updated procedures to ensure that they meet current legislation and found that the Trust's governance, risk management and control arrangements provide substantial assurance that the risks identified are managed effectively. The Trust is compliant with the control framework. Further work in relation to the updated procedures has been put on hold due to the Covid-19 pandemic but it is hoped that this will be rolled out in the near future.

The Health, Safety and Security Team have supported the Emergency Planning and Business Continuity meetings as a result of the incidents at West Lane Hospital, and through the Covid-19 pandemic.

Fraud, bribery and corruption policies and procedures

The Trust has an established anti-fraud and corruption policy which aims to minimise the risk of fraud, bribery or corruption by detailing the key roles and responsibilities of employees and related parties; as well as promoting an anti-fraud culture throughout the Trust.

The policy and related materials are available on the Trust's intranet and counter-fraud information is prominently displayed both on the Trust's intranet and throughout the Trust's premises.

The Trust's Local Counter-Fraud Specialist (LCFS) reports to the Audit and Risk Committee quarterly and performs a programme of work designed to provide assurance to the Board with regard to fraud and corruption. The LCFS provides regular fraud awareness sessions to the Trust's staff, investigates concerns reported by staff and liaises with the police. If any issues are substantiated, the Trust takes appropriate criminal, civil or disciplinary measures.

Recording of Trade Union Facility Time - 01/04/19–31/03/20

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
25	6629

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	15
1 – 50%	8
51-99%	0
100%	2

Percentage of pay bill spent on facility time

Total cost of facility time	£61,901.88 (calculated as per Regulations)
Total pay bill	£291,284,340 (calculated as per Regulations)
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.021%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	13.26% (calculated as per Regulations)
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Staff Engagement

Having good levels of staff engagement is believed to be essential as there is evidence that a well-engaged workforce will help to deliver better quality care to service users and carers. Listening and responding to our staff, adopting a collaborative leadership approach and having in place a systemic quality improvement system all contribute to enhancing staff engagement.

We also remain committed to improving the way we use of the Staff Friends and Family Test to engage with the workforce. We hope the use of crowdsourcing methodology will help improve how staff survey results are communicated to staff and how we engage staff about what our response to the results ought to be. Consultations about proposed organisational changes, changes to workforce policies and procedures and terms and conditions issues have taken place at both a Trust and individual service level. This two way flow of information has helped to inform and improve decisions made.

Trustwide consultation takes place with staff side representatives via the bi-monthly Joint Consultative Committee, with Locality Consultative Committees taking place in the intervening months for issues specific to each Locality. A number of groups have staff side representatives as members such as the Health and Wellbeing Group, Policy Working Group and Health and Safety Committee. In addition, staff side representatives are usually invited to join specific working groups when it is anticipated that there may be implications for staff.

NHS Staff Survey

From 2018 onwards, the results from questions have been grouped to give scores in ten indicators. The indicator scores are based on a score out of 10 for certain questions with the indicator score being the average of those.

The response rate to the 2019 survey among Trust staff was 44.9% compared to 30.5% in 2018.

Scores for each indicator together with that of the survey benchmarking group (24 Mental Health and learning disability trusts) are presented below.

	2019/20		2018/19		2017/18	
	Trust	Benchmarking Group	Trust	Benchmarking Group	Trust	Benchmarking Group
Equality, diversity and inclusion	9.2	9.0	9.4	8.8	9.3	9.0
Health and wellbeing	6.2	6.0	6.5	6.1	6.4	6.2
Immediate managers	7.2	7.3	7.3	7.2	7.3	7.2
Morale	6.3	6.3	6.5	6.2	N/A	N/A
Quality of appraisals	5.6	5.8	6.1	5.7	5.8	5.5
Quality of care	7.3	7.4	7.3	7.3	7.5	7.3
Safe	8.2	8.0	8.3	7.9	8.3	8.0

environment – bullying and harassment						
Safe environment – violence	9.3	9.3	9.3	9.3	9.1	9.2
Safety culture	6.8	6.8	7.0	6.7	7.0	6.7
Staff engagement	7.0	7.0	7.2	7.0	7.1	7.0

There was a welcome increase in the staff survey response rate from 30.5% in 2018 to 44.9% in 2019

Unfortunately there was a statistically significant deterioration in eight of the eleven theme scores in 2019 compared to 2018 with three theme scores remaining unchanged compared to the previous year.

Five theme scores were average compared to the benchmarking group with three theme scores being higher than average (Equality, Diversity and Inclusion, Health and Wellbeing and Safe Environment - Bullying) and the three below average (Immediate Managers, Quality of Appraisals and Quality of Care).

There was a significant variation in the changes to theme scores between 2018 and 2019 for some Localities and corporate directorates rather than these changes being consistent throughout the Trust.

Future priorities and targets

- Improve corporate communications with staff
- Increase access to high quality staff appraisals
- Roll out a revised leadership and management development programme to help embed a collaborative leadership style
- Provide more support to enable staff to speak up
- Implement the newly developed Equality, Diversity and Human Rights Strategy

A number of groups within the Trust will help to develop, implement and monitor associated actions including the Executive Management Team, the Right Staffing Programme Board, the Joint Consultative Committee and the Workforce and Development Group. Regular oversight will be provided by the Resources Committee that reports to the Board of Directors.

Exit Packages (subject to audit)

During 2019-20 the Trust had two employees retire early on the grounds of ill health; the value of these early retirements (from NHS Pensions) is £0.1m.

There were no payments for termination benefits during the period to March 2020 (2018-19, 3 payments valued at £14,000).

Consultancy Costs

The Trust paid £577k in consultancy costs during 2019/20.

Off-Payroll Arrangements

For all off-payroll arrangements, as of 31st March 2020, for more than £245 per day and that last for longer than six months

No of existing arrangements as of 31 March 2020	16
Of which...	
No. that have existed for less than one year at time of reporting	5
No. that have existed for between one and two years at time of reporting	4
No. that have existed for between two and three years at time of reporting	6
No. that have existed for between three and four years at time of reporting	1
No. that have existed for four or more years at time of reporting	0

For all new off-payroll arrangements or those that reached six months in duration, between 1st April 2019 and 31st March 2020, for more than £245 per day and that last longer than six months

No of new engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020	22
Of which...	
No. assessed as caught by IR35	22
No. assessed as not caught by IR35	0
No. engaged directly (via PSC contracted to the entity) and are on the department payroll	22
No. of engagements reassessed for consistency/assurance purposes during the year	0
No. of engagements that saw a change to IR35 status following the consistency review	0

Off-payroll Board member/senior official engagements

No. of off payroll engagements of Board members, and/or senior officials with significant financial responsibility, during the financial year	0
No. of individuals that have been deemed 'Board members and/or senior officials with significant financial responsibility' during the financial year. This figure includes both off-payroll and on-payroll arrangements (excluding Non-Executive Directors)	21

Governance including the Foundation Trust Code of Governance Disclosures

In this section we give details of our governance structure. We explain who sits on the Board of Directors and Council of Governors, how they operate and the areas they have focused on during the year. We also report on the work of the Board's committees.

Statement on the Application of the Code of Governance

The Foundation Trust Code of Governance, published by NHS Improvement, provides an overarching framework for corporate governance and complements the statutory and regulatory obligations placed on Foundation Trusts.

Tees, Esk and Wear Valleys 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.

Under the Code of Governance the Trust is required to disclose the following information on its governance arrangements:

Code ref:	Summary of Disclosure Requirement	Page(s)
A.1.1	A schedule of matters or a summary statement of how the Board of Directors and the Council of Governors operate, including the types of decisions to be taken by each body and which are delegated to the Executive Management Team on behalf of the Board of Directors	77-80
A.1.1	A statement on how disagreements between the Council of Governors and Board of Directors should be resolved	79
A.1.2	The names of: <ul style="list-style-type: none"> • The Chairman • The Deputy Chairman • The Chief Executive • The Senior Independent Director • The Chairmen and members of the Audit and Risk Committee • The Chairman and members of the Remuneration Committees 	35-39 87 90 & 99
A.1.2	The number of meetings of the Board of Directors and the Audit, Remuneration and Nominations Committees and individual attendance by Directors	82-83 87 90 99
A.5.3	The names of members of the Council of Governors, whether they are elected or appointed, the constituency or organisations they represent and the duration of their appointments.	95-97

A.5.3	The name of the Lead Governor.	95
B.1.1	The names of the Non-Executive Directors whom the Board determines to be independent, with reasons where necessary	35-37 81
B.1.4	A description of each director's skills, expertise and experience	35-39
B.1.4	A statement about the Board of Directors' balance, completeness and appropriateness to the requirements of the NHS Foundation Trust	81
B.2.10	A description of the work of the Nominations Committee(s) including the process used in relation to board appointments	90-91 98
B.3.1	The other significant commitments of the Chairman and any changes to them during the year.	35
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The latest version of the code of governance is available on NHS Improvement's website: www.improvement.nhs.uk

How the Trust is governed

The governance arrangements of Foundations Trusts, as public benefit corporations, are set out in Schedule 7 of the National Health Service Act 2006, as amended.

Under this Act the Trust must have:

- A legally binding constitution
- A Non-Executive Chairman
- A Board of Directors comprising Non-Executive and Executive Directors
- A Council of Governors comprising elected public and staff Governors and Governors appointed by key stakeholder organisations
- A public and staff membership

The Chairman of the Trust leads both our Board of Directors and Council of Governors.

The statutory duties of our Council of Governors are:

- To hold the Non-Executive Directors individually and collectively to account for the performance of the Board
- To represent the interests of the members of the Trust as a whole and the interests of the public

It has specific responsibilities:

- To develop our membership and represent their interests
- To assist with the development of the Trust's strategy
- To provide its views on any matter when consulted by the Board of Directors
- To appoint or remove the Chairman and the Non-Executive Directors
- To determine the remuneration and allowances, and the other terms and conditions of office, of the Chairman and Non-Executive Directors
- To approve the appointment of the Chief Executive
- To receive the annual accounts and annual report
- To appoint or remove the Trust's external auditor
- To determine proposals to increase the proportion of the Trust's income earned from non-NHS sources by 5% or more in any financial year
- To inform the Board whether or not it considers that any proposals to provide non-NHS services will interfere, to a significant extent, with the provision of NHS services
- To determine (in conjunction with the Board of Directors) any proposed changes to the Trust's Constitution
- To determine (in conjunction with the Board of Directors) any questions on mergers, acquisitions or separation of the Trust
- To determine (in conjunction with the Board of Directors) whether the Trust should be dissolved
- To determine any significant transactions (as defined in the Constitution) proposed by the Board of Directors
- To consider any matters raised by the Care Quality Commission or NHS Improvement which might affect the Trust's compliance with the terms of its Licence or its registration of services
- To determine whether any matter should be referred to a panel established by NHS Improvement on whether the Trust has failed or is failing to act in accordance with its Constitution, or to act in accordance with Chapter 5 of the NHS Act 2006

A number of committees and task and finish groups, including the Council of Governors' Nomination and Remuneration Committee, support this work.

Our Board of Directors provides overall leadership and vision to the Trust and is ultimately and collectively responsible for all aspects of performance, including clinical and service quality, financial performance and governance.

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

Our Board of Directors:

- Exercises certain functions in conjunction with our Council of Governors.
- Has retained certain decisions to itself including the definition of the Trust's strategic goals and objectives, the approval of the annual plan (following consultation with our Council of Governors); the acquisition, disposal or change of use of land or buildings with a value in excess of £500,000; and the introduction or discontinuance of any significant activity or operation

Further details are provided in the "scheme of decisions reserved to the Board" which is available on our website as part of our constitution.

Any powers which the Board has not reserved to itself or delegated to a committee are exercised on its behalf by our Chief Executive.

The Board, through its Audit and Risk Committee, conducts a review on the effectiveness of internal control annually based on the findings of the Head of Internal Audit.

Under the leadership of our Chief Executive, the Executive Management Team (which comprises the Executive, Corporate and Operational Directors, the Director of Therapies and the Trust Secretary) is accountable for the ratification of Trust-wide policies for implementation and for ensuring:

- Performance against our objectives and key targets is reviewed
- The effective operation of our integrated assurance systems
- The provision of appropriate and accurate information to our Board of Directors

A process has been established for the resolution of disputes between the Board and the Council of Governors.

Led by the Chairman or Deputy Chairman and supported by the Senior Independent Director, the process is based on a number of steps by which the matters in dispute are formally stated, considered and responded to.

If resolution cannot be achieved the view of the Board will prevail unless the issue falls within the Council of Governors' statutory powers.

Nothing within the process restricts the Council of Governors from informing NHS Improvement or the Care Quality Commission of relevant concerns.

Further details of the dispute resolution procedure are included in Annex 9 of our constitution.

In March 2020, as with many organisations, we paused many of our usual governance arrangements in response to national restrictions arising from the Covid-19 pandemic its usual governance arrangements, systems and processes.

In their place the Trust has:

- Enacted its business continuity planning (BCP) arrangements based on a Strategic Command model
- Established a Clinical Advisory Committee and an Ethics Committee to support clinical assurance and decision making within its BCP arrangements
- Introduced virtual Board meetings, held twice each month, focusing not only on responding to the pandemic but also on general business requirements
- Recognised the impact of Covid-19 as a specific risk in the BAF with monthly monitoring of the progress of mitigations by the Board
- Streamlined its committee arrangements with:
 - Monthly virtual meetings of the Quality Assurance Committee being held in an agile format; focussed on key quality and safety issues; and supported by escalation arrangements and reporting from the operational and tactical levels of the strategic command structure
 - Virtual meetings of the other Committees being held as and when required
- Established virtual briefing arrangements for Governors based on the Trust's geographical Localities
- Increased the frequency of written briefings to Governors

Within these arrangements formal decisions are being taken under the emergency powers provisions contained in the Trust's Constitution.

These interim arrangements have proved to be successful in maintaining a robust controls environment and the Board is considering which would be beneficial to continue going forward.

The Board of Directors

Under our Constitution our Board of Directors comprises:

- A Non-Executive Chairman
- Five to seven Non-Executive Directors
- Five Executive Directors which must include the Chief Executive (as the accounting officer), the Finance Director, a registered medical practitioner (the Medical Director) and a registered nurse (the Director of Nursing and Governance)

Information on the Board Members as at 31st March 2020, including details of their skills and expertise, is provided in the Accountability Report.

The Trust's Associate Non-Executive Director, John Maddison, and its Corporate Directors, Sharon Pickering (Director of Planning, Performance and Communications) and David Levy (Director of Human Resources and Organisational Development) attend meetings of the Board in a non-voting capacity.

The Board considers that, as at 31st March 2020:

- Its composition meets the requirements of the National Health Service Act 2006 and the constitution and is appropriate for the organisation
- All its members are "fit and proper" persons to be Directors of the Trust in accordance with the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014
- There is an appropriate balance and breadth of skills, knowledge and experience amongst the Non-Executive Directors
- All the Non-Executive Directors meet the independence criteria set out in the Foundation Trust code of governance

Statement on the Directors' responsibility for preparing the Annual Report and Accounts

The Directors are required under the National Health Service Act 2006, and as directed by NHS Improvement, to prepare accounts for each financial year.

NHS Improvement, with the approval of HM Treasury, directs that these accounts shall show, and give a true and fair view of the NHS foundation trust's gains and losses, cash flow and financial state at the end of the financial year. NHS Improvement further directs that the accounts shall meet the accounting requirements of the Department of Health Group Accounting Manual that is in force for the relevant financial year, which shall be agreed with HM Treasury.

In preparing these accounts, the Directors are required to apply on a consistent basis, for all items considered material in relation to the accounts, accounting policies contained in the Department of Health Group Accounting Manual, make judgements and estimates which are reasonable and prudent; and ensure the application of all relevant accounting standards, and adherence to UK generally accepted accounting practice for companies, to the extent that they are meaningful and appropriate to the NHS, subject to any material departures being 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. This is to ensure proper financial procedures are followed, and that accounting records are maintained in a form suited to the requirements of effective management, as well as in the form prescribed for the published accounts.

The Directors are also responsible for safeguarding all the assets of the Trust, including taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Directors, holding office on 31st March 2020, confirms that the annual report and accounts, taken as a whole, are fair, balanced and reasonable and provide the information necessary for patients, regulators and other stakeholders to assess the NHS foundation trust's performance, business model and strategy.

Attendance at Board meetings

The following table provides details of the attendance at the nine ordinary meetings and two special meetings of the Board of Directors held during 2019/20:

Board Member	Position	No of Board meetings attended
Miriam Harte	<ul style="list-style-type: none"> Chairman of the Trust Chairman of the Board's Nomination and Remuneration Committee Chairman of the Council of Governor's Nomination and Remuneration Committee Chairman of the Commercial Oversight Committee (to 30/09/2019) 	11
Colin Martin	<ul style="list-style-type: none"> Chief Executive Accounting Officer Chairman of the Executive Management Team 	10
Hugh Griffiths	<ul style="list-style-type: none"> Non-Executive Director Deputy Chairman Chairman of the Quality Assurance Committee 	11
Marcus Hawthorn	<ul style="list-style-type: none"> Non-Executive Director Senior Independent Director Chairman of the Resources Committee 	8
Pali Hungin	<ul style="list-style-type: none"> Non-Executive Director (from 01/09/2019) 	6 (7)
David Jennings	<ul style="list-style-type: none"> Non-Executive Director Chairman of the Audit and Risk Committee 	10
Paul Murphy	<ul style="list-style-type: none"> Non-Executive Director Chairman of the Mental Health Legislation Committee (from 01/09/2019) 	11
Bev Reilly	<ul style="list-style-type: none"> Non-Executive Director (from 01/09/2019) 	6 (7)
Shirley Richardson	<ul style="list-style-type: none"> Non-Executive Director Chairman of the West Lane Project Committee (from 17/12/2019) 	11
Richard Simpson	<ul style="list-style-type: none"> Non-Executive Director Chairman of the Mental Health Legislation Committee (to 31/08/2019) 	3 (4)

John Maddison*	• Associate Non-Executive Director	1 (2)
Ruth Hill	• Chief Operating Officer	10
Ahmad Khouja	• Medical Director	9
Patrick McGahon	• Director of Finance and Information	10
Elizabeth Moody	• Director of Nursing & Governance • Deputy Chief Executive	9
David Levy*	• Director of Human Resources and Organisational Development	10
Sharon Pickering*	▪ Director of Planning, Performance and Communications	10

Notes:

** Indicates that the director holds a non-voting position on the Board of Directors
The maximum number of meetings to be attended by those Board Members who held office during part of the year is shown in brackets)*

Keeping informed of the views of Governors and members

Our Board of Directors ensures it is kept informed of the views of Governors and members in a number of ways, including:

- Regular private meetings between the Chairman and Governors.
- Attendance at Council of Governors' meetings
- Receiving reports on the outcome of consultations with Governors, for example on the business plan
- Updates provided by the Chairman and Directors at Board meetings
- Attendance by Governors at directors' visits to services (bi-monthly)
- Governors are encouraged to attend public meetings of the Board of Directors
- Attendance at Governor development days

Marcus Hawthorn, as the Senior Independent Director, was also available to Governors, throughout the period, if they had concerns regarding any issues which had not been addressed by the Chairman, Chief Executive or other usual business arrangements.

In general, with regard to attendance at meetings of the Council of Governors:

- The Chairman attends all meetings
- There is a standing invitation for the Non-Executive Directors to attend meetings
- Executive and Corporate Directors attend meetings, if required, for example to deliver reports, or as observers

The Council of Governors also has powers to require attendance of a director at any of its meetings, under paragraph 26 (2) (aa) of Schedule 7 of the National Health Service Act 2006, for the purpose of obtaining information on the Foundation Trust's performance of its functions or the Directors' performance of their duties. The Council of Governors did not exercise these powers during 2019/20.

In total the Council of Governors held four ordinary meetings, two special meetings and the Annual General Meeting (AGM) during 2019/20. Board Member attendance at these meetings was as follows:

Name	Number of Meetings Attended
Miriam Harte	7
Colin Martin	5
Hugh Griffiths	4
Pali Hungin	1 (4)
Marcus Hawthorn	4
David Jennings	4
Paul Murphy	6
Bev Reilly	4 (4)
Shirley Richardson	7
Richard Simpson	3 (3)
John Maddison	1 (1)
Ruth Hill	7
Ahmad Khouja	3
Patrick McGahon	6
Elizabeth Moody	5
David Levy	4
Sharon Pickering	7

(The maximum number of meetings to be attended by those Board Members who held office during part of the year is shown in brackets)

Evaluating Board Performance

Each year the Board's performance is evaluated using a scheme initially developed by Deloitte LLP.

In 2019/20 this included assessments of the performance of:

- The Chairman by all other Board Members
- Each Board Member by the Chairman and two Non-Executive Directors and two Executive Board Members drawn at random
- The Board of Directors by all Board members
- The Audit and Risk Committee, the Resources Committee, the Mental Health Legislation Committee and the Quality Assurance Committee by the members of those Committees

The outcomes of the individual performance evaluations are used to inform the appraisals of Board Members. For the Chairman and Non-Executive Directors the outcomes of the evaluations are reported to the Council of Governors' Nomination and Remuneration Committee.

The outcomes of the collective Board assessment and those of its committees are reviewed by the Board to identify any developmental requirements.

Terms of Office of the Chairman and Non-Executive Directors and how their appointments can be terminated

The terms of office for the Chairman and Non-Executive Directors are usually for three years. They will be appointed for a second term of office, without the need for external competition, unless they fail to meet performance, independence or regulatory requirements or the skills and experience required on the Board have changed since their initial appointment. They may also be appointed to serve for more than six years (two three year terms) if it is in the Trust's interest for them to do so and the reasons for this must be approved by the Council of Governors.

The appointments of the Chairman and the Non-Executive Directors can be terminated for the following reasons:

- By resignation
- By ceasing to be a public member of the Trust
- Upon becoming a Governor of the Trust
- Upon being disqualified by the Independent Regulator
- Upon being disqualified from holding the position of a director of a company
- Upon being adjudged bankrupt
- Upon making a composition or arrangement with, or granting a Trust deed for, his/her creditors
- Upon being convicted of any offence and a sentence of imprisonment being imposed (whether suspended or not) for a period of not less than three months (without the option of a fine)
- Upon removal by the Council of Governors at a general meeting
- If they cease to be a fit and proper person to be a director of the Trust in accordance with the Licence, the Constitution or the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014

Reports of the Board's Committees

The Board has standing Audit and Risk, Resources, Quality Assurance, Mental Health Legislation, Nomination and Remuneration and West Lane Project Committees.

Each committee has terms of reference, including reporting requirements, which have been approved by the Board. Copies of the terms of reference are available on our website.

The membership, roles and activities of these committees are detailed in the following sections.

The Audit and Risk Committee

Role and responsibilities

The Audit and Risk Committee has overarching responsibility for providing assurance to the Board on the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives.

The responsibilities of the Audit and Risk Committee also include:

- Reviewing the adequacy of:
 - All risk and control disclosure statements (e.g. the annual governance statement) prior to endorsement by the Board
 - Systems and processes for risk management within the Trust
 - The Board Assurance Framework (BAF) and the underlying processes that indicate the degree of achievement of the corporate objectives and the effectiveness of the management of principal organisational risks
- Ensuring the internal audit function is effective, meets mandatory NHS internal audit standards and provides appropriate independent assurance
- Making recommendations to the Council of Governors on the appointment, re-appointment or removal of the external auditor
- Making recommendations to the Council of Governors on the terms of engagement of the external auditor and reviewing and monitoring the performance, independence and objectivity of the external auditor
- Reviewing the work and findings of the external auditor and considering the implications and management responses to their work
- Reviewing the findings of other assurance functions, both internal and external to the organisation (e.g. the Care Quality Commission, NHS Improvement, etc.) and considering the implications for the governance of the Trust
- Reviewing and monitoring the integrity of any financial statements including any financial judgements contained in them and ensuring the completeness and accuracy of information provided to the Board
- Reviewing 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 (the whistleblowing policy)
- Overseeing counter fraud activities and monitoring compliance with the Bribery Act 2010
- Commissioning value for money studies as appropriate

Membership of the Committee

The Committee comprises not less than four members all of whom must be independent Non-Executive Directors. There is also a standing invitation for all other Non-Executive Directors to attend meetings of the Committee and participate in discussions but not to vote.

The Committee met five times during the year. Attendance by each member was as follows:

David Jennings (Chairman)	5
Marcus Hawthorn	5
Hugh Griffiths	4
Paul Murphy	5

The Director of Finance and Information, the external auditors and representatives of the Head of Internal Audit generally attend all meetings of the Committee. The Trust Secretary is the secretary to the Committee.

At least once a year, members of the Committee are required to meet privately with the external and internal auditors without management being present.

The work of the Audit and Risk Committee in discharging its responsibilities

The Audit and Risk Committee uses an assurance tracker; a document, updated after each meeting, which enables it review and monitor compliance with its terms of reference.

A key role of the Committee is to monitor, oversee and provide assurance to the Board on the conduct of the audit of the Annual Report and Accounts.

In relation to the annual audit for the year ended 31st March 2020 the Committee has:

- Reviewed the terms of engagement with the external auditors and recommended them to the Council of Governors
- Approved the external auditors' Audit Strategy Memorandum and Strategic Audit Plan and received progress reports on the conduct of the audit
- Approved the Protocol for Liaison between the internal and external auditors including those areas of internal audit's work of specific interest to the external auditors for reliance
- Reviewed and assured the Board that the Trust is, and is expected to remain, a "going concern" and that the accounts should be prepared on that basis
- Approved the schedule of losses and special payments as part of the annual accounts process
- Reviewed the draft annual accounts paying particular attention to the accounting treatment of significant items; material movements from prior years and any key terms of note
- Received the Annual Report of the Head of Internal Audit and considered its findings in relation to the Annual Governance Statement
- Reviewed and commented on the Annual Governance Statement prior to its inclusion in the annual report

A special 'virtual' meeting held on 19th June 2020 provided the Committee with the opportunity to review the Annual Report, and Accounts and the External Auditors draft reports on them.

During the 2019/20 financial year the Committee has also:

- Sought and gained assurance on the development, coverage and resources available to deliver the clinical audit programme and received half yearly progress reports on its implementation
- Reviewed and provided assurance to the Board on its ability to sign off certificates and the statements required by NHS Improvement
- Reviewed the strategic and operational internal audit plans ensuring that these were aligned to the principal risks facing the Trust and could be adequately resourced
- Reviewed progress, at each meeting, against the internal audit plan and considered the outcome of reviews undertaken in the context of the Trust's controls and risk environment. In doing so, the committee sought specific assurances from management on the implementation of actions to improve the adequacy and robustness of controls for those assignments where limited or reasonable assurance had been provided by the Internal Auditors, particularly the management of patient money, property and valuables
- Sought improvements from management on timely delivery of internal audit recommendations
- Sought assurances on the Trust's compliance with the Bribery Act 2010
- Considered regular reports from the Local Counter Fraud Specialist noting action taken on increasing fraud awareness and in response to alleged cases of fraud in the Trust and elsewhere. The Committee paid particular attention, as potential areas of risk, to the recommendations arising from the proactive reviews procurement, identity and right to work and supplies and management responses to them
- Reviewed and provided assurance to the Board on the Trust's submission to NHS England on compliance with the Core Standards for emergency preparedness, resilience and response.
- Reviewed the performance of the External Auditors and made recommendations to the Council of Governors on the extension to their contract
- Gave initial consideration to its approach to carrying out its new responsibilities for oversight of, and providing assurance on, operational risk management in the Trust
- Reviewed the Board Assurance Framework, taking into account changes proposed by the risk managers, feedback received from the Board business planning event in October 2019 and the views of other committees and made recommendations to the Board
- Drawn the Board's attention to those matters which it considers have implications for the Trust's assurance framework
- Considered corporate governance and accounting developments

The External Auditors

Mazars LLP have been the Trust's external auditors since 2013.

Following a competitive tendering process exercise in 2017/18, overseen by members of the Committee and Governors, the Council of Governors as

recommended re-appointed the firm for an initial period of two years (from 1st April 2018) with the option to extend for a further three years (in one year increments).

In 2019/20, following assurances provided by the Committee including on the performance and the continued independence of the firm, the Council of Governors approved the first extension to the contract.

The cost of providing external audit services during 2019/20 was £44k including VAT. This includes the cost of the statutory audit, the review of the quality account, the independent review of the accounts of the charitable funds and the whole Government accounting return.

Details of the external audit fees, split between the statutory audit fees and other auditor remuneration, are provided in notes 7.1 and 7.2 to the accounts.

The Internal Auditors

Internal audit services are provided by Audit One; a not-for-profit provider of internal audit, technology risk assurance and counter fraud services to the public sector in the North of England.

Mr Carl Best, the Director of Internal Audit at Audit One, is the Trust's Head of Internal Audit.

Each year the Audit and Risk Committee agrees an internal audit plan which sets out the reviews to be undertaken during the year which is aligned to the principal risks identified by the Trust.

Progress reports are provided by the internal auditors to each meeting of the committee and contribute to the Head of Internal Audit's annual opinion on the Trust's system of internal control, which is used to inform the annual governance statement.

Safeguarding auditor independence

The Audit and Risk Committee has agreed a policy to ensure that auditor objectivity and independence is safeguarded if the firm providing external audit services is commissioned to provide services outside of the external auditor's responsibilities. This policy stipulates that only the Chief Executive, Finance Director and Trust Secretary may commission the external audit firm for non-audit services and the appointment must be approved by the Chairman of the Audit and Risk Committee.

Safeguards are required that:

- External audit does not audit its own firm's work
- External audit does not make management decisions for the Trust
- No joint interest between the Trust and external audit is created
- The external auditor is not put in the role of advocate for the Trust
- The external audit firm does not undertake certain functions including: preparation of accounting records and financial statements, advising on the

selection, implementation or running of IS/IT systems, staff secondments, employee remuneration or selection and recruitment and finance or transaction services work within the Trust

- The external auditor must ensure that the provision of non-audit services meets its own ethical standards and internal operational policies

The Nomination and Remuneration Committee of the Board

The Nomination and Remuneration Committee is responsible for overseeing the appointment of Executive Directors and Directors who report directly to the Chief Executive and is responsible for deciding their terms and conditions of service (where these are not determined nationally).

The Committee is also responsible for:

- Authorising applications to NHS Improvement and HM Treasury for permission to make special severance payments to an employee or former employee
- The agreement of locally determined terms and conditions of service for all TEWV staff employed on national medical terms and conditions and all staff paid at, or above, Agenda for Change Band 8

The membership of the Committee comprises the Chairman of the Trust and all the Non-Executive Directors.

The Committee met three times during 2019/20 to consider:

- Local pension tax measures
- The process for the recruitment and selection of the new Chief Executive
- The Executive Management Team pay framework
- The annual remuneration report

Attendance at these meetings was as follows:

Miriam Harte (Chairman)	3
Hugh Griffiths	2
Marcus Hawthorn	1
Pali Hungin	2
David Jennings	1
Paul Murphy	2
Bev Reilly	1
Shirley Richardson	3
Richard Simpson	0 (0)

The maximum number of meetings to be attended by those Members of the Committee who held office during part of the year is shown in brackets

The Chief Executive is also an ex-officio member of the Committee in relation to all matters pertaining to the appointment of those director positions (excluding the role of the Chief Executive) which fall within its remit. No such matters were considered during the year.

Advice and/or services were provided to the Committee by:

- Colin Martin, Chief Executive
- David Levy, Director of Human Resources and Organisational Development
- Phil Bellas, Trust Secretary
- Mike Dixon of Dixon Walter; specialist adviser in regard to the recruitment of the new Chief Executive

The annual statement from the Chairman of the Nomination and Remuneration Committee is provided in the remuneration report.

Resources Committee

The role of the Resources Committee is:

- To provide assurance to the Board that the resources available to the Trust (both financial and non-financial) to deliver its Business Plan are appropriate, sufficient and deployed effectively
- To provide assurance to the Board on the robustness, alignment and delivery of key strategies and plans including the financial strategy and capital plan; the workforce strategy and plan, the digital transformation strategy; and the equality strategy and workforce race equality standard plan
- To review proposals (including evaluating risks) for major business cases and their respective funding sources
- To keep under review potential changes in the external environment in the medium to longer term and to draw any material risks to the sustainability of the Trust to the Board's attention
- To provide oversight of, and assurance on, the performance of the Trust's subsidiaries
- To provide oversight of the management and administration of Charitable Funds held by the Trust

(Note: some functions were transferred from the Commercial Oversight Committee which was disestablished in 2019)

As at 31st March 2020 the membership of the committee comprised:

- Marcus Hawthorn, Non-Executive Director (Chairman of the Committee)
- Miriam Harte, Chairman of the Trust
- David Jennings, Non-Executive Director
- Paul Murphy, Non-Executive Director
- Colin Martin, Chief Executive
- Patrick McGahon, Director of Finance and Information
- Ruth Hill, Chief Operating Officer

(Note: All Board Members are invited to attend and participate (but not to vote) in meetings of the Committee. Executive Directors are expected to attend meetings of the Committee when matters within their portfolios are being considered.)

The Committee met six times during the year.

Mental Health Legislation Committee (MHLC)

The role of the Committee is:

- To provide assurance to the Board on the Trust's compliance with the Mental Health Act 1983 and the Mental Capacity Act 2005, including any statutory Codes of Practice relating to them
- To consider the implications of any changes to statute, including statutory Codes of Practice, or case law relating to the Trust's responsibilities as a provider of mental health services and to make recommendations, as required, for changes to the Trust's policies, procedures and practice
- To ensure appropriate arrangements are in place for the appointment and appraisal of associate managers and oversee managers' hearings

As at 31st March 2020 the membership of the committee comprised:

- Paul Murphy, Non-Executive Director (Chairman of the Committee)
- Miriam Harte, Chairman of the Trust
- Pali Hungin, Non-Executive Director
- Bev Reilly, Non-Executive Director
- Ahmad Khouja, Medical Director
- Ruth Hill, Chief Operating Officer
- Elizabeth Moody, Director of Nursing and Governance
- Two public Governors or experts by experience (as representatives of service users and carers)

The Committee met four times during the year.

The Quality Assurance Committee

The Quality Assurance Committee (QuAC) is the principal provider of assurance to the Board on quality, and in particular, compliance with the fundamental standards prescribed in the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014.

The Committee receives regular assurance reports from the Locality Management and Governance Boards and the corporate assurance groups in accordance with the Trust's quality governance arrangements.

Further information on the Trust's quality governance arrangements is provided in the Directors' Report.

As at 31st March 2020 the membership of the committee comprised:

- Hugh Griffiths, Non-Executive Director (Chairman of the Committee)
- Miriam Harte, Chairman of the Trust
- Pali Hungin, Non-Executive Director

- Bev Reilly, Non-Executive Director
- Shirley Richardson, Non-Executive Director
- Colin Martin, Chief Executive
- Ruth Hill, Chief Operating Officer
- Ahmad Khouja, Medical Director
- Elizabeth Moody, Director of Nursing and Governance
- Avril Lowery, Director of Quality Governance

The Directors of Operations and Deputy Medical Directors attend, for the whole meeting, when the reports of their Locality Management and Governance Boards are considered by the Committee.

The Committee met, formally, 11 times during 2019/20.

The West Lane Project Committee

The West Lane Project Committee was established in December 2019. Its principal objectives relate to the provision of vision and oversight on behalf of, and assurance to, the Board in regard to:

- The commissioning and coordination of reviews to support the strengthening of the Trust's structures, systems and processes including governance arrangements
- The provision of effective communication and engagement, both internally and externally, to the Trust
- The development and establishment of the future provision of CAMHS inpatient services by the Trust
- Matters pending the re-registration of the Trust's CAMHS inpatient services including the care of CAMHS service users in other care settings, the engagement of, and support for, staff who previously worked at the hospital, and the appraisal of any proposals for the interim delivery of these services

As at 31st March 2020 the membership of the committee comprised:

- Shirley Richardson, Non-Executive Director (Chairman of the Committee)
- David Jennings, Non-Executive Director
- Colin Martin, Chief Executive

John Maddison, Associate Non-Executive Director, has been appointed as a deputy member of the Committee, and becomes a member of the Committee, with voting rights, if Mrs Richardson or Mr Jennings are unable to attend a meeting.

The Committee met twice during 2019/20.

The Council of Governors

Report of the Lead Governor

Firstly, I would like to say on behalf of the Council of Governors that we appreciate the dedication and commitment of the staff, in both the inpatient placements and in the community, during the Coronavirus pandemic.

We know that the lockdown has had an adverse effect on people's wellbeing and mental health which has put increased pressure on services TEWV provides to service users and carers.

We also send our best wishes to colleagues, members of staff and their families that have been affected by the virus and wish them well.

The Council of Governors has not been able to meet since February, but we had been informed about what actions the Trust has taken in response to the issues that were raised by the CQC Inspections.

I appreciate that the Chair has kept in regular contact with me by phone with information that she felt was important.

The Chair has set up telephone meetings for each Locality to enable Governors to be kept up to date and give them an opportunity to ask questions and make comments on any issues of concern.

The Council of Governors looks forward to being able to meet again to continue our role in scrutinising and holding the Chair and the Board to account and participating in probing questions and lively debates.

Governors, partners, services users and carers participated in the interview procedures for the appointment of the new Chief Executive.

I was part of the interview panel, although some of the panel were on Teams Link the interviews were robust and thorough and we all felt the candidates had responded very well.

The Council of Governors looks forward to working with the successful candidate Brent Kilmurray when he takes up his post.

Finally, I would like to say on behalf of the Council of Governors that it is with great sadness that we are losing the Chief Executive Colin Martin.

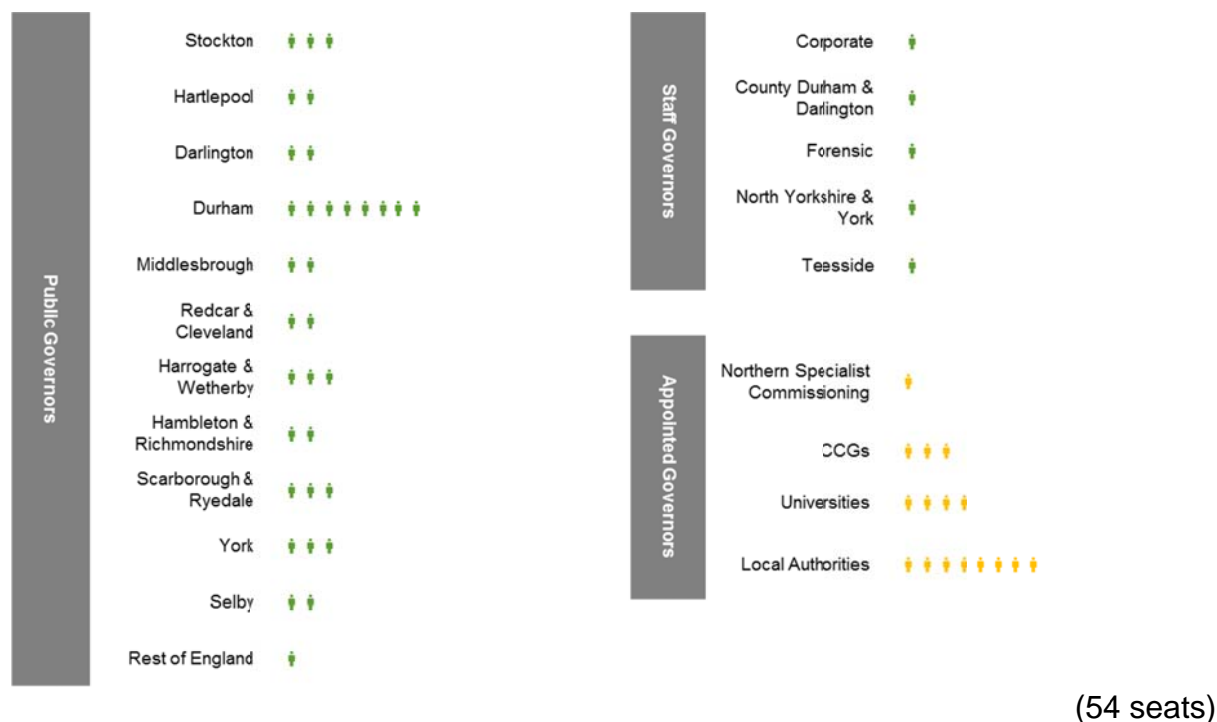
Colin has dedicated his career in mental health services both with TEWV and previously with TNEY NHS Trust as Director of Finance and then as the Chief Executive and he is greatly respected by all.

Colin has ensured that TEWV is in the best possible position to deal with the challenges the Trust is facing at this time.

We wish him happiness and success in anything and everything he does in the future.

Cllr Ann McCoy
Lead Governor

The Composition of the Council of Governors as at 31st March 2020



Membership of the Council of Governors during 2019/20

The terms of office of Governors and their attendance at the seven meetings (including the Annual General Meeting) held during 2019/20 was as follows:

Public Governors (Elected)

Name	Constituency	Term of Office		Meetings attended
		From	To	
Joan Kirkbride	Darlington	01/11/2018	30/06/2020	6 (7)
Audrey Lax	Darlington	01/07/2018	30/06/2020	4 (7)
Mary Booth	Middlesbrough	01/07/2017	30/06/2020	5 (7)
Elizabeth Forbes-Browne	Scarborough & Ryedale	01/07/2016	30/06/2019	0 (5)
Marie Cunningham	Middlesbrough	01/07/2019	30/06/2022	2 (6)
Judith Webster	Scarborough & Ryedale	01/07/2017	30/06/2020	3 (7)
Nasr Emam	Scarborough & Ryedale	04/12/2019	30/06/2022	0 (1)
Vanessa Wildon	Redcar and Cleveland	01/07/2016	30/06/2019	1 (4)*
Keith Marsden	Scarborough & Ryedale	01/11/2018	30/06/2020	5 (7)
Alan Williams	Redcar and Cleveland	01/07/2017	30/06/2020	5 (7)

Mark Carter	Redcar and Cleveland	01/07/2019	30/06/2022	5 (6)
Gillian Restall	Stockton-on-Tees	01/07/2017	30/06/2020	5 (7)*
Mark Eltringham	Stockton-on-Tees	01/07/2017	30/06/2020	5 (7)
Gary Emerson	Stockton-on-Tees	01/07/2016	30/06/2019	5 (7)
Jacci McNulty	Durham	01/07/2017	30/06/2020	5 (7)
Graham Robinson	Durham	01/07/2017	30/06/2019	5 (7)
Sarah Talbot-Landon	Durham	01/07/2016	30/06/2019	5 (7)
Mac Williams JP	Durham	01/07/2017	30/06/2020	3 (5)
Cliff Allison	Durham	01/07/2017	30/06/2020	5 (7)
James Creer	Durham	01/07/2019	30/06/2022	5 (6)
Anthony Heslop	Durham	01/07/2019	30/06/2022	5 (6)
Keith Mollon	Durham	01/07/2016	30/06/2019	5 (5)
Sandra Grundy	Durham	01/07/2017	30/06/2020	2 (7)*
Zoe Sherry	Hartlepool	01/07/2017	30/06/2020	3 (7)
Jean Rayment	Hartlepool	01/07/2016	30/06/2019	2 (2)
Stanley Stevenson	Hambleton and Richmondshire	01/07/2019	30/06/2020	3 (6)*
Jules Preston	Harrogate & Wetherby	04/12/2019	30/06/2022	2 (2)
Chris Gibson	Harrogate & Wetherby	01/07/2019	30/06/2022	6 (7)
Hazel Griffiths	Harrogate & Wetherby	01/07/2016	30/06/2019	4 (7)
Stella Davison	York	01/07/2018	30/06/2021	4 (7)*
Christine Hodgson	York	01/07/2018	30/06/2021	3 (7)
Tom McGuffog	York	01/07/2018	30/06/2021	4 (7)
Gemma Birchwood	Selby	01/07/2017	30/06/2020	4 (7)
Wendy Fleming-Smith	Selby	01/07/2017	30/06/2020	6 (7)
Carol Jones	Rest of England	01/07/2019	30/06/2022	4 (6)

Staff Governors

Name	Class of the Staff Constituency	Term of Office		Meetings attended
		From	To	
Rachel Booth	Teesside	01/07/2017	30/06/2020	2 (5)
Phil Boyes	County Durham & Darlington	01/07/2017	30/06/2020	7 (7)
Judith Hurst	Corporate	01/07/2017	30/06/2020	3 (7)
Glenda Goodwin	Forensic	01/07/2017	30/06/2020	7 (7)
Lynne Taylor	North Yorkshire and York	04/12/2019	30/06/2022	0 (1)

Appointed Governors

Name	Appointing Organisation(s)	Term of Office		Meetings attended
		From	To	
Lisa Pope	Hambleton, Richmondshire and Whitby CCG/Scarborough and Ryedale CCG/Harrogate CCG/Vale of York CCG	01/11/2016	31/10/2019	0 (7)*
David Smart	North Durham CCG/Durham Dales, Easington and Sedgfield CCG/Darlington CCG	25/09/2014	31/03/2020	4 (7)
Stephen Thomas	Hartlepool Borough Council	07/06/2018	06/06/2019	2 (4)
Barbara Ward	Hartlepool Borough Council	25/05/2019	-	1 (6)
Ann McCoy	Stockton Borough Council	08/07/2014	-	6 (7)
Kevin Kelly	Darlington Borough Council	13/08/2015	23/05/2019	0 (7)
Lee Alexander	Durham County Council	03/01/2017	-	0 (7)
Helen Swiers	North Yorkshire County Council	24/05/2016	-	4 (7)
Ian Hamilton	University of York	09/03/2018	-	2 (7)
Derek Wann	City of York Council	26/06/2019	-	1 (6)
Andrew Fairbairn	Newcastle University	26/11/2018	-	4 (7)

Notes: Within the above tables -

The maximum number of meetings to be attended for those Governors who held office during part of the year is shown in brackets

*** indicates that the Governor received a dispensation during the year from the attendance requirements set out in the Constitution (for example due to ill-health)**

Details of company directorships or other material interests in companies held by Governors where those companies or related parties are likely to do business, or are possibly seeking to do business with the Trust, are included in the "Register of Interests of the Council of Governors". This document is available for inspection on our website.

Elections held during 2019/20

Constituency Name	Date of Election	No of Seats	No. of candidates	No. of Votes cast	No. of eligible voters	Turnout (%)
Staff Governors						
North Yorkshire & York	04/12/19	1	3	132	1680	7%
North Yorkshire & York	12/06/2019	1	0	-	-	-

Public Governors						
Hartlepool	04/12/19	1	2	60	724	8%
Harrogate and Wetherby	04/12/19	1	1	Uncontested		
Scarborough and Ryedale	04/12/19	1	1	Uncontested		
Stockton on Tees	12/6/19	1	2	58	1107	5%
Durham	12/6/19	4	6	167	2159	7%
Hambleton and Richmondshire	12/6/19	2	1	Uncontested		
Harrogate and Wetherby	12/6/19	1	1	Uncontested		
Middlesbrough	12/6/19	1	1	Uncontested		
Redcar and Cleveland	12/6/19	1	1	Uncontested		
Scarborough and Ryedale	12/6/19	1	0	-	-	-
Hartlepool	12/6/19	1	0	-	-	-
Rest of England	12/6/19	1	1	Uncontested		

All elections to the Council of Governors have been administered and overseen by Electoral Reform Services to ensure independence and compliance with the election rules contained within the Trust's Constitution.

Report of the Council of Governors' Nomination and Remuneration Committee

The Nomination and Remuneration Committee supports the Council of Governors undertake its duties regarding the appointment and setting the remuneration and terms of service of the Chairman and Non-Executive Directors.

Meetings of the Committee are chaired by the Chairman of the Trust except that the Senior Independent Director becomes a member of and chairs the committee for the matters relating to the appraisal and appointment of the Chairman.

During the year the Committee:

- Received assurances on the satisfactory performance of two Non-Executive Directors, whose initial terms of office were due to end, and recommended their re-appointment to the Council of Governors
- Oversaw the recruitment and selection of two new Non-Executive Directors and, to support succession planning, an Associate Non-Executive Director

The membership of the Committee, and attendance at its two meetings during 2019/20, was as follows:

Miriam Harte	Chairman of the Trust	2
Mary Booth	Public Governor	1
Gary Emerson	Public Governor	0 (0)
Judy Hurst	Staff Governor	1 (2)
Sarah Talbot-Landon	Public Governor	1 (1)
Graham Robinson	Public Governor	0 (0)
Mac Williams	Public Governor	2 (2)

Notes:

The maximum number of meetings to be attended by those Members of the Committee who held office during part of the year is shown in brackets

The attendance of Mr Hawthorn, the Senior Independent Director, was not required at either meeting as no matters relating to the appointment and appraisal of the Chairman were discussed

Advice and services were provided to the committee by:

- Mike Dixon, Partner, Dixon Walter (in relation to the recruitment and selection of the new Non-Executive Directors)
- Phil Bellas, Trust Secretary.

Training and Development

The Trust has a duty under the National Health Service Act 2006 to ensure that Governors are equipped with the skills and knowledge they require to undertake their role.

To meet this requirement the Council of Governors has agreed a training and development programme based on the national “Governwell” programme and local opportunities including inductions for new Governors and governor development days.

The training and development programme was reviewed during the year.

Governor participation in the development of the Operational and Business Plan

Governors, as representatives of the members of the Trust and the public, have a key role in the development of our operational/business plan through the business planning framework.

In 2019/20 the Council of Governors:

- Held a workshop to support the identification of future priorities, the outcome of which was presented to the Board at its annual business planning event in October

- Considered and provided comments on the draft business plan during the course of its development

These arrangements enabled Governors to engage with their members and partner organisations at key stages during the preparation of the operational/business plan.

Further information on the involvement and engagement with members is provided in the Membership Report.

Membership Report

Membership is important in helping to make us more accountable to the people we serve, to raise awareness of mental health and learning disability issues and assists us to work in partnership with our local communities.

Public membership

Anyone (unless eligible to join the staff constituency) aged 14 or over who lives in the area covered by the public constituencies (as described in the constitution) may become a public member of the Trust.

Staff membership

All staff employed by the Trust (including those on a temporary or fixed term contract of 12 months or more) are eligible to become members of the staff constituency

Members of staff are “opted in” upon commencement of employment and given the choice to “opt out” of membership in writing

As at 31st March 2020 the Trust’s membership was as follows:

- Public members – 9,722
- Staff members – 6,831

The following table provides an analysis of our public membership compared to the population covered by the Trust:

Public constituency	Number of members	Eligible membership
Age (years):		
0-16	11	381,489
17-21	512	117,329
22+	8,735	1,524,436
Ethnicity:		
White	8,870	1,897,919
Mixed	59	17,513
Asian or Asian British	172	40,256
Black or Black British	85	7,935
Other	23	5,452

Socio-economic groupings*:		
AB	2,077	116,754
C1	2,609	176,896
C2	2,147	136,350
DE	2,585	175,232
Gender analysis		
Male	3,212	994,841
Female	6,455	1,023,410

Notes:

On application:

464 public members did not provide a date of birth

513 members did not state their ethnicity

55 members did not state their gender

Member Engagement

The focus of the Trust is to grow a representative membership to ensure accountability through engaging with its members.

The Trust has levels of membership (support, informed, active and involved member) from which members can choose so that their engagement with the Trust is aligned to their aspirations.

A range of activities and actions are in place to support member engagement. Over the last 12 months specific engagement with the membership of the Trust has included:

- Welcome packs are issued to every new public member with a unique membership card and number, welcome letters and details of staff governors issued to all new staff members
- A brand new member newsletter, developed by Governors which includes articles written by Governors, service users and carers
- Personal invitations issued to public members to attend member engagement events and formal consultation processes
- Communications to support awareness of Governor Elections
- Delivery of the Annual General and Members Meeting with over 220 attendees
- Increased use of social media
- A number of social/community events attended such as Durham Pride, college fresher and wellbeing days throughout the Trust's area
- Attendance at College Fresher and wellbeing days.
- Consultation on the business plan priorities including seeking views of the public and formal consultation with the Council of Governors to enable them to engage with their membership

All involvement and engagement activity is monitored through the Council of Governors Involvement and Engagement Committee.

Members wishing to contact Governors and/or Directors of the Trust can do so via the Trust Secretary's Department on 01325 552314, email tewv.ftmembership@nhs.uk or visit our website www.tewv.nhs.uk

Please also use these contact details if you would like to become a member.

NHS Oversight Framework

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

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

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

Segmentation

NHS Improvement has placed the Trust in segment 2 (targeted support).

This segmentation information is the Trust's position as at 31st March 2020. Current segmentation information for NHS trusts and Foundation trusts is published on the NHS Improvement website.

Finance and use of resources

The finance and use of resources theme is based on the scoring of five measures from '1' to '4', where '1' reflects the strongest performance. These scores are then weighted to give an overall score.

Given that finance and use of resources is only one of the five themes feeding into the Single Oversight Framework, the segmentation of the Trust disclosed above might not be the same as the overall finance score here.

Area	Metric	2019/20 scores				2018/19 scores			
		Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Financial sustainability	Capital service capacity	1	3	3	3	2	3	3	4
	Liquidity	1	1	1	1	1	1	1	1
Financial efficiency	I&E margin	1	1	1	1	1	1	1	1
Financial controls	Distance from financial plan	1	1	1	1	1	1	1	1
	Agency spend	3	3	3	3	4	4	3	3
Overall scoring		1	2	2	3	3	3	2	3

Agency expenditure continues to be in excess of the agency ceiling for 2019/20 reflecting additional activity and cover for vacancies that have arisen from national shortages of key staff and highly competitive market conditions in some Localities. The Trust has developed an action plan on recruitment and retention and 2019/20 showed an improving position.

The higher than planned surplus outturn meant that the Trust's Capital Service Cover was rated as '1' and better than plan.

Statement of the Chief Executive's responsibilities as the Accounting Officer of Tees, Esk and Wear Valleys NHS Foundation Trust

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

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require Tees, Esk and Wear Valleys NHS foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Tees, Esk and Wear Valleys 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 and overseeing the use of public funds, the Accounting Officer is required to comply with the requirements of the Department of Health and Social Care Group Accounting Manual and in particular to:

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

The Accounting Officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS foundation trust and to enable 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.

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

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

A handwritten signature in blue ink, appearing to read 'C. S. Martin'.

Colin Martin
Chief Executive and Accounting Officer

23rd June 2020

Annual Governance Statement 2019/20

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.

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 ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Tees, Esk 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 Tees, Esk and Wear NHS Foundation Trust for the year ended 31 March 2020 and up to the date of approval of the annual report and accounts.

Capacity to handle Risk

The Chief Executive is the Trust's Accounting Officer responsible for ensuring that the principles of risk management are embedded throughout the organisation.

Oversight and assurance to the Board on the operation of the Trust's organisational risk management arrangements, including the Board Assurance Framework, are provided by the Audit and Risk Committee. The Quality Assurance Committee's primary role is to provide assurance to the Board on the Trust's compliance with the Fundamental Standards of Care and, in doing so, to consider, monitor and escalate risks to quality to the Board and to ensure, with the Audit and Risk Committee, that the clinical audit programme is aligned to the key clinical risks facing the Trust. The terms of reference of these Committees deliver a co-ordinated and complementary approach to risk management.

Guidance and training in the risk assessment process is aimed at all levels of staff. This is managed through the inclusion of risk assessment techniques and processes in the Trust Training programme.

The Risk and Control Framework

The Trust's approach to operational risk management is contained in the Operational Risk Management Policy which is subject to regular review. The principal risks to compliance with the NHS foundation trust condition 4 (FT governance) and actions identified to mitigate these risks are detailed below

Key elements of the Operational Risk Management Policy are:

- To provide clear management structures and responsibilities throughout the organisation leading to the Board of Directors
- To identify a Lead Executive responsibility for each strategic risk
- To outline the Trust's approach to Risk Management and identifying risks
- To outline and implement a system for assessing risk
- To select the approach for dealing with the risk
- Monitoring and reporting of risk including starting the process of mapping the three lines of defence in key areas
- Use of a Board Assurance Framework for prioritising and reviewing risks and driving the Board's Agenda
- Decision making on acceptability of risk
- Training and awareness of Risk Management
- Assurance framework mapping objectives to risks, controls and assurances

Risk is identified using a number of internal and external mechanisms including; NHS Resolution (NHSR), Care Quality Commission (CQC), serious incident investigations, complaints management, litigation, staff surveys, task groups, Trust risk registers, clinical audit and internal and external audit.

The embedding of risk management can be demonstrated in the Trust by:

- Clear structures and responsibilities with clear reporting arrangements to Trust Board
- A system for risk assessment in place to identify and minimise risk as appropriate
- Consideration of acceptability of risk
- Development of reporting arrangements on serious investigations and complaints
- Framework for assessing and managing clinical risk and harm minimisation
- Development of risk registers at strategic and operational level
- Awareness training communicated to all staff.
- The embedding of an action plan to further strengthen risk management and Board Assurance Framework processes as outlined in the Head of Audit Opinion

Public stakeholders are involved in identifying risks and providing assurance that they are mitigated in a variety of ways:

- Foundation Trust membership and Council of Governors

- Patient satisfaction surveys
- Complaints, claims and Patient Advice and Liaison (PALS) concerns
- The Trust involves patients and the public in the development and evaluation of services
- The Trust maintains close links with Local Authorities and Clinical Commissioning Groups to ensure the delivery of integrated care and treatment
- Completion of the Friends and Family Test

In addition an Assurance Framework was in place at 31 March 2020 and remains in place up to the date of approval of the annual report and accounts.

The main risks to the Trust meeting its principal objectives have been identified within the framework together with the key controls in place to manage these risks. Of particular note, in this context, are risks arising from events at West Lane Hospital in 2019 and the Covid-19 pandemic.

The events at West Lane Hospital, which led to legal and regulatory action being taken against the Trust, have resulted in the Board not being fully assured that governance structure, risk management arrangements and assurance and escalation processes are as effective as is required.

The Trust has put in place a range of measures in response including:

- Commissioning an independent governance review (findings awaited)
- Expanding the role of the Audit and Risk Committee to provide greater oversight of risk management including the Board Assurance Framework
- Commissioning Audit One to undertake assurance mapping to enable the organisation to more fully understand its assurance processes and sources
- Holding a coaching event focussing on improving reporting and assurance processes from the Trust's Localities to the Quality Assurance Committee
- Establishment of a new Committee, the West Lane Project Committee, with responsibility, amongst other matters, for commissioning and coordinating reviews to support the strengthening of the Trust's structures, systems and processes including governance arrangements
- Recognising the impact of the events at West Lane Hospital in the Board Assurance Framework both as a specific risk but also within those more general risks relating to governance, compliance and reputation

Further mitigations will be put in place in response to the findings of the reviews.

As with many organisations, national restrictions arising from the Covid-19 pandemic have resulted in the Trust pausing many of its usual governance arrangements, systems and processes.

In their place the Trust has:

- Enacted its Business Continuity Planning (BCP) arrangements based on a Strategic Command model

- Established a Clinical Advisory Committee and an Ethics Committee to support clinical assurance and decision-making within its BCP arrangements
- Introduced virtual Board Meetings, held twice each month, focusing not only on responding to the pandemic but also on general business requirements
- Recognised the impact of Covid-19 as a specific risk in the BAF with monthly monitoring of the progress of mitigations by the Board
- Streamlined its Committee arrangements with:
 - Monthly virtual meetings of the Quality Assurance Committee being held in an agile format, focused on key quality and safety issues and supported by escalation arrangements and reporting from the operational and tactical levels of the strategic command structure
 - Virtual meetings of the other Committees being held as and when required
 - Established virtual briefing arrangements for Governors based on the Trust's geographical Localities
 - Increased the frequency of written briefings to Governors

Within these arrangements, formal decisions are taken under the emergency powers provisions contained in the Trust's Constitution.

These interim arrangements have proved to be successful in maintaining a robust controls environment and the Board is considering which would be beneficial to continue going forward.

The Trust's Business Plan has been approved; however the Board has recognised that whilst work on some priorities will continue (e.g. the development of the new hospital at Foss Park in York), progress on the delivery of other aspects of the Plan might be limited. It has therefore been agreed to review the scope and timescales of the priorities over the coming year.

The Trust continues to use a process of Quality Impact Assessments (QIA), that are signed-off by the Medical Director and Director of Nursing, which are designed to assess risks arising from Cash Releasing Efficiency Savings (CRES) schemes, particularly the impact they might have on clinical performance, and ultimately, patient care.

A considerable amount of work has been undertaken to strengthen clinical audit arrangements. Improvements have been made to processes for planning and management of the programme. This has included streamlining existing audit activity to allow greater focus on emerging issues such as responding to the Care Quality Commission recommendations for improvement. Action plans are in place and closely monitored to further strengthen and embed clinical audit procedures.

The PFI contract for Roseberry Park has been terminated. TVH Ltd has gone into liquidation and there is an ongoing legal process associated with compensation on termination. The outcome of this legal process has not yet concluded, however it is anticipated that the outcome will not have an adverse impact on the Trust. This position will continue to be reviewed as more detail is known, including reporting to the Board.

The Trust has continued to strengthen and further embed both its training provision and monitoring controls within its devolved information risk management framework.

The Trust has continued to enhance and improve its workforce performance management framework to mitigate risks to service delivery.

Plans are progressing with clinical services to update our current electronic patient record platform (Paris) to align with modern standards/technology. CITO works alongside Paris and eventually will be the view that staff use most day to day. CITO manages information in a way that is patient-centred, searchable, and proactive at prompting of next steps/alerts, able to use a workflow engine that allows the record to flow in line with the patient, puts the information in one place, is accessible via multiple methods and supports paperless working.

Cyber security remains a key area of risk for the Trust. The Information Department continues to work closely with our auditors to align the audit programme with the National Cyber Security Centre ten steps for cyber security, along with recently undertaking an assessment of the Trust's cyber risks with NHS Digital.

The current Trust Digital Transformation Strategy runs until the end of 2020, so work has commenced engaging with key stakeholders to develop a strategy for the next four years.

The Trust recognises the importance of gaining independent assurance that its controls are operating effectively and that its action plans to strengthen controls are successfully implemented. To do this the Trust uses information received from other organisations which is timely, accurate and recorded. This supports robust governance processes that provide assurance that the Trust is compliant with the provisions of the licence

The Trust is committed to meeting the requirements of the NHS Digital's Data Security and Protection Programme. The Trust achieved compliance with all mandatory assertions of the Data Security and Protection Toolkit in 2019/20. Of particular note is the Trust's compliance with the mandatory assertions in Standard 7 which cover Continuity Planning. The Trust takes the threat of cybercrime very seriously and carries out exercises to ensure cyber security resilience.

The Director of Finance and Information is the Senior Information Risk Owner (SIRO) at Board level. The Trust operates a SIRO network (information asset owners and administrators), which has increased Information Governance awareness, training and understanding of standards. The network is consulted when there is significant change to information governance process, for example implementing the new requirements under the Data Protection Act 2018 (GDPR).

The Trust has an established anti-fraud and corruption policy which aims to minimise the risk of fraud, bribery or corruption by detailing the key roles and responsibilities of employees and related parties; as well as promoting an anti-fraud culture throughout the Trust.

The policy and related materials are available on the Trust's intranet and counter-fraud information is prominently displayed both on the Trust's intranet and throughout the Trust's premises.

The Trust's Local Counter-Fraud Specialist (LCFS) reports to the Audit and Risk Committee quarterly and performs a programme of work designed to provide assurance to the Board with regard to fraud and corruption. The LCFS provides regular fraud awareness sessions to the Trust's staff, investigates concerns reported by staff and liaises with the police. If any issues are substantiated, the Trust takes appropriate criminal, civil or disciplinary measures.

The Trust's Workforce Strategy is focused on addressing the key workforce risks to the Trust through five key objectives which are:

- Increasing recruitment
- Reducing staff turnover
- Enhancing learning and development
- Reducing sickness absence
- Enhancing staff experience

Progress made with achieving each of these five objectives is captured and associated metrics are reported to the Resources Committee, a committee of the Board of Directors, on a regular basis.

The Medical Director provides regular updates to the Board regarding medical recruitment and retention, which is also monitored through the Board Assurance Framework. A range of initiatives to address the current shortfall in consultants has been enacted. This has included a refreshed recruitment drive, particularly targeting of specialty registrars, and providing existing staff approaching retirement with a more attractive retire and return offer.

Alongside this, there have been developments to support the existing consultant workforce, including introducing new roles such as physician associates, increasing the number of non-medical approved clinicians, as well as expanding the roles consultants can take such as new posts such as academic and research fellows.

Where there are long-term agency doctors in place, they are being offered a bespoke recruitment package to encourage them to join the Trust. Junior doctors are also being encouraged to join the organisation, with the Trust offering a unique career pathway. We have increased the number of Trust grade doctors, and have supported Trust doctors to be accepted on training schemes. There is a specific internal programme to develop staff grade doctors to become consultants, which has also proved positive in attracting new staff grades to the Trust.

To ensure the longer term recruitment of doctors, the Trust has continued to concentrate on providing all students trainees with an excellent educational experience (we are regularly recognised as one of the best mental health trusts in providing medical training). We have also been heavily involved in support a local medical school to be established (Sunderland Medical School) and increasing existing student numbers (Hull and York Medical School).

The Board receives quarterly and annual reports from the Guardian of Safe Working providing assurance that Junior Doctors are safely rostered and working hours are compliant with the terms and conditions of service outlined in the 2016 Junior Doctor Contract.

Medical staff recruitment, retention and wellbeing are monitored on a monthly basis within the medical directorate along with the Deputy Medical Directors, to ensure a safe and sustainable workforce. A specific strategy regarding the minimisation of medical agency use is in place, and agency usage is monitored on a monthly basis. Any changes to medical staffing establishment, and or skill mix are subject to a joint Quality Impact Assessment (QIA) by the Medical Director and Director of Nursing and Governance.

The Trust has an established Right Staffing Programme as a business priority, which includes work streams looking at Recruitment and Retention, staff education and development, staffing establishments and deployment of multi-professional specialist and advanced practice roles.

The programme has been designed in order to comply with earlier National Quality Board (NQB) staffing guidance, and many of the principles contained with the updated NHS-I Developing Workforce Safeguards recommendations.

Key ways in which the Board ensures that workforce strategies and systems are in place are:

- Systems to undertake an annual establishment and skill mix reviews across all services (based on acuity and dependency data and using an evidence-based toolkit where available) in accordance with NQB guidance and NHS Improvement resources
- A full Quality Impact Assessment (QIA) is undertaken for the implementation of any new roles such as the Nursing Associate. This process also includes significant skill mix reviews or service changes. The QIA is signed off by the Nursing and Medical Director and approved at the Executive Management Team meeting
- Processes for escalation of staffing and bed occupancy across in-patient services and community teams aligned to Trust business continuity arrangements
- Board oversight of a suite of workforce strategy metrics, quality and outcome indicators, staffing and productivity measures
- A diagnostic assessment has been undertaken of agency use across medical, nursing, health care assistants and administration based upon the NHSI model. The Trust's Executive have endorsed the action plan that includes trajectories to reduce temporary staffing

The Foundation Trust has published on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff (as defined by the Trust with reference to the guidance) within the past twelve months, as required by the 'Managing Conflicts of Interest' sections in the NHS guidance and Trust policy.

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

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

The Foundation Trust has undertaken risk assessments and has a sustainable development management plan in place which takes account of UK Climate Projections 2018 (UKCP18). The Trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

Review of economy, efficiency and effectiveness of the use of resources

The Trust has agreed a process to ensure that resources are used economically, efficiently and effectively that involves:

- Agreeing a rolling 3-year annual financial strategy and plan
- A rigorous process of setting annual budgets and a detailed cost improvement programme including a Quality Impact Assessment (QIA)
- Annual review of Standing Financial Instructions and Schemes of Delegation
- Robust performance management arrangements
- A programme of supporting directorates to better understand and manage their relative profitability
- Breaking the Trust's overall reference cost indicator down to Specialty/Directorate
- Levering efficiencies through internal and collaborative procurement initiatives
- Using benchmarking and nationally published performance metrics to inform plans for improved bed and community service efficiency
- Rationalising the estate
- Improving workforce productivity
- Benchmarking management costs
- Utilising an innovative coaching approach to cost reduction idea generation
- Embedding the Quality Improvement Systems (QIS) methodology to review how the Trust operates, maximising efficiency and minimising waste
- Working with partners to improve the overall local health economy in terms of quality and efficiency. The Trust has strategic partnerships with CCGs in both Durham and Tees and North Yorkshire; and works collaboratively with NHS England via New Care Models for specialist services

- Robust capital planning function locally adopting the NHS England Business Case approvals process guidance

The Board plays an active role by:

- Determining the level of financial performance it requires and the consequent implications (including QIA)
- Reviewing in detail each month financial performance, financial risk and delivery against the detailed CRES
- Agreeing the integrated Business Plan, Quality Report and Self Certification submitted to NHS Improvement.
- Considering plans for all major capital investment and disinvestment

The Trust's Audit and Risk Committee has a key role on behalf of the Board in reviewing assurance on the effective use of resources through its audit programme.

The Trust also gains assurance from:

- Internal audit reports, including review of CRES
- External audit reports on specific areas of interest
- The Care Quality Commission reports

Information Governance

There were 13 incidents reported in the Data Security and Protection Toolkit during the period 1st April 2019 to 31st March 2020. Three incidents were privacy breaches – inappropriate staff access to local or national patient information systems. Ten incidents were confidentiality breaches with a variety of causes. All incidents were investigated by the appropriate Trust team.

Data Quality and Governance

The following steps have been put in place to ensure that appropriate controls are in place for accuracy of data:

- The Trust has in place an internal group which has the responsibility for ensuring data quality within the Trust. Furthermore, data quality is also discussed at monthly performance meetings between the Director of Finance, Director of Planning and Performance and the Chief Operating Officer with each clinical Locality
- Data quality is included within the corporate risk register which is used by the Board of Directors to monitor the risk of incomplete and inaccurate data. The Trust has a Data Quality Strategy which provides a framework for improvements in this important area. A Data Quality Strategy Scorecard is also in place to enable the Board of Directors to track progress

- In the most recent NHS Digital (January 2020) published results TEWV gained a score of 97.9% for the Data Quality Maturity Index which is a measurement of data quality in the NHS
- The Trust has the following policies linked to data quality:
 - Data quality policy
 - Minimum standards for record keeping
 - Policy and procedure for PARIS (Electronic patient record/information system)
 - Care Programme Approach (CPA) policy
 - Information Governance policy
 - Information systems business continuity policy
 - Confidentiality and sharing information policy

The policies incorporate national standards where available and are regularly reviewed. All the policies are held on the intranet and are available to staff at all times. When policies have been reviewed (or new ones published) there is a mechanism to inform staff through team brief and other cascade mechanisms.

A significant amount of training is provided to support staff using the electronic patient record (PARIS) and to ensure compliance with CPA. Training is provided where issues around data quality have been identified

As part of performance reporting to the Board actual data is used to forecast future positions thus improving the decision making process. The Trust has introduced the use of Statistical Process Control charts this year to enhance decision making.

All data returns are submitted in line with agreed timescales.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive 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 performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit and Risk Committee, Quality Assurance Committee and Mental Health Legislation Committee; and a plan to address weaknesses and ensure continuous improvement of the system is in place.

My review is also informed by:

- The Care Quality Commission
- NHS Resolution Clinical Negligence Scheme for Trusts (CNST)

- Internal Audit
- External Audit
- Health and Safety Executive
- Internal Clinical Audit Team

The following groups and committees have been involved in maintaining and reviewing the effectiveness of the system of internal control:

- The Board of Directors is responsible for setting the strategic direction of the organisation and monitoring the progress of the organisation against targets. The Board also receives minutes and reports from its sub-committees
- It is the Council of Governors duty to hold the Non-Executive Directors to account for the performance of the Board of Directors, and to represent the interests of the public
- The Audit and Risk Committee provides an independent view of internal control by reviewing financial systems, overseeing audit services and providing assurance to the Board on governance issues including reviewing and commenting on the clinical audit programme
- The Quality Assurance Committee oversees on behalf of the Board of Directors all clinical governance activity including a review of the clinical audit processes and programme
- Internal Audit provides an independent and objective opinion on the degree to which risk management, control and governance support the achievement of the Trust's objectives. The Head of Internal Audit opinion provided good assurance for this area, and all issues raised have been considered appropriately
- The external auditor provides progress reports to the Audit and Risk Committee
- The annual report and accounts are presented to the Board of Directors for approval

Conclusion

In summary, the Trust has recognised that elements of its internal control process were not effective in terms of the issues faced at West Lane Hospital inpatient wards as reflected in the two CQC inspection reports published in October 2019. The Trust's most recent CQC inspection report published in February 2020 following the wider Trust inspection which took place from September to November 2019 however rated the Trust as 'Good' for the key question 'Well-led'. It identified that the Trust's risk and performance arrangements were good and that our response to the previous CQC inspection at West Lane and subsequent actions were positive.

The Board of Directors is committed to continuous improvement and enhancement of the systems of internal control and has instigated a review of its governance arrangements in light of the above issues.

In the rest of the Trust I have not identified any significant internal control issues within 2019/20, and conclude that the Trust has a sound system of Internal Control and Governance in place which is designed to manage the key organisational objectives and minimise the Trust's exposure to risk. The Board of Directors is

committed to continuous improvement and enhancement of the systems of internal control.

A handwritten signature in blue ink, appearing to read "C. S. Martin".

Colin Martin
Chief Executive

23rd June 2020

The External Auditors' Report and Opinion

Independent auditor's report to the Council of Governors of Tees, Esk and Wear Valleys NHS Foundation Trust

Report on the financial statements

Opinion on the financial statements

We have audited the financial statements of Tees, Esk and Wear Valleys NHS Foundation Trust ('the Trust') for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows, and notes to the financial statements, including the summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by HM Treasury's Financial Reporting Manual 2019/20 as contained in the Department of Health and Social Care Group Accounting Manual 2019/20, and the Accounts Direction issued under the National Health Service Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with the Department of Health and Social Care Group Accounting Manual 2019/20; and
- have been properly prepared in accordance with the requirements of the National Health Service Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Accounting Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Our response and key observations
<p>Revenue recognition</p> <p><i>The Trust recognised £385 million of revenue (Operating income from patient care activities and other operating income) in the Statement of Comprehensive Income. The Trust's primary source of revenue is through contracts with commissioning bodies in respect of the provision of healthcare services. Notes 3 and 4 to the financial statements provide further information on the nature and source of the Trust's revenue.</i></p> <p>Auditing standards include a rebuttable presumption that there is a significant risk in relation to the timing of income recognition, and in relation to judgements made by management as to when income has been earned. The pressure to manage income to deliver forecast performance in a challenging economic environment increases the risk of fraudulent financial reporting leading to material misstatement and means that we are unable to rebut the presumption.</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none">• Evaluating the Trust's accounting policy in respect of revenue recognition to ensure that it is in line with the requirements of the Group Accounting Manual (GAM).• Testing revenue transactions that had been recorded by journal entries. Journals were selected for testing on the basis of meeting one or more fraud risk indicators that we determined to be applicable to the revenue recognition significant risk.• Testing a sample of revenue around the year end by agreeing the transactions to appropriate source documentation and obtaining assurance that each item was recorded in the correct financial year and at the correct value.• Testing a sample of year end receivables by agreeing the transactions to appropriate source documentation and obtaining assurance that each item was recorded in the correct financial year and at the correct value.• Considering information provided by the Department of Health and Social Care in respect of year-end intra-NHS transactions. We identified any significant differences between the Trust's position and that of the counterparty and obtained assurance that the Trust's position was supported by appropriate evidence. <p>Key observations</p> <p>We obtained sufficient appropriate evidence to conclude that revenue recognised in the financial statements is reasonable.</p>

Property valuations

Land and buildings are the Trust's highest value assets and Note 17.1 to the financial statements discloses information on the Trust's holding of property, plant and equipment (PPE). This includes £122.4m of land and buildings held at current value at 31 March 2020. These assets are subject to periodic revaluation in line with the requirements of the Group Accounting Manual (GAM). Note 1.9 to the financial statements describes the Trust's accounting policy with respect to the valuation of land and buildings and note 17.1 discloses further information on the balance.

Management engage a valuation expert ('the valuer') to provide the Trust with current values of property and land in accordance with Royal Institution of Chartered Surveyors (RICS) requirements. 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 Group Accounting Manual. The valuations require judgement and a high level of estimation in determining current values.

The significant risk of material misstatement is further increased due to the additional estimation uncertainty arising from the Covid-19 pandemic.

Accounting for any potential liability at 31 March 2020 from the PFI termination

One of the Trust's PFI arrangements terminated in 2018/19. As PFI termination is rare, there is an increased risk that the accounting treatment of any liabilities arising from the termination is misstated.

Our audit procedures included, but were not limited to:

- Obtaining an understanding of the skills, experience and qualifications of the valuer, and considering the appropriateness of the instructions to the valuer from the Trust.
- Obtaining an updated understanding of the basis of valuation applied by the valuer in the year. This included understanding and challenging the methodology applied to estimate the gross replacement cost of the Trust's operational land and buildings on a modern equivalent asset basis. Specifically, we evaluated the Trust's application of a 'single-site' valuation methodology which covers its existing hospital sites.
- Sample testing the completeness and accuracy of underlying data provided by the Trust and used by the valuer as part of their valuations.
- Testing the accuracy of how valuation movements were presented and disclosed in the financial statements.
- Making direct enquiries with the valuer to understand the nature of the material valuation uncertainty disclosed in his valuation report.
- Using relevant market and cost data to assess the reasonableness of the valuation as at 31 March 2020. In doing so, we also considered relevant, publicly available valuation indices to assess the effect of any potential material valuation uncertainty related to the Covid-19 pandemic.

Key observations

We obtained sufficient appropriate evidence to conclude that the valuation of PPE included in the financial statements is reasonable.

Building on our audit work and knowledge from our 2018/19 audit, our audit procedures included, but were not limited to:

- Holding discussions with the Trust's legal advisors to obtain evidence about their views.
- Reviewing and challenging the Trust about the accounting treatment adopted for any potential liabilities at 31 March 2020 associated with the termination.
- Considering the proposed accounting by the Trust against the requirements of IAS37 to

	<p>determine the appropriate method to account for the potential liabilities.</p> <p>Key observations</p> <p>We obtained sufficient appropriate evidence to conclude that the accounting treatment for any potential liabilities was appropriate at 31 March 2020 and in line with the requirements of IAS37. We highlight to users of the financial statements the disclosures made by the Trust in Note 32.</p>
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Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures, and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as follows:

Overall materiality	£7.466m
Basis for determining materiality	2% of Gross Operating Expenditure, adjusted for impairments.
Rationale for benchmark applied	Gross Operating Expenditure was chosen as the appropriate benchmark for overall materiality as this is a key measure of financial performance for users of the financial statements.
Performance materiality	£5.973m
Reporting threshold	£0.224m

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at where the Accounting Officer made subjective judgements such as making assumptions on significant accounting estimates.

We gained an understanding of the legal and regulatory framework applicable to the Trust and the sector in which it operates. We considered the risk of acts by the Trust which were contrary to the applicable laws and regulations including fraud. We designed our audit procedures to respond to those identified risks, including non-compliance with laws and regulations (irregularities) that are material to the financial statements.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the National Health Service Act 2006.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the Trust's accounting processes and controls and its environment and considered qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items. There were no changes to the scope of the current year audit from the scope in the prior year.

Our tests included, but were not limited to:

- 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 irregularities including fraud or error;
- review of minutes of board meetings in the year; and
- enquiries of management.

As a result of our procedures, we did not identify any Key Audit Matters relating to irregularities, including fraud (other than the key audit matter on revenue recognition outlined above).

The risks of material misstatement, including due to fraud, that had the greatest effect on our audit are discussed under 'Key audit matters' within this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We are also 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 and Risk Committee which we consider should have been disclosed.

We have nothing to report in these regards.

Responsibilities of the Accounting Officer for the financial statements

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

The Accounting Officer is required to comply with the Department of Health and Social Care Group Accounting Manual and prepare the financial statements on a going concern basis, unless the Trust is informed of the intention for dissolution without transfer of services or function to another entity. The Accounting Officer is responsible for assessing each year whether or not it is appropriate for the Trust to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

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

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

Opinion on other matters prescribed by the Code of Audit Practice

In our opinion:

- the parts of the Remuneration and Staff Report subject to audit have been properly prepared in accordance with the requirements of the NHS Foundation Trust Annual Reporting Manual 2019/20; and
- the other information published together with the audited financial statements in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Annual Governance Statement

We are required to report to you if, in our opinion:

- the Annual Governance Statement does not comply with the NHS Foundation Trust Annual Reporting Manual 2019/20; or
- the Annual Governance Statement is misleading or is not consistent with our knowledge of the Trust and other information of which we are aware from our audit of the financial statements.

We have nothing to report in respect of these matters.

Reports to the regulator and in the public interest

We are required to report to you if:

- we refer a matter to the regulator under Schedule 10(6) of the National Health Service Act 2006 because we have a reason to believe that the Trust, or a Director or officer of the Trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency; or
- we issue a report in the public interest under Schedule 10(3) of the National Health Service Act 2006.

We have nothing to report in respect of these matters.

The Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources

Matter on which we are required to report by exception

We are required to report to you if, in our opinion, we are not satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We have nothing to report in this respect.

Responsibilities of the Accounting Officer

The Chief Executive as Accounting Officer is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the Trust's use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required by Schedule 10(1) of the National Health Service Act 2006 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider,

nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, as to whether the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary.

Use of the audit report

This report is made solely to the Council of Governors of Tees, Esk and Wear Valleys NHS Foundation Trust as a body in accordance with Schedule 10(4) 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 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.

Certificate

We certify that we have completed the audit of Tees, Esk and Wear Valleys NHS Foundation Trust in accordance with the requirements of chapter 5 of part 2 of the National Health Service Act 2006 and the Code of Audit Practice.



Cameron Waddell (Key Audit Partner)

For and on behalf of Mazars LLP

Salvus House

Aykley Heads

Durham

DH1 5TS

24 June 2020

The accounts 2019/20

The accounts are prepared in accordance with paragraphs 24 and 25 of Schedule 7 to the NHS Act 2006 and are presented to Parliament pursuant to Schedule 7, paragraph 25 (4) (a) of the National Health Service Act 2006

A handwritten signature in blue ink, appearing to read 'C. S. Martin'.

Colin Martin
Chief Executive
23rd June 2020

Statement of Comprehensive Income for the year ended 31 March 2020

		2019/20	2018/19
	Note	£000	£000
Operating income from patient care activities	3	365,842	334,399
Other operating income	4	19,823	53,947
Operating expenses	7, 9	<u>(398,474)</u>	<u>(384,205)</u>
Operating surplus/(deficit) from continuing operations		<u>(12,809)</u>	<u>4,141</u>
Finance income	12	562	539
Finance expenses	13	(1,056)	(3,195)
PDC dividends payable		<u>(2,816)</u>	<u>(2,549)</u>
Net finance costs		<u>(3,310)</u>	<u>(5,205)</u>
Other gains	14	-	59,554
Share of losses of joint arrangements	19	<u>-</u>	<u>(125)</u>
Surplus / (deficit) for the year		<u><u>(16,119)</u></u>	<u><u>58,365</u></u>
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Impairments	8	(220)	(7,593)
Revaluations	17	<u>2,266</u>	<u>325</u>
Total comprehensive income / (expense) for the period		<u><u>(14,073)</u></u>	<u><u>51,097</u></u>

The Trust's performance against the agreed NHS Improvement control total is included in note 2.2

Statement of Financial Position as at 31 March 2020

		31 March 2020 £000	31 March 2019 £000
Non-current assets			
Intangible assets	16	1,554	1,554
Property, plant and equipment	17	139,814	134,035
Other investments / financial assets	20	-	50
Receivables	22	498	39
Total non-current assets		141,866	135,678
Current assets			
Inventories	21	746	520
Receivables	22	19,400	48,498
Non-current assets for sale and assets in disposal groups	24	1,080	-
Cash and cash equivalents	25	76,914	72,728
Total current assets		98,140	121,746
Current liabilities			
Trade and other payables	26	(38,950)	(41,111)
Borrowings	28	(817)	(3,789)
Provisions	31	(499)	(450)
Other liabilities	27	(254)	(342)
Total current liabilities		(40,520)	(45,692)
Total assets less current liabilities		199,486	211,732
Non-current liabilities			
Borrowings	28	(13,194)	(14,010)
Provisions	31	(7,495)	(5,448)
Total non-current liabilities		(20,689)	(19,458)
Total assets employed		178,797	192,274
Financed by			
Public dividend capital		147,126	146,530
Revaluation reserve		4,686	2,640
Income and expenditure reserve		26,985	43,104
Total taxpayers' equity		178,797	192,274

The notes on form part of these accounts.



Colin Martin
Chief Executive
23rd June 2020

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

	Public dividend capital £000	Revaluation reserve* £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2019 - brought forward	146,530	2,640	43,104	192,274
Deficit for the year	-	-	(16,119)	(16,119)
Net impairments	-	(220)	-	(220)
Revaluations	-	2,266	-	2,266
Public dividend capital received	596	-	-	596
Taxpayers' and others' equity at 31 March 2020	147,126	4,686	26,985	178,797

*The revaluation reserve is used to record revaluation gains and losses on property, plant and equipment. This reserve is currently used solely for tangible assets only.

Statement of Changes in Equity for the year ended 31 March 2019

	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000	Total £000
Taxpayers' and others' equity at 1 April 2018 - brought forward	145,053	9,908	(15,245)	139,716
Impact of implementing IFRS 9 on 1 April 2018	-	-	(16)	(16)
Surplus for the year	-	-	58,365	58,365
Net impairments	-	(7,593)	-	(7,593)
Revaluations	-	325	-	325
Public dividend capital received	1,477	-	-	1,477
Taxpayers' and others' equity at 31 March 2019	146,530	2,640	43,104	192,274

Information on reserves

Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. Additional PDC may also be issued to trusts by the Department of Health and Social Care. A charge, reflecting the cost of capital utilised by the trust, is payable to the Department of Health as the public dividend capital dividend.

Revaluation reserve

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse impairments previously recognised in operating expenses, in which case they are recognised in operating income. Subsequent downward movements in asset valuations are charged to the revaluation reserve to the extent that a previous gain was recognised unless the downward movement represents a clear consumption of economic benefit or a reduction in service potential.

Income and expenditure reserve

The balance of this reserve is the accumulated surpluses and deficits of the trust.

Statement of Cash Flows for the year ended 31 March 2020

	2019/20	2018/19
Note	£000	£000
Cash flows from operating activities		
Operating surplus / (deficit)	(12,809)	4,141
Non-cash income and expense:		
Depreciation and amortisation	7.1 4,779	4,346
Net impairments	8 28,360	43,680
(Increase) / decrease in receivables and other assets	29,089	(29,962)
Increase in inventories	(226)	(299)
Increase / (decrease) in payables and other liabilities	(4,663)	15,812
Increase in provisions	2,108	2,664
Net cash flows from operating activities	46,638	40,382
Cash flows from investing activities		
Interest received	562	539
Purchase and sale of financial assets / investments	50	420
Purchase of intangible assets	-	(1,539)
Purchase of PPE and investment property	(35,558)	(19,138)
Sales of PPE and investment property	-	360
Net cash flows used in investing activities	(34,946)	(19,358)
Cash flows from financing activities		
Public dividend capital received	596	1,477
Movement on loans from DHSC	(3,000)	(3,000)
Movement on other loans	(238)	952
Capital element of PFI, LIFT and other service concession payments	(533)	(1,340)
Interest on loans	(30)	(71)
Interest paid on PFI, LIFT and other service concession obligations	(1,056)	(3,133)
PDC dividend paid	(3,245)	(1,596)
Net cash flows used in financing activities	(7,506)	(6,711)
Increase in cash and cash equivalents	4,186	14,313
Cash and cash equivalents at 1 April - brought forward	72,728	58,415
Cash and cash equivalents at 31 March	25.1 76,914	72,728

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

NHS Improvement, in exercising the statutory functions conferred on Monitor, has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2019/20 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts

Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

Note 1.2 Going concern

These accounts have been prepared on a going concern basis.

Note 1.3 Interests in other entities

Joint operations

Joint operations are arrangements in which the trust has joint control with one or more other parties and 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.

The Trust has a joint operation with Mental Health Matters and County Durham & Darlington NHS Foundation Trust to provide services to improve access to psychological therapies (IAPT services). The Trust is the host organisation, and has not consolidated the joint operation on the grounds of materiality.

The Trust is also Trustee for the "Tees Esk and Wear Valleys NHS Trust General Charitable Fund", the balances of which are not consolidated with the Trusts accounts on the grounds of materiality.

The Trust has two wholly owned subsidiary companies "Positive Individualised Proactive Support Limited", and "TEWV Estates and Facilities Management Limited", however the Trust has not consolidated within the Trust's Accounts on the grounds of materiality. "TEWV Estates and Facilities Management Limited" was made dormant during 2019/20.

The Trust is a shareholder in "North East Transformational Support Ltd", however this company was made dormant during 2019/20.

Note 1.4 Revenue from contracts with customers

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

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

The majority of the Trust's revenue from contracts with customers is received from annual contracts with NHS commissioners. Cash is received monthly in 1/12ths, and performance criteria are met as the contracted services are provided.

Revenue from NHS contracts

The main source of income for the Trust is contracts with commissioners for health care services. A performance obligation relating to delivery of a spell of health care is generally satisfied over time as healthcare is received and consumed simultaneously by the customer as the Trust performs it. The customer in such a contract is the commissioner, but the customer benefits as services are provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligns with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that are substantially the same and have a similar pattern of transfer. At the year end, the Trust accrues income relating to activity delivered in that year, where a patient care spell is incomplete. This accrual is disclosed as a contract receivable as entitlement to payment for work completed is usually only dependent on the passage of time.

Revenue from research contracts

Where research contracts fall under IFRS 15, revenue is recognised as and when performance obligations are satisfied. For some contracts, it is assessed that the revenue project constitutes one performance obligation over the course of the multi-year contract. In these cases it is assessed that the Trust's interim performance does not create an asset with alternative use for the Trust, and the Trust has an enforceable right to payment for the performance completed to date. It is therefore considered that the performance obligation is satisfied over time, and the Trust recognises revenue each year over the course of the contract.

Provider sustainability fund (PSF) and Financial recovery fund (FRF)

The PSF and FRF enable providers to earn income linked to the achievement of financial controls and performance targets. Income earned from the funds is accounted for as variable consideration.

Note 1.5 Other forms of income

Grants and donations

Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. Where the grants is used to fund capital expenditure, it is credited to the consolidated statement of comprehensive income once conditions attached to the grant have been met. Donations are treated in the same way as government grants.

Apprenticeship service income

The value of the benefit received when accessing funds from the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider from the Trust's Digital Apprenticeship Service (DAS) account held by the Department for Education, the corresponding notional expense is also recognised at the point of recognition for the benefit.

Note 1.6 Expenditure on employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

Pension costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Both schemes are unfunded, defined benefit schemes that cover NHS employers, general practices and other bodies, allowed under the direction of Secretary of State for Health and Social Care in England and Wales. The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as though it is a defined contribution scheme: the cost to the trust is taken as equal to the employer's pension contributions payable to the scheme for the accounting period. The contributions are charged to operating expenses as and when they become due.

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

Note 1.7 Expenditure on other goods and services

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

Note 1.8 Discontinued operations

Discontinued operations occur where activities either cease without transfer to another entity, or transfer to an entity outside of the boundary of Whole of Government Accounts, such as private or voluntary sectors. Such activities are accounted for in accordance with IFRS 5. Activities that are transferred to other bodies within the boundary of Whole of Government Accounts are 'machinery of government changes' and treated as continuing operations.

Note 1.9 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes
- it is probable that future economic benefits will flow to, or service potential be provided to, the trust
- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably
- it forms part of the initial equipping and setting-up cost of a new building, ward or unit irrespective of their individual or collective cost;
- the item has cost of at least £5,000.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, eg, plant and equipment, then these components are treated as separate assets and depreciated over their own useful lives.

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Measurement

Valuation

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

Assets are measured subsequently at valuation. Assets which are held for their service potential and are in use (ie operational assets used to deliver either front line services or back office functions) are measured at their current value in existing use. Assets that were most recently held for their service potential but are surplus with no plan to bring them back into use are measured at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

Revaluations of property, plant and equipment are performed with sufficient regularity to ensure that carrying values are not materially different from those that would be determined at the end of the reporting period. Current values in existing use are determined as follows:

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost on a modern equivalent asset basis.

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

Valuation guidance issued by the Royal Institute of Chartered Surveyors states that valuations are performed net of VAT where the VAT is recoverable by the entity. This basis has been applied to the trust's Private Finance Initiative (PFI) scheme where the construction is completed by a special purpose vehicle and the costs have recoverable VAT for the trust.

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 revalued and depreciation commences when the assets are brought into use.

IT equipment, transport equipment, furniture and fittings, and plant and machinery that are held for operational use are valued at depreciated historic cost where these assets have short useful lives or low values or both, as this is not considered to be materially different from current value in existing use.

An MEA valuation was carried out on the Trusts land and buildings at 31 March 2020, and the assets have been treated as prescribed in the Group Accounting Manual. Accumulated depreciation on these assets has been written to zero, and the cost or valuation at 31 March 2020 amended to the MEA values to reflect this. All of the Trusts MEA valuations have been completed by Cushman and Wakefield Inc. (independent qualified valuer).

The valuation exercise was carried out in March 2020 with a valuation date of 31 March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 ('Red Book'), the valuer has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by COVID-19. The Trust's valuers have reported "Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence and published build cost information for comparison purposes, to inform opinions of value". The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

The trust's valuation report also included the following statement "This does not mean that the valuation cannot be relied upon. It is used in order to be clear and transparent with all parties, in a professional manner that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case."

Depreciation

Items of property, plant and equipment are depreciated over their remaining useful lives in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated.

Property, plant and equipment which has been reclassified as 'held for sale' cease to be depreciated upon the reclassification. Assets in the course of construction 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.

Revaluation gains and losses

Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised in operating expenditure.

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

Impairments

In accordance with the GAM, impairments that arise from a clear consumption of economic benefits or of service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

De-recognition

Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met. The sale must be highly probable and the asset available for immediate sale in its present condition.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'held for sale' and instead is retained as an operational asset and the asset's useful life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the Statement of Comprehensive Income. On disposal, the balance for the asset on the revaluation reserve is transferred to the statement of comprehensive income reserve. For donated and government-granted assets, a transfer is made to or from the relevant reserve to the profit/loss on disposal account so that no profit or loss is recognised in income or expenses. The remaining surplus or deficit in the donated asset or government grant reserve is then transferred to the statement of comprehensive income reserve.

Donated and grant funded assets

Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is 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 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. In accordance with HM Treasury's *FReM*, the underlying assets are recognised as property, plant and equipment, together with an equivalent liability. Subsequently, the assets are accounted for as property, plant and equipment and/or intangible assets as appropriate.

The annual contract payments are apportioned between the repayment of the liability, a finance cost, the charges for services and lifecycle replacement of components of the asset. The element of the annual unitary payment increase due to cumulative indexation is treated as contingent rent and is expensed as incurred.

The service charge is recognised in operating expenses and the finance cost is charged to finance costs in the

PFI Lifecycle Replacement

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the Trust's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term finance lease liability or prepayment is recognised respectively.

Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised. The deferred income is released to the operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

Useful lives of property, plant and equipment

Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives are shown in the table below:

	Min life	Max life
	Years	Years
Buildings, excluding dwellings	1	90
Plant & machinery	1	15
Transport equipment	1	7
Information technology	1	7
Furniture & fittings	1	10
Assets under Construction & POA	10	90

Finance-leased assets (including land) are depreciated over the shorter of the useful life or the lease term, unless the trust expects to acquire the asset at the end of the lease term in which case the assets are depreciated in the same manner as owned assets above.

Note 1.10 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.

Measurement

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

Intangible assets held for sale are measured at the lower of their carrying amount or fair value less costs to sell.

Amortisation

Intangible assets are amortised over their expected useful lives in a manner consistent with the consumption of economic or service delivery benefits. The Trust's intangible assets are licenses that are to be held in perpetuity, as such they do not have a maximum life.

Note 1.11 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO) method .

Note 1.12 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

Note 1.13 Financial assets and financial liabilities

Recognition

Financial assets and financial liabilities arise where the Trust is party to the contractual provisions of a financial instrument, and as a result has a legal right to receive or a legal obligation to pay cash or another financial instrument. The GAM expands the definition of a contract to include legislation and regulations which give rise to arrangements that in all other respects would be a financial instrument and do not give rise to transactions classified as a tax by ONS.

This includes the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust's normal purchase, sale or usage requirements and are recognised when, and to the extent which, performance occurs, ie, when receipt or delivery of the goods or services is made.

Classification and measurement

Financial assets and financial liabilities are initially measured at fair value plus or minus directly attributable transaction costs except where the asset or liability is not measured at fair value through income and expenditure. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques.

Financial assets and liabilities are classified as subsequently measured at amortised cost .

Financial assets and financial liabilities at amortised cost

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

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

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

Impairment of financial assets

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets or assets measured at fair value through other comprehensive income, the Trust recognises an allowance for expected credit losses.

The Trust adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses. For other financial assets, the loss allowance is initially measured at an amount equal to 12-month expected credit losses (stage 1) and subsequently at an amount equal to lifetime expected credit losses if the credit risk assessed for the financial asset significantly increases (stage 2).

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

Expected losses are charged to operating expenditure within the Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Statement of Financial Position.

Derecognition

Financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired or the Trust has transferred substantially all the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

Note 1.14 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

The trust as a lessee

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 implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability.

The asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for an item of property plant and equipment.

The annual rental charge 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.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially in other liabilities on the statement of financial position and subsequently as a reduction of rentals on a straight-line basis over the lease term. Contingent rentals are recognised as an expense in the period in which they are incurred.

The trust as a 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 leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the trust's net investment outstanding in respect of the leases.

Operating leases

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Note 1.15 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective for 31 March 2020:

		Nominal rate
Short-term	Up to 5 years	0.51%
Medium-term	After 5 years up to 10 years	0.55%
Long-term	Exceeding 10 years	1.99%

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective 31 March 2020:

	Inflation rate
Year 1	1.90%
Year 2	2.00%
Into perpetuity	2.00%

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Trust has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

A restructuring provision is recognised when the Trust has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of minus 0.5% in real terms.

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at note 31.2 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 NHS Resolution and in return receives assistance with the costs of claims arising. The annual membership contributions, and any excesses payable in respect of particular claims are charged to operating expenses when the liability arises.

Note 1.16 Contingencies

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

Contingent liabilities are defined as:

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

Note 1.17 Public dividend capital

Public dividend capital is a type of public sector equity finance, which represents the Department of Health and Social Care's investment in the trust. HM Treasury has determined that, being issued under statutory authority rather than under contract, PDC is not a financial instrument within the meaning of IAS 32.

At any time, the Secretary of State can issue new PDC to, and require repayments of PDC from, the trust. PDC is recorded at the value received.

An annual charge, reflecting the cost of capital utilised by the trust, is payable to the Department of Health and Social Care as PDC dividend. The charge is calculated at the real rate set by the Secretary of State with the consent of HM Treasury (currently 3.5%) on the average relevant net assets of the trust. Relevant net assets are calculated as the value of all assets less all liabilities, except for:

- donated and grant funded assets
- average daily cash balances held with the Government Banking Service (GBS) and National Loans Fund (NLF) deposits (excluding cash balances held in GBS accounts that relate to a short term working capital facility)
- any PDC dividend balance receivable or payable.

The average relevant net assets is calculated as a simple average of opening and closing relevant net assets.

In accordance with the requirements laid down by the Department of Health and Social Care, 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 the audit of the annual accounts. The PDC dividend calculation is based upon the trust's group accounts (i.e. including subsidiaries), but excluding consolidated charitable funds.

Note 1.18 Value added tax

Most of the activities of the trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

Note 1.19 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 31st March 2020.

Note 1.20 Foreign exchange

The functional and presentational currency of the trust is sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Where the trust has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

- monetary items are translated at the spot exchange rate on 31 March
- non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction and
- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the Statement of Financial Position date) are recognised in income or expense in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

Note 1.21 Third party assets

Assets belonging to third parties in which the Trust has no beneficial interest (such as money held on behalf of patients) are not recognised in the accounts. However, they are disclosed in note 25.2 to the accounts in accordance with the requirements of HM Treasury's *FReM*.

Note 1.22 Losses and special payments

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

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

Note 1.23 Gifts

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

Note 1.24 Transfers of functions from other NHS bodies / local government bodies

For functions that have been transferred to the trust from another NHS / 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 trust's accounting policies are applied after initial recognition and are adjusted directly in taxpayers' equity.

Note 1.25 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2019/20.

Note 1.26 Standards, amendments and interpretations in issue but not yet effective or adopted

IFRS 16 Leases

IFRS 16 Leases will replace *IAS 17 Leases*, *IFRIC 4 Determining whether an arrangement contains a lease* and other interpretations and is applicable in the public sector for periods beginning 1 April 2021. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the statement of financial position the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

IFRS 16 changes the definition of a lease compared to IAS 17 and IFRIC 4. The trust will apply this definition to new leases only and will grandfather its assessments made under the old standards of whether existing contracts contain a lease.

On transition to IFRS 16 on 1 April 2021, the trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the trust's incremental borrowing rate. The trust's incremental borrowing rate will be a rate defined by HM Treasury. Currently this rate is 1.27% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. No adjustments will be made on 1 April 2021 for existing finance leases.

For leases commencing in 2021/22, the trust will not recognise a right of use asset or lease liability for short term leases (less than or equal to 12 months) or for leases of low value assets (less than £5,000). Right of use assets will be subsequently measured on a basis consistent with owned assets and depreciated over the length of the lease term.

HM Treasury revised the implementation date for IFRS 16 in the UK public sector to 1 April 2021 on 19 March 2020. Due to the need to reassess lease calculations, together with uncertainty on expected leasing activity in from April 2021 and beyond, a quantification of the expected impact of applying the standard in 2021/22 is currently impracticable. However, the trust does expect this standard to have a material impact on non-current assets, liabilities and depreciation

Other standards, amendments and interpretations

The following standards and updates have been published by the International Accounting Standards Board as adopted but are not required to be followed until after the current reporting period.

IFRS 14 Regulatory Deferral Accounts has not been endorsed by the European Financial Reporting Advisory Group and is unlikely to be adopted.

IFRS 17 Insurance Contracts is planned to be adopted from 2023/24 financial year.

The Trust does not anticipate these changes in accounting standards to have a material impact on the 2020/2021 accounts.

Note 1.27 Critical judgements in applying accounting policies and key sources of estimation uncertainty

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

The Trust has identified the valuation of the Trust estate and the valuation of Provisions as critical accounting judgements and key sources of uncertainty. Cushman and Wakefield Inc. provide third party assurance of the value of the estate completing a full modern equivalent valuation exercise every 3 to 5 years.

As disclosed in note 1.9, the Trust's valuation report has been reported on the basis of material valuation uncertainty due to the impact of COVID-19 on international financial markets.

Provisions are, in the main, injury benefits provisions which are valued using actuarial tables.

The Trust has not consolidated its charitable fund within the main accounts on the grounds of materiality as per guidance within the group accounting manual. The Trust has not consolidated its subsidiaries for the provision of Positive Individual Proactive Support (PIPS) services, and TEVV Estates and Facilities Management (TEVV EFM) services within the main accounts on the grounds of materiality as per guidance within the group accounting manual.

Unless noted otherwise the impact of COVID-19 is immaterial to the disclosures within the trust's 2019/20 accounts.

Note 2.1 Operating Segments

The Trust has no elements that require segmental analysis for the period ended 31 March 2020. The chief operating decision maker has been identified as the Executive Director Chief Operating Officer post within the Trust; and on this basis the Trust has identified healthcare as the single operating segment.

Note 2.2 Performance against control total

An NHS Foundation Trust's financial performance is measured by NHSE/I against an agreed control total. There are certain exceptional and technical revenue streams that are excluded from the calculation to ensure true operational performance is measured.

The Trust's control total for 2019/20 was £5,485k. The Trust reported a financial surplus position £11,384k, which was £5,899k ahead of control total i.e. target achieved.

A reconciliation of the Trust's performance against control total is shown below:

	2019/20	2018/19
	£000	£000
Surplus / (Deficit) for the year from SoCI	(16,119)	58,365
Add back net impairments	27,628	43,598
Remove prior year PSF adjustment	(125)	-
Surplus for control total performance	11,384	101,963
Control total	5,485	9,864
Ahead of control total by	5,899	92,099

Note 3 Operating income from patient care activities

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

Note 3.1 Income from patient care activities (by nature)	2019/20	2018/19
	£000	£000
Mental health services		
Cost and volume contract income	50,117	48,697
Block contract income	289,426	263,511
Clinical income for the secondary commissioning of mandatory services	6,193	9,262
Other clinical income from mandatory services	5,313	4,207
All services		
Agenda for Change pay award central funding*	-	3,676
Additional pension contribution central funding**	11,396	-
Other clinical income	3,397	5,046
Total income from activities	<u>365,842</u>	<u>334,399</u>

*Additional costs of the Agenda for Change pay reform in 2018/19 received central funding. From 2019/20 this funding is incorporated into block contract income.

**The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. For 2019/20, NHS providers continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost and related funding have been recognised in these accounts.

Note 3.2 Income from patient care activities (by source)

	2019/20	2018/19
	£000	£000
Income from patient care activities received from:		
NHS England	74,517	57,453
Clinical commissioning groups	285,352	265,879
Department of Health and Social Care	-	3,784
Other NHS providers	1,654	1,875
NHS other	218	379
Local authorities	2,101	3,522
Non NHS: other	2,000	1,507
Total income from activities	<u>365,842</u>	<u>334,399</u>
Of which:		
Related to continuing operations	365,842	334,399

Analysis of income from patient care activities (by source) - non NHS other	2019/20	2018/19
	£000	£000
Other government departments and agencies	429	644
Other*	1,571	863
	<u>2,000</u>	<u>1,507</u>

*Other income is mainly from Spectrum Community Health Contract £838k (2018/19 £800k), South Durham Health Community Interest Co £287k and Durham Dales Health Federation £178k .

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

The Trust had no income relating to overseas visitors (non-reciprocal, chargeable to the patient) (2018-19 £nil).

Note 4 Other operating income

	2019/20			2018/19		
	Contract	Non-contract	Total	Contract	Non-contract	Total
	income	income		income	income	
	£000	£000	£000	£000	£000	£000
Research and development	1,192	-	1,192	952	-	952
Education and training	9,663	532	10,195	8,985	227	9,212
Non-patient care services to other bodies	3,802		3,802	5,599		5,599
Provider sustainability fund (PSF)	2,955		2,955	36,951		36,951
Income in respect of employee benefits accounted on a gross basis	495		495	65		65
Rental revenue from operating leases		692	692		853	853
Other income	492	-	492	315	-	315
Total other operating income	18,599	1,224	19,823	52,867	1,080	53,947
Of which:						
Related to continuing operations			19,823			53,947

*Other income is mainly from catering sales £269k (2018/19 £211k).

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

	2019/20	2018/19
	£000	£000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	309	525

Note 5.2 Income from activities arising from commissioner requested services

Under the terms of its provider licence, the trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the provider licence and are services that commissioners believe would need to be protected in the event of provider failure. This information is provided in the table below:

	2019/20	2018/19
	£000	£000
Income from services designated as commissioner requested services	353,035	361,607
Income from services not designated as commissioner requested services	32,630	26,739
Total	<u>385,665</u>	<u>388,346</u>

Note 5.3 Profits and losses on disposal of property, plant and equipment

	2019/20	2018/19
	£000	£000
Net book value of assets disposed	0	350
Sale proceeds*	0	(360)
Profit on sale	<u>-</u>	<u>(10)</u>

* The sale of these assets does not impact on the Trusts ability to meet its obligation to provide commissioner requested services as no sales are authorised without full consideration of the impact on service provision. Services previously provided in these buildings are now delivered within existing Trust estate, or the service has transferred to another provider.

Note 5.4 Non NHS Income

The Trust had Non NHS income totalling £18,861k (2018-19, £10,179k (restated)).

Note 6.1 Fees and charges

The Trust received no income from fees and charges - aggregate of all schemes that, individually, have a cost exceeding £1m (2018/19 £nil).

Note 7.1 Operating expenses

	2019/20	2018/19
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	3,455	1,923
Purchase of healthcare from non-NHS and non-DHSC bodies	8,457	6,505
Staff and executive directors costs	288,946	265,815
Remuneration of non-executive directors	165	154
Supplies and services - clinical (excluding drugs costs)	2,703	2,219
Supplies and services - general	6,469	6,391
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	4,230	4,356
Consultancy costs*	577	726
Establishment	4,013	4,152
Premises	21,174	17,602
Transport (including patient travel)	4,816	4,667
Depreciation on property, plant and equipment	4,779	4,346
Net impairments	28,360	43,680
Movement in credit loss allowance: contract receivables / contract assets	47	1,720
Increase in other provisions**	718	41
Change in provisions discount rate	285	(102)
Audit fees payable to the external auditor		
audit services- statutory audit	42	44
other services: audit related assurance services	2	8
Internal audit costs	233	221
Clinical negligence	896	1,066
Legal fees*	2,234	1,285
Insurance	107	92
Research and development	1,477	1,543
Education and training	4,362	4,001
Rentals under operating leases	7,716	8,767
Redundancy	-	14
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)	462	1,545
Hospitality	109	106
Losses, ex gratia & special payments	22	93
Other	1,618	1,225
Total	398,474	384,205
Of which:		
Related to continuing operations	398,474	384,205

*consultancy and legal expenditure includes expenditure related to the commercial settlement following the termination of a PFI contract as detailed in note 36

** this is the net increase in provisions held linked to non pay expenditure, see note 31.1 for more details

Analysis of operating expenses - other

	2019/20	2018/19
	£000	£000
Services from local authorities	342	375
Other patients' expenses	149	131
National offender health services	153	125
CQC and accreditation fees	251	185
Pension Final Pay Control Charge	369	-
Miscellaneous	354	409
	1,618	1,225

Note 7.2 Other auditor remuneration

The Trust paid its external auditors additional remuneration totalling £2k for the period to 31 March 2020, for work on the Quality Report (31 March 2019, £8k). Auditors remuneration for statutory audit is shown in note 7.1.

Note 7.3 Limitation on auditor's liability

There is no limitation on auditor's liability for external audit work carried out for the financial years 2019/20 or 2018/19.

Note 8 Impairment of assets

	2019/20	2018/19
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Abandonment of assets in course of construction	732	82
Changes in market price	27,628	43,598
Total net impairments charged to operating surplus / deficit	28,360	43,680
Impairments charged to the revaluation reserve	220	7,593
Total net impairments	28,580	51,273

The Trust realised impairments totalling £28.6m during 2019/20 following a modern equivalent asset valuation of its sites, mainly linked to the inclusion of Foss Park in an optimal estate model.

Note 9 Employee benefits

	2019/20	2018/19
	Total	Total
	£000	£000
Salaries and wages	224,270	213,820
Social security costs	20,093	19,075
Apprenticeship levy	1,068	1,018
Employer's contributions to NHS pensions	37,463	24,902
Pension cost - other	77	36
Temporary staff (including agency)	8,748	9,632
Total staff costs	<u>291,719</u>	<u>268,483</u>
Of which		
Costs capitalised as part of assets	244	261

Note 9.1 Retirements due to ill-health

During 2019/20 there were 2 early retirements from the trust agreed on the grounds of ill-health (11 in the year ended 31 March 2019). The estimated additional pension liabilities of these ill-health retirements is £102k (£757k in 2018/19).

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

Note 10 Pension costs

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2020, is based on valuation data as 31 March 2019, updated to 31 March 2020 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019. The employer contribution rate for 2019/20 is 20.6%, and the Scheme Regulations were amended accordingly.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

Auto-enrolment

To comply with auto-enrolment the Trust has opened a second pension scheme, for employees not eligible to be enrolled in the NHS Pension Scheme. The NHS Scheme will always be the default selection, however employees not eligible for membership are entered into the National Employment Savings Trust (NEST) scheme. This is a defined contribution scheme, and as such the cost to the NHS Body of participating in the scheme is equal to the contributions payable to the scheme for the accounting period.

Note 11 Operating leases

Note 11.1 Tees, Esk and Wear Valleys NHS Foundation Trust as a lessor

This note discloses income generated in operating lease agreements where Tees, Esk and Wear Valleys NHS Foundation Trust is the lessor.
Operating lease income is from property rental.

	2019/20	2018/19
	£000	£000
Operating lease revenue		
Minimum lease receipts	692	853
Total	692	853
	31 March	31 March
	2020	2019
	£000	£000
Future minimum lease receipts due:		
- not later than one year;	692	853
- later than one year and not later than five years;	897	1,971
- later than five years.	2,200	2,300
Total	3,789	5,124

Note 11.2 Tees, Esk and Wear Valleys NHS Foundation Trust as a lessee

This note discloses costs and commitments incurred in operating lease arrangements where Tees, Esk and Wear Valleys NHS Foundation Trust is the lessee.
The Trust operating leases includes leased vehicles for staff, property rental and telephony rental.

	2019/20	2018/19
	£000	£000
Operating lease expense		
Minimum lease payments	7,716	8,767
Total	7,716	8,767
	31 March	31 March
	2020	2019
	£000	£000
Future minimum lease payments due:		
On buildings		
- not later than one year;	3,487	4,385
- later than one year and not later than five years;	11,933	4,823
- later than five years.	5,406	3,416
Total	20,826	12,624
On other		
- not later than one year;	3,690	3,595
- later than one year and not later than five years;	2,270	2,409
- later than five years.	-	-
Total	5,960	6,004
On all leases		
- not later than one year;	7,177	7,980
- later than one year and not later than five years;	14,203	7,232
- later than five years.	5,406	3,416
Total	26,786	18,628

Note 12 Finance income

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

	2019/20	2018/19
	£000	£000
Interest on bank accounts	562	539
Total finance income	562	539

Note 13.1 Finance expenditure

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

	2019/20	2018/19
	£000	£000
Interest expense:		
Loans from the Department of Health and Social Care	12	53
Main finance costs on PFI and LIFT schemes obligations	646	2,133
Contingent finance costs on PFI and LIFT scheme obligations	410	1,001
Total interest expense	1,068	3,187
Unwinding of discount on provisions	(12)	8
Total finance costs	1,056	3,195

Note 13.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015

The Trust did not pay any interest payable arising from claims or pay compensation to cover debt recovery costs under this legislation (2018/19, £nil).

Note 14 Other gains

	2019/20	2018/19
	£000	£000
Gains on disposal of assets	-	10
Total gains on disposal of assets	-	10
Other gains*	-	59,544
Total other gains	-	59,554

* In September 2018 the Trust terminated the PFI contract agreement at Roseberry Park Hospital.

Note 15 Discontinued operations

The Trust has no discontinued operations at 31 March 2020 (31 March 2019, £nil).

Note 16 Intangible assets - 2019/20

The Trust's intangible assets are licenses for a software system that are to be held in perpetuity. Balance as at 31 March 2020 was £1,554k (31 March 2019, £1,554k).

Note 17.1 Property, plant and equipment - 2019/20

	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation/gross cost at 1 April 2019 - brought forward	11,832	97,247	23,075	2,032	84	1,994	1,347	137,611
Additions	-	25,787	11,762	114	-	289	-	37,952
Impairments	(2,282)	(31,411)	-	-	-	-	-	(33,693)
Reversals of impairments	97	6,117	-	-	-	-	-	6,214
Revaluations	20	(2,209)	-	-	-	-	-	(2,189)
Reclassifications	3,000	16,406	(19,406)	-	-	-	-	-
Transfers to assets held for sale	(2,181)	-	-	-	-	-	-	(2,181)
Valuation/gross cost at 31 March 2020	10,486	111,937	15,431	2,146	84	2,283	1,347	143,714
Accumulated depreciation at 1 April 2019 - brought forward	-	-	-	618	84	1,527	1,347	3,576
Provided during the year	-	4,455	-	156	-	168	-	4,779
Revaluations	-	(4,455)	-	-	-	-	-	(4,455)
Accumulated depreciation at 31 March 2020	-	-	-	774	84	1,695	1,347	3,900
Net book value at 31 March 2020	10,486	111,937	15,431	1,372	-	588	-	139,814
Net book value at 1 April 2019	11,832	97,247	23,075	1,414	-	467	-	134,035

Note 17.2 Property, plant and equipment - 2018/19 (restated)

	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Valuation / gross cost at 1 April 2018 - as previously stated	12,210	150,664	8,977	925	84	2,009	1,347	176,216
Additions	-	1,182	16,361	1,107	-	-	-	18,650
Impairments*	(3,034)	(52,527)	(82)	-	-	-	-	(55,643)
Reversals of impairments	150	4,220	-	-	-	-	-	4,370
Revaluations	325	(6,292)	-	-	-	-	-	(5,967)
Reclassifications	2,181	-	(2,181)	-	-	(15)	-	(15)
Valuation/gross cost at 31 March 2019	11,832	97,247	23,075	2,032	84	1,994	1,347	137,611
Accumulated depreciation at 1 April 2018 - as previously stated	-	2,193	-	530	79	1,373	1,347	5,522
Provided during the year	-	4,099	-	88	5	154	-	4,346
Revaluations	-	(6,292)	-	-	-	-	-	(6,292)
Accumulated depreciation at 31 March 2019	-	-	-	618	84	1,527	1,347	3,576
Net book value at 31 March 2019	11,832	97,247	23,075	1,414	-	467	-	134,035
Net book value at 1 April 2018	12,210	148,471	8,977	395	5	636	-	170,694

* Revaluations within both valuation and accumulated depreciation of buildings includes the write out of depreciation amounts following a full revaluation exercise. In 2018/19 accounts these values were included in "derecognition" - they have been restated above following the receipt of additional guidance.

Note 17.3 Property, plant and equipment financing - 2019/20

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Information technology	Total
	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2020						
Owned - purchased	10,486	106,421	15,431	1,372	588	134,298
On-SoFP PFI contracts and other service concession arrangements	-	5,516	-	-	-	5,516
NBV total at 31 March 2020	10,486	111,937	15,431	1,372	588	139,814

Note 17.4 Property, plant and equipment financing - 2018/19

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Information technology	Total
	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2019						
Owned - purchased	11,832	89,588	23,075	1,414	467	126,376
On-SoFP PFI contracts and other service concession arrangements	-	7,659	-	-	-	7,659
NBV total at 31 March 2019	11,832	97,247	23,075	1,414	467	134,035

Note 17.5 Non current assets acquired by government grant

The Trust has no assets acquired by government grant (2018/19, £nil).

Note 18 Investment Property

The Trust has no investment property (2018/19, £nil)

Note 19 Investments in associates and joint ventures

The Trust has no investments in associates or joined controlled operations consolidated in these accounts as at 31 March 2020 (31 March 2019, £nil) on the basis of materiality (as disclosed in note 1).

Note 20.1 Other investments / financial assets (non-current)

	2019/20	2018/19
	£000	£000
Carrying value at 1 April - brought forward	50	50
Disposals	(50)	-
Carrying value at 31 March	-	50

Note 20.2 Other investments / financial assets (current)

The Trust has no other investments / financial assets (current) at 31 March 2020, (2018/19, £nil)

Note 21 Inventories

	31 March	31 March
	2020	2019
	£000	£000
Drugs	189	-
Consumables	557	520
Total inventories	746	520

Inventories recognised in expenses for the year were £520k (2018/19: £221k). Write-down of inventories recognised as expenses for the year were £0k (2018/19: £0k).

Note 22.1 Receivables

	31 March 2020 £000	31 March 2019 £000
Current		
Contract receivables	18,207	48,218
Allowance for impaired contract receivables	(6,331)	(6,284)
Prepayments (non-PFI)	4,930	4,692
PFI lifecycle prepayments	982	946
PDC dividend receivable	413	-
VAT receivable	1,086	830
Other receivables	113	96
Total current receivables	<u>19,400</u>	<u>48,498</u>
Non-current		
Other receivables	498	39
Total non-current receivables	<u>498</u>	<u>39</u>
Of which receivable from NHS and DHSC group bodies:		
Current	9,954	40,518
Non-current	462	-

Note 22.2 Allowances for credit losses

	2019/20		2018/19	
	Contract receivables and contract assets £000	All other receivables £000	Contract receivables and contract assets £000	All other receivables £000
Allowances as at 1 April - brought forward	6,284	-	-	4,836
Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018	-	-	4,852	(4,836)
New allowances arising	47	-	1,770	-
Reversals of allowances	-	-	(50)	-
Utilisation of allowances (write offs)	-	-	(288)	-
Allowances as at 31 Mar	6,331	-	6,284	-

Note 22.3 Exposure to credit risk

	2019/20		2018/19	
	Contract receivables and contract assets £000	All other receivables £000	Contract receivables and contract assets £000	All other receivables £000
Non-impaired receivable past their due date by:				
0 - 30 days	979	-	442	-
30-60 Days	395	-	351	-
60-90 days	429	-	353	-
90- 180 days	666	-	714	-
over 180 days	1,003	-	1,747	-
Total	3,472	-	3,607	-

Note 23 Other assets

The Trust has no other assets as at 31 March 2020 (31 March 2019, £nil).

Note 24.1 Non-current assets held for sale and assets in disposal groups

	2019/20	2018/19
	£000	£000
NBV of non-current assets for sale and assets in disposal groups at 1 April	-	350
Assets classified as available for sale in the year	2,181	-
Assets sold in year	-	(350)
Impairment of assets held for sale	(1,101)	-
NBV of non-current assets for sale and assets in disposal groups at 31 March	1,080	-

Cardale Park land was classified as an asset held for sale in 19/20 and the trust anticipates it will be sold during the 2020/21 financial year. The impairment realised was to bring the asset to fair value.

The sale of these assets does not impact on the Trusts ability to meet its obligation to provide commissioner requested services as no sales are authorised without full consideration of the impact on service provision. Services previously provided in these buildings are now delivered within existing Trust estate, or the service has transferred to another provider.

Note 24.2 Liabilities in disposal groups

The Trust has no liabilities in disposal groups as at 31 March 2020 (31 March 2019, £nil).

Note 25.1 Cash and cash equivalents movements

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

	2019/20	2018/19
	£000	£000
At 1 April	72,728	58,415
Net change in year	4,186	14,313
At 31 March	76,914	72,728
Broken down into:		
Cash at commercial banks and in hand	275	104
Cash with the Government Banking Service	76,639	72,624
Total cash and cash equivalents as in SoFP	76,914	72,728
Total cash and cash equivalents as in SoCF	76,914	72,728

Note 25.2 Third party assets held by the trust

Tees, Esk and Wear Valleys NHS Foundation Trust held cash and cash equivalents which relate to monies held by the Trust on behalf of patients or other parties and in which the trust has no beneficial interest. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	31 March	31 March
	2020	2019
	£000	£000
Bank balances	778	862
Total third party assets	778	862

Note 26.1 Trade and other payables

	31 March 2020 £000	31 March 2019 £000
Current		
Trade payables	7,536	17,425
Capital payables	3,785	1,355
Accruals	20,663	15,667
Social security costs	3,192	3,031
VAT payables	1,253	1,262
Other taxes payable	2,521	2,355
PDC dividend payable	-	16
Total current trade and other payables	<u>38,950</u>	<u>41,111</u>
Of which payables from NHS and DHSC group bodies:		
Current	3,937	8,169

The Trust has no non current trade and other payables (2018/19 £nil).

The Directors consider that the carrying amount of trade payables approximates to their fair value.

Note 26.2 Early retirements in NHS payables above

There were no early retirement costs in the NHS payables balance at 31 March 2020 (2018-19, £nil).

Note 27 Other liabilities

	31 March 2020 £000	31 March 2019 £000
Current		
Deferred income: contract liabilities	254	342
Total other current liabilities	<u>254</u>	<u>342</u>

Non-current

The trust has no other non current liabilities (2018/19, £nil)

Note 28.1 Borrowings

	31 March 2020 £000	31 March 2019 £000
Current		
Loans from DHSC	-	3,018
Other loans	238	238
Obligations under PFI, LIFT or other service concession contracts	579	533
Total current borrowings	<u>817</u>	<u>3,789</u>
Non-current		
Other loans	476	714
Obligations under PFI, LIFT or other service concession contracts	12,718	13,296
Total non-current borrowings	<u>13,194</u>	<u>14,010</u>

PFI borrowings are in relation to Lanchester Road Hospital which operates under a standard form PFI contract i.e. unitary payments are payable from the date construction completion and are not subject to re-pricing. Inflation linked to RPI is applied annually. Final settlement is expected in May 2038.

Note 28.2 Reconciliation of liabilities arising from financing activities - 2019/20

	Loans from		PFI and LIFT	Total
	DHSC	Other loans	schemes	
	£000	£000	£000	£000
Carrying value at 1 April 2019	3,018	952	13,829	17,799
Cash movements:				
Financing cash flows - payments and receipts of principal	(3,000)	(238)	(533)	(3,771)
Financing cash flows - payments of interest	(30)	-	(645)	(675)
Non-cash movements:				
Application of effective interest rate	12	-	646	658
Carrying value at 31 March 2020	-	714	13,297	14,011

Note 28.3 Reconciliation of liabilities arising from financing activities - 2018/19 restated

	Loans from		PFI and LIFT	Total
	DHSC	Other loans	schemes	
	£000	£000	£000	£000
Carrying value at 1 April 2018	6,000	-	74,712	80,712
Cash movements:				
Financing cash flows - payments and receipts of principal	(3,000)	952	(1,340)	(3,388)
Financing cash flows - payments of interest*	(71)	-	(2,132)	(2,203)
Non-cash movements:				
Impact of implementing IFRS 9 on 1 April 2018	36	-	-	36
Application of effective interest rate	53	-	2,133	2,186
Early terminations*#	-	-	(59,544)	(59,544)
Carrying value at 31 March 2019	3,018	952	13,829	17,799

*PFI entries have been adjusted to move contingent rent from "payments of interest" to "early terminations" following additional guidance

The Roseberry Park PFI contract was terminated in 2018/19.

Note 29 Other financial liabilities

The Trust has no other financial liabilities at 31 March 2020 (31 March 2019, £nil).

Note 30 Finance leases

The Trust does not have any finance lease obligations other than PFI commitments (2018-19, £nil).

Note 31.1 Provisions for liabilities and charges analysis #

	Pensions:			Total
	injury benefits*	Legal claims**	Other***	
	£000	£000	£000	£000
At 1 April 2019	2,645	234	3,019	5,898
Change in the discount rate	285	-	-	285
Arising during the year	604	133	1,511	2,248
Utilised during the year	(167)	(144)	(95)	(406)
Reversed unused	-	(19)	-	(19)
Unwinding of discount	(12)	-	-	(12)
At 31 March 2020	3,355	204	4,435	7,994
Expected timing of cash flows:				
- not later than one year;	182	204	113	499
- later than one year and not later than five years;	729	-	3,971	4,700
- later than five years.	2,444	-	351	2,795
Total	3,355	204	4,435	7,994

*Pensions - injury benefits costs relating to other staff is a provision for injury benefit pensions.

**Legal claims relate to the following; employer / public liability claims notified by the NHS Litigation Authority £204k (2018-19, £232k).

***Other provisions relate to an employment tribunal linked to annual leave pay (£3,860k), and a provision for clinical pension tax reimbursement (£575k)

Prior year comparatives no longer required

Note 31.2 Clinical negligence liabilities

At 31 March 2020, £1,514k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Tees, Esk and Wear Valleys NHS Foundation Trust (31 March 2019: £1,896k).

Note 32 Contingent assets and liabilities

	31 March 2020 £000	31 March 2019 £000
Value of contingent liabilities		
NHS Resolution legal claims	(152)	(154)
Gross value of contingent liabilities	<u>(152)</u>	<u>(154)</u>
Net value of contingent liabilities	<u>(152)</u>	<u>(154)</u>
Net value of contingent assets	-	-

The contingencies relate to employer liability legal cases, all cases relate to the NHSLA and are due within 1 year.

The Trust has a potential liability linked to a PFI Contract termination, as referred to in note 36.1. The Trust is currently engaged in the early stages of a pre-action protocol type process under the terms of a court order. This is with Three Valleys Healthcare Limited (in liquidation – the former PFI provider) and the liquidators of that company. This process is currently programmed to run for the remainder of the 2020/21 financial year. If this process does not secure an agreement then further legal proceedings will follow.

It is the Trust's opinion that disclosure of any potential (or range of) liability may prejudice this process, and is applying the disclosure exemption available under IAS 37.

Note 33 Contractual capital commitments

	31 March 2020 £000	31 March 2019 £000
Property, plant and equipment	20,903	23,203
Total	<u>20,903</u>	<u>23,203</u>

Note 34 Other financial commitments

The Trust has no other financial commitments as at 31 March 2020 (31 March 2019, £nil).

Note 35 Defined benefit pension schemes

The Trust does not operate an on-statement of financial position pension scheme.

Note 36.1 On-SoFP PFI, LIFT or other service concession arrangements

The Trust have full control of clinical services provided from its PFI funded hospital (Lanchester Road), and full access and use of the buildings, which are maintained by the PFI project company as part of the PFI procurement contract.

The PFI project company provides services for "hard" facilities management including building maintenance and life cycle replacement programmes. A contractual commitment exists for the PFI project company to maintain the building at "category b" status for the contract life (30 years from commencement for Lanchester Road).

The contract can be terminated within the 30 year contract period if contractual obligations for service delivery (maintenance) and building availability are not met. This is controlled by a points based payment deduction methodology within the standard PFI contract. The Trust have the right to cease the contract early, subject to payment of a financial penalty.

On 27th September 2018 the Trust PFI contract for Roseberry Park terminated.

Note 36.2 On-SoFP PFI, LIFT or other service concession arrangement obligations

The following obligations in respect of the PFI, LIFT or other service concession arrangements are recognised in the statement of financial position:

	31 March 2020 £000	31 March 2019 £000
Gross PFI, LIFT or other service concession liabilities	33,604	35,205
Of which liabilities are due		
- not later than one year;	1,658	1,589
- later than one year and not later than five years;	6,497	6,545
- later than five years.	25,449	27,071
Finance charges allocated to future periods	(20,307)	(21,376)
Net PFI, LIFT or other service concession arrangement obligation	13,297	13,829
- not later than one year;	579	533
- later than one year and not later than five years;	2,232	2,267
- later than five years.	10,486	11,029

Note 36.3 Total on-SoFP PFI, LIFT and other service concession arrangement commitments

Total future commitments under these on-SoFP schemes are as follows:

	31 March 2020 £000	31 March 2019 £000
Total future payments committed in respect of the PFI, LIFT or other service concession arrangements	50,389	52,567
Of which payments are due:		
- not later than one year;	2,214	2,161
- later than one year and not later than five years;	9,423	9,197
- later than five years.	38,752	41,209

Note 36.4 Analysis of amounts payable to service concession operator

This note provides an analysis of the unitary payments made to the service concession operator:

	2019/20	2018/19
	£000	£000
Unitary payment payable to service concession operator*	2,161	6,565
Consisting of:		
- Interest charge	646	2,133
- Repayment of balance sheet obligation	533	1,340
- Service element and other charges to operating expenditure	462	1,545
- Capital lifecycle maintenance	75	333
- Contingent rent	410	1,001
- Addition to lifecycle prepayment	35	213
Total amount paid to service concession operator	2,161	6,565

*unitary payments are reduced following the termination of a PFI contract in 2018/19

Note 37 Off-SoFP PFI, LIFT and other service concession arrangements

The Trust has no off-SoFP PFIs as at 31 March 2020 (31 March 2019, £nil).

Note 38 Financial instruments

Note 38.1 Financial risk management

Financial reporting standard 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 NHS Foundation Trust has with Clinical Commissioning Groups and the way those Clinical Commissioning Groups are financed, the NHS Foundation 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 NHS Foundation 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 NHS Foundation 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. Trust treasury activity is subject to review by the Trust's internal auditors.

Currency risk

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

Market risk

The main potential market risk to the Trust is interest rate risk. 100% of the Trust's financial assets and 100% of its financial liabilities carry nil or fixed rates of interest. Tees, Esk and Wear Valleys NHS Foundation Trust is not, therefore, exposed to significant interest-rate risk.

Credit risk

Credit risk exists where the Trust can suffer financial loss through default of contractual obligations by a customer or counterparty.

Trade debtors consist of high value transactions with Clinical Commissioning Groups under contractual terms that require settlement of obligation within a time frame established generally by the Department of Health. Due to this the credit risk exposure is not significant.

Credit risk exposures of monetary financial assets are managed through the Trust's treasury policy which limits the value that can be placed with each approved counterparty to minimise the risk of loss. The counterparties are limited to the approved financial institutions with high credit ratings. Limits are reviewed regularly by senior management.

Liquidity risk

The Trust's net operating costs are mainly incurred under legally binding contracts with Clinical Commissioning Groups, which are financed from resources voted annually by Parliament. This provides a reliable source of funding stream which significantly reduces the Trust's exposure to liquidity risk.

The Trust also manages liquidity risk by maintaining banking facilities and loan facilities to meet its short and long term capital requirements through continuous monitoring of forecast and actual cash flows.

Note 38.2 Carrying values of financial assets

All of the Trust's financial assets are carried at amortised cost. Fair value is not considered to be significantly different from book value.

	Held at amortised cost £000	Total book value £000
Carrying values of financial assets as at 31 March 2020		
Trade and other receivables excluding non financial assets	11,912	11,912
Cash and cash equivalents	76,914	76,914
Total at 31 March 2020	88,826	88,826

	Held at amortised cost £000	Total book value £000
Carrying values of financial assets as at 31 March 2019		
Trade and other receivables excluding non financial assets	42,069	42,069
Other investments / financial assets	50	50
Cash and cash equivalents	72,728	72,728
Total at 31 March 2019	114,847	114,847

Note 38.3 Carrying values of financial liabilities

All of the Trust's other financial liabilities are carried at amortised cost. Fair value is not considered significantly different from book value

	Held at amortised cost £000	Total book value £000
Carrying values of financial liabilities as at 31 March 2020		
Obligations under PFI, LIFT and other service concession contracts	13,297	13,297
Other borrowings	714	714
Trade and other payables excluding non financial liabilities	31,984	31,984
Provisions under contract	204	204
Total at 31 March 2020	46,199	46,199

	Held at amortised cost £000	Total book value £000
Carrying values of financial liabilities as at 31 March 2019		
Loans from the Department of Health and Social Care	3,018	3,018
Obligations under PFI, LIFT and other service concession contracts	13,829	13,829
Other borrowings	952	952
Trade and other payables excluding non financial liabilities	34,340	34,340
Provisions under contract	234	234
Total at 31 March 2019	52,373	52,373

Note 38.4 Maturity of financial liabilities

	31 March 2020 £000	31 March 2019 £000
In one year or less	33,005	38,363
In more than one year but not more than two years	890	818
In more than two years but not more than five years	1,818	2,163
In more than five years	10,486	11,029
Total	46,199	52,373

Note 39 Losses and special payments

	2019/20		2018/19	
	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
Losses				
Cash losses	2	1	-	-
Stores losses and damage to property	1	-	-	-
Total losses	3	1	-	-
Special payments				
Ex-gratia payments	43	14	45	8
Total special payments	43	14	45	8
Total losses and special payments	46	15	45	8
Compensation payments received*		45		216

*The Trust recovered £45k as at 31 March 2020 in relation to a mandate fraud committed in 2011. The full amount of the fraud has now been recovered.

Note 40 Related parties

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

The Department of Health and Social Care is regarded as the parent department, and a related party. During the period Tees, Esk and Wear Valleys NHS Foundation 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, or a related party. The Trust also has a non consolidated charity, for which it acts as the sole corporate trustee.

The main entities that the Trust has dealing with are its commissioners, namely;

NHS England
NHS Durham Dales, Easington and Sedgfield CCG
NHS South Tees CCG
NHS Vale of York CCG
NHS North Durham CCG
NHS Hartlepool and Stockton-on-Tees CCG
NHS Harrogate and Rural District CCG
NHS Hambleton, Richmondshire and Whitby CCG
NHS Darlington CCG
NHS Scarborough and Ryedale CCG
Health Education England
NHS Pension Scheme
HM Revenue & Customs

The related parties disclosure below includes organisations the Trust has a joint venture, subsidiary or other partnership arrangement with. The Trust is not required to report other public bodies as related parties.

During the period 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 Foundation Trust.

2019/20	Income	Expenditure	Receivables	Payables
Entity	£000	£000	£000	£000
Non-consolidated subsidiaries and associates / joint ventures	25	65	793	0
Other bodies or persons outside of the whole of government accounting boundary	0	1320	217	0
Value of provisions for doubtful debts held against related parties (excludes salaries)	0	0	(217)	0
Total balances with related parties	25	1385	793	0

2018/19	Income	Expenditure	Receivables	Payables
Entity	£000	£000	£000	£000
Non-consolidated subsidiaries and associates / joint ventures	155	1404	738	0
Other bodies or persons outside of the whole of government accounting boundary	436	236	217	8
Value of provisions for doubtful debts held against related parties (excludes salaries)	0	0	(217)	0
Total balances with related parties	591	1,640	738	8

Note 41 Events after the reporting date

The Trust has no events after the reporting period.

If you would like additional copies of this report please contact:

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Our Chairman, Directors and Governors can be contacted via the Trust Secretary's office at West Park Hospital (see above address).

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For more information about the Trust and how you can get involved visit our website www.tewv.nhs.uk
