



**Tees, Esk and Wear Valleys**  
NHS Foundation Trust

# Annual reports and accounts

1 April 2022 - 31 March 2023





**Tees, Esk and Wear Valleys NHS Foundation Trust Annual report  
and accounts 2022/23**

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



## CONTENTS

|  |     |
|--|-----|
| Foreword by the Chair and Chief Executive                            | 6   |
| Performance Report   | 8   |
| ▪ Overview of Performance  | 13  |
| ▪ Performance Analysis   | 15  |
| Accountability Report  | 40  |
| ▪ Directors' Report  | 40  |
| ▪ Remuneration Report  | 68  |
| ▪ Staff Report   | 80  |
| ▪ Disclosures set out in the NHS Foundation Trust Code of Governance | 96  |
| ▪ NHS Oversight Framework  | 138 |
| ▪ Statement of the Accounting Officers' Responsibilities             | 140 |
| ▪ Annual Governance Statement  | 142 |
| Auditors' Report   | 166 |
| The Accounts 2022/23   | 177 |

## Foreword by the chair and chief executive

Our colleagues and partners have worked really hard over the past 12 months, often in challenging circumstances. It's evident that we've continued to show care and compassion despite the changing environment we're working in. We'd like to acknowledge this and give our thanks to you all in our annual report.

Nationally and regionally, organisational changes to the NHS mean we are closely linked with the two Integrated Care Boards that cover the footprint of our Trust. We'll continue to contribute to these partnerships to benefit the health and wellbeing of all the people living in our local communities.

Whilst we continue to see unprecedented demand for our services - a picture reflected nationally - we have continued to make significant progress with Our Journey to Change. Our Journey to Change is our strategy that sets out why we do what we do, the kind of organisation we want to be and the three big goals we're committed to. It was co-created with patients, carers, colleagues and partners.

In the last year the independent reports into the tragic deaths of three young women in our care, and the safety and quality of children and adolescent mental health inpatient provision at West Lane Hospital in Middlesbrough in 2019/20, were published. The reports make it clear that at the time of the tragedies there were shortfalls in care and leadership – both of which have changed significantly during the last three years. This includes our new governance structure, embracing patient and carer experience and using their insights to continually improve, with a clear focus on patient safety – all underpinned by Our Journey to Change.

Over the last year we have put patients, carers and families at the heart of the way we plan and deliver care. We were delighted to appoint two lived experience directors and we now have around 40 peer support worker colleagues, who provide therapeutic support to patients on individual wards.

In 2022/23 we introduced a new governance structure, including two care groups which ensures we respond to the specific needs of the places and partners in the communities we serve. We also reorganised our corporate services to align with our new structure and to support the delivery of Our Journey to Change.

The Care Quality Commission (CQC) revisited our services and acknowledged that improvements are being made following inspections of our children and adolescent mental health community service and our secure inpatient services. The CQC recently returned for a well-led inspection, and we await the outcome of inspection as we write this introduction.

Paul Murphy stood down as Interim Chair in September 2022. We thank him for his work in supporting our Trust through a period of great change.

We welcomed David Jennings as our new Chair. David is a qualified accountant and auditor with 36 years' experience in local government and the NHS. He also has lived experience of mental health issues as both a service user and carer and brings with him a passion for mental health services.

Looking ahead, our delivery plan for 2023/24 has been co-created with our staff, partners and governors and the support of people we care for, carers, and family members, ensuring lived experience plays a key part in our future. Our Journey to Change in 2023/24 focuses on five priority areas - clinical, quality and safety, cocreation, workforce and infrastructure.

As our organisation and our sector continue to change at pace we must thank people in our care, their carers and families, our Council of Governors, colleagues, the Board and our partners for helping us remain on course to deliver our ultimate aim: to help people lead their best possible lives.

Thank you for your continued support.



Dave Jennings  
Chair

27 June 2023



Brent Kilmurray  
Chief Executive

27 June 2023



***This annual report, including the annual accounts, has been prepared under a direction issued by NHS England 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 on Performance

We have 31 key performance measures that make up our Trust Integrated Performance Dashboard. The measures are grouped under the domains of Quality, People, Finance and Activity and national Long Term Plan targets agreed with our local commissioners. Each of our Care groups also have an Integrated Performance Dashboard following the same format.

The key drivers impacting on delivery of the quality, activity and workforce standards are the levels of demand, and staff recruitment and retention.

Our overall performance continues to be impacted by national pressures throughout the NHS, and locally within our services in respect of high demand and staffing levels. We remain concerned that, at times, we are not assessing or treating our patients in as timely a manner as we would like.

We are committed to improving the quality of our services, and the health and wellbeing of our patients and colleagues, and considerable work is being done to improve our performance in those areas.

For our patients in Adult, Older People and Children & Young Peoples services who are not showing the level of measurable improvement following treatment that we would endeavour to deliver, we have developed a Caseload Management Tool. This is being used by teams to enable staff to review their caseloads, pathways and interventions, to better understand our patient outcomes, and to identify when interventions need to be adjusted to meet patient need. We will implement the new patient reported outcome measures in 2023/24, and these will be integrated within our new Electronic Patient Record system – CITO – which is due to go live in the summer of 2023.

Whilst a significant majority of our patients report their experience as very good or good, we continue to endeavour to improve this.

We are committed to co-creating safe and personalised care, and to prevent avoidable harm or risk of harm to our inpatients. However, feedback from patient experience surveys indicates that our patients do not always feel safe on our wards. Service-specific focus groups have been held throughout 2022/23 and focused improvement actions will be progressed within 2023/24.

Pressures on our inpatient services are continuing, and our bed occupancy remains high, with more patients on our adult and older people wards remaining in beds for over 90 days.

Whilst we have seen a decreasing (improving) number of patients being placed in beds external to our Trust, we did not achieve our ambition to eliminate out of area placements this year.

We have established an Inpatient Pressure Programme Group to establish a Trustwide approach to reducing the lengths of stay within our acute adult and older people wards and effecting timely discharge of patients. We have also relaunched our Purposeful Inpatient Admission Process and are looking to implement a bed management solution in 2023/24.

Whilst we have consistently achieved our ambitions for children, adults and older adults to access our services, we continue to experience some long waits in our ASD/ADHD services in particular. We are working on internal improvements to train community teams and are working with system colleagues to enable patients to have an assessment as soon as possible – in order that they can get the right support as early as possible and receive support while they are waiting.

During 2022/23 we have continued our waiting time improvement journey and have released a suite of service-level reports monitoring those patients who are waiting for an assessment. These are shared with our commissioners to maintain system-wide oversight.

In relation to our Long-Term Plan ambition targets, we do not have as many people accessing our IAPT, Individual Placement & Support services and specialist Perinatal services as is our ambition. We continually work with the services to drive forward improvement for these services.

Whilst we have seen improvements in waiting times to treatment for children and young people with eating disorders, we are still not achieving the national access

standards and further work and subsequent improvements are to continue through 2023/24.

Work has continued across all services to improve our sickness levels, which continue to be higher than we aspire to. Progress is being made in all areas to ensure that colleagues have up to date appraisals and mandatory and statutory training, and focused work is underway to engage with staff who are planning to leave or thinking of leaving the Trust, with a view to improving our retention rates.

The Trust faces a range of risks to the delivery of Our Journey to Change. A full analysis of the principal strategic risks, together with the controls and mitigations, is included in our Board Assurance Framework. They are also set out in the Annual Governance Statement later in the Annual Report.

A handwritten signature in black ink, appearing to read 'Brent Kilmurray', with a long horizontal flourish extending to the right.

Brent Kilmurray  
Chief Executive

27 June 2023

## TEWV at a glance

Tees, Esk and Wear Valleys NHS Foundation Trust (TEWV) provides a range of inpatient and community mental health, learning disability and eating disorders services.

We serve a population of two million people across County Durham, Darlington and North Yorkshire and are geographically one of the largest NHS Foundation Trusts in England.

The main communities we serve include:

- County Durham
- Darlington
- The Teesside boroughs of Hartlepool, Middlesbrough, Redcar and Cleveland and Stockton-on-Tees
- City of York
- North Yorkshire – including Scarborough, Whitby, Ryedale, Hambleton and Richmondshire, Selby, Harrogate and Ripon
- The Pocklington area of East Yorkshire
- The Wetherby area of West Yorkshire
- Prisons located in the North East, Cumbria and parts of Lancashire.

We are also a catchment area for the largest concentration of armed forces personnel in the UK – Catterick Garrison – and our adult inpatient eating disorder services and adult secure (forensic) wards serve the whole of the North East and North Cumbria.

TEWV was created in April 2006, following the merger of County Durham and Darlington Priority Services NHS Trust and Tees and North East Yorkshire NHS Trust.

In 2008 our Trust became the first mental health Foundation Trust in the North and, since then, it has expanded both geographically and in the number and type of services provided.

Our Trust now has around 8,100 staff, who work out of more than 90 sites, and an annual income of over £480 million.

From education and prevention to crisis and specialist care – our talented and compassionate teams work in partnership with patients, communities and partners to help the people of our region feel safe, understood, believed in and cared for.

We nurture the recovery journey of people in our care. Patients and carers have a say in how they are supported and treated, because we know how important it is to listen and treat people as individuals. Our patients, their families and carers work together with us towards better mental health.

We also provide mental health care within prisons, and an immigration removal centre, located in the North East, Cumbria and parts of Lancashire.

On 1 April 2022 our new leadership and governance structure came into effect with the creation of two Care Group Boards – one covering Durham, Tees Valley and Forensic services and one for North Yorkshire, York and Selby.

Our new organisational and governance structure:

- Simplifies governance processes – this gives nurses more time to care, supports clinical teams to make decisions with the people they care for and makes it easier for everyone to understand their role and responsibilities.
- Strengthens reporting from teams through our two new care groups directly to our Trust Board.
- Embeds increased line of sight and oversight from ward to Board

We deliver care under six clinical directorates across our Care Group Boards:

- Adult mental health services
- Mental health services for older people
- Children and young people's mental health services
- Learning disabilities
- Health and justice
- Secure inpatient services

*Please note our new leadership and governance structure, which came into effect on 1 April 2022, has created two separate directorates for health and justice and secure inpatient services.*

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

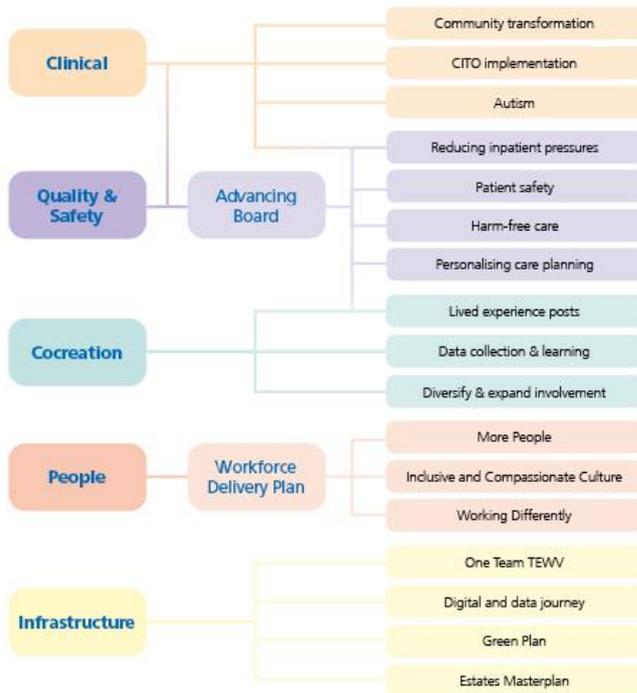
# Structure, Objectives and Strategies

Our Trust continues to focus on delivering the mission, vision, values, and goals agreed with stakeholders during 2020 – which are included in 2021's Our Journey to Change strategic framework.



During 2022/23 the Trust developed five supporting strategies, known as our 'strategic journeys'. Agreed by the Board of Directors on 30 March 2023, these focus on 1) Clinical, 2) Quality and Safety, 3) Co-Creation, 4) People and 5) Infrastructure.

Each sets out a clear vision and principles for the future, and areas of focus. The strategies also drove our delivery planning process during the year and so our new Our Journey to Change Delivery Plan shows the actions we will take across 17 priority areas, linked to the five journeys.



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**These will be underpinned by:**

- Service user, carer, staff & partner engagement to inform plans & gather intelligence on impact
- Detailed plans (why, how, when, who)
- Measuring impact

**Our three big goals**

1. Cocreate a great experience for our patients, carers & families
2. Cocreate a great experience for our colleagues
3. Be a great partner

The Trust’s business model continues to focus on providing secondary level community and inpatient mental health, learning disability and autism-related care. We also continue to support prevention and early intervention activity, as this is important to maximise wellbeing and reduce the demand for our services.

As the Trust is funded by block contracts, supporting demand reduction activity is rational for us as it will help us to provide a higher quality, more quickly accessible set of services for those patients with the highest-level needs.

We continue to be a significant provider of criminal justice pathway related services through our work to support prisons and courts. We also manage many low and medium secure forensic beds. We continue to work with NHSE and CNTW FT as partners to develop a North East North Cumbria secure service model for the future.

## Strategic Planning

During 2022/23, the Trust continued in its work to help existing services recover from Covid-related backlogs and increased demand. The most significant changes were the closure of our learning disability beds in York. This was connected to the national Transforming Care programme.

We also supported commissioners to make sure that new/innovative services such as the North Yorkshire and York listening line could communicate with and refer

patients to our Crisis services. The Trust also worked with the voluntary sector to extend services such as Together in a Crisis in Tees Valley and Durham.

## **Strategic Risks**

The principal risks we face in delivering of Our Journey to Change are described in the Board Assurance Statement (BAF) together with relevant controls, assurances on the operation of the controls, gaps in control and assurance and mitigations.

Information on these risks is provided in the Annual Governance Statement later in the Annual Report.

## **Going Concern**

For non-trading entities in the public sector, the anticipated continuation of the provision of a service in the future, as evidenced by inclusion of financial provision for that service in published documents, is normally sufficient evidence of going concern.

After making enquiries, the directors have a reasonable expectation that the services provided by Tees, Esk and Wear Valleys NHS Foundation Trust will continue to be provided by the public sector for the foreseeable future. For this reason, the directors have adopted the going concern basis in preparing the accounts, following the definition of going concern in the public sector adopted by HM Treasury's Financial Reporting Manual.

## Performance analysis - how we performed in 2022/23

### How we measure our performance

As part of the continuous improvement of the Trust's Performance Management Framework, we have developed an integrated approach to quality and performance assurance and improvement across the Trust. From 1 April 2022, a new Integrated Performance Dashboard (IPD) was released to enable us to have oversight, monitor and report key measures that demonstrate the delivery of the quality of services we provide and to provide assurance to the Board through its sub-committee structure. The measures for the new IPD were identified by the relevant Board Sub Committees and agreed by the Board of Directors. They are aligned to one of our three strategic goals and, where appropriate, support the monitoring of the Board Assurance Framework risks.

The IPD measures are reported each month to the Board of Directors in our Integrated Performance Report (IPR) to provide assurance that the Trust is continuing to deliver operationally. The report aims to highlight those measures that are reporting a concern, what our current areas of focus are, the actions being taken to improve performance, progress against those actions and the impact those actions have had. Integral to this approach is the development of actions that are Specific, Measurable, Attainable, Relevant and Time-based (SMART). The report is also made available to our patients and carers, commissioners and wider public. A summary is presented and discussed with our Council of Governors as part of the formal Council of Governors meetings.

Throughout 2022/23 we have continued to build on our Integrated Approach to Performance and developed a Performance & Controls Assurance Framework. Under this framework, we rate each measure using a statistical evidence-based methodology starting with the Statistical Process Control (SPC) charts or, where this is not appropriate, utilising our forecast position or national benchmarking data. This is known as our Controls Assurance Rating and is aligned to the Board Assurance Framework approach. We then give each measure a Performance Assurance Rating, which takes into consideration the Controls Assurance Rating, the level of additional intelligence we have and whether we have clear actions or an agreed way forward. This is then combined with a more detailed examination of the SPC charts (where appropriate) to determine an overall performance assurance rating. This assessment is initially completed by the Head of Performance and then considered at Executive Directors Group (EDG) to collaboratively agree the level of assurance being provided to the Board of Directors.

As part of our ongoing improvement journey around reporting for assurance, and developing SMART actions for any areas where our performance is not where we want it to be, we have also introduced Performance Improvement Plans (PIP) to demonstrate to the Board that we are focussed on the right things and in a timely manner. Using the Performance & Controls Assurance Framework, we have developed PIPs for a number of issues that are impacting on performance, to support improvement and increased assurance, initially focusing on those measures that have reported a consistent Negative Controls Assurance Rating coupled with a Limited Performance Assurance Rating.

The Board of Directors discusses the Integrated Performance Report each month in terms of where we have positive assurance, but also areas of concern where improvement is needed. 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.

**The benefits of our approach include:**

- Integrated assurance about the quality of services being delivered to ensure we are meeting our Strategic Goals, the standards within the CQC domains and mitigating the risks within the Board Assurance Framework.
- Triangulation of data and information (both qualitative and quantitative) about the quality of service being provided which should then enable a better and more informed discussion at the Board.
- Ability to identify areas of concern more easily and understand what else is impacting so we can assess whether the actions being taken will have the desired impact.
- One report as opposed to multiple reports where assurance is provided by the Board Sub Committee rather than individual corporate departments.

It is important to note that the Integrated Performance Report also includes exception reporting for our Long-Term Plan priorities, demonstrating progress against the key performance indicators agreed in the contracts we hold with our commissioners and, on a quarterly basis, Trust performance against the NHS Oversight Framework, incorporating national benchmarking where available.

The Integrated Performance Report (IPR) is supported by two IPRs at Care Group Level, combining individual IPDs, performance against the key performance indicators agreed in the contracts we hold with our commissioners, waiting times summaries and performance against the Commissioning for Quality & Innovations schemes. Oversight of these reports is maintained by Care Boards, comprising corporate and clinical senior managers aligned to each respective Care Group and the reports are shared with commissioners on a monthly basis.

We also have a range of waiting time reports, which provide oversight on the number of patients waiting and the length of time waited, supporting clinical services in monitoring and managing risk from a patient safety and quality perspective.

We believe that whilst a performance dashboard is critical in monitoring performance, it is only one part of an overarching performance management framework that supports delivery of high-quality care.

## A more detailed analysis and explanation of the financial and operational performance

The following table is the Trust's dashboard of key performance measures for 2022/23. Please note we have only included commentary on areas requiring improvement.

### Quality

| Measure Name   | Annual Standard 2022/23 | Actual Position 2022/23 | Commentary   |
|--|-------------------------|-------------------------|--|
| 01) Percentage of Patients surveyed reporting their recent experience as very good or good   | 92.00%                  | 92.16%                  | The Trust standard we agreed for 2022/23 has been achieved. We aim to be an organisation that works in partnership with our patients, their families and their carers and we would hope this involvement helps ensure our patients and carers have a good experience when using our services. Throughout the year we have progressed a significant number of involvement opportunities as part of Our Journey to Change, including Cito workshops and bed management focus groups. Service users and carers continue to be involved in the recruitment of staff. |
| 02) Percentage of carers reporting that they feel they are actively involved in decisions about the care and treatment of the person they care for | 75.00%                  | 72.44%                  | The Trust standard we agreed for 2022/23 has not been achieved. An emerging theme is staff may not be engaging with carers on the grounds of patient confidentiality. To support this, the Patient & Carer Experience Team is to undertake some promotional work to raise awareness of the rights of carers to be involved and included.   |
| 03) Percentage of inpatients reporting that they feel safe whilst in our care  | 75.00%                  | 55.57%                  | The Trust standard we agreed for 2022/23 has not been achieved. Feedback has highlighted that patients   |

|  |        |        |   |
|--|--------|--------|---|
|  |        |        | on our female Adult Mental Health and Secure Inpatient Services wards do not feel as safe as we would like. Focus groups have been held in all specialties to understand why patients do not feel safe and what would help them, and 'Feeling safe' has been identified as a priority within our 2022/23 Quality Account.   |
| 04) Percentage of CYP showing measurable improvement following treatment - patient reported                        | 35.00% | 24.22% | The Trust standards we agreed for 2022/23 have not been achieved. Throughout the year significant work has been undertaken to develop staff training, which has included the development of guides, videos and 1:1 sessions. We have developed a Caseload Management tool, which is being adopted in teams to enable staff to review their caseloads, pathways and interventions, to better understand our patient outcomes, and to identify when interventions need to be adjusted to meet patient need. We have also undertaken significant analysis to better understand the use of outcome measures within the Trust and variances in performance, which will enable us to improve our patients' care and outcomes. |
| 05) Percentage of Adults and Older Persons showing measurable improvement following treatment - patient reported   | 55.00% | 46.21% |   |
| 06) Percentage of CYP showing measurable improvement following treatment - clinician reported                      | 50.00% | 44.26% |   |
| 07) Percentage of Adults and Older Persons showing measurable improvement following treatment - clinician reported | 30.00% | 19.87% |   |

|   |  |        |   |
|---|--|--------|---|
| 08) Bed Occupancy (AMH & MHSOP A & T Wards)   | No standard set for 2022/23<br><br>2021/22 Position 98.13% | 98.39% | We recognise that occupancy of our assessment & treatment beds within Adult and Older People Services is impacting on our ability to meet the needs of our patients; out of area placements are intrinsically linked to the pressures on our inpatient services. Throughout 2022/23 we have implemented processes to share good practice, including increased focus on overnight leave and the extension of leave for our patients, the establishment of weekly meetings to review delayed transfers of care and to review patients with lengths of stay in excess of 30 days to identify blockages and facilitate safe and effective discharge for patients. We have established a Trust Oversight Group to oversee a full review of current bed allocation and to develop new proposals for the number of beds, type, location and resource/staffing impact across the next 5 years. We have also invigorated our Purposeful Inpatient Admission processes and have developed a Performance Improvement Plan that defines the actions being taken to support improvement and increased assurance. |
| 09) Number of inappropriate out of area placement (OAP) bed days for adults that are 'external' to the sending provider | No standard set for 2022/23<br><br>2021/22 Position 701    | 951    | We have established a Trust Oversight Group to oversee a full review of current bed allocation and to develop new proposals for the number of beds, type, location and resource/staffing impact across the next 5 years. We have also invigorated our Purposeful Inpatient Admission processes and have developed a Performance Improvement Plan that defines the actions being taken to support improvement and increased assurance.   |
| 10) The number of Serious Incidents reported on STEIS   | New measure and no standard set for 2022/23                | 143    | All serious incidents are reviewed at daily Patient Safety Huddles and emerging learning includes the absence of a mental state examination of the patient and there remain some instances of lapses in care documentation, sharing of some care documents and next of kin details not being readily accessible. At team level, learning is being   |

|  |   |       |  |
|--|---|-------|--|
|  |   |       | addressed via the early learning review action plans and is shared at the weekly strategic Care Group Quality and Safety Meeting to ensure timely feedback and sharing of learning across all services. We continue to have oversight of these key care quality standards via the Trust's Quality Improvement and Assurance Programme.   |
| 11) The number of Incidents of moderate harm and near misses                   | New measure and no standard set for 2022/23 | 2,119 | A review of the incidents is undertaken at the daily patient safety huddle with attendance from subject matter experts and the relevant clinical teams. Where any early learning is identified immediate actions are agreed and monitored until completion.  |
| 12) The number of Restrictive Intervention Incidents                           | New measure and no standard set for 2022/23 | 7,923 | We have a number of patients within our two Adult Learning Disabilities Inpatient Wards with complex needs that require discharge from hospital, and the service is receiving bespoke support on a weekly basis to expedite transfers. Bespoke training has been provided to staff on these wards. We have established Independent Assurance Panels and these have had a positive impact in supporting clinical teams, identifying immediate concerns and providing teams with alternatives they may want to consider. A Restraint Reduction Plan has been drafted and work is progressing on the development of a new Positive & Safe Policy. |
| 13) The number of Medication Errors with a severity of moderate harm and above | New measure and no standard set for 2022/23 | 13    | Clozapine and depot antipsychotic injections have been linked to a number of our medication errors; actions plans are in place for improvement, and these are progressing to plan.   |

|   |   |       |   |
|---|---|-------|---|
| 14) The number of unexpected Inpatient unnatural deaths reported on STEIS | New measure and no standard set for 2022/23 | 9     | Every unexpected inpatient death whether from natural causes or suicide/self-harm has a rapid review undertaken in order to identify early learning within 72 hours. Immediate actions identified form part of an overarching improvement plan and have been reported to the Trust Board as well as system partners (NHS England & Improvement, Care Quality Commission and Integrated Care Boards). We are monitoring the delivery of actions through Care Groups and our quality governance structures. |
| 15) The number of uses of the Mental Health Act                           | New measure and no standard set for 2022/23 | 4,321 | This was a new measure developed for 2022/23 and as a result of monitoring and analysing the data, we have that some refinement is required to align the measure to reporting within the Mental Health Services Dataset. Amendment of the measure is now being progressed through the Trust Change Advisory Group.  |

## People

| Measure Name  | Annual Standard 2022/23                                     | Actual Position 2022/23 | Commentary   |
|---|---|-------------------------|--|
| 16) Percentage of staff recommending the Trust as a place to work                               | No standard set for 2022/23<br><br>Staff Survey 2021 52.46% | 54.48%                  | In 2022 The Trust maintained a good staff survey response rate compared to a number of other trusts that saw a much higher fall in responses. A roadshow approach and incentives were offered for the main survey, and the Trust continues to scope opportunities to increase staff participation. The Trust has embarked on a 5-year stepped approach to Quality Improvement Training to support staff to identify where improvements can be made |
| 17) Percentage of staff feeling they are able to make improvements happen in their area of work | No standard set for 2022/23<br><br>Staff Survey 2021        | 59.08%                  |  |

|   |   |        |  |
|---|---|--------|--|
|   | 57.11%  |        | and to feel empowered to suggest and develop those improvements.   |
| 18) Staff Leaver Rate   | New measure and no standard set for 2022/23               | 12.31% | During 2022/23 we have introduced a focused approach to gathering intelligence from staff leaving or thinking of leaving the Trust and emerging intelligence has identified a trend in female clinical staff between the ages of 30-35 years leaving the Trust. An action plan is being developed with a view to improving staff retention.  |
| 19) Percentage Sickness Absence Rate                                | No standard set for 2022/23<br><br>2021/22 Position 6.45% | 6.36%  | Throughout 2022/23 we have continued to experience high levels of sickness amongst our staff. This year processes have been established for regular monitoring of clinical teams with the highest levels of sickness, supported by our People Partners, with a view to identifying improvement actions required to reduce levels.  |
| 20) Percentage compliance with ALL mandatory and statutory training | 85.00%  | 84.38% | Performance has reported just below the Trust standard we agreed for 2022/23. There have been focused efforts in all directorates to support our staff to ensure they are compliant with all training. This includes weekly oversight reports to Executive Directors, proactive engagement by our Workforce Development Team, the provision of focused Information Governance training outside shift hours and the identification of additional training venues. |
| 21) Percentage of staff in post with a current appraisal            | 85.00%  | 84.93% | Performance has reported just below the Trust standard we agreed for 2022/23. There have been focused efforts in all directorates to ensure our staff have high quality, timely appraisals.  |

|  |  |  |  |
|--|--|--|--|
|  |  |  | This includes weekly oversight reports to Executive Directors and the introduction of the Trust's new appraisal system; Workpal. |
|--|--|--|--|

## Activity

| Measure Name                               | Annual Standard 2022/23                                    | Actual Position 2022/23 | Commentary   |
|--|--|-------------------------|--|
| 22) Number of new unique patients referred | No standard set for 2022/23<br><br>2021/22 Position 98,147 | 101,113                 | There was an increase in unique referrals in 2022/23, compared to the previous year. There are currently no specific trends or areas of concern identified.  |
| 23) Unique Caseload (snapshot)             | New measure and no standard set for 2022/23                | 64,595                  | Detailed analysis has been undertaken to understand our caseload levels. This showed four service areas accounted for 84% of the aggregate Trust caseload increase, reflecting a gap between commissioned and actual workload. These will require a strategic approach to enable our services to respond to the increasing demand and pressures being experienced nationally in mental health services. Performance Improvement Plans for our Care Groups are currently being developed. |

## Finance

| Measure Name  | Annual Standard 2022/23 | Actual Position 2022/23 | Commentary  |
|---|-------------------------|-------------------------|---|
| 24) Financial Plan: SOCI - Final Accounts – (Surplus)/Deficit | -£1.16m                 | -£1.21m                 | The Trust planned to deliver an adjusted financial performance surplus of £1.16m in 2022/23 but exceeded this by £0.05m, delivering a surplus of £1.21m. This is before |

|   |         |         |   |
|---|---------|---------|---|
|   |         |         | fixed asset impairments (£9.4m) and peppercorn lease expenditure (£0.4m), which are excluded when assessing NHS provider financial performance. With these items included the Trust delivered a deficit of £8.6m.   |
| 25a) Financial Plan: Agency expenditure compared to agency target | £9.29m  | £20.75m | The Trust planned to spend £9.3m on agency in 2022/23 but spent £20.7m.<br>Agency expenditure reduction schemes did not deliver as required in 2022/23. Usage throughout the year was consistent, and was required to cover sickness, vacancies and to support delivery of safe care.   |
| 25b) Agency price cap compliance                                  | 100%    | 63%     | The Trust planned to have 100% of agency usage within NHS price caps, however at the end of 2022/23 only 63% were compliant. This is linked to the issues described within metric 25a and is a key area of focus as we move into 2023/24.   |
| 26) Use of Resources Rating (UoRR) - overall score                | 2       | 3       | The Trust planned to have a UoRR of 2 at the end of 2022/23, and would have achieved a 2 rating overall. However, agency expenditure metric (see metric 25a) was rated 4 and therefore the overall UoRR rating for the Trust is capped at a 3 rating.   |
| 27) CRES Performance – Recurrent                                  | £12.32m | £10.01m | The Trust had an efficiency programme of £13.7m in 2022/23 and delivered this in full. However, planned recurrent efficiencies underdelivered by £2.3m. Specific agency reduction and reduction in OAPs schemes did not deliver in 2022/23 (£3.0m and £1.1m respectively) but were offset by higher than planned interest receivable (£1.7m) and slippage in recruitment. |
| 28) CRES Performance – Non-Recurrent                              | £1.40m  | £3.71m  | See metric 27 narrative.  |
| 29) Capital Expenditure (Capital Allocation)                      | £10.05m | £9.68m  | The Trust spent £9.7m against the capital allocation of £10.1m. Slippage on some planned schemes enabled delivery of unplanned health   |

|   |         |         |  |
|---|---------|---------|--|
|   |         |         | and safety schemes identified in year. In year the Trust received £4.7m additional capital funding to support crisis and liaison teams in Stockton, and IT networked asset improvements.             |
| 30) Cash balances (actual compared to plan) | £64.59m | £75.17m | The Trust had planned cash balances of £64.6m for end of year 2022/23 but had actual cash balances of £75.2m. This is due largely to higher-than-expected creditors and provisions held at year end. |

## Summary of Financial Performance

In 2022-23 the Trust worked with its Integrated Care System partners to develop and deliver financial plans for revenue and capital, and ensure that investment in healthcare was optimised.

The 2022-23 Financial Plan 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.

Our financial objectives, both planned and achieved, are shown in the following table:

| Objectives  | Outcomes   |
|---|--|
| Delivering a £1.16m financial surplus (before impairments and depreciation on peppercorn right of use assets) | Financial surplus (before impairments and depreciation on peppercorn right of use assets) of £1.21m realised |
| Delivering an EBITDA* of £12.0m   | EBITDA of £7.6m delivered  |
| Delivery of £13.7m cash releasing efficiency savings (CRES)   | Delivery of £13.7m cash releasing efficiency savings (CRES), inclusive of non-recurrent recovery actions     |
| EBITDA margin of 2.8%   | EBITDA margin of 1.6% achieved   |

\* EBITDA – earnings before interest taxation depreciation and amortisation is lower than planned as the Trust realised £5.9m of non-recurrent, non-operating benefits, which supported the Trust's higher than planned expenditure in clinical services.

The Trust planned an operating surplus of £1.16m for the financial year and realised a surplus (excluding impairments and profits from fixed asset disposals) of £1.2m.

The Trust planned an operating surplus of £1.16m for the financial year and realised a surplus (excluding impairments and depreciation on peppercorn assets) of £1.21m.

CRES achieved at 31 March 2023 was £13.7m and was in line with plan. £3.7m was delivered on a non-recurrent basis as we continue to identify recurrent schemes. The Trust is making good progress with future years plans and has established working groups to facilitate delivery of identified schemes.

## Capital Investment

The Trust has worked within its agreed capital allocations to improve our environments and infrastructure and ensure the most modern equipment and technology is available for patient care and to support colleagues. Over the last twelve months and, working with partners to manage the constraints of a North East and North Cumbria Integrated Care System capital envelope, we have invested cash balances with the aim of providing the best possible environments and infrastructure. During 2022-23, the Trust invested £14.5m in capital assets. No assets were sold in the year, although the Trust did have a capital receipt linked to contract conditions of an asset sold in 2021/22 financial year.

## Asset Valuation

The Trust's land and buildings were subject to a market price revaluation exercise, which resulted in impairments as follows:

|                                   | 2022-23             |                      |             |
|-----------------------------------|---------------------|----------------------|-------------|
|                                   | £m                  |                      |             |
|                                   | Realised in surplus | Realised in reserves | Total       |
| Impairments                       | 10.9                | 0.5                  | <b>11.4</b> |
| Reversal of impairments           | -1.5                | 0                    | <b>-1.5</b> |
| Revaluation gains                 | 0                   | -0.9                 | <b>-0.9</b> |
| Rounding                          | 0                   | 0                    | <b>0.0</b>  |
| <b>Total loss (gain) realised</b> | <b>9.4</b>          | <b>-0.4</b>          | <b>9.0</b>  |

When realised in the surplus (or bottom line revenue position), net impairment losses are recognised as a charge to expenditure.

## Working Capital

The Trust retained strong liquidity despite a decrease from 34.2 to 25.9 days, principally due to planned expenditure on capital projects.

## Risk Profile

Each risk in the Board Assurance Framework is scored against a standard scale for consequence and likelihood. For each risk the relevant controls are rated based on

an assessment of their effectiveness. These individual control ratings are averaged to provide an overall rating of assurance on the operation of the controls.

During 2022/23 of the 15 risks which feature in the BAF:

- Overall controls ratings:
  - 60% improved
  - 27% stayed the same
  - 13% reduced
- Risk Scores:
  - 33% reduced
  - 60% stayed the same
  - 7% increased

These figures demonstrate controls have strengthened during the year with the delivery of mitigations; however, this has not impacted significantly on the risk scores. The Trust's risk profile has, therefore, remained relatively consistent, or possibly slightly improved, during the year

The Board has reviewed its risk appetite and will be refreshing the BAF during 2023/24 to reflect changes in its internal and external environment.

## Environmental Matters

### Environmental Management: Building a Net Zero NHS

In 2022 the Trust's Green Plan was developed and subsequently approved by the Executive Strategy and Resources Sub-Group. The plan seeks to embed sustainability and low carbon practice in how we deliver our services; and has nine Areas of Focus that appraise our status and set actions to be achieved within the next three years: Workforce and Systems Leadership, Sustainable Models of Care, Digital Transformation, Travel and Transport, Estates and Facilities, Medicines, Supply Chain and Procurement, Food and Nutrition and Adaptation.

It had been hoped that working groups would be established by early 2023 to deliver on each of the identified areas. However, it was not possible to give this work priority given the various other programmes we, as an organisation, already had underway. Many of which relating to regulatory requirements and essential patient safety works.

In April 2023, The Trust's Our Journey to Change delivery plan was approved, which incorporates the implementation of the Green Plan.

Sustainability and carbon reduction need to be given consideration in all that we do as an organisation. There will be particular focus on this within the Estates Masterplan, where we aim to decarbonise our property assets, reduce travel requirements and our overall estate footprint, in pursuit of net zero carbon (NZC). To achieve this, and to work in a sustainable way, the Trust will need to embrace collaborative working across systems and communities. We are already engaged with our system partners to develop a One Public Estate (OPE) strategy.

### Our Green Plan Vision

**Net Zero:** Resource consumption and Greenhouse Gas (GHG) emission reductions that align with NHS net zero targets

**Climate Resilience:** Reducing the environmental impact of our activities and providing a basis for us to become a climate change-resilient organisation.

**Social Value:** Actions that leverage our role as a place-based anchor institution to accomplish social value

### Green Energy

100% of electricity supplied to the Trust is now provided from green or renewable generation supported by a Renewable Energy Guarantee of Origin (REGO) certificates from the trust's supplier.

### Travel Plan

In February of this year, working in conjunction with the North East and North Cumbria Integrated Care Systems, the Trust conducted a travel survey of employees. The survey's aim was to provide a clear picture of the way employees

commute to and from work. The results from this travel survey will be aggregated with the remaining 10 trusts within the NENC ICS, to identify the commuting habits and behaviours of 70,800 employees and determine the most effective strategies for implementing both short and long-term behaviour changing initiatives.

## **Climate Change and Adaptation**

Climate change adaptation in the NHS is about organisational resilience and the prevention of avoidable illness. At Tees, Esk and Wear Valleys NHS Foundation Trust we aim to create a sustainable, healthy, and resilient healthcare service fit for the future by taking opportunities for change. Such changes will need to include:

- reducing our impact on the environment to prevent climate change.
- reducing our organisational running costs.
- ensuring business continuity.
- reducing health inequalities; and
- making sure that the NHS, our buildings, our services, our staff, and our patients are prepared for the future.

The Trust now has a Climate Change Adaptation Plan and Climate Change Adaptation Risk Assessment.

This adaptation plan identifies the climate risks we face across the Tees, Esk and Wear Valleys NHS Foundation Trust and aims to drive change for the future that will enable us to meet the goals outlined above.

## **Electric vehicle infrastructure**

Despite best efforts, we were unsuccessful in securing any central funding for increasing our Electric Vehicle charging capacity this year. However, there are still plans to increase the number of charging points across our estate as demand continues to increase, though this will need to be self-funded. That is, unless there are any further opportunities to bid for carbon reduction funding during fiscal year 2023/24. Consideration is given whenever any of our fleet vehicles are due for renewal, to move to fully electric. Whilst it is unlikely that we will achieve 100% of vehicles being 100% electrically powered, we will be looking to replace with Petrol Hybrid Electric Vehicles (PHEV) where necessary.

## **Energy performance operational rating**

In the annual Government Display Energy Certification exercise rating of our buildings (A to G with D being typical) of the 49 qualifying properties surveyed, 21 of the buildings were rated C and above with only 6 properties marginally failing to achieve the typical.

## **Biodiversity**

Greenspace and nature are important for the health and wellbeing of our service users and colleagues alike. At a global scale, greenspace affects the planet's ability

to absorb carbon dioxide. To enhance our greenspace, we have undertaken an extensive tree planting programme not only replacing dead trees with new but create the potential to do some larger scale small woodland creation projects to contribute to habitat connectivity.

In the past year we have planted 700 standard trees, pines and whips, 450 hedging plants, 4500 spring bulbs, 5000 bedding plants and 2500 shrub plants to create new shrub beds and to improve existing. Working with NHS Forests we have secured delivery of a further 220 trees to include 200 that provide blossom and colour and 20 medium standard trees.

## Health Inequalities

### Health Inequalities – Poverty Proofing work in CAMHS

Poverty underpins health inequalities. It shapes people's ability to make choices about their health and restricts access to basic needs for mental health physical wellbeing. Living in poverty impacts people's ability to engage in health care services and creates chronic stress. Those who use our services are more likely to be exposed to the social and structural drivers of poverty and become trapped in cycles of poor health and poverty. There are also links between mental health, suicide, and debt, with episodes of poor mental health making financial management more challenging and people in problem debt three times more likely to have considered suicide. The cost-of-living crisis means that many more in our communities will be experiencing financial difficulty and its domino impact on their health and wellbeing.

The poverty that our front-line staff witness can leave us feeling overwhelmed and helpless, given that much of what needs to be done to address this falls beyond the scope of our organisation and, indeed, the wider NHS. However, by working in partnership with Children's North East to undertake a robust Poverty Proofing exercise within The Single Point of Contact and Getting Help South Tees CAMHS Teams, it is clear there is much that we can do address both the causes and consequence of poverty. Embracing the action we *can* take on poverty clearly aligns to our organisation goals and values showing compassionate leadership and care delivery. It meets the triple aim duty addressing systematic and practical barriers to access, positive experience, and outcomes.

There are number of areas where simple action can be taken quickly to make a significant difference and could be adopted more broadly such as:

- Providing pens and paper, games/other resources to support "homework" suggested as part of treatment – including essential items such as course books, such as a parent-led CBT book)
- Clarifying the existing expense claims process and ensuring this is clearly and proactively communicated and always available.

There are some recommendations which would require some further work to implement such as:

- Consistently asking about financial circumstances and offering financial brief intervention and advice routinely and as part of standard assessment processes
- Developing a wider understanding of staff poverty (continuing existing work led by people and culture team)
- Offering alternative communication (email was reported as preferable to text/calls by those who had access to no credit but could access free wifi)

- Coordinating family appointments and offering flexibility within the current offer.

Others would require careful consideration of implications in partnership and may require establishment of cross speciality task and finish groups to consider our response such as:

- Extended operating times
- Expansion of our policy for reimbursement/proactive provision of expenses associated with appointment attendance
- The implication of Poverty Proofing for the management of DNAs/disengagement and an assessment of the cost benefit of interventions
- Clarifying referral pathways, access points and service interfaces (it was reported that navigating these required energy and time)
- Ensuring all our communication is jargon free and accessible and understanding where we might make people feel judged and how to rectify this
- Reviewing opt in/opt out policies

As poverty leaks into every aspect of a person's life, there is much that must be delivered as a system alongside our partners.

## Social and community

### Engaging with our communities

Our Journey to Change sets out our clear ambition to put patients, families and carers at the heart of all we do through co-creation.

We are committed to seeking out the voices of patients and carers, so that they can be heard and acted upon at every level.

As an organisation, we recognise the value of lived experience in supporting TEWV become the kind of organisation we want to be – hence this partnership working is called co-creation.

We recruited two Lived Experience directors last year at strategic Care Group Board level, to drive our ambitions forward, and these senior roles are supporting transformation and culture change in our Trust.

With such a strong mandate for co-creation, we have seen much-needed developments for patient and carer participation across the Trust, and in engaging and involving them in their care and to support the development of our improvement plans.

Day to day, our wards work hand-in-hand with patients and carers to cocreate and work together on care and safety plans and risk assessments. Many have Carer Champions within services, to make sure we stay true to our Triangle of Care commitments.

Our Co-creation Journey to Change is now approved and sets out our detailed strategy to provide a better experience of high quality, safe, effective clinical care to the people who use our services. Clinical care that will be person-centred, timely, compassionate and kind.

We are continuing to work hard to make sure that co-creation runs through our governance, our operations and our clinical practice. We are putting co-creation at the core of decision making, organising ourselves and delivering care we will create equal partnerships with people who use our services, carers, staff and partners.

We are doing this because we know that co-creation improves our services and the overall health and wellbeing of people experiencing mental health issues, learning disability or autism in our region by:

- Ensuring co-creation in care planning
- Growing, diversify, and embedding service user and carer involvement across the Trust
- Expanding and developing lived experience roles and leadership, including peers
- Capturing accurate patient, carer and partner experience data including friends and family test, surveys, Patient Advice and Liaison (PALS) and

complaints, and triangulating this with other intelligence – for example serious incidents and using this to redesign and improve our services

We have chosen these four core objectives because they will create the foundations we need to ensure co-creation runs through TEWV's DNA.

Progress is being made, and we are seeing some great examples of work underway, which we are really proud of:

- Co-creation Boards have been established, made up of patients and carers and TEWV staff, who sit alongside the Care Group Boards themselves, with the ultimate aim of creating a safe informal creative space where people are all equal and can speak openly and honestly, working together towards a shared goal, exploring different ways of working, and challenging the status quo – ultimately, to make a difference.
- A Co-creation Framework is now being implemented in the Trust which sets out how colleagues, patients and carers can work together in partnership to make our services better for everyone who comes through our doors.
- A number of patients and carers continue to support development of Our Journey to Change and are involved in our business planning cycle, meeting regularly and attending the development days. Involvement members have also sat on programme boards for the five strategic journeys. This has enabled the business plan to be shaped based upon patient and carer experience.
- The Carers' Working Group have been instrumental in improving our training and support to carers, including a Carers' Charter, a dedicated Carers' Hub on the Trust's website, and are involved in delivering Carers' Training across the organisation.
- Our complaints and PALS process is being reviewed and led by our lived experience directors, ensuring that people with lived experience of our services and organisation, are involved in any improvements and that we learn from their experiences, whether that be as a service user, carer, or partner.
- Service users and carers are involved in the development and delivery of CITO, our new electronic patient record system, which will make sure that patient information is entered once, well and by working together, and will be a key part in our drive to give safe, kind care to everyone we support.
- Personalised care planning work got underway with clinical leads across TEWV and with patients and carers to oversee the move away from the CPA and that future care planning, is high-quality coproduced, holistic, and personalised.
- We are working hard to engage with our patients and their carers to get feedback on the services we provide to them. Our Friends and Family Test

(FFT) tells us that in March 2023, 91% of patients and 97% of carers reported their experience as very good or good, and we are seeing sustained improvements in the total number of responses received in both care groups for both patient and carer responses.

- Our involvement membership continues to see positive growth, and 449 people were on the involvement register in this reporting year, which is an increase of 90 – an unprecedented increase in co-creation-related activity of 357% over 2022/23.
- The involvement and engagement team are supporting patient and carer involvement in the Trust's Workforce Delivery Plan, to monitor and evaluate culture change and staff experience, as well as explore employment opportunities for involvement members in the organisation, for those who wish to progress into paid employment.

### **Recent comments from patients and carers about their involvement:**

*“How much you understand and value the importance of feedback and your desire to improve the service is admirable, and I think will be very beneficial to the service and young people like me.”*

*“As the ethos of co-creation becomes embedded within TEWV, so the support the involvement members grows and develops.”*

*“Before recruiting for mental health and wellbeing coaches, now successfully based in many GP surgeries, we consulted involvement members about the job description. They used their own negative experience of GPs to help create a role they would have liked to have seen.”*

*“I contributed to an advisory panel for research about potential harms of social workers who are involved with mums with mental health. Despite the sensitive and painful topic, it is one of the most positive experiences of co-creation I can recall.”*

## Countering fraud and corruption

Our 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.

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 our premises.

Our Trust's Local Counter Fraud Specialist (LCFS) reports to the Audit and Risk Committee quarterly, and through an annual report, and performs a programme of work designed to provide assurance to the Board about fraud and corruption.

The LCFS provides regular fraud awareness sessions to staff, investigates concerns reported by staff and liaises with the police. If any issues are substantiated, we take appropriate criminal, civil or disciplinary measures.

## Human rights issues

Control measures are in place to ensure that all of our obligations under equality, diversity and human rights legislation are complied with. Human rights issues are reported to the Equality, Diversity and Human Rights steering group.

The Ethics committee regularly consider human rights in their decision-making processes. We are also working with the British Institute of Human Rights to provide training to colleagues on human rights issues. Staff have rated this training very positively.

## Strategic Objectives

A revised Equality, Diversity and Human Rights Strategy for 2020–2023 was approved by the Board in January 2020 following consultation with service users, carers, staff and partner organisations during 2019. They were then revised for 2023-27 again following wide consultation. The strands of work support our people journey.

The Trust also completed the EDS 2022 and published the report in March 2023. One of the aims of the EDS is to help the Trust to improve the services they provide for the local communities, improving patients access, health outcomes and experience. Those objectives related to service delivery are listed below.

The full report and action plans can be found at: [EDS 2022](#). The full strategy is available at <https://www.tevv.nhs.uk/about/equality-and-diversity/strategy/>

### Objective:

To ensure we have a suitably trained and skilled workforce to address the needs of trans patients and colleagues and to monitor the experiences of staff and service users who identify as trans or non-binary and to identify actions to improve their experiences.

### **Progress**

Good progress has been made with the staff training on working with trans staff and patients. Feedback from colleagues has been very positive and bespoke sessions have been delivered to some teams who are working with a trans patient. Work is ongoing to ensure all processes relating to trans staff and patients are in line with legal guidance. Two lunch and learn sessions on LGBTQ+ were held in June 2022, as well as one on gender recognition certificates and record keeping in September 2022.

### **Objective:**

To increase the recording of disability and sexual orientation on Paris and ESR of patients and staff.

### **Progress**

A publicity campaign has been launched to address this issue and training on the importance of asking demographic information and how to ask has been incorporated into the EDHR training and the LGBTQ+ training.

### **Objective:**

To increase the number of Black, Asian and Minority Ethnic (BAME) patients who access services within the Trust and report a positive experience.

### **Progress**

Care groups have made good progress in working with their BAME communities. For example, DTVF have a BAME link worker. The corporate affairs and involvement directorate are recruiting two community development workers, one of whom will focus on working with the Trust's Gypsy, Roma and Traveller Community. Regular lunch and learn sessions are held, all chaired by a member of the board. Topics have included the Gypsy, Roma, Traveller community, Ramadan, Hindu festivals and Black History month. The voluntary services team's Steps Towards Employment programme has reached out into our diverse communities.

Feedback from staff with long term health conditions and disabilities also indicated need for more support in accessing reasonable adjustments. We have recruited to a new post to support that process within People and Culture. This will ensure that staff are able to fulfil their roles effectively and improve the quality of service we can provide.

## **The Publication of Patient Information**

The Trust has published its annual information to demonstrate how we comply with the three aims of the [public sector equality duty](#). The information helps us to understand whether, and why, particular groups in the community are under or overrepresented in its patient population, and to act as appropriate. It identifies any differences in experience between protected groups and the patient population in general to ensure high quality care is delivered for all.

This information includes access to services, patient experiences and clinical outcomes. The full report can be found at: [Publication of Patient Information](#)

## **Equality Delivery System (EDS) 2022**

The Trust completed the EDS 2022 and published the report in March 2023. One of the aims of the EDS is to help our Trust improve the services we provide for local communities, improving patients access, health outcomes and experience.

The full report and action plans can be found at: [EDS 2022](#)

# The accountability report

In the accountability report we provide information on our governance arrangements, staffing and the remuneration of directors and senior managers to demonstrate how we comply with best practice and key rules and requirements.



**Brent Kilmurray**

**Chief Executive**

**27 June 2023**

## The Directors' Report

The Chairman, Deputy Chairman, Chief Executive and other Board Members as at 31 March 2023:

### **David Jennings, Chair of the Trust and the Nomination and Remuneration Committee.**

David is a qualified accountant and auditor with 36 years' experience in local government and the NHS. He worked for several years as a senior finance professional with Redcar and Cleveland Council covering finance, IT, assets and the strategic capital programme. Before that he had 27 years working for the Audit Commission, as a district auditor and later as a senior inspector. He has previously been a Non-Executive Director with TEWV, as well as with South Tees NHS Foundation Trust, Northumbria University, Bernicia Housing, and Newcastle University Development Trust.

**Qualifications:** Chartered Institute of Public Finance & Accountancy. Hons Degree

**Principal Skills and experience:** Senior NHS non-executive leadership experience. A professional career in Governance, Performance Improvement, strategic and cultural change, and the delivery of outcomes, including user experience. Specific professional expertise in finance.

**Term of office:** 1 September 2022 to 31 August 2025

**Date of Initial appointment:** 1 September 2022

## ***The Chair has no other significant commitments***

### **Non-Executive Directors**

#### **Dr Charlotte Carpenter, Chair of the Strategy and Resources Committee**

Charlotte is Executive Director of Growth and Business Development at Karbon Homes, a leading social landlord within the North East. She is responsible for Karbon's development programme of 550 new homes a year, the investment plans for Karbon's existing 30,000 properties, and also leads the strategy and insight, and communication and business development teams.

Charlotte began her career in the Civil Service Fast Stream and has a passion for housing's role in the economic and social regeneration of the North East. This was borne from senior roles with One Northeast and The Northern Way – a precursor to the Northern Powerhouse.

Charlotte joined the social housing sector in 2008, working for Home Group as Director of Strategy, Policy and Communications.

Charlotte is an alumnus of Cambridge and York universities and holds a PhD in Medieval History.

She is a member of the CBI North East Council, the CBI's National Infrastructure Board and the Chartered Institute of Housing's Policy Advisory Committee. She also holds a CaCHE Fellowship exploring the role that housing associations can play in the Foundation Economies of 'Left Behind Places'.

**Qualifications:** PhD, MA (Cantab), MA (York)

**Principal Skills and experience:** Strategy and strategic planning, communications, marketing and public affairs, organisational transformation, research and insight, programme and project management.

**Term of office:** 1 September 2021 to 31 August 2024

**Date of Initial appointment:** 1 September 2021

#### **Jill Haley, Chair of the People Culture and Diversity Committee and Wellbeing NED Guardian**

Jill is an accomplished chief executive and housing professional with extensive and varied leadership skills, knowledge and experience. Having spent the majority of her 40-year housing career in social housing, working with diverse and disadvantaged communities, she has gained a wide exposure of dealing with people who suffer mental health issues. She is currently the President designate of the Chartered Institute of Housing, the professional body for people who work in housing.

Her experience in housing has included a path of continuous learning, growth and personal development which has afforded her a diverse range of skills and

knowledge across housing association, local authority and the private sector. Throughout her career, her enthusiasm for excellence in leadership has inspired her to develop further and to develop others.

Jill's work on leading and empowering staff and communities has attracted both regional and national recognition, including various personal and organisational awards. The story surrounding the success of her leadership approach has been included as a chapter in a book titled 'Hope Under Neoliberal Austerity' published in April 2021.

Jill's employment as the chief executive of a housing association for over nine years, has provided her with an in-depth and specialist knowledge of strategic leadership, planning, good governance, assurance, risk management and collaborative working. Her broad skill set includes strategy development, finance, governance, risk management, housing management, housing development, regeneration, business growth, sales and marketing, communications and PR, and customer service excellence. Jill is also a Chartered Management Institute Level 5 qualified coach and mentor.

**Qualifications:** Fellow Chartered Institute of Housing, Bachelor of Arts Degree Housing Studies and Chartered Management Institute - Coaching and Mentoring Level 5 Certificate.

**Principal skills and experience:** Excellence in Leadership, Culture and Performance, Business Transformation, Strategic Planning, Finance, Governance, Risk Management, Coaching and Mentoring.

**Term of office:** 1 September 2021 to 31 August 2024

**Date of Initial appointment:** 1 September 2021

### **Professor Pali Hungin, Chair of the Mental Health Legislation Committee**

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.

Pali is currently Emeritus Professor at the in the Faculty of Medical Sciences at Newcastle University. He 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 Genomics England and was recently 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 patients, organisational culture.

**Term of Office:** 1 September 2022 to 31 August 2025\*

**Date of initial appointment:** 1 September 2019

### **John Maddison, Chair of the Audit and Risk Committee and the Commissioning Committees and Digital/Cyber NED Champion**

John 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 and 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 and Accountancy.

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

**Term of Office** 1 July 2020 to 30 June 2023

**Date of Initial appointment:** 1 July 2020 (prior to his appointment John served as a non-voting Associate Non-Executive Director of the Trust)

### **Bev Reilly, Deputy Chair and Chair of the Quality Assurance Committee**

Bev has been a Nurse for 35 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 2022 to 31 August 2025\*

**Date of initial appointment:** 1 September 2019

### **Jules Preston, Senior Independent Director**

Jules has extensive experience in the NHS, having served as the inaugural Chairman of the Northumberland, Tyne and Wear NHS Foundation Trust, one of the

largest mental health and learning disability Trusts in the country. During his period of chairmanship, the trust successfully came together having been three separate organisations and it achieved Foundation Trust status in 2009/10. In 2012 Jules began a new Chairman's post at Mid Yorkshire Hospitals NHS Trust.

Jules had previously been a Non-Executive Director of other NHS organisations, including the former Sunderland Health Authority (1996-2000) and the then Northumberland, Tyne and Wear Strategic Health Authority (2000-2006).

Jules has also held senior positions with the Manpower Services Commission (Department of Employment) and Chief Executive of Sunderland City Training and Enterprise Council and Business Link. Following that he was, for more than two years, part-time Chief Executive of the National Glass Centre in Sunderland.

He was until 2012 an assessor, both in the UK and internationally, of organisations that were working to achieve 'Investor in People' status and received an MBE in 1999 for services to training, particularly for those with special needs.

**Qualifications:** Left school at 16 and trained as articled clerk in Chartered Accountancy for 2½ years focussing on audit work before joining the Civil Service as a clerical officer. Principal grade within 20 years, focusing on adult and youth training, small business development and Investors in People. Training and education through personal development, on the job.

**Principle Skills and Experience:** People skills, leadership, change management, understanding of finance, 25 years involved as a non-executive within the NHS.

**Term of Office:** 1 September 2022 to 30 August 2025

**Date of initial appointment:** 1 September 2022 (prior to his appointment Jules served as a non-voting Associate Non-Executive Director of the Trust).

### **Roberta Barker, Freedom to Speak Up NED champion**

Roberta is Director of People and Culture for Teva Pharmaceuticals, a global \$17bn business, covering Commercial, R&D and Manufacturing Operations across the UK and Ireland. She leads on all People Strategy for the organisation and ongoing transformation of the business

Roberta began her career in Finance and General Management with Sky, Orange and Nike. Her final role with Nike was Head of Learning and Development EMEA and it was at this point she entered her first HR Director role. From there, she moved on to Daichii Sankyo EMEA as Director of People and Performance before taking on responsibility for the Director of People and OD role for the Business Services Authority, covering multiple divisions of services for the NHS.

Roberta has held various permanent and interim leadership positions within the Health Service including Trust Director of Workforce People and OD at Medway NHS Foundation, Director of Workforce and OD at Yorkshire Ambulance Trust,

Director of People and OD at NHS Digital and Director of HR and OD at Royal Surrey County Hospital.

**Qualifications:** Master of Business Administration, Durham University, Common Purpose, Sunderland University.

**Principal skills and expertise:** HR and OD strategy, change management, strategic planning, operational implementation, communications and employee engagement, stakeholder management.

**Term of Office:** 1 September 2022 to 30 August 2025

**Date of initial appointment:** 1 September 2022 (prior to her appointment Roberta served as a non-voting Associate Non-Executive Director of the Trust)

## **Executive Directors**

### **Brent Kilmurray, Chief Executive**

Brent has been an NHS executive director since 2005, working in senior roles across a range of acute, community health and mental health NHS organisations. He joined us after two years as Chief Executive of Bradford District Care NHS Foundation Trust, a combined community and mental health trust providing services in Bradford and the Yorkshire Dales, as well as children's services in Wakefield.

His Board level experience includes Executive and Divisional roles at City Hospitals Sunderland NHS FT, joint Managing Director at NHS South of Tyne and Wear Community Health Services, Executive Director of Business Strategy and Performance for South Tyneside Foundation Trust, and Chief Operating Officer and Deputy Chief Executive for Tees, Esk and Wear Valleys NHS Foundation Trust.

Brent also chairs the Humber North Yorkshire Mental Health, Learning Disability and Autism Provider Collaborative and is joint Senior Responsible Officer for the Mental Health and Learning Disability Programmes in the North East North Cumbria ICS.

**Qualifications:** MA European Studies and BA (Hons) Government and Politics.

**Principal skills and expertise:** Quality improvement and innovation, strategy development and deployment, leadership development, partnership and system working, operational service management, performance management, tendering and business development, contract management, commercial matters, system leadership and partnership development.

**Appointed:** June 2020

### **Elizabeth Moody, Executive 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 30 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

### **Liz Romaniak, Executive Director of Finance, Information and Estates**

Liz joined the NHS over 30 years ago and gained extensive associate/deputy director and board-level experience from roles within commissioning and community and mental health provider organisations.

Liz's previous role was as director of finance, contracting and estates at Bradford District Care NHS Foundation Trust, where she led work in 2014 to 2015 to develop the organisation's long term financial plan and successfully navigate all financial aspects of the Trust's Monitor FT application and due diligence processes.

Liz also had responsibility for planning and performance and between 2017-2021, was deputy chief executive, both roles affording opportunities to develop greater operational and clinical perspectives. Liz has lobbied, including via NHS representative bodies, for parity of esteem (and resources) for mental health, including relating to capital developments. Liz is also a board member of the AuditOne NHS Audit consortium and a member of the HFMA's Governance and Audit Committee.

**Qualifications:** Qualified accountant, ACMA.

**Principal skills and expertise:** NHS finances (strategy, costing, financial accounting and management, commissioner and provider), financial strategy, planning and performance management.

**Appointed:** October 2020

### **Dr Kadar Kale, Executive Medical Director**

Kedar is a consultant in General Adult Psychiatry and has over 25 years' experience in the field.

He trained in Mumbai, India and worked there as a Consultant Psychiatrist before moving to England. He retrained in Norwich and later Cambridge (where he also obtained his MPhil), before moving to the North East working within Cumbria Northumberland Tyne and Wear NHS Foundation Trust (CNTW) for nearly 15 years

as a Consultant Psychiatrist. He also held various leadership roles most recently as Group Medical Director.

His clinical practice has been within a community mental health setting working with service users having long term conditions, providing holistic care and focusing on recovery.

He is passionate about continuous service improvement, coproduced with our service users and carers. He has led several improvement programmes over the years which brought significant change in practice and benefitted service users and staff.

He has enthusiastically trained postgraduate doctors for several years and is keen to ensure our Trust provides them with a high-quality training experience, and welcomes them as a place to work.

**Qualifications:** MBBS, DPM, MD, MPhil, FRCPsych.

**Principal skills and expertise:** General Psychiatry skills, leadership, mentoring, teaching.

**Appointed:** June 2022

### **Zoe Campbell, Managing Director, North Yorkshire, York and Selby Care Group**

Zoe has extensive experience in the health and social care sector built up across local authority, the private sector and local and national charities. She has held several leadership positions including leading improvement and efficiency programmes across health and regional government, business development within a national provider of domiciliary and home-based health care; and as Director of Operations at a dementia charity covering England, Northern Ireland and Wales. Her previous roles have encompassed commissioning, service/continuous improvement, business development, strategy development and she has successfully delivered several large scale transformational change and improvement programmes at local, regional and national levels. Alongside this, she has understanding and experience gained as a volunteer at the Citizen' Advice Bureaux, as a Governor in a Social, Emotional and Mental Health school, a mentor for young people; and a Trustee at a mental health and learning disability charity.

**Qualifications:** B.A.(Hons) Social Policy. Post Grad Diploma Coaching for Strategic Leadership. Lean Six Sigma Green Belt.

**Principal skills and expertise:** Leadership, continuous improvement, programme/project management, commissioning and contracting, co-production.

**Appointed:** June 2022

## **Patrick Scott, Managing Director, Durham, Tees Valley and Forensics Care Group**

Having started out as a Health Care Assistant over 30 years ago, Patrick has extensive senior level NHS experience across both hospital and community services. Prior to his current role, he was the chief operating officer at Bradford District Care NHS Foundation Trust and was previously the director of operations at TEWV before joining Bradford. He returned to the Trust in April 2022 as managing director of Durham, Tees Valley, and Forensics care group.

Patrick has a strong track record of working with clinicians, service users and commissioners across health and social care to drive service transformation, continuous quality improvement, service developments and growth. He has also played a leading role in integrated care partnerships across the north east, working collaboratively with partners to jointly develop and deliver new services.

**Qualifications:** RMN; MSC distinction; Post Grad certification in Strategy, Policy and Leadership; Diploma in the Care and Management of Individuals Displaying Suicidal and Parasuicidal Behaviour.

**Principal skills and expertise:** Operational delivery; performance management; strategic planning and system working; quality improvement; governance.

**Appointed:** April 2022

## **Ann Bridges, Executive Director of Corporate Affairs and Involvement (non-voting)**

Ann joined the Trust in September 2021 bringing extensive skills, knowledge and expertise in strategic communications and engagement, having worked in local government and across the public sector at senior level for over 20 years.

Originally from Edinburgh, Ann moved to the North East in 1999, leaving behind a career with Scottish Enterprise in regeneration and economic development marketing roles. Ann cut her teeth in local government having joined Newcastle City Council in 2000, progressing through the organisation and working closely with central Government in strategic leadership roles, and was laterally head of communications at Northumberland County Council before joining the Trust.

The corporate affairs and involvement department incorporates our patient and carer experience activity, alongside the PALS and complaints teams, lead on embedding and facilitating co-creation in the Trust, plus communications and stakeholder engagement, and work closely with our people and culture colleagues on staff experience and engagement, supported by good internal communications.

Ann is also an active member of the CIPR North East, former member of the CIPR Local Public Services Committee, and the CIPR Health Committee.

**Qualifications:** Professional Diploma from the Chartered Institute of Marketing

(CIM), Chartered Institute of Public Relations (CIPR) Accredited Practitioner.

**Principal skills and expertise:** Strategic communications, marketing and engagement.

**Appointed:** September 2021

### **Mike Brierley, Assistant Chief Executive (non-voting)**

At a strategic level Mike has worked with both the public and private sector and assignments have ranged from leading a large Informatics service to implementing strategic planning frameworks and the development of organisation wide strategic plans.

Mike has spent the last 7 years as the Director lead for MHLDA commissioning across County Durham and Tees Valley and has strong leadership skills and stakeholder and relationship management experience; with an ability to achieve results in complex environments. He has led numerous large-scale change and redesign programmes, as well as short high intensity projects.

Mike holds an MBA and has extensive experience in change management, supporting teams and individuals to implement whole system redesign programmes

**Qualifications:** Master of Business Administration (MBA).

**Principal skills and expertise:** Strategic planning, performance management, programme management, organisational change management, commissioning.

**Appointed:** July 2022

### **Dr Hannah Crawford, Director for Therapies (non-voting)**

Hannah qualified as a Speech and Language Therapist in 1995, and has worked for Tees, Esk & Wear Valleys (and its predecessor organisations) all her working life, achieving the position on Consultant Speech & Language Therapist in 2005. She mainly specialised clinically in working with adults with a learning disability, but also worked with working age and older adults. Between 2017 and 2019 Hannah also worked for NHS Improvement as the National Patient Safety Expert Adviser for adults with learning disabilities. She left this position at the end of 2019 to take up the role of Professional Head of Speech and Language Therapy within TEWV. Hannah achieved the role of Executive Director of Therapies in April 2022.

She currently holds a range of honorary positions including being a professional advisor for the Royal College of Speech & Language Therapists, an Honorary Lecturer at Teesside University and a Visiting Research Fellow at the University of York. Hannah has a PhD from the University of Edinburgh, which investigated the lived experience of family carers of adults with profound and multiple disabilities and dysphagia.

**Qualifications:** BA (Hons), Post Grad Diploma, MSc, PhD.

**Principal skills and expertise:** Clinical Speech & Language Therapy (dysphagia), ethics, patient and carer experience, leadership, coaching, research, teaching.

**Appointed:** April 2022

### **Dr Sarah Dexter-Smith, Director for People and Culture (non-voting)**

Sarah is a consultant clinical psychologist who has worked in the NHS for over 25 years, primarily in older people's and dementia services, co-editing national guidance on working in inpatient services. She has also worked in social care and education as well as holding honorary teaching and research roles in a number of universities. She continues to maintain national teaching and mentoring responsibilities in a variety of organisations.

She was appointed in February 2021 and was previously director of therapies. She brings a broad range of applied psychology experience having worked on regional and national bodies.

**Qualifications:** Doctorate Clinical Psychology, PhD Psychology, ILM5, PGDips Supervision and Neuropsychology.

**Principal skills and expertise:** Leadership, coaching and mentoring, applied psychology, research, teaching.

**Appointed:** February 2021

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

### **Changes to the Board of Directors**

- Paul Murphy retired from the Board as the interim Chair of the Trust in August 2022.
- Shirley Richardson retired from the Board as the interim Deputy Chair and Senior Independent Director in August 2022. Shirley remains the Chair of the West Lane Project Committee in an independent capacity.
- Elizabeth Moody stood down from her role as the Director of Nursing and Governance and Deputy Chief Executive in April 2023.
- Beverley Murphy joined the Board in May 2023 as the Chief Nurse.

## **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.tewv.nhs.uk](http://www.tewv.nhs.uk).

## **Accounting Policies**

The Trust prepared the financial statements in accordance with the NHS Group Accounting Manual (GAM) (2022-23) as directed by NHS England, and fully complies with International Financial Reporting Standards accounting practices (IFRS).

The Trust’s accounting policies are set out in the Annual Accounts and have been consistently applied over the comparative period. The implementation of IFRS 16 (leases) was completed without restating prior year financial statements, as per the GAM.

## **Accounting information and statement as to disclosure to auditors**

The accounts are independently audited by Mazars LLP as external auditors in accordance with the Health and Social Care Act 2012 and Monitor’s Code of Audit Practice (as adopted by NHS England). As far as the directors are aware, all relevant audit information has been fully disclosed to the auditor and 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 2022-23.

Accounting policies for pensions and other retirement benefits are set out in page 31 of the accounts, and details of senior managers remuneration can be found on page xxx of the remuneration report.

The Trust has 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 2022-23 was as follows:

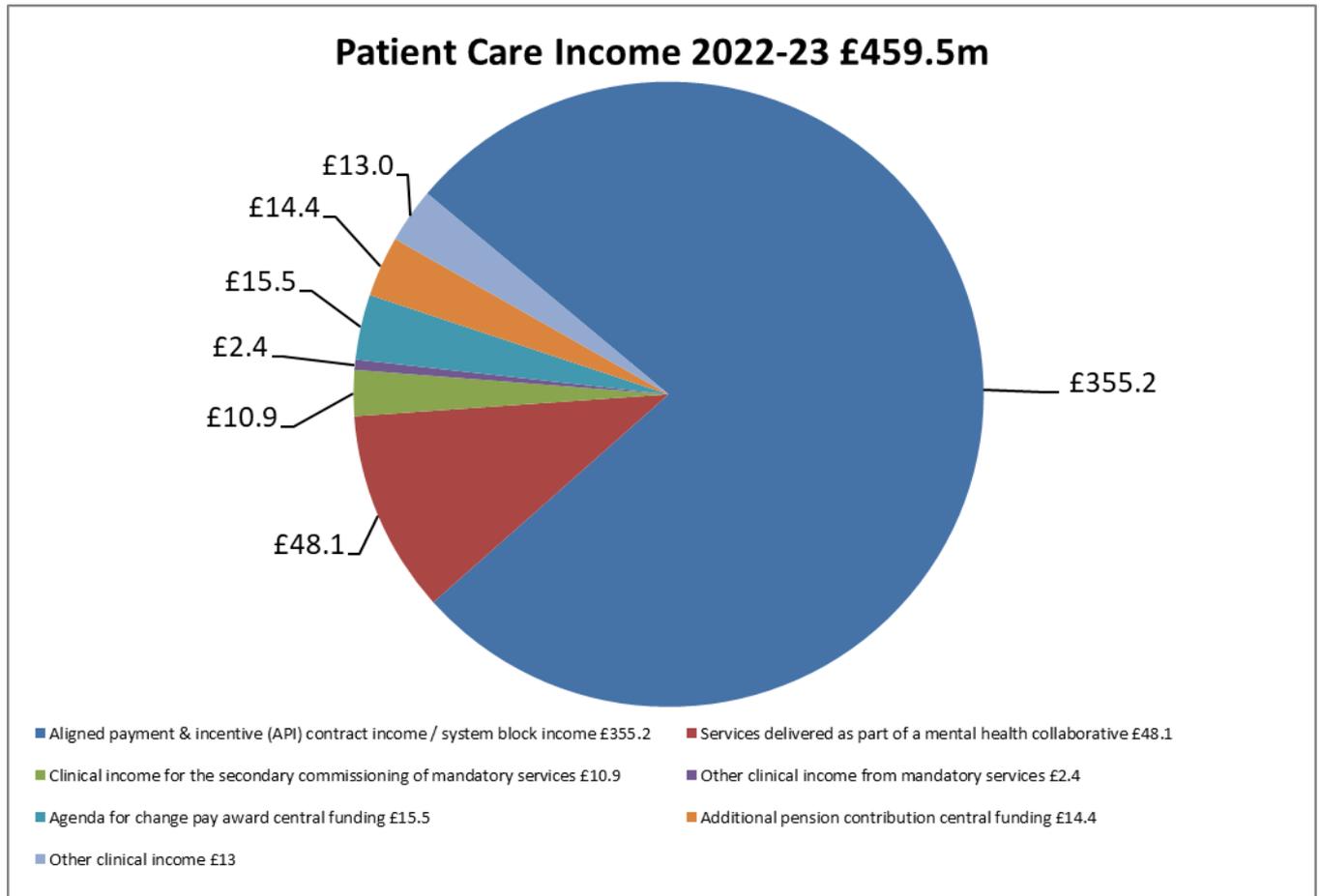
|  | 2022-23            |                         |
|--|--------------------|-------------------------|
|  | Number of Invoices | Value of invoices £000s |
| <b>NHS Creditors</b>                   |                    |                         |
| Total bills paid                       | 1,128              | 19,270                  |
| Total bills paid within target         | 1,080              | 18,732                  |
| Percentage of bills paid within target | 95.74%             | 97.21%                  |
| <b>Non-NHS Creditors</b>               |                    |                         |
| Total bills paid                       | 72,644             | 115,918                 |
| Total bills paid within target         | 68,167             | 104,366                 |
| Percentage of bills paid within target | 93.84%             | 90.03%                  |

It is Trust policy to pay all creditors as they fall due, unless extenuating circumstances are apparent, for example a dispute in the amount being charged, or the services or goods provided. Improving performance for non-NHS suppliers remains a key priority, including through the increased use of No PO No Pay.

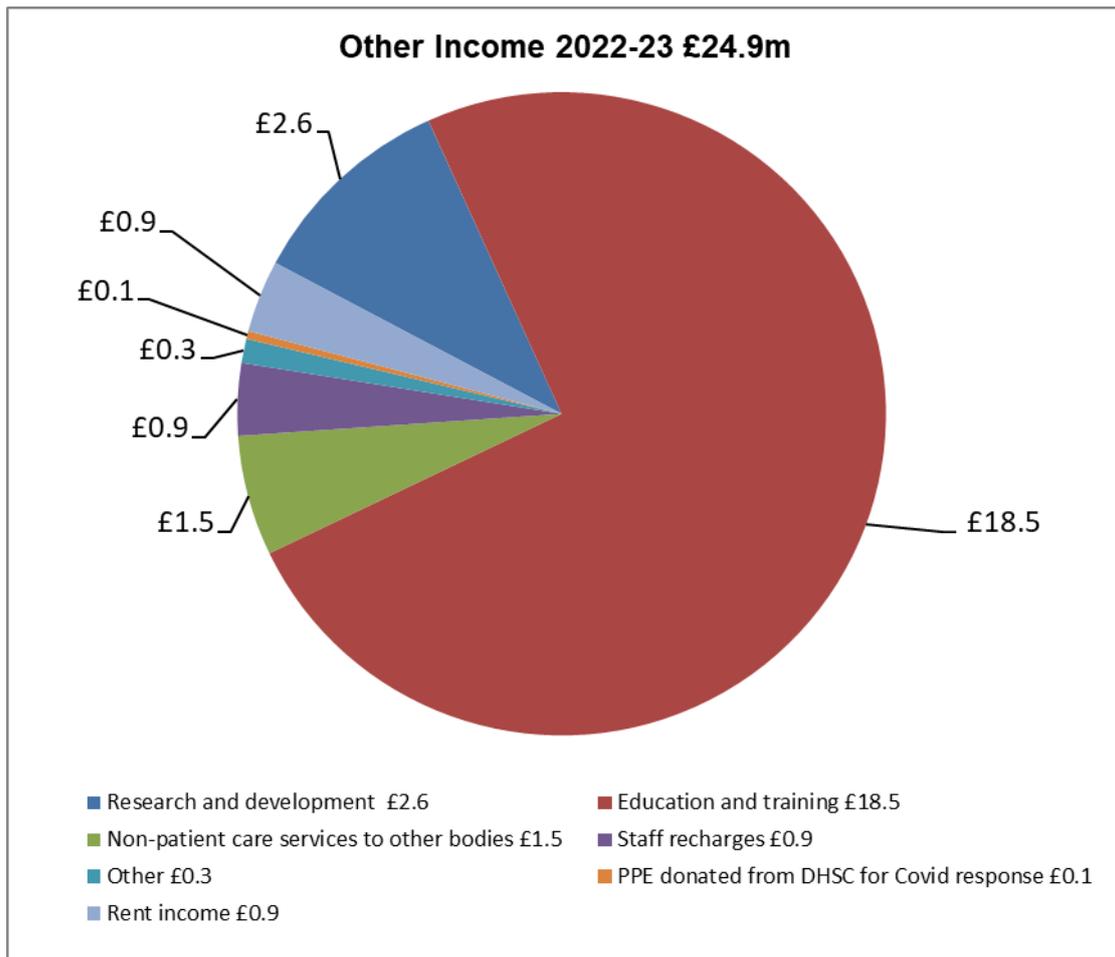
The total potential liability to pay interest on invoices paid after their due date during 2022-23 would be £2,871,939, an increase on 2021-22 amounts (£1,842,761). There have been minimal claims under this legislation, therefore the liability is only included within the accounts when a claim is received.

## Income Generation

During 2022-23, income generated was £484.5m from a range of activities; 94.9% from direct patient care. Patient care income totalling £459.5m came from the following areas:



There was a further £24.9m from education and training, research and development 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 services in the UK was greater than its income from the provision of goods and services for any other purposes. The provision of goods and services for any other purposes had no negative impact on the provision of health services.

**Performance against key health care targets**

Our 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. This section will focus on the national ones within Oversight Framework, which is formally reported to the Board on a quarterly basis, and those ambitions within the Long-Term Plan that are monitored at Trust level. (For those at ICB level see the section on Progress towards targets agreed with local commissioners)

## NHS Improvement's 'well-led' Framework

In this section of the Annual Report, we provide an overview of how we have had regard to NHS Improvement's well-led framework in arriving at our overall conclusions about the position of the organisation.

The well-led framework is based on eight domains covering:

- Clarity of vision and credibility of strategy.
- Leadership capacity and capability.
- Clarity of roles and systems of accountability.
- The appropriateness and accuracy of information.
- Engagement with service users and carers, the public, staff and external stakeholders.
- Learning, continuous improvement and innovation.
- Processes for managing risks, issues and performance.
- Culture.

On 1 April 2022 we introduced new leadership and governance arrangements, which are crucial to the delivery of Our Journey to Change and support how the Trust works in partnership with the broader NHS. They were designed to:

- Simplify the governance processes – giving nurses more time to care, enabling clinical teams to make decisions with the people they care for and making it easier for everyone to understand their role and responsibilities.
- Strengthen reporting from teams through our two care groups directly to our Trust Board.
- Improve the connectiveness of the tiers of governance and embed increased line of sight from ward to Board.

These arrangements reflect the best practice described by the Good Governance Institute following its independent developmental review of leadership and governance, using the NHS Improvement's 'well-led' framework in 2020/21.

In addition, key developments during the 2022/23 included:

- The approval of five co-created strategic journeys (clinical, quality and safety, co-creation, people and infrastructure). These create a widely owned understanding of how to interpret Our Journey to Change and facilitate the alignment of the Delivery Plan 2023/24.
- The introduction of a new accountability framework which provides for a devolved, high-trust and more empowered way of working, and governs the relationships between our Board, Executive Directors Group, care groups and corporate structures. It frames how individual teams, and the various levels of our structures, operate and provides clarity around roles, responsibilities and

the expectations of each part of the leadership and governance arrangements supporting improved grip, transparency and accountability.

- Improvements to the management and oversight of risk through the approval of a revised organisational risk management policy; the establishment of risk groups at care group and executive levels, aligned to a revised risk management framework, enabling better flow and the management of risks at the appropriate level; appointed a qualified Head of Risk Management to support the new arrangements, to provide specialist advice and develop and deliver training; improved reporting to the Board and its Committees on both the Board Assurance Framework and the Corporate Risk Register; and strengthened the alignment between the Integrated Performance Approach and the Board Assurance Framework.
- The development of a team/ward risk assessment trigger tool, which allows us to look across a range of indicators that may highlight stress factors in a service or team through poor performance against training, high incident rates, high restraint/restrictive interventions etc. This was initially used to undertake a cultural risk assessment into closed cultures, but can be expanded to allow us to see, at a glance, where it might be necessary to undertake further deep dive reviews and provide support.
- The introduction of a new quality assurance programme, to support good practice in the quality of clinical record keeping, recognising that high quality documentation is an enabler to good patient care.
- A six-month post implementation review of our new leadership and governance arrangements, which has enabled some short-term fine adjustments and, subject to quality impact assessments, potential longer term changes to further support the delivery of Our Journey to Change.

Further information on our governance framework and internal control arrangements is provided in the Annual Governance Statement. The NHSI Well-led Framework is available at: [www.england.nhs.uk/well-led-framework/](http://www.england.nhs.uk/well-led-framework/)

## **NHS Oversight Framework**

There are 10 Oversight Framework measures for which standards are applied at Trust level. The Trust has consistently achieved the following four measures:

- National Patient Safety Alerts not completed by deadline
- Consistency of reporting patient safety incidents
- Proportion of staff in senior leadership roles who are women
- Proportion of staff in senior leadership roles who are disabled staff

In relation to the remaining six measures:

We have not achieved our ambition to eliminate inappropriate out of area placement (OAP) bed days for adults that are either 'internal' or 'external'. OAPs are intrinsically

linked to the pressures on our inpatient services and, throughout 2022/23, we have implemented processes to ensure we share good practice. This includes increased focus on overnight leave and the extension of leave for our patients, the establishment of weekly meetings to review delayed transfers of care and patients with a length of stay in excess of 30 days to identify blockages, to facilitate safe and effective discharge for patients.

We have established a Trust Oversight Group to oversee a full review of current bed allocation and to develop new proposals for the number of beds, type, location and resource/staffing impact across the next five years by the end of June 2023. These actions to improve our occupancy levels will ensure that we have more beds available within the Trust, thereby reducing the need to place patients in external beds.

There are 3 Oversight Framework measures for which standards are applied at Integrated Care Board level. The Trust has consistently achieved the following two measures:

- Number of children and young people accessing mental health services as a % of population
- Access rates to community mental health services for adult and older adults with severe mental illness

The remaining measure, Access Rate for IAPT services, was not achieved.

Throughout 2022/23, a number of initiatives have taken place to increase our provision and awareness of the services we offer, and a Performance Improvement Plan is currently being developed to support ongoing improvement.

## **Long-Term Plan**

Within the Long-Term Plan there are 16 Mental Health Long Term Plan ambitions; four are monitored at Trust level. Of these, we consistently achieved the following:

- Percentage of adults discharged from CCG-commissioned mental health inpatient services receive a follow-up within 72 hours.
- Data Quality Maturity Index.

We did not achieve the remaining two ambitions:

- Number of inappropriate OAP bed days for adults by quarter that are either 'internal' or 'external' to the sending provider.
- Number of inappropriate OAP bed days for adults by quarter that are 'external' to the sending provider.

## Progress towards targets agreed with local commissioners

We provide regular performance information to commissioners as part of the mental health contract covering activity and key measures of quality. These are reported within our Integrated Performance Report and are aligned to the Long-Term Plan priorities.

Our commitment to contract performance management is evidenced through routine contract performance and quality meetings with commissioners, which are regularly attended and have the full participation of senior staff.

These meetings/groups focus on areas such as service quality, service development and finance.

There are 12 Mental Health Long-Term Plan ambitions where we have agreed local plans for delivery or delivery of national standards with commissioners. We only agreed to improved trajectories where there was either 2021/22 investment that had not fully worked through into improved performance, where additional 2022/23 investment was agreed, or where quality improvement work held out the prospect of increased performance. It was acknowledged by all Sub-ICB Locations and the Trust that there were insufficient financial resources to deliver on all LTP trajectories therefore a number of 'recovery plans' were developed.

Of the agreed ambitions, for the financial year we achieved the following:

- IAPT: The proportion of people who are moving to recovery for Country Durham, Tees Valley and Vale of York Sub-ICB Locations.
- The proportion of people who wait 6 weeks or less from referral to accessing IAPT against the number of people who finish a course of treatment for all Sub-ICB Locations.
- The proportion of people who wait 18 weeks or less from referral to accessing IAPT against the number of people who finish a course of treatment for all Sub-ICB Locations.
- Percentage of people who have waited more than 90 days between first and second appointments for North Yorkshire Sub-ICB Location.
- Number of CYP aged under 18 supported through NHS funded mental health with at least one contact for all Sub-ICB Locations.
- The proportion of CYP with ED (urgent cases) that wait 1 week or less from referral to start of NICE-approved treatment for Vale of York Sub-ICB Location.
- Number of people who receive two or more contacts from NHS or NHS commissioned community mental health services for adults and older adults with severe mental illnesses for all Sub-ICB Locations.

- Number of women accessing specialist community PMH services for Tees Valley Sub-ICB Location.
- Percentage of people experiencing a FEP treated with a NICE approved care package within 2 weeks of referral for all Sub-ICB Locations.

We did not achieve the ambitions we agreed in respect of the following measures:

- Total access to IAPT services for all Sub-ICB Locations.
- IAPT: The proportion of people who are moving to recovery for North Yorkshire.
- Percentage of people who have waited more than 90 days between first and second appointments for County Durham, Tees Valley and Vale of York Sub-ICB Locations.
- The proportion of CYP with ED (routine cases) that wait 4 weeks or less from referral to start of NICE-approved treatment for all Sub-ICB Locations.
- The proportion of CYP with ED (urgent cases) that wait 1 week or less from referral to start of NICE-approved treatment for County Durham, Tees Valley and North Yorkshire Sub-ICB Locations.
- Number of people accessing IPS services for all Sub-ICB Locations.
- Number of women accessing specialist community PMH services for County Durham, North Yorkshire and Vale of York Sub-ICB Locations.

While the Trust has not achieved the ambitions set nationally for each individual Sub-ICB Location, work has been undertaken with partners to develop local trajectories as part of the 2023/24 operational planning round for mental health services. These have been submitted to the relevant Integrated Care Boards for agreement with NHS England. Our proposals, while achievable, are stretching to support progress towards the national ambitions.

There was one operational standard and one national quality requirement included within the 2022/23 mental health contract, which were:

- Number of episodes of mixed sex accommodation – sleeping
- Duty of Candour (failure to notify)

These were consistently achieved for the 2022/23 financial year.

**Arrangements for monitoring improvements in the quality of healthcare and progress towards meeting any national and local targets, incorporating Care Quality Commission assessments and reviews and the NHS Foundation Trust’s response to any recommendations made.**

Between May 2022 and March 2023, the Trust received a series of service inspections from the Care Quality Commission. This included inspection of Adult Learning Disability In-patient wards, Community Child and Adolescent Mental Health Teams, Secure Inpatient Services and Adult Mental Health In-patient Services.

During this period, there were also joint HMIP/CQC inspections of several prisons where our Trust delivers mental health services (either as a direct contract or under a sub-contract for another provider).

The Trust has retained a rating of 'Requires Improvement' overall. A copy of the most recent inspection reports may be viewed at: [www.cqc.org.uk/provider/RX3](http://www.cqc.org.uk/provider/RX3)

CQC Inspection reports received by the Trust identified a number of Regulatory breaches from which 'must do' and 'should do' actions were stipulated. A collective, collaborative approach was taken to the development of comprehensive Trust action plans. Action plans in response to each of the findings were agreed by staff from across all specialties inspected, senior managers and the senior leadership team. The action plans were formally approved by the Trust Executive and action plans for the services were submitted as follows:

- The Child and Adolescent Mental Health Services action plan was submitted 22 September 2022
- The Adult Learning Disability In-patient Service action plan was submitted to the CQC 11 November 2022
- The Secure Inpatient Service action plan was submitted to the CQC 23 November 2022

Following the inspection of Adult Learning Disability In-patient Services, the Trust received a Section 31 Notification to advise that the CQC were considering taking enforcement action regarding some identified concerns. The Trust submitted and delivered an immediate action plan and the CQC advised that assurances had been provided and no further action was to be taken.

In July 2022 a CQC Notification to impose conditions on registration for this service was received by the Trust. However, it was later confirmed by the CQC that they were not adopting the proposal to impose any conditions on registration.

The Trust has robust arrangements for oversight and monitoring of the delivery of all actions arising from inspections undertaken by the CQC. This includes designated Director leads for all actions, and review by both strategic and operational governance forums, including the Quality Assurance Committee and Board.

During 2022/23 we have also reported to, and have been supported by, an external Quality Board jointly chaired by the North East North Cumbria Integrated Care Board Lead Officer and the Regional Chief Nurse.

## **New or significantly revised services**

### **Community Mental Health Transformation**

#### **Overview:**

Across County Durham, Tees Valley and North Yorkshire & York we have co-created a vision across the system for Adult and Older Adults services. We have enhanced relationships with partners across sectors due to regular stakeholder meetings and joint delivery plans. We have worked closely with the voluntary care sector to enhance capacity to support statutory services to deliver person centred care. We have worked with system partners to develop community hubs where patients can access and receive the most appropriate care and support, they need.

We have created Lived Experience Networks and delivered peer support across the systems We have been acknowledged by Rethink Mental Illness in their best practice report 2022. Lived Experience representation is a core part of our planning and governance structure

We have introduced Mental Health Practitioners across Primary Care Networks, which is meaning support and intervention can be delivered at the earliest point. Since introducing Mental Health roles in primary care (GP practices), thousands of patients have been seen within a primary care setting by a TEWV MH Nurse practitioner.

Only a small percentage of those patients were referred into secondary care services.

Our relationships have grown across the pathways, which are resulting in a better understanding of each other's services and roles to ensure individuals get to the right place as quickly and seamlessly as possible.

We are building on a great start to what is a huge transformation programme that will significantly change the landscape of holistic health and social care provision that will meet the needs of our populations.

#### **CAMHS – iTHRIVE**

In a similar way to the adult community transformation programme, we are co-creating and delivering a new way of providing the right support for our Children & Young People, their carers and families using the iTHRIVE model. Using the

iTHRIVE model means there is a single vision across systems that is fully integrated and supports children, young people and families as early as possible

Through embedding this integrated model, it ensures there is a workforce across the system that has the appropriate skills to support children, young people and their families. Through it there is an increased emphasis on prevention, including supporting greater resilience within the community.

Helping to achieve this is a network of agencies and providers, including TEWV, who share effective links and joint working practices to ensure young people's needs are met by the most appropriate service. Generally, referrals are triaged by a single point of access team who will then bring in to CAMHS for specialist assessment or facilitate effective signposting with partner agencies through the use of established joint huddles and pathways. However, referrals can come into any part of the system and transition, if needed, through these links.

There are a range of partners involved with us, including 3<sup>rd</sup> sector organisations, local authorities, primary care networks and other health trusts who work with children in schools and the community. Work is developing further to look at joint facilitation of early help and preventative group interventions and other joint working practices.

We are linked into young people's groups and forums via some of these partners, as well as into our own internal young people participation groups, to regularly engage with young people on these developments to ensure their voice is heard and informs transformation plans.

### **Service improvements following staff or patient surveys/comments and Care Quality Commission reports**

During 2022/23 the Trust has made significant progress in delivering the January 2022 Core Service Action Plan. By 31 March 2023, 68 of the 74 (92%) must do actions within the action plan were completed. The remaining six actions scheduled are on track to be delivered.

Extensive improvement work has been undertaken in response to the core service inspections. Actions implemented have included:

- Implementing a programme of work that will increase the knowledge and skills of staff in relation to patient safety, improve incident reporting and enable learning from patient safety incidents.
- Undertaken a caseload deep dive across community child and adolescent mental health services to improve caseload management and reduce team's overall caseload size and to allow for more timely appointments.
- Developing and implementing Keeping In Touch processes for patients waiting for community child and adolescent mental health services.

- Improving recruitment to vacant posts.
- Implementing recruitment and retention programmes to attract new staff.
- Undertaking a staffing establishment review.
- Undertaking a review of the clinical model in adult learning disability services.
- Improving the staffing skill mix in adult learning disability wards.
- Improving staffing escalation processes in secure inpatient services and adult learning disability services.
- Developing and implementing adult learning disability specific post incident rapid review guidance to support rapid reflection and learning.
- Implementing Reducing Restrictive Practice Assurance Panels.
- Improving mandatory and statutory training compliance.
- Embedding the new governance structure.
- Undertaking Board development.
- Implementing the revised Board Assurance Framework.
- Developing systems for learning from incidents and complaints.
- Developing and enhancing the Trust's corporate risk register.
- Reviewing the Safeguarding Policy.
- Reviewing the Speak Up and Whistleblowing Policy.

In addition to clearly evidencing delivery of the required actions, we continue to implement a wider programme of change and improvement. During 2022/23 this has included, strengthening governance arrangements, increasing leadership visibility and oversight, improving staffing establishments, improving mandatory training compliance, and improving the quality of clinical supervision. Work has also been achieved to enhance organisational learning from a range of internal and external sources. This has included strengthening and further developing mechanisms for capturing and communicating learning.

In addition, significant progress has been made in implementing learning from the Trust's Quality Assurance and Improvement Programme to improve practice and gain assurance of the impact of our actions to improve care for patients, their families and carers.

This work continues to nurture a positive culture of patient safety and continuous quality improvement.

## **Improvement work aligned to national initiatives**

We have embedded an infrastructure and a range of approaches that support the delivery of high quality, safe and effective care with robust governance arrangements. Some examples are set out below:

- We have been using Quality Improvement (QI) since 2007 and, as a core element of Our Journey to Change, we will continue to use it in the future. Our QI approach gives people who access our services, who deliver our services and who partner with us, to have a voice and to participate in QI activity to help make our Trust a great place to work and a great partner to work with. This enables people to live their best possible lives. Our dedicated Quality Improvement Team provides expertise and support across the Trust. To continue to build our capacity and capability, QI training is provided at four different levels: foundation, intermediate, leader and expert.
- A wide range of staff training and development opportunities are accessible to staff. During 2022/23 we have implemented the National Patient Safety Syllabus at levels 1 and 2 as mandatory for all our staff.
- We have developed our training provision in relation to risk management and will be implementing a newly procured risk management system from July 2023 onwards. The system has several modules that provide digital solutions to incident reporting, risk registers, policies and procedures, complaints and concerns, clinical audit and assurance and the CQC Fundamental Standards of Care. The new system will also assist the Trust in its transition to the Learning from Patient Safety Events (LFPSE) service from the National and Reporting Learning System (NRLS).
- We have developed a programme of work to support the delivery of the new national Patient Safety Incident Response Framework (PSIRF).
- Systems and structures that support organisation-wide learning including rapid patient safety early learning reviews, safety alerts, learning from serious incident bulletins and share and learn webinars.
- Working collaboratively with national organisations on specific areas of practice and patient care – for example sexual safety, implementing the HOPE(S) model in adult learning disability services, suicide prevention and harm minimisation.
- In response to the Use of Force Act, the Trust has continued to develop its policies and practices to reduce restrictive practices. This has demonstrated significant reductions in the use of restrictive practices across the Trust.

We have a well-established Quality Assurance and Improvement Programme which was first initiated in April 2021. This is focused partly on patient care documentation, recognising that high quality documentation (patient's electronic clinical records) is an enabler of high-quality patient care. The programme also includes observation of practice and talking to teams and patients in clinical areas.

The programme comprises of a range of quality assurance tools that are used to gain a holistic assessment of the quality of patient care. These tools are subject to review to ensure they are informed by current areas of risks where further assurance is required.

- QA2: Assurance MDT self-declaration
- QA3: Modern matron quality review

- QA4: Practice development reviews
- QA5: Community Quality review
- QA6: Peer review
- QA7: MDT walkabout
- QA12: Directors visits

The Quality Assurance and Improvement Programme is an effective method of monitoring compliance against key standards of care related to patient safety, clinical effectiveness, and patient experience. It has facilitated significant practice improvements and provides the organisation with both quantitative and qualitative assurance evidence. Our Practice Development Practitioners continue to facilitate required practice improvements through supporting clinical staff via coaching, mentoring, education, and training.

Key learning from incidents, patient surveys, complaints and other forms of intelligence helps to shape our Trust's quality improvement priorities and continues to be monitored using the Quality Assurance and Improvement Programme.

Co-creation is central to our overall approach. We work closely with patients, families and carers to identify and deliver our priorities. We are one of the first trusts nationally to create lived experience director roles for people with lived experience of mental illness and currently have two lived experience directors in post. These roles ensure that services continue to be developed and improved by working closely with our network of patients and carers, local communities, and colleagues in other lived experience roles.

We gain important feedback from national and local patient and carer surveys, which enable us to focus improvements on specific wards and services.

## **Significant partnerships and alliances entered into by the NHS foundation trust to facilitate the delivery of improved healthcare**

The Trust continues to support commissioning partnerships that enable clinically informed decisions to be made on prioritisation. Place-based ICB staff and senior local authority officers are members of Partnership Boards and decision making is informed by the work of commissioning groups. During 2022/23 these structures have been connected to the governance of the North East North Cumbria and Humber North Yorkshire ICBs. TEWV also supports the North East specialist services Provider Collaborative.

At operational level, in line with its goal of being a good partner, TEWV subcontracts services to the voluntary/community sector where that sector has the skills, knowledge or assets to provide a more effective and efficient service to NHS patients. This is particularly the case for services where 'social' rather than 'medical' knowledge is useful. This includes a range of services from 'through the gate' services for ex-prisoners to the provision of benefits and housing advice and support to people for whom these issues are causing mental distress. Such services are funded from the contract payments made to TEWV by commissioners.

Changes in the policy environment that TEWV has been required to consider during 2022/23 include:

- The formation of Integrated Care Boards/Systems and their development of new governance processes and strategies/priorities.
- Increasing demand for inpatient beds, and increased acuity of patients (especially adult mental health and adult learning disability services)
- Increasing demand for community services, especially for Under 25s, and needs related to autism, ADHD or eating disorders
- Pressures on the social care and housing systems which had an impact on the speed/ease of discharge for inpatients
- Learning from inspection and coroners' findings, including the independent report into issues related to deaths of people who had been patients in the former West Lane Hospital
- The NHS zero carbon targets, and requirement to develop a Green Plan
- The challenges of workforce supply as shortages in other sectors drove up average private sector wages and made NHS roles less attractive
- National industrial relations
- Evidence of increased child poverty in the North East
- Changes to police forces' response/role in situations relating to individuals suffering mental distress or crisis
- Publication of the government's women's health strategy
- In year changes in key ministerial positions
- Announcements of increased resources for local authority commissioned substance misuse services
- Changes to national special educational needs policy and announcement of additional special school places for Darlington, Middlesbrough and North Yorkshire
- Publication of a new national cyber security strategy

## **Information on complaints handling**

Complaints are managed following national guidance and we endeavour to respond to all 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.

We use the learning from complaints as an opportunity for improvement in the same ways as feedback from patient surveys and this is built into individual team plans and trust wide work where applicable.

A review of the complaints process commenced during 2022, to enable further improvements in the experience of complainants and to enhance how the Trust learns from complaints and feedback from patients, carers and families.

# The remuneration report

## Annual Statement on remuneration

Through 2022-23 two key pieces of work were undertaken:

### **Very Senior Managers (VSM) salaries were reviewed against national benchmarks for similar posts/trusts in England.**

When posts have become vacant, we have reviewed the remuneration against the national and regional average pay for comparable roles in comparable organisations to set the pay for these newly recruited very senior managers. Given that existing posts had not been reviewed for several years despite significant changes to portfolios, the decision was made to carry out the same benchmarking exercise for those already in post.

This led to some changes to salary for some VSM posts. Some of these were implemented in April 2023, some were scheduled for April 2024, and some were staggered over the two dates. The cost-of-living increase that had been applied to Agenda for Change staff was also put in place for VSM staff from April 2023.

In addition to an across-the-board increase of 3.0% for all VSMs (and Executive Senior Managers) to be applied and backdated to 1st April 2022, the Committee had discretion to apply a further 0.5% increase to VSMs whose salaries were close to the upper spinal point of Agenda for Change (AfC) band 9 to ameliorate the erosion of differentials. The further 0.5% increase was applied to three posts but not to apply the other VSM posts.

A national steer had been given that there was the potential for individual VSM postholders to receive non-consolidated pay awards. The committee considered this, but felt it was out of step with the concept of a unitary board and therefore no awards were allocated.

No changes were made to non-executive director pay, as these were in line with the national benchmarks.

**A new structure was put into place to address concerns from the external governance review.**

This review was implemented across the whole Trust, from executive portfolios to the leadership structures above team level, in both clinical and corporate services.

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

All VSM achieved their objectives as set out at the start of the year, and these were approved by the nomination and remuneration committee.

David Jennings

Chair of the Board’s Nomination and Remuneration Committee

**Policy Disclosures**

|  |   |
|--|---|
| Basic pay  | <p>The VSM Pay Framework is based on the national benchmarking for comparable providers and comparable roles. We have reviewed these when new appointments were made in line with the national benchmarks.</p> <p>The same committee reviews the objectives and appraisals of the executive directors to ensure. Through these arrangements the Trust has satisfied itself that senior managers’ remuneration is reasonable. 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 or lower than those of other similar organisations.</p> |
| Performance related Components   | There are no performance-related components   |
| 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 VSM staff were paid this during 2022/23.   |
| Allowances   | Car and on call allowances are included within basic pay.   |
| Provisions for the recovery of sums paid to directors or for withholding | <p>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</p>  |

|   |  |
|---|--|
| payments of sums to senior managers                 | 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. This has not been applied to any VSM staff this year. |
| Remuneration above £150,000                         | A comparison is undertaken with the national benchmarking. All the VSM salaries are reported nationally through the national survey.   |
| Arrangements specific to individual senior managers | Not applicable   |

- Service contracts 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. This was actively considered in relation to the gender pay gap and the varying salaries amongst VSM colleagues. The standards in the policy are that we:
  - Respect and protect the human rights of all patients, colleagues and anyone else who has a relationship to the Trust.
  - Take 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.
  - Colleagues who identify with protected groups have the right to be treated fairly and with dignity and respect and without the fear of unlawful discrimination, harassment, victimisation or bullying.
  - Commit 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.
  - Commit to monitoring, evaluating and reporting on issues of equality, diversity and human rights in employment and service provision.
  - Work towards best practice standards of equality, diversity and human rights and not merely comply with legislation.
  - Promote equality, foster good relations and take an anti-discriminatory approach in all areas of employment and service delivery.
  - Ensure 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.
  - Recognise the importance of this policy in the employment relationship it has with its staff and in provision of services for patients, and will reflect this commitment in all Trust policies, procedures and practices.

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, for example, 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 (VSM) remuneration levels in comparable Trusts were used to establish the original VSM 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 VSM Pay Framework since 2014. This includes consideration of updated independent remuneration reports. Since then, the national benchmarking process, which we also contribute to, has been the foundation on which we have reviewed our own scales.

### Non-Executive Director Remuneration

|                                       |  |
|---------------------------------------|--|
| Basic Remuneration                    | <p>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.</p> <p>Associate Non-Executive Directors receive the same level of remuneration as the Non-Executive Directors.</p> <p>The Non-Executive Directors have not received an increase in their remuneration since 2013/14.</p> |
| 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 (for example travel) in line with Trust policy.   |



**Brent Kilmurray**  
**Chief Executive**  
**27<sup>th</sup> June 2023**

## Senior managers' remuneration

| Name and Title  | 2022-23               |                        |                             |                          |                       |                             | 2021-22               |                       |                             |                          |                       |                             |
|---|-----------------------|------------------------|-----------------------------|--------------------------|-----------------------|-----------------------------|-----------------------|-----------------------|-----------------------------|--------------------------|-----------------------|-----------------------------|
|   | Salary                | Other Remuneration *** | Benefits in Kind *          | Pension related benefits | Total Remuneration    | Expenses Paid               | Salary                | Other Remuneration    | Benefits in Kind *          | Pension related benefits | Total Remuneration    | Expenses Paid               |
|   | (bands of £5000) £000 | (bands of £5000) £000  | Rounded to the nearest £100 | (bands of £2500) £000    | (bands of £5000) £000 | Rounded to the nearest £100 | (bands of £5000) £000 | (bands of £5000) £000 | Rounded to the nearest £100 | (bands of £2500) £000    | (bands of £5000) £000 | Rounded to the nearest £100 |
| Mr Brent Kilmurray, Chief Executive   | 175 - 180             | 0 - 5                  | 2,700                       | 32.5 - 35.0              | 215 - 220             | 1,000                       | 180 - 185             | -                     | 7,300                       | 205.0 - 207.5            | 395 - 400             | 600                         |
| Mrs Ruth Hill, Chief Operating Officer (left 31 July 2021)  | -                     | -                      | -                           | -                        | -                     | -                           | 40 - 45               | -                     | 7,000                       | 10.0 - 12.5              | 60 - 65               | 100                         |
| Mr Russell Patton, Interim Chief Operating Officer (started 30 August 2021, left 31 January 2022)                       | -                     | -                      | -                           | -                        | -                     | -                           | 60 - 65               | -                     | 0                           | -                        | 60 - 65               | 0                           |
| Mrs Zoe Campbell, Managing Director North Yorkshire York and Selby (Started 13 June 2022)                               | 100 - 105             | -                      | 0                           | 17.5 - 20.0              | 120 - 125             | 0                           | -                     | -                     | -                           | -                        | -                     | -                           |
| Mr Patrick Scott, Durham Tees Valley and Forensic Services (started 1 April 2022)                                       | 130 - 135             | -                      | 1,600                       | 125.0 - 127.5            | 260 - 265             | 0                           | -                     | -                     | -                           | -                        | -                     | -                           |
| Mrs Liz Romaniak, Director of Finance, Information and Estates  | 140 - 145             | 0 - 5                  | 0                           | 37.5 - 40.0              | 175 - 180             | 0                           | 135 - 140             | -                     | 0                           | 50.0 - 52.5              | 185 - 190             | 9,500                       |
| Mrs Elizabeth Moody, Director of Nursing and Governance and Deputy Chief Executive ***                                  | 125 - 130             | 0 - 5                  | 14,600                      | 117.5 - 120.0            | 260 - 265             | 500                         | 115 - 120             | 0 - 5                 | 13,400                      | 32.5 - 35.0              | 165 - 170             | 0                           |
| Dr Ahmad Khouja, Medical Director (ended 31 August 2021), Chief Clinical Strategy Officer (started 01 September 2021)** | -                     | -                      | -                           | -                        | -                     | -                           | 160 - 165             | 35 - 40               | 700                         | -                        | 200 - 205             | 200                         |
| Dr Stephen Wright, Medical Director (started 01 September 2021, left 26 June 2022)                                      | 25 - 30               | 0 - 5                  | 0                           | -                        | 25 - 30               | 0                           | 80 - 85               | 0 - 5                 | 0                           | -                        | 85 - 90               | 0                           |
| Dr Kedar Kale, Medical Director (started 27 June 2022)  | 125 - 130             | -                      | 1,500                       | -                        | 130 - 135             | 2,300                       | -                     | -                     | -                           | -                        | -                     | -                           |

|  |           |       |       |               |           |       |           |       |       |             |           |       |
|--|-----------|-------|-------|---------------|-----------|-------|-----------|-------|-------|-------------|-----------|-------|
| Mrs Sarah Dexter-Smith, Director of People and Culture   | 120 - 125 | 0 - 5 | 0     | 52.5 - 55.0   | 170 - 175 | 1,700 | 110 - 115 | -     | 0     | 45.0 - 47.5 | 155 - 160 | 0     |
| Mrs Sharon Pickering, Director of Planning, Commissioning, Performance and Communications (left 30 September 2021), Assistant Chief Executive (started 01 October 2021, left 18 July 2022) | 40 - 45   | 0 - 5 | 0     | -             | 40 - 45   | 300   | 110 - 115 | -     | 0     | 67.5 - 70.0 | 180 - 185 | 900   |
| Mr Mike Brierley, Assistant Chief Executive (started 1 July 2022)  | 85 - 90   | -     | 1,000 | 72.5 - 75.0   | 160 - 165 | 0     | -         | -     | -     | -           | -         | -     |
| Mrs Jennifer Illingworth, Director of Operations - County Durham and Darlington  | -         | -     | -     | -             | -         | -     | 110 - 115 | -     | 6,700 | 32.5 - 35.0 | 150 - 155 | 500   |
| Mrs Naomi Lonergan, Director of Operations - North Yorkshire and York  | -         | -     | -     | -             | -         | -     | 110 - 115 | -     | 5,200 | 27.5 - 30.0 | 145 - 150 | 0     |
| Mr Dominic Gardner, Director of Operations – Teesside  | -         | -     | -     | -             | -         | -     | 105 - 110 | -     | 0     | 27.5 - 30.0 | 135 - 140 | 0     |
| Mrs. Lisa Taylor, Director of Operations - Forensic Services ***   | -         | -     | -     | -             | -         | -     | 100 - 105 | 0 - 5 | 3,800 | 30.0 - 32.5 | 135 - 140 | 200   |
| Mrs Avril Lowery, Director of Quality Governance ***   | -         | -     | -     | -             | -         | -     | 100 - 105 | 0 - 5 | 0     | 20.0 - 22.5 | 125 - 130 | 0     |
| Mr Phil Bellas, Company Secretary  | -         | -     | -     | -             | -         | -     | 85 - 90   | -     | 0     | 25.0 - 27.5 | 110 - 115 | 0     |
| Mrs Ann Bridges, Director of Corporate Affairs and Involvement (started 13 September 21)   | 100 - 105 | 0 - 5 | 1,000 | 22.5 - 25.0   | 125 - 130 | 200   | 50 - 55   | -     | 1,600 | 12.5 - 15.0 | 65 - 70   | 0     |
| Mrs Hannah Crawford, Director of Therapies (started 1 April 2022)  | 100 - 105 | 0 - 5 | 800   | 197.5 - 200.0 | 300 - 305 | 700   | -         | -     | -     | -           | -         | -     |
| Mrs Miriam Harte, Chairman (left 31 October 2021) ****   | -         | -     | -     | -             | -         | -     | 55 - 60   | -     | 0     | -           | 55 - 60   | 2,300 |
| Mr David Jennings, Chairman (started 1 September 2022)   | 25 - 30   | -     | 0     | -             | 25 - 30   | 1,900 | -         | -     | -     | -           | -         | -     |
| Dr Hugh Griffiths, Non-Executive Director (left 30 June 2021)  | -         | -     | -     | -             | -         | -     | 0 - 5     | -     | 0     | -           | 0 - 5     | 0     |
| Mrs Shirley Richardson, Non-Executive Director, Senior Independent Director (started 23 June 2020), Interim Deputy Chair started 01 November 2021) (left 31 August 2022)                   | 10 - 15   | 0 - 5 | 0     | -             | 10 - 15   | 500   | 20 - 25   | -     | 0     | -           | 20 - 25   | 500   |
| Mr Paul Murphy, Non-Executive Director (Interim Chair started 01 November 2021, left 31 August 2022)   | 15 - 20   | -     | 0     | -             | 15 - 20   | 1,900 | 25 - 30   | -     | 0     | -           | 25 - 30   | 1,300 |
| Prof. Pali Hungin, Non-Executive Director  | 10 - 15   | -     | 0     | -             | 10 - 15   | 300   | 10 - 15   | -     | 0     | -           | 10 - 15   | 0     |

|   |         |       |   |   |         |     |         |   |   |   |         |   |
|---|---------|-------|---|---|---------|-----|---------|---|---|---|---------|---|
| Mrs Beverley Reilly, Non-Executive Director   | 15 - 20 | -     | 0 | - | 15 - 20 | 200 | 10 - 15 | - | 0 | - | 10 - 15 | 0 |
| Mr John Maddison, Non-Executive Director & Chairman of the Audit and Risk Committee | 15 - 20 | -     | 0 | - | 15 - 20 | 100 | 15 - 20 | - | 0 | - | 15 - 20 | 0 |
| Mrs Charlotte Carpenter, Non-Executive Director (started 01 September 2021)         | 10 - 15 | -     | 0 | - | 10 - 15 | 0   | 5 - 10  | - | 0 | - | 5 - 10  | 0 |
| Mrs Jillian Haley, Non-Executive Director (started 01 September 2021)               | 10 - 15 | -     | 0 | - | 10 - 15 | 0   | 5 - 10  | - | 0 | - | 5 - 10  | 0 |
| Mr Jules Preston, Associate Non-Executive Director (started 01 November 2021)       | 15 - 20 | 0 - 5 | 0 | - | 15 - 20 | 500 | 5 - 10  | - | 0 | - | 5 - 10  | 0 |
| Mrs Roberta Barker, Associate Non-Executive Director (started 01 November 2021)     | 10 - 15 | 0 - 5 | 0 | - | 10 - 15 | 0   | 5 - 10  | - | 0 | - | 5 - 10  | 0 |

|  |           |
|--|-----------|
| <b>Remuneration ranged from</b>  | 10 - 15   |
| <b>Remuneration ranged to</b>  | 300 - 305 |
| <b>Band of highest paid directors total remuneration (£000) #</b>            | 175 - 180 |
| <b>Percentage increase from prior year of highest paid director salary #</b> | -2.7%     |
| <b>Percentage increase from prior year of median salary #</b>                | 4.4%      |

|  |           |
|--|-----------|
| <b>Remuneration ranged from</b>  | 0 - 5     |
| <b>Remuneration ranged to</b>  | 395 - 400 |
| <b>Band of highest paid directors total remuneration (£000) #</b>            | 180 - 185 |
| <b>Percentage increase from prior year of highest paid director salary #</b> | 5.8%      |
| <b>Percentage increase from prior year of median salary #</b>                | 3.0%      |

The Trust completed an organisational structure review that changed the job roles considered senior managers. The above table reflects the new structure. Those roles that have no leaving date, but also have no salary in year, are no longer reported as senior managers.

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 is for a £200 bonus paid to all employees in post 31 March 2022 unless otherwise specified

\*\*\*\* 2021-22 salary includes a severance payment.

# Pension related benefits, other remuneration and benefit in kind have been excluded from this calculation, as they are not known for all staff.

### Pension related benefits

The value of pension benefits accrued during the year is calculated as the real increase in 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 being a member of the pension scheme could provide. The pension benefit table provides further information on the pension benefits accruing to the individual.

| 2022-23   | 25th Percentile | Median | 75th percentile |
|---|-----------------|--------|-----------------|
| Salary component of pay   | 23,177          | 32,934 | 40,588          |
| Total pay and benefits excluding pension benefits                       | 23,949          | 32,934 | 41,727          |
| Pay and benefits excluding pension: pay ratio for highest paid director | 7.4:1           | 5.4:1  | 4.3:1           |

| 2021-22   | 25th Percentile | Median | 75th percentile |
|---|-----------------|--------|-----------------|
| Salary component of pay   | 21,777          | 31,534 | 39,027          |
| Total pay and benefits excluding pension benefits*                      | 21,777          | 27,975 | 40,057          |
| Pay and benefits excluding pension: pay ratio for highest paid director | 8.4:1           | 6.5:1  | 4.6:1           |

\*Total pay is lower than salary component in some instances as it includes temporary and agency staff

### Expenses of Governors

At 31 March 2023 the Trust had 41 Governors (2021-22, 41), with 15 receiving reimbursement of expenses (2021-22, 14). The total amount reimbursed as expenses was £545, (£449 in 2021-22)

### Pay Terms and Conditions

With the exception of directors, non-executives and medical staffing, the workforce is covered by Agenda for Change. All inflationary uplifts for staff employed under 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 6 months.

The Nomination and Remuneration Committee is responsible for Executive Directors pay.

A handwritten signature in black ink, appearing to read "Brent Kilmurray".

Brent Kilmurray  
Chief Executive

Date: 27<sup>th</sup> June 2023

## Senior managers' pension benefits

| Name and title  | Real increase in pension at retirement age for time in post | Real increase in pension lump sum at retirement age for time in post | Total accrued pension at retirement age at 31 March 2022 | Lump sum at retirement age related to accrued pension at 31 March 2022 | Cash Equivalent Transfer Value at 31 March 2022 | Cash Equivalent Transfer Value at 31 March 2021 | Real Increase in Cash Equivalent Transfer Value for time in post less employee pension contributions |
|---|---|--|--|--|---|---|--|
|   | (bands of £2500) £000                                       | (bands of £2500) £000  | (bands of £5000) £000                                    | (bands of £5000) £000  | £000  | £000  | £000   |
| Mr Brent Kilmurray, Chief Executive   | 2.5 - 5.0   | -2.5 - 0.0   | 60 - 65  | 125 - 130  | 1,132   | 1,074   | 34   |
| Mrs Liz Romaniak, Director of Finance, Information and Estates                            | 2.5 - 5.0   | -2.5 - 0.0   | 60 - 65  | 120 - 125  | 1,105   | 1,046   | 40   |
| Mrs Elizabeth Moody, Director of Nursing and Governance and Deputy Chief Executive        | 5.0 - 7.5   | 10.0 - 12.5  | 70 - 75  | 190 - 195  | 1,510   | 1,363   | 130  |
| Mrs Sarah Dexter-Smith, Director of People and Culture                                    | 2.5 - 5.0   | 2.5 - 5.0  | 35 - 40  | 65 - 70  | 617   | 556   | 44   |
| Mr Mike Brierley, Assistant Chief Executive (started 1 July 2022)                         | 2.5 - 5.0   | 5.0 - 7.5  | 35 - 40  | 60 - 65  | 690   | 584   | 71   |
| Mrs Zoe Campbell, Managing Director North Yorkshire York and Selby (Started 13 June 2022) | 0.0 - 2.5   | -  | 0 - 5  | -  | 27  | 0   | 13   |
| Mr Patrick Scott, Durham Tees Valley and Forensic Services (started 1 April 2022)         | 5.0 - 7.5   | 10.0 - 12.5  | 70 - 75  | 160 - 165  | 1,345   | 1,200   | 127  |
| Mrs Hannah Crawford, Director of Therapies (started 1 April 2022)                         | 7.5 - 10.0  | 22.5 - 25.0  | 30 - 35  | 65 - 70  | 583   | 394   | 175  |
| Mrs Ann Bridges, Director of Corporate Affairs and Involvement (started 13 September 21)  | 0.0 - 2.5   | -  | 0 - 5  | -  | 40  | 14  | 12   |

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 scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another

pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and from 2004-05 the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost.

Cash equivalent transfer value (CETV) figures are calculated using the guidance on discount rates for calculating unfunded public service contribution rates that was extant on 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023/24 CETV figures.

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.

Benefits and related CETVs do not include values for a future adjustment for eligible employees arising from the McCloud judgment.



Brent Kilmurray:  
Date: 27<sup>th</sup> June 2023  
Chief Executive

## The staff report

### Staff costs

|   | Permanent<br>£000 | Other<br>£000 | 2022/23<br>Total<br>£000 | 2021/22<br>Total<br>£000 |
|---|-------------------|---------------|--------------------------|--------------------------|
| Salaries and wages                                | 283,213           | 15,180        | 298,393                  | 268,865                  |
| Social security costs                             | 26,490            | 1,518         | 28,008                   | 24,251                   |
| Apprenticeship levy                               | 1,293             | 91            | 1,384                    | 1,286                    |
| Employer's contributions to NHS<br>pension scheme | 44,402            | 3,144         | 47,546                   | 43,687                   |
| Pension cost - other                              | 122               | 9             | 131                      | 110                      |
| Other post-employment benefits                    | -                 | -             | -                        | -                        |
| Other employment benefits                         | -                 | -             | -                        | -                        |
| Termination benefits                              | -                 | -             | -                        | 203                      |
| Temporary staff                                   | -                 | 20,746        | 20,746                   | 13,813                   |
| <b>Total gross staff costs</b>                    | <b>355,520</b>    | <b>40,688</b> | <b>396,208</b>           | <b>352,215</b>           |
| Recoveries in respect of seconded<br>staff        | -                 | -             | -                        | -                        |
| <b>Total staff costs</b>                          | <b>355,520</b>    | <b>40,688</b> | <b>396,208</b>           | <b>352,215</b>           |
| <b>Of which</b>                                   |                   |               |                          |                          |
| Costs capitalised as part of assets               | 328               | 204           | 532                      | 460                      |

### Average number of employees (WTE basis)

|  | Permanent<br>Number | Other<br>Number | 2022/23<br>Total<br>Number | 2021/22<br>Total<br>Number |
|--|---------------------|-----------------|----------------------------|----------------------------|
| Medical and dental                                       | 352                 | 139             | 491                        | 391                        |
| Ambulance staff  | -                   | -               | -                          | -                          |
| Administration and estates                               | 1,190               | 142             | 1,332                      | 1,369                      |
| Healthcare assistants and other<br>support staff         | 394                 | 11              | 405                        | 370                        |
| Nursing, midwifery and health<br>visiting staff          | 3,757               | 666             | 4,423                      | 4,377                      |
| Nursing, midwifery and health<br>visiting learners       | -                   | -               | -                          | -                          |
| Scientific, therapeutic and technical<br>staff           | 1,271               | 281             | 1,552                      | 1,212                      |
| Healthcare science staff                                 | 4                   | -               | 4                          | 4                          |
| Social care staff  | 50                  | -               | 50                         | 34                         |
| Other  | -                   | -               | -                          | -                          |
| <b>Total average numbers</b>                             | <b>7,019</b>        | <b>1,238</b>    | <b>8,257</b>               | <b>7,758</b>               |
| <b>Of which:</b>   |                     |                 |                            |                            |
| Number of employees (WTE)<br>engaged on capital projects | 7                   | 2               | 9                          | 6                          |

## Demographic information

Our workforce is primarily white, which is broadly in line with our local population. As of the end of March 2023 there were 6247 female members of staff (80%) and 1599 male members of staff (20%).

The number of male and female staff in the following groups is as follows:

- Executive directors: six female and four male
- Non-executive directors: four female and four male
- Other senior managers: three female and four male

## Sickness and Absence data

Sickness and 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>

## Staff policies and actions applied/taken during the year

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

- Policies for giving full and fair consideration to applications for employment made by disabled persons having regard to their particular aptitudes and abilities.
- Policies for the continuing employment of, and for arranging appropriate training for, employees who have become disabled persons during the period.
- Policies for the training, career development and promotion of disabled employees.

Our recruitment and selection procedure is followed for each recruitment episode. The procedure has been equality impact assessed, ensuring application of the procedure does not impact negatively on people with disabilities.

We are signed up to the disability confident scheme and guarantee an interview to all applicants with a disability who meet the minimum essential criteria for a job vacancy. We will make reasonable adjustments to the recruitment process if this is required.

- We provide a number of health and wellbeing support mechanisms to help staff throughout their employment. Specific advice can be gained from Occupational Health as to recommendations to support a staff member whilst at work. Reasonable adjustments will be made for staff with disabilities, and we have implemented a workplace adjustments procedure to support this process. If a staff member can no longer work in the role they are employed, we will explore redeployment into another suitable alternative role.
- We are fully committed to ensuring all colleagues with disabilities and long-term health conditions have a positive experience and equitable access to training, career development and promotion. To facilitate this, our workplace adjustments procedure provides for individual workplace adjustment plans detailing the adjustments that staff would need to undertake their job role, access training and career development and achieve promotion.

We know that non-disabled staff are 1.14 times more likely to be appointed from shortlisting and that 55% of disabled staff believe our Trust provides equal opportunities for career progression or promotion. Work is ongoing as part of the Trust's Workforce Disability Equality Scheme (WDES) to address these issues.

We regularly share information with colleagues on matters of concern to them, as employees, through our weekly staff briefing and on our staff intranet.

The CEO regularly hosts webinars for all staff, co-hosted with other directors or other staff members depending on the focus.

Staff networks have increased this year and we now have seven networks, all have an executive sponsor, a budget has been allocated, and the network chairs meet with the Director of People and Culture every other month.

We hold regular coffee break sessions for staff to talk with the Director of People and Culture and other leads about anything relating to employment in the Trust. The Director for Corporate Affairs and Involvement also regularly attends these. This also allows an opportunity for People & Culture to share progress on workforce delivery plans and other developments.

All staff are invited to attend virtual lunch and learn sessions, which take place at least monthly, fortnightly on occasion, covering a wide range of topics to raise awareness and encourage healthy discussion. A structured schedule of events is in place so staff can plan dates to be able to attend. These also align with national key

dates for example Black History Month and religious festivals such as Ramadan, Christmas etc.

We also undertake planned monthly Directors visits to meet with our staff across a wide range of services and sites. Hearing about all the great work that is taking place, and discussing areas where we can help to improve the working experience for staff, to provide high quality care for our patients.

Local consultative committees (LCC) take place monthly within each Care Group and a joint consultative committee (JCC) takes place bi-monthly. JCC was increased to a monthly frequency as we progressed out of covid. Items affecting the workforce are discussed at both LCC and JCC, at which staff side representation are in attendance.

For any formal changes affecting the workforce we follow the organisational change procedure, and consultation consisting of group meetings and one to one meetings with staff (along with staff side representation). Staff have an opportunity to provide comments in relation to proposals prior to implementation.

People Asset Management (PAM) provides a comprehensive occupational health service to our Trust.

Provision includes a range of services including pre-employment screening, vaccination and immunisation, specialist occupational health employment advice, and MSK specialist services. We continue to work collaboratively to maintain and improve staff health and wellbeing.

Employee assistance/counselling services were provided via VIVUP, or either of the resilience hubs that the Trust is linked with; Humber and North Yorkshire Resilience Hub and North East and North Cumbria Resilience Hub.

In addition to occupational health services our Trust provides a wide range of health and wellbeing support services for colleagues, such as an employee support service, employee psychology service and a staff mindfulness service – as well as health improvement information through our staff intranet, Better Health at Work Awards campaigns and via our thriving network of more than 250 Health & Wellbeing champions.

During the 2022/23 staff vaccination campaign around 54% of frontline healthcare workers across the Trust received a flu vaccination, which slightly higher than the national uptake rate of 52%. Trust staff were also able to have their Covid-19 booster and approximately 48% of staff received their booster, which was slightly under the national uptake rate of 51%.

Uptake rates were lower than the previous year. This may have been due to several factors, such as:

- More Trust staff receiving an external flu vaccination or Covid-19 booster and the data not being retrieved.
- Overall national data recording and reporting issues.
- Vaccination fatigue in the workforce.
- Concerns from workers regarding the effectiveness of the flu vaccine and/or covid booster.

Our Trust was not unique in its final vaccination uptake rates, as national and regional uptake was generally lower for 2022/23 than previous years.

Planning is already underway for the 2023/24 campaign and lessons learned from the latest campaign will be applied.

## **Countering fraud and corruption**

Our 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.

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 our premises.

Our Trust's Local Counter Fraud Specialist (LCFS) reports to the Audit and Risk Committee quarterly, and through an annual report, and performs a programme of work designed to provide assurance to the Board about fraud and corruption.

The LCFS provides regular fraud awareness sessions to staff, investigates concerns reported by staff and liaises with the police. If any issues are substantiated, we take appropriate criminal, civil or disciplinary measures.

## **Equality Strategy 2020 -2023**

Further information about the Equality, Diversity and Human Rights (EDHR) strategy can be found in the Performance Report. Information from the strategy relating to staff is below:

### **Objective 1:**

Ensure that where it is agreed, staff that require a workplace adjustment have these in place.

### **Progress**

Good progress is being made on the actions in the EDHR strategy and the WDES relating to workplace adjustments and the revised workplace adjustments procedure has been completed and awareness raising of the procedure is ongoing. Some limited central resource to support workplace adjustments is now available from the EDHR team and finance has been agreed to pilot a centralised reasonable adjustments team for a year. Work is also taking place into how to better support staff who have neurodivergent needs. A number of lunch and learn sessions have been held during the year to support this work, including topics such as ADHD, autism and carrying out reasonable adjustments.

### **Objective 2:**

To ensure we support and respond to colleagues who experience verbal aggression, and that we take actions to reduce the number of incidents of verbal aggression towards staff.

### **Progress**

A publicity campaign to reduce verbal aggression against staff has been launched trustwide and posters are displayed in all inpatient and reception areas. Processes are in place to support staff who experience verbal aggression, and training is available to support staff to address this issue. Lunch and learn sessions have been run on hate crime and internal procedures to address verbal aggression. The hate crime police officers in Durham and Cleveland have developed training which they are able to deliver to wards where there are high incidences of verbal aggression.

## **Key Equality Data**

The Trust publishes the following equality data annually. These reports were all published in 2022/ 23

- Publication of information on staff
- Workforce Race Equality Standard and Action Plan
- Workforce Disability Equality Standard and Action Plan
- Equality Delivery System 2022
- Sexual Orientation Equality Standard and Action Plan

<https://www.tewv.nhs.uk/about/equality-and-diversity/approach/>

## **Actions taken by the Trust**

We have taken a number of actions to address issues of differences in outcomes and experiences for both staff and patients from protected groups. Details of these are contained in:

- The equality objective section above.
- The Equality Strategy 2020–2023.
- The Workforce Race Equality Standard Action Plan.
- The Workforce Disability Equality Standard Action Plan.
- The Sexual Orientation Workforce Equality Standard Action Plan.

These can be found at: [www.tewv.nhs.uk/about/equality-and-diversity/strategy/](http://www.tewv.nhs.uk/about/equality-and-diversity/strategy/)

## **Our 2022 National NHS Staff Survey Results**

### **Staff Experience and Engagement**

The following principles describe how we will achieve our ambitions set out in our People Journey, More People, Working Differently, in a Compassionate and Inclusive Culture, and how we will work together:

➤ **Co-creation**

- Ensuring everyone who works in TEWV has a voice – meaning that they are heard when they raise concerns or ideas, and they know that this has been listened to by colleagues and change is possible.
- Working with service users and carers to understand how we can support our colleagues to provide a great experience of care
- Working with our partners, collaborating on regional priorities, working with education and training providers, social care and the voluntary sector so that our workforce is skilled, innovative and emotionally astute
- Working with our communities to build attractive and supportive routes into employment across the wide range of current and future roles that we embody.

➤ **Value-based**

- Underpinned by our values of respect, compassion, and responsibility in the way we work, the way we behave, and the way the organisation is run.

➤ **Centred around our Clinical Journey**

- Our future work will be prioritised and planned to support the ambitions of our Clinical Journey, to help to ensure patients and families have great experience of care

**NHS staff survey**

The NHS staff survey is conducted annually. From 2021/22 the survey questions align to the seven elements of the NHS ‘People Promise’ and retain the two previous themes of engagement and morale. These replaced the ten indicator themes used in previous years. All indicators are based on a score out of 10 for specific questions with the indicator score being the average of those.

The response rate to the 2022/23 survey among trust staff was 44 % (2021/22: 50%).

| Indicators<br>(People Promise elements and themes) | 2022 /23    |                    | 2021/22     |                    |
|--|-------------|--------------------|-------------|--------------------|
|  | Trust Score | Benchmarking Group | Trust Score | Benchmarking Group |
| <b>People Promise</b>                              |             |                    |             |                    |

|                                    |     |     |     |     |
|------------------------------------|-----|-----|-----|-----|
| We are Compassionate and Inclusive | 7.4 | 7.5 | 7.4 | 7.5 |
| We are Recognised and Rewarded     | 6.2 | 6.3 | 6.2 | 6.3 |
| We each have a voice that counts   | 6.9 | 7.0 | 6.9 | 7.0 |
| We are safe and healthy            | 6.2 | 6.2 | 6.2 | 6.2 |
| We are always learning             | 5.6 | 5.7 | 5.4 | 5.6 |
| We work flexibly                   | 6.5 | 6.7 | 6.3 | 6.7 |
| We are a Team                      | 6.9 | 7.1 | 6.9 | 7.1 |
| <b>Staff Engagement</b>            | 6.8 | 7.0 | 6.8 | 7.0 |
| <b>Morale</b>                      | 5.9 | 6.0 | 5.9 | 6.0 |

## 2020/21

Scores for each indicator, together with that of the survey benchmarking group comprising Mental Health & Learning Disability Trusts and Combined Mental Health and Learning Disability and Community Trusts, are presented below:

|  | 2020/21     |                          |
|--|-------------|--------------------------|
|  | Trust Score | Benchmarking Group Score |
| Equality, diversity and inclusion          | 9.3         | 9.1                      |
| Health and wellbeing                       | 6.5         | 6.4                      |
| Immediate managers                         | 7.2         | 7.3                      |
| Morale                                     | 6.4         | 6.4                      |
| Quality of appraisals                      | **          | **                       |
| Quality of care                            | 7.4         | 7.4                      |
| Safe environment – bullying and harassment | 8.3         | 8.2                      |
| Safe environment – violence                | 9.4         | 9.4                      |
| Safety culture                             | 6.9         | 6.9                      |
| Staff Engagement                           | 7.1         | 7.2                      |

We ranked first in overall positive score change for all mental health and learning disability trust, and 15<sup>th</sup> overall against the other 25 mental health trusts who commission Picker for the survey. Our overall staff engagement score remained at 7 out of 10.

Compared to other trusts we were strong on:

- Recognised and rewarded, at a time when most other trusts in our ICS had declined, 4 of whom had statistically significantly deterioration, and at a time of national disquiet about pay rates. This is not link to pay (see below) and reflects other work on staff recognition and reward that has been undertaken in the last year.
- Not experienced discrimination from patients/service users, their relatives or other members of the public 95%
- Not experienced MSK problems as a result of work activities 80%
- Organisation acts fairly with career progression 63%

Compared to our own scores last year, our most improved scores, which all improved by 5% and reflect priorities within the people journey delivery plan last year, were:

- Received an appraisal in the last 12 months  
*This is the result of significant work as part of the people journey to address this after an agreed pause on compliance monitoring through covid*
- The organisation respects individual differences  
*This reflects work done across staff networks (including new networks and executive sponsorship for all groups) and shifts in data in our EDI measures. There has also been significant work on prioritising safe, inclusive conversations at lunch and learns, Schwartz rounds, self as leader and values workshops, and changes to policies such as the special leave policy. The impact of the lived experience directors is also likely to have been increasingly apparent at this stage.*
- Team members often meet to discuss the team's effectiveness  
*This reflects work done on daily team management, huddles, and local oversight.*
- I feel supported to develop my potential

*This is a very positive outcome given the state of flux at the time of the survey and a credit to local leadership and use of central CPD funds, with joint work across professional leads, operational services and development leads in people and culture.*

The area where we declined noticeably was on satisfaction with level of pay (down 7% to 31%). This reflects a national picture and also some work we are undertaking around mileage and bank pay.

### Action plans

Overall, the scores reflect a positive impact of the work undertaken across the trust to deliver the People Journey. However, the commitment to keep improving, not just in relation to our scores in the last two years but to where we want to be (these goals are set out in the metrics in the People Journey), continues.

Since the survey, significant time-releasing changes to the governance process have been implemented. The review of the structure followed this, and will report to Board in July, after being taken through the Executive Directors Group.

### **Future Priorities and Targets**

Trustwide priorities for 2023-24:

- Transparency of development opportunities (top three compared to national scores but still at 63%), underpinned by our new appraisal and performance tool, Workpal.
- This also links to a focus on quality of appraisals now that we have addressed them being back in place and revisiting the training undertaken by appraisers and appraisees to ensure staff understand their roles in this process.
- There is a large piece of work underway to ensure all our systems are aligned so that future staff surveys accurately represent the directorates in the new structure (for information comms currently also reflects planning and performance, trust board reflects a series of trustwide roles)
- Flexibility of employment, including in inpatient services
- Centralised and more flexible recruitment targeted at areas of persistent vacancies
- Workforce planning across the Trust
- Improving how we co-create workforce priorities with staff and partners with lived experience.

- Improving the experience of joining the trust and continuing work on understanding why people leave/ supporting them to stay
- Evaluation of health and wellbeing offers

## Recording of Trade Union Facility Time (1st April 2022 – 31st March 2023)

### Relevant union officials

What was the total number of your employees who were relevant union officials during the relevant period?

|  |  |
|--|--|
| Number of employees who were relevant union officials during the relevant period | Full-time equivalent employee number     |
| 41   | 8257 FTE (calculated as per Regulations) |

### Percentage of time spent on facility time

How many of your employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time?

| Percentage of time | Number of employees |
|--------------------|---------------------|
| 0%                 | 30                  |
| 1 – 50%            | 7                   |
| 51-99%             | 0                   |
| 100%               | 4                   |

### Percentage of pay bill spent on facility time

Provide the figures requested in the first column of the table below to determine the percentage of your total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

| First Column                            | Figures                                       |
|---|---|
| Provide the total cost of facility time | £111,769 (calculated as per regulations)      |
| Provide the total pay bill              | £ 396,208,000 (calculated as per regulations) |

|   |        |
|---|--------|
| Provide the percentage of the total pay bill spent on facility time, calculated as:<br>(total cost of facility time ÷ total pay bill) x 100 | 0.028% |
|---|--------|

### **Paid trade union activities**

As a percentage of total paid facility time hours, how many hours were spent by employees who were relevant union officials during the relevant period on paid trade union activities?

|  |                                    |
|--|------------------------------------|
| Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as:<br>(total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100 | 4% (calculated as per regulations) |
|--|------------------------------------|

### **Consultancy Costs**

Expenditure on consultancy costs was £80k during 2022/23. No arrangements for 2022/23 required access to national NHSE approvals for management consultancy work of £50k or above.

### **Off payroll arrangements**

Off-payroll payments will only be used in exceptional circumstances where it is identified as business critical, such as patient safety. The process for these arrangements consists of sign off by the Chief Executive and regular review, as such payments are only used as a temporary measure.

| Highly-paid off-payroll worker engagements as at 31 March 2023 earning £245 per day or greater:  |  | Number |
|--|--|--------|
| Number of existing engagements as of 31 March 2023   |  | 96     |
| Of which:  |  |        |
| The number that have existed for less than 1 year at the time of reporting   |  | 70     |
| The number that have existed for between 1 and 2 years at the time of reporting  |  | 17     |
| The number that have existed for between 2 and 3 years at the time of reporting  |  | 2      |
| The number that have existed for between 3 and 4 years at the time of reporting  |  | 1      |
| The number that have existed for 4 or more years at the time of reporting  |  | 6      |
| All highly-paid off-payroll workers engaged at any point during the year ended 31 March 2023 earning £245 per day or greater   |  |        |
|  |  | Number |
| Number of off-payroll workers engaged during the year ended 31 March 2023  |  | 249    |
| Of which:  |  |        |
| Number not subject to off-payroll legislation  |  | 0      |
| Subject to off-payroll legislation and determined as in-scope of IR35  |  | 249    |
| Subject to off-payroll legislation and determined as out of scope of IR35  |  | 0      |
| Number of engagements reassessed for compliance or assurance purposes during the year  |  | 0      |
| Of which, number of engagements that saw a change to IR35 status following review  |  | 0      |
| For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2022 and 31 March 2023   |  |        |
|  |  | Number |
| Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.   |  | 0      |
| Number of individuals that have been deemed 'board members and/or senior officials with significant financial responsibility' during the financial year. This figure must include both off-payroll and on-payroll engagements. |  | 12     |
| All managers that received pay on remuneration report (excluding NEDs)   |  |        |

### III Health Retirements

During 2022-23 6 Trust employees retired early on the grounds of ill health; the value of these early retirements (from NHS Pensions) was £0.3m.

#### Exit packages (subject to audit)

| Exit package cost band (including any special payment element) | Number of compulsory redundancies<br>Number | Number of other departures agreed<br>Number | Total number of exit packages<br>Number |
|--|---|---|---|
| <£10,000   | -   | -   | -                                       |
| £10,000 - £25,000  | -   | -   | -                                       |
| £25,001 - 50,000   | -   | -   | -                                       |
| £50,001 - £100,000   | -   | -   | -                                       |
| £100,001 - £150,000  | -   | -   | -                                       |
| £150,001 - £200,000  | -   | -   | -                                       |
| >£200,000  | -   | -   | -                                       |
| <b>Total number of exit packages by type</b>                   | <b>-</b>                                    | <b>-</b>                                    | <b>-</b>                                |

|                |    |    |    |
|----------------|----|----|----|
| Total cost (£) | £0 | £0 | £0 |
|----------------|----|----|----|

#### Reporting of compensation schemes - exit packages 2021/22

|   | Number of compulsory redundancies<br>Number | Number of other departures agreed<br>Number | Total number of exit packages<br>Number |
|---|---|---|---|
| <b>Exit package cost band (including any special payment element)</b> |   |   |   |
| <£10,000  | -   | -   | -                                       |
| £10,000 - £25,000   | -   | 1   | 1                                       |
| £25,001 - 50,000  | -   | -   | -                                       |
| £50,001 - £100,000  | 1   | -   | 1                                       |
| £100,001 - £150,000   | 1   | -   | 1                                       |
| £150,001 - £200,000   | -   | -   | -                                       |
| >£200,000   | -   | -   | -                                       |
| <b>Total number of exit packages by type</b>                          | <b>2</b>                                    | <b>1</b>                                    | <b>3</b>                                |
| Total resource cost (£)   | £203,000                                    | £21,000                                     | £224,000                                |

#### Exit packages: other (non-compulsory) departure payments

|   | 2022/23                   |                                   | 2021/22                   |                                   |
|---|---------------------------|-----------------------------------|---------------------------|-----------------------------------|
|   | Payments agreed<br>Number | Total value of agreements<br>£000 | Payments agreed<br>Number | Total value of agreements<br>£000 |
| Voluntary redundancies including early retirement contractual costs   | -                         | -                                 | -                         | -                                 |
| Mutually agreed resignations (MARS) contractual costs   | -                         | -                                 | -                         | -                                 |
| Early retirements in the efficiency of the service contractual costs  | -                         | -                                 | -                         | -                                 |
| Contractual payments in lieu of notice  | -                         | -                                 | 1                         | 21                                |
| Exit payments following Employment Tribunals or court orders  | -                         | -                                 | -                         | -                                 |
| Non-contractual payments requiring HMT approval   | -                         | -                                 | -                         | -                                 |
| <b>Total</b>  | <b>-</b>                  | <b>-</b>                          | <b>1</b>                  | <b>21</b>                         |
| <b>Of which:</b>  |                           |                                   |                           |                                   |
| Non-contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months' of their annual salary | -                         | -                                 | -                         | -                                 |

## **Gender pay gap**

The latest gender pay gap report can be accessed via the Cabinet Office using the following link: <https://gender-pay-gap.service.gov.uk/>.

A copy of the report and previous reports are available on the Trust website which can be accessed via the following link:

<https://www.tewv.nhs.uk/about/publications/gender-pay-gap-report-2022/>

# Governance including the Foundation Trust Code of Governance Disclosures

## Purpose

In this section we provide information on our corporate governance arrangements. We explain who sits on the Board of Directors, its committees, and Council of Governors, and how they operate.

## How the Trust is governed

As a public benefit corporation, the Trust is required to have the following governance arrangements:

- A legally binding constitution
- A Non-Executive Chair
- 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 Trust's Constitution requires both the Board and the Council of Governors to:

- Observe the Nolan principles of Public Life of selflessness, integrity, objectivity, accountability, openness, honesty and leadership
- Seek to comply, at all times, with the NHS Foundation Trust Code of Governance

## 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 disclosures set out in this Annual Report relate to the version of the Code of Governance published in July 2014 as it applied to the 2022/23 financial year.

Under the Code of Governance, the Trust is required to disclose the following information:

| <b>Code ref:</b> | <b>Summary of Disclosure Requirement</b>   | <b>Page(s)</b>               |
|------------------|--|------------------------------|
| 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  | 92 & 113                     |
| A.1.1            | A statement on how disagreements between the Council of Governors and Board of Directors should be resolved  | 98                           |
| A.1.2            | The names of: <ul style="list-style-type: none"> <li>• The Chairman</li> <li>• The Deputy Chairman</li> <li>• The Chief Executive</li> <li>• The Senior Independent Director</li> <li>• The Chairmen and members of the Audit and Risk Committee</li> <li>• The Chairman and members of the Remuneration Committees</li> </ul> | 32 – 42<br>101<br>107 & 125  |
| A.1.2            | The number of meetings of the Board of Directors and the Audit, Remuneration and Nominations Committees and individual attendance by Directors   | 94 - 96<br>101<br>107<br>125 |
| 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.  | 117 - 122                    |
| A.5.3            | The name of the Lead Governor.   | 115                          |
| B.1.1            | The names of the Non-Executive Directors whom the Board determines to be independent, with reasons where necessary   | 92                           |

|        |   |           |
|--------|---|-----------|
| B.1.4  | A description of each director's skills, expertise and experience   | 32 - 42   |
| B.1.4  | A statement about the Board of Directors' balance, completeness and appropriateness to the requirements of the NHS Foundation Trust   | 92        |
| B.2.10 | A description of the work of the Nominations Committee(s) including the process used in relation to board appointments  | 106 & 125 |
| B.3.1  | The other significant commitments of the Chairman and any changes to them during the year.  | 32        |
| B.5.6. | A statement on how the Governors have undertaken and satisfied the requirement to canvass the opinion of the Trust's members and the public (and for appointed Governors the body they represent) on the NHS Foundation Trust's forward plan, including its objectives, priorities and strategy, and communicate their views to the Board of Directors  | 126       |
| B.6.1  | A statement on how the performance evaluation of the Board, its committees and its Directors, including the Chairman, has been conducted  | 98        |
| B.6.2  | The identity of any external facilitator who supported the performance evaluation of the Board and whether they have any other connection with the Trust  | 98        |
| C.1.1  | <p>An explanation from the Directors of their responsibility for preparing the annual report and accounts</p> <p>A statement that they consider the annual report and accounts, taken as a whole, are fair, balanced and reasonable and providing the information necessary for patients, regulators and other stakeholders to assess the NHS Foundation Trust's performance, business model and strategy</p> | 93        |
| C.1.1  | A statement from the External Auditors about their reporting responsibilities   | 157       |

|       |   |           |
|-------|---|-----------|
| C.1.1 | An explanation from the Directors of their approach to quality governance in the annual governance statement  | 134 - 156 |
| C.2.1 | A report that the Board has conducted a review of the effectiveness of the Trust's system of internal controls  | 101       |
| C.2.2 | Information on how the internal audit function is structured and the role it performs   | 104       |
| C.3.5 | A statement from the Audit Committee, if applicable, explaining its recommendation on the appointment/reappointment of the external audit and the reasons why it was not accepted by the Council of Governors   | N/A       |
| C.3.9 | <p>A description of the work of the Audit and Risk Committee in discharging its responsibilities including:</p> <ul style="list-style-type: none"> <li>• The significant issues that the committee considered in relation to financial statements, operations and compliance, and how these issues were addressed.</li> <li>• An explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or re-appointment of the external auditor, the value of external audit services and information on the length of tenure of the current audit firm and when a tender was last conducted.</li> <li>• If the external auditor provides non-audit services, the value of the non-audit services provided and an explanation of how auditor objectivity and independence are safeguarded.</li> </ul> | 101 - 103 |
| D.1.3 | Where an NHS Foundation Trust releases an Executive Director, for example to serve as a Non-Executive Director elsewhere, the remuneration disclosures of the annual report should include a statement of whether or not the director will retain such earnings   | N/A       |
| E.1.4 | Contact procedures for members who wish to communicate with Governors and/or Directors  | 128       |

|       |   |           |
|-------|---|-----------|
| E.1.5 | A statement on how the Board of Directors, and in particular the Non-Executive Directors, develop an understanding of the views of Governors and members about the NHS Foundation Trust | 96        |
| E.1.6 | A report on the representativeness of Trust's membership and the level and effectiveness of member engagement   | 127 - 129 |

## The Board of Directors

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:

- Has retained certain decisions to itself as set out in the scheme of delegation included in the Constitution (available on our website)
- Exercises certain functions in conjunction with our Council of Governors

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

Information on the Board Members as at 31 March 2023, including details of their qualifications, skills and expertise, is provided in the Accountability Report.

The Board considers that, as at 31 March 2023:

- Its composition meets the requirements of the National Health Service Act 2006 and the Constitution
- 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 England, 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 England 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 31 March 2023, 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 10 ordinary meetings and three special meetings of the Board of Directors held during 2022/23:

| <b>Board Member</b> | <b>Position</b>   | <b>No. of Board meetings attended</b> |
|---------------------|---|---------------------------------------|
| Paul Murphy         | Chair of the Trust (to August 2022)   | 5 (5)                                 |
| David Jennings      | Chair of the Trust (from September 2022)  | 8 (8)                                 |
| Brent Kilmurray     | Chief Executive and Accounting Officer  | 11                                    |
| Roberta Barker      | Associate Non-Executive Director (to August 2022)<br>Non-Executive Director (from September 2022) | 11                                    |
| Charlotte Carpenter | Non-Executive Director  | 11                                    |
| Jill Haley          | Non-Executive Director  | 13                                    |
| Pali Hungin         | Non-Executive Director  | 12                                    |
| John Maddison       | Non-Executive Director  | 13                                    |
| Jules Preston       | Associate Non-Executive Director (to August 2022)<br>Non-Executive Director (from September 2022) | 12                                    |

|                       |   |         |
|-----------------------|---|---------|
|                       | Senior Independent Director (from September 2022)                               |         |
| Bev Reilly            | Non-Executive Director<br>Deputy Chair (from September 2022)                    | 12      |
| Shirley Richardson    | Senior Independent Director and Deputy Chair (to August 2022)                   | 5 (5)   |
| Mike Brierley         | Assistant Chief Executive   | 8 (9)   |
| Ann Bridges           | Director of Corporate Affairs and Involvement                                   | 11      |
| Zoe Campbell          | Managing Director – North Yorkshire, York and Selby Care Group (from June 2022) | 11 (11) |
| Hannah Crawford       | Director of Therapies (From June 2022)  | 7 (10)  |
| Dr Sarah Dexter-Smith | Director of People and Culture  | 11      |
| Kadar Kale            | Medical Director (from June 2022)   | 8 (10)  |
| Elizabeth Moody       | Director of Nursing and Governance  | 9       |
| Sharon Pickering      | Assistant Chief Executive (to June 2022)  | 3 (4)   |
| Liz Romaniak          | Director of Finance, Information and Estates/Facilities Management              | 13      |

|               |   |       |
|---------------|---|-------|
| Patrick Scott | Managing Director – Durham, Tees Valley and Forensics Care Group (from June 2022) | 10    |
| Steve Wright  | Medical Director (to June 2022)   | 3 (3) |

(Note: 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

The following arrangements were maintained during the year to ensure the Board was kept informed of the views of Governors and members:

- Regular meetings between the Chair and Governors in their localities.
- Attendance by Board Members at meetings of the Council of Governors.
- The provision of reports on the outcome of consultations with Governors, for example on the business plan.
- Governors encouraged to observe public Board meetings.
- Regular liaison between the Chair and the Lead Governor.
- Feedback from Governors on briefings circulated to them.

Jules Preston, as the Senior Independent Director, was also available to Governors if they had concerns regarding any issues which had not been addressed by the Chair, Chief Executive or other usual business arrangements.

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

- The Chair, as the chair of the Council, attends all meetings
- There is a standing invitation for the Non-Executive Directors to attend meetings
- Executive Directors attend meetings, if required, for example to deliver reports, or as observers

The Council of Governors 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 2022/23.

In total the Council of Governors held seven formal meetings, including the Annual General Meeting (AGM), during 2022/23. Board Member attendance at these meetings was as follows:

| <b>Board Member</b>   | <b>No. of Council meetings attended (inc the AGM)</b> |
|-----------------------|---|
| Paul Murphy           | 2 (2)   |
| David Jennings        | 5 (5)   |
| Brent Kilmurray       | 6   |
| Roberta Barker        | 1   |
| Charlotte Carpenter   | 3   |
| Jill Haley            | 6   |
| Pali Hungin           | 3   |
| John Maddison         | 4   |
| Jules Preston         | 3   |
| Bev Reilly            | 7   |
| Shirley Richardson    | 2(2)  |
| Mike Brierley         | 4 (6)   |
| Ann Bridges           | 7   |
| Zoe Campbell          | 2 (6)   |
| Hannah Crawford       | 4 (6)   |
| Dr Sarah Dexter-Smith | 2   |
| Kadar Kale            | 0 (6)   |
| Elizabeth Moody       | 4   |
| Sharon Pickering      | 1 (1)   |
| Liz Romaniak          | 2   |

|               |       |
|---------------|-------|
| Patrick Scott | 4     |
| Steve Wright  | 0 (1) |

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

## **Resolution of Disputes with the Council of Governors**

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 discrete 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.

The dispute resolution procedure was not invoked during the year.

Further details on the dispute resolution procedure are Provided in Annex 9 of our Constitution.

## **Evaluating Board Performance**

The evaluation of the performance of the Board was undertaken through a workshop, facilitated by Deloitte LLP, in March 2023.

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

The terms of office of the Chair 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 Chair 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

## **The Board's Committees**

As of 31 March 2023 there were eight standing Committees of the Board: the Audit and Risk Committee; the Commissioning Committee; the Mental Health Legislation Committee; the People, Culture and Diversity Committee; the Quality Assurance Committee; the Strategy and Resources Committee; the Nomination and Remuneration Committee; and the West Lane Project Committee.

The importance of the Board's committees in the delivery of our risk and control framework is described in the Annual Governance Statement.

The roles, functions and membership of the Committee are set out in their reports together with relevant disclosure required by the Code of Governance.

## **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 (for example 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
- Reviewing the work and findings of the external auditor and considering the implications and adequacy of management's responses to their work
- Reviewing the findings of other assurance functions, both internal and external to the organisation (for example 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

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

### **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 held five formal meetings during the year. Attendance at which was as follows:

|                       | <b>No. of meetings attended</b> |
|-----------------------|---------------------------------|
| John Maddison (Chair) | 5                               |
| Charlotte Carpenter   | 5                               |
| Bev Reilly            | 5                               |
| Jules Preston         | 5                               |

The Director of Finance, Information and Estates/Facilities Management, the Company Secretary, the external auditors and representatives of the Head of Internal Audit generally attend all meetings of 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, which is updated after each meeting, to document 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 31 March 2023 the Committee has:

- Reviewed the terms of engagement with the external auditors
- Reviewed 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 matters 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 meeting of the Committee was held in June 2023 to enable the Committee to review the Annual Report and Accounts and the External Auditors draft reports on them.

- During the 2022/23 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 a 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 England
- Reviewed the operational internal audit plan ensuring that it was aligned to the principal risks to the delivery of the Trust's strategic goals as included in the Board Assurance Framework
- 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 reported
- Considered regular reports from the local counter fraud specialist (LCFS) 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 and the timely delivery of recommendations arising from them.

- Reviewed progress on the delivery of recommendations arising from assignments undertaken by the internal auditors
- Paid particular attention to the development of risk management in the Trust including reviewing progress on the development of the Board Assurance Framework and the Corporate Risk Register taking into account assurances provided by the Executive Risk Group
- Scrutinised the reasons for tender waivers and the controls relating to them
- Reviewed the Quality Account prior to its approval by the Board
- Reviewed assurances on the effectiveness of the Trust's emergency planning and business continuity arrangements
- Drawn the Board's attention to those matters which it considers have implications for the Trust's assurance framework.

## **The External Auditors**

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

The cost of providing external audit services during 2022/23 was £75k excluding VAT. This includes the cost of the statutory audit, the independent review of the accounts of the charitable funds and the whole Government accounting return. These services have been provided under the contract between the Trust and the firm entered into in 2018.

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.

Following a competitive tendering process exercise in 2022/23, overseen by members of the Committee and Governors, the Council of Governors as recommended re-appointed the firm for an initial term of three years with the option for two, one-year, extensions.

## **The Internal Auditors**

Internal audit services are provided by AuditOne, 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 John Fallowfield, the Director of Assurance Services and Deputy Managing Director of AuditOne, 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 strategic 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 Chair 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 Commissioning Committee

The Commissioning Committee contributes to the delivery of our Strategic Goals 'To co-create a great experience for our patients, carers and families' and 'To be a great partner' by providing oversight and assurance, on behalf of the Board of Directors, on the development and effectiveness of the Trust's commissioning functions and arrangements.

Its functions include:

- Providing assurance that arrangements are in place for the effective delivery of the Trust's responsibilities through the specialised services provider collaboratives and partnership commissioning arrangements with the Clinical Commissioning Groups
- Maintaining oversight of, and gaining assurance on, the management of clinical service sub-contracts
- Providing assurance that the Trust's commissioning arrangements comply with statutory and regulatory requirements and best practice
- Maintaining oversight of, and providing assurance on, the effective management of commissioning budgets devolved to the Trust
- Maintaining oversight of, and gaining assurance on, the regulatory and contractual compliance and the quality of services commissioned by the Trust
- Maintaining oversight of the Trust's relationships with external partners, involved in the specialised services provider collaboratives and partnership commissioning arrangements
- Gaining assurance that the Trust's commissioning arrangements support and contribute to the seamless delivery of pathways between providers
- Consideration of changes at national and system levels that might impact on the Trust's commissioning functions and arrangements

As at 31 March 2023 the membership of the committee comprised:

- John Maddison, Non-Executive Director (Chair of the Committee)
- Jill Haley, Non-Executive Director
- Mike Brierley, Assistant Chief Executive
- Elizabeth Moody, Director of Nursing and Governance

The Committee met four times during the year.

## **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 they 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 TEVV 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 Chair of the Trust and all the Non-Executive Directors. The Chief Executive is an ex-officio member of the Committee in relation to all matters pertaining to the appointment to those director positions (excluding the role of the Chief Executive) which fall within its remit.

The Committee held two meetings during 2022/23. The matters considered were as follows:

- The annual objectives of the Executive Directors
- Executive Director membership of the Board of Directors
- The terms of a potential settlement agreement
- Executive Director remuneration
- The recruitment of the Chief Nurse
- The trust-wide governance and structure review

Attendance at these meetings was as follows:

|  | <b>No. of meetings attended</b> |
|--|---------------------------------|
| Paul Murphy (Chair of the Committee to August 2022)    | 1 (1)                           |
| David Jennings (Chair of the Committee from September) | 1 (1)                           |
| Charlotte Carpenter                                    | 1                               |
| Jill Haley   | 1                               |
| Pali Hungin  | 1                               |
| John Maddison  | 2                               |
| Bev Reilly   | 2                               |
| Shirley Richardson                                     | 1 (1)                           |
| Jules Preston  | 1 (1)                           |
| Roberta Barker   | 1 (1)                           |
| Brent Kilmurray  | 1 (1)                           |

*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.*

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

- Brent Kilmurray, Chief Executive
- Sarah Dexter-Smith, Director of People and Culture
- Phil Bellas, Company Secretary

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

## **The Mental Health Legislation Committee (MHLC)**

The Mental Health Legislation Committee contributes to the delivery of our Strategic Goal Strategic Goal 'To co-create a great experience for our patients, carers and families' by providing oversight and assurance to the Board on the Trust's compliance with the Mental Health Act 1983 (as amended); the Mental Capacity Act 2005, the Deprivation of Liberty Standards/Liberty Protection Standards and any statutory Codes of Practice.

Its functions include:

- Gaining assurance that mental health legislation is applied to each individual patient and that practice is compliant with statutory and regulatory requirements
- Identifying themes arising from the findings of the Care Quality Commission following visits to Trust services and gaining assurance that appropriate learning and action is being undertaken in response to them
- Gaining assurance that the Trust actively listens to, and learns from, the experiences of service users, families and carers in the application of mental health legislation
- Gaining assurance that the Trust meets its reporting obligations to the Care Quality Commission in relation to deaths of detained patients and instances of absence without leave
- Gaining assurance that the Trust is acting in accordance with the Mental Health Act Scheme of Delegation
- Reviewing the Scheme of Delegation, prepared in accordance with the Mental Health Act Code of Practice, and making recommendations relating to its confirmation to the Board of Directors
- Considering 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 advising the Board accordingly
- Reviewing national reports on mental health legislation
- Commenting on relevant policies and procedures.
- Ensuring appropriate arrangements are in place for the appointment and appraisal of associate managers and to oversee managers' hearings

As at 31 March 2023 the membership of the committee comprised:

- Pali Hungin, Non-Executive Director (Chair of the Committee)
- Jules Preston, Non-Executive Director
- Kadar Kale, Medical Director
- Elizabeth Moody, Director of Nursing and Governance

The Committee held four meetings during 2022/23.

## The People Culture and Diversity Committee

The People Culture and Diversity Committee principal provider of oversight and assurance to the Board on the delivery of the Trust's Strategic Goal 'To co-create a great experience for our colleagues'.

Its functions include:

- Gaining assurance that the Trust understands its strategic workforce needs including wellbeing, culture, recruitment, retention, development of people, and organisational capacity) and overseeing the development and monitoring of plans to progress their delivery.
- Reviewing and gaining assurance that:
  - The Trust's values and standards of behaviour are being practiced within all services and at all levels of the organisation.
  - The Trust is compliant with its statutory, regulatory and contractual obligations as an employer.
  - The Trust is compliant with the Equality Act 2010 including the Public Sector Equality Duty.
  - The health and wellbeing of staff is being effectively promoted and supported.
  - Arrangements for raising concerns, including the functions of the Freedom to Speak Up Guardian, meet national expectations and have the confidence of staff.
  - Appropriate action is taken to support the transformation of services and teams where issues are identified.
  - Effective and inclusive arrangements, which reflect best practice, are in place to communicate with and involve staff.
  - Appropriate arrangements are in place to support and maintain good relations with employees including through their recognised trade unions and professional bodies.
- Keeping abreast of changes in employment law and regulation
- Reviewing and making recommendations to the Board on:
  - Changes to the staffing establishment, including financial implications, arising from strategic staffing reviews, major service changes or where quality or workforce concerns are identified which could impact on the delivery of Our Journey to Change or the Trust's statutory and regulatory obligations
  - The appropriateness of the findings of external staffing reviews, including culture reviews, and management's response to them
  - The efficacy of actions proposed by management to tackle NHS workforce equality and diversity issues including, but not limited to, the delivery of improvements on pay gaps and national equality and diversity standards
  - The implementation of the Equality Delivery System of the NHS.

As at 31st March 2023 the membership of the committee comprised:

- Jill Haley, Non-Executive Director (Chair of the Committee)
- Roberta Barker, Non-Executive Director
- Sarah Dexter-Smith, Director for People and Culture
- Ann Bridges, Director of Corporate Affairs and Involvement
- Zoe Campbell, Managing Director – North Yorkshire, York and Selby Care Group
- Patrick Scott, Managing Director – Durham, Tees Valley and Forensics Care Group

Staff Side are invited to attend meetings of the Committee.

The Committee was established in September 2021 and three meetings were held during the year. The Committee held five meetings during 2022/23.

### **The Quality Assurance Committee**

The Quality and Assurance Committee is the principal provider of oversight and assurance on the delivery of the Trust's Strategic Goal 'To co-create a great experience for our patients, carers and families' including the quality, safety and effectiveness of clinical and operational services.

Its functions include:

- Providing assurance that the Trust is discharging its duty of quality and safety in compliance with the Health and Social Care Act 2008.
- Gaining and providing assurance on compliance with:
  - Regulatory requirements enabling the Trust to maintain registration with the Care Quality Commission to undertake regulated activities at each location.
  - Standards of quality and safety as set out in the Fundamental Standards prescribed in the Health and Social Care Act (Regulated Activities) Regulations 2014.
  - Other statutory and regulatory requirements and national guidance relating to quality and safety including safe staffing; infection prevention and control; safeguarding, medical devices; medicines management, mortality reviews; health and safety; the Duty of Candour; and security management.
- Overseeing and gaining assurance that effective structures, systems and processes are put in place, maintained and continually improved to co-create and deliver a high quality experience and outcomes for all patients and their carers and families; to identify and manage risks to quality and safety; to investigate, review, and report on complaints, adverse events and serious incidents; to learn from and ensure that best practice is shared, implemented

and embedded across the Trust; to deliver clinical care with other providers including transfers of care.

- Promoting a compassionate and open culture in which incident and risk reporting is encouraged and supported as part of the delivery of safe and effective care.
- Considering findings of reviews and investigations into the delivery of healthcare services by the Trust (including those undertaken or commissioned by the Care Quality Commission or NHS England) and management's responses to them, and monitoring progress on the implementation of agreed actions.
- Gaining assurance on compliance with national clinical standards including NICE guidelines/guidance.
- Overseeing the development and monitoring the delivery of the priorities included in the Trust's annual Quality Account.
- Overseeing the governance of research and development.
- Agreeing an annual Clinical Audit programme.

As at 31st March 2023 the membership of the committee comprised:

- Bev Reilly, Deputy Chair (Chair of the Committee)
- Pali Hungin, Non-Executive Director
- Jules Preston, Senior Independent Director
- Kadar Kale, Medical Director
- Elizabeth Moody, Director of Nursing and Governance
- Zoe Campbell, Managing Director – North Yorkshire, York and Selby Care Group
- Patrick Scott, Managing Director – Durham, Tees Valley and Forensics Care Group

The Committee held eleven meetings during 2022/23.

### **The Strategy and Resources Committee**

The Strategy and Resources Committee provides assurance on the delivery of the Trust's Vision and Strategy articulated in 'Our Journey to Change' and is the principal provider of oversight and assurance on the delivery of the Trust's Strategic Goal 'To be a great partner'.

On behalf of the Board of Directors it oversees the stewardship of the Trust's finances, investments, sustainability, reputation and physical and digital infrastructure.

Its functions include:

Leading the development and updating of the Trust Strategy and Business Plan

- Providing assurance that the priorities identified in the Business Plan are aligned to, and will effectively deliver, Our Journey to Change.
- Gaining assurance that the priorities identified in the Business Plan are aligned to those of strategic partners.
- Gaining assurance that the non-staffing resources available to the Trust (both financial and non-financial such as estates, digital, etc.) are appropriate and sufficient to deliver its Business Plan and are deployed effectively.
- Monitoring the delivery of the Business Plan and to assuring itself and the Board that any changes proposed by management will not impact materially on the delivery of Our Journey to Change.
- Receiving updates on system-wide programmes and developments, considering their alignment to the Trust Strategy and drawing any opportunities, implications or risks to the attention of the Board.
- Overseeing the development and monitoring of strategic plans and gaining assurance that they are aligned to and support the delivery of Our Journey to Change.
- Overseeing investments and business cases for strategic projects.
- Overseeing statutory consultations on major service changes.
- Overseeing and providing assurance on the performance of the Trust's subsidiaries and other trading vehicles.
- Providing oversight of the management and administration of Charitable Funds held by the Trust.

As at 31 March 2023 the membership of the committee comprised:

- Charlotte Carpenter, Non-Executive Director (Chair of the Committee)
- Roberta Barker, Non-Executive Director
- John Maddison, Non-Executive Director
- Liz Romaniak, Director of Finance, Information and Estates/Facilities Management
- Mike Brierley, Assistant Chief Executive
- Ann Bridges, Director of Corporate Affairs and Involvement

The Committee held five meetings during 2022/23.

### **The West Lane Project Committee**

The West Lane Project Committee's principal objectives relate to the provision of vision, oversight and assurance on the investigation and learning from the events at the Hospital in 2019.

As at 31st March 2023 the membership of the committee comprised:

- Shirley Richardson, Independent Chair (Chair of the Committee)
- John Maddison, Non-Executive Director
- Kadar Kale, Medical Director
- Elizabeth Moody, Director of Nursing and Governance
- Zoe Campbell, Managing Director – North Yorkshire, York and Selby Care Group
- Patrick Scott, Managing Director – Durham, Tees Valley and Forensics Care Group

The Committee held six meetings during 2022/23.

## **The 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 which it exercises by itself or in conjunction with the Board of Directors. These include:

- To develop our membership and represent their interests.
- To assist with the development of the Trust's strategy.
- To appoint or remove the Chairman and the Non-Executive Directors and to determine their remuneration and other terms and conditions of service.
- 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 or whether it 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.

## **Report of the Lead Governor**

Governors understand that this has been a very difficult year for anyone associated with the Trust.

How the Trust is dealing with the concerns raised by the Care Quality Commission has been, and will continue to be, monitored and scrutinised by the Council of Governors.

The Council of Governors receive regular reports and updates on the progress that the Trust is making to address the CQC concerns and the improvements we would expect to see with the implementation of the Trust's Journey to Change and Management Changes.

Governors recognise that these concerns, changes and pressures could affect staff morale, therefore we appreciate the dedication and commitment of both clinical and non-clinical staff across the Trust to maintain and improve the Mental Health Services for service users and carers for both inpatients and those in the community.

We will continue to support staff and monitor staff morale and staffing levels, as staff wellbeing is important to Governors.

The Governors have been able to meet both face-to-face and on virtual sessions. These sessions have included training, development and Task and Finish Groups, an example is the review of the Autism Service. This ensures Governors are kept up to date and they can continue to enhance their knowledge and skills to enable them to carry out their duty as Governors.

Since the easing of the COVID rules Governors have been able to resume visits to sites across the Trust. Written reports on these visits are shared with all Governors.

As Lead Governor I have meetings with the Chair and Chief Executive and informal meetings with Governors, which enables me to communicate any questions or concerns raised by Governors and feedback the responses to the issues raised.

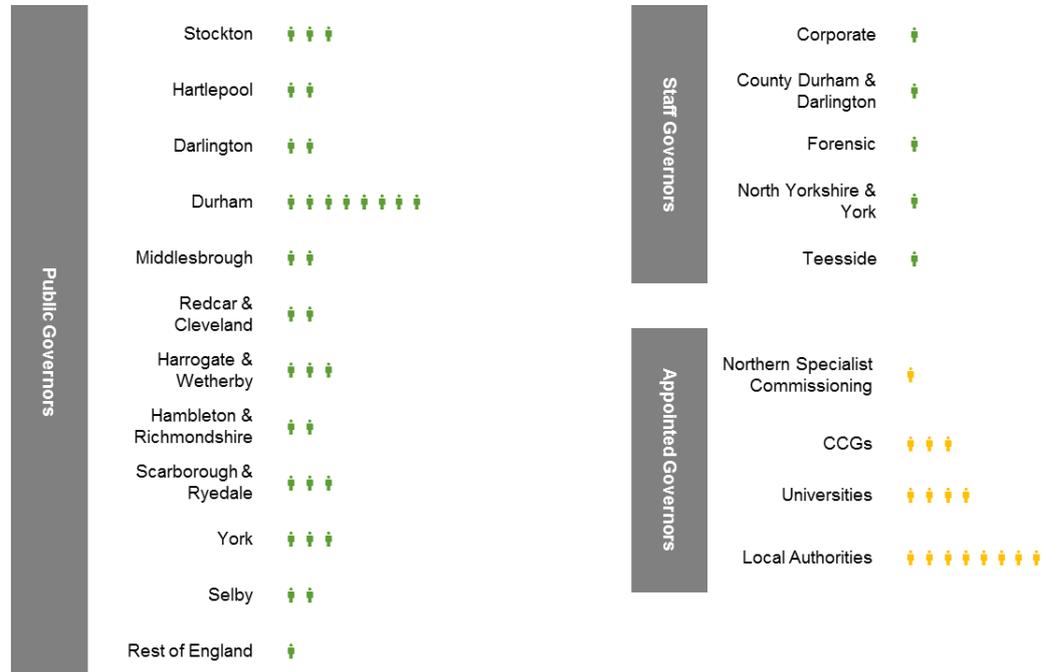
Governors are keen to raise the profile of the Council of Governors. We believe that this would help us engage with the public, partners and community groups in a very positive and constructive way.

The Council of Governors was pleased to welcome and work with the new Chair of the Trust, David Jennings, and we look forward to achieving positive outcomes for the Mental Health Services provided by TEWV under his leadership.

**Cllr Ann McCoy**

**Lead Governor**

# The Composition of the Council of Governors as at 31 March 2023



(54 seats)

## Membership of the Council of Governors during 2022/23

Information on the Governors who held office during 2022/231, including their attendance at the six meetings of the Council, is presented below.

### Public Governors

| <b>Constituency</b>        | <b>Name</b>    | <b>Term of Office<br/>(From – To)</b> | <b>CoG meeting<br/>attendance incl.<br/>AGM<br/><br/>(No. of eligible<br/>meetings)</b> |
|----------------------------|----------------|---------------------------------------|---|
| Darlington                 | Joan Kirkbride | 01/09/2020 -<br>30/06/2023            | 5 (7)   |
| Darlington                 | Audrey Lax     | 01/09/2020 -<br>30/06/2023            | 2 (7)   |
| Middlesbrough              | Mary Booth     | 01/09/2020 -<br>30/06/2023            | 6 (7)   |
| Middlesbrough              | Alicia Painter | 01/07/2022 -<br>30/06/2025            | 3 (6)   |
| Scarborough<br>and Ryedale | Keith Marsden  | 01/09/2020 -<br>30/06/2023            | 4 (7)   |
| Scarborough<br>and Ryedale | Judith Webster | 01/09/2020 -<br>30/06/2023            | 3 (7)   |
| Scarborough<br>and Ryedale | Janet Goddard  | 01/09/2020 -<br>30/06/2022            | 0 (1)   |
| Scarborough<br>and Ryedale | Lisa Holden    | 01/07/2022 -<br>30/06/2025            | 2 (6)   |
| Redcar and<br>Cleveland    | Dr Sara Baxter | 01/09/2020 -<br>30/06/2022            | 1 (1)   |
| Redcar and<br>Cleveland    | Mark Carter    | 01/07/2019 -<br>05/06/2022            | 1 (1)   |

|                      |                 |                         |                           |
|----------------------|-----------------|-------------------------|---------------------------|
| Redcar and Cleveland | Alan Williams   | 01/07/2022 - 30/06/2025 | 2 (6)                     |
| Stockton on Tees     | Gillian Restall | 01/09/2020 - 30/06/2023 | 5 (7)                     |
| Stockton on Tees     | Megan Harrison  | 01/07/2022 - 30/06/2023 | 1 (6)                     |
| Stockton on Tees     | Dr Judy Hurst   | 01/07/2022 - 30/06/2025 | 3 (5*)<br>*1 Dispensation |
| Stockton on Tees     | Gary Emerson    | 01/07/2019 - 30/06/2022 | 0 (1)                     |
| Durham               | Jacci McNulty   | 01/09/2020 - 30/06/2023 | 6 (7)                     |
| Durham               | Jill Wardle     | 01/09/2020 - 30/06/2023 | 7 (7)                     |
| Durham               | Pamela Coombs   | 01/07/2021 - 30/06/2022 | 0 (1)                     |
| Durham               | Dominic Haney   | 18/09/2020 - 30/06/2023 | 3 (7)                     |
| Durham               | Graham Robinson | 01/07/2022 - 30/06/2025 | 3 (7)                     |
| Durham               | Jaclyn Stoker   | 01/07/2021 - 30/06/2022 | 0 (1)                     |
| Durham               | Lynne Ackland   | 01/07/2022 - 30/06/2025 | 3 (6)                     |
| Durham               | Joan Aynsley    | 01/07/2022 - 30/06/2023 | 5 (6)                     |
| Durham               | Paul Leake      | 01/07/2022 - 07/11/2022 | 2 (3)                     |
| Durham               | Kirsten Scothon | 01/07/2022 - 25/11/2022 | 1 (4)                     |

|                                |                   |                            |                           |
|--------------------------------|-------------------|----------------------------|---------------------------|
| Hartlepool                     | Zoe Sherry        | 01/09/2020 -<br>30/06/2023 | 4 (6*)<br>*1 Dispensation |
| Hartlepool                     | Jean Rayment      | 01/07/2022 -<br>30/06/2025 | 5 (7)                     |
| Hambleton and<br>Richmondshire | Stanley Stevenson | 01/09/2020 -<br>30/06/2023 | 5 (7)                     |
| Hambleton and<br>Richmondshire | Roger Tuckett     | 01/07/2022 -<br>30/06/2025 | 6 (6)                     |
| Harrogate and<br>Wetherby      | Christine Gibson  | 01/07/2019 -<br>30/06/2022 | 1 (1)                     |
| Harrogate and<br>Wetherby      | Hazel Griffiths   | 01/07/2022 -<br>30/06/2025 | 5 (7)                     |
| Harrogate and<br>Wetherby      | John Green        | 01/07/2022 -<br>30/06/2025 | 3 (5*)<br>*1 Dispensation |
| York                           | Christine Hodgson | 01/07/2021 -<br>30/06/2024 | 4 (7)                     |
| York                           | Dr Martin Combs   | 01/07/2021 -<br>30/06/2024 | 4 (7)                     |
| York                           | Susan Croft       | 01/07/2022 -<br>30/06/2024 | 3 (6)                     |
| Selby                          | Gemma Birchwood   | 01/09/2020 -<br>30/06/2023 | 5 (7)                     |
| Selby                          | John Venable      | 01/09/2020 -<br>30/06/2023 | 0 (7)                     |
| Rest of England                | Carol Jones       | 01/07/2022 -<br>13/09/2022 | 0 (2)                     |

## Staff Governors

| <b>Class within the Staff Constituency</b>   | <b>Name</b>      | <b>Term of Office (From – To)</b> | <b>CoG meeting attendance incl. AGM</b> |
|--|------------------|-----------------------------------|---|
| Durham, Tees Valley and Forensics Care Group | Jane King        | 01/07/2021 - 30/06/2024           | 1 (7)                                   |
| Durham, Tees Valley and Forensics Care Group | Emmanuel Chan    | 01/09/2020 - 30/06/2023           | 2 (7)                                   |
| Durham, Tees Valley and Forensics Care Group | Heather Leeming  | 01/07/2022 - 30/06/2023           | 2 (6)                                   |
| North Yorkshire, York and Selby Care Group   | Sarah Blackamore | 01/07/2022 - 30/06/2023           | 1 (7)                                   |
| Corporate Directorates                       | Tes Ahmed        | 01/07/2022 - 30/09/2022           | 0 (2)                                   |

## Appointed Governors

| <b>Appointing Organisation</b> | <b>Name</b>        | <b>Term of Office (From – To)</b> | <b>CoG meeting attendance incl. AGM</b> |
|--------------------------------|--------------------|-----------------------------------|---|
| NHS Tees Valley CCG            | Dr Boleslaw Posmyk | 24/06/2020 - 30/06/2022           | 0 (1)                                   |

|                                |                     |                         |       |
|--------------------------------|---------------------|-------------------------|-------|
| NHS County Durham CCG          | Mike Brierley       | 01/05/2020 - 30/06/2022 | 0 (1) |
| University of Teesside         | Rachel Morris       | 20/10/2020 - 21/11/2022 | 0 (5) |
| Newcastle University           | Dr Andrew Fairbairn | 26/11/2018 - 15/02/2023 | 4 (6) |
| University of Sunderland       | Sue Brent           | 03/07/2020 - 26/10/2022 | 0 (4) |
| University of Sunderland       | Catherine Lee-Cowan | Appointed 27/10/2022    | 1 (3) |
| University of York             | Rob Allison         | Appointed 01/04/2022    | 1 (7) |
| Middlesbrough Council          | Eric Scollay        | 29/04/2020 - 19/10/2022 | 0 (4) |
| Stockton Borough Council       | Cllr Ann McCoy      | Appointed 08/07/2014    | 7 (7) |
| Darlington Borough Council     | Kevin Kelly         | Appointed 13/08/2015    | 0 (7) |
| Durham County Council          | Lee Alexander       | Appointed 03/01/2017    | 0 (7) |
| North Yorkshire County Council | Cllr Helen Swiers   | 24/05/2016 - 05/06/2022 | 0 (1) |
| North Yorkshire County Council | Cllr Angus Thompson | 06/06/2022 - 17/11/2022 | 0 (3) |
| North Yorkshire County Council | Cllr Roberta Swiers | Appointed 20/03/2023    | 0 (0) |
| City of York Council           | Cllr Derek Wann     | Appointed 26/06/2019    | 0 (7) |
| Hartlepool Borough Council     | Cllr Mike Young     | 09/06/2022 - 06/11/2022 | 0 (3) |
| Hartlepool Borough Council     | Cllr Moss Boddy     | Appointed 07/11/2022    | 0 (3) |

|                                      |                 |                      |       |
|--------------------------------------|-----------------|----------------------|-------|
| Redcar and Cleveland Borough Council | Cllr Mary Ovens | Appointed 03/11/2022 | 2 (3) |
|--------------------------------------|-----------------|----------------------|-------|

**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)*

*\*\* Indicates that the Governor reported being unable to attend a meeting virtually, including the AGM, due to technical issues*

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 2022/23

| Constituency Name           | Date of Election | No of Seats | No. of candidates | No. of Votes cast | No. of eligible voters | Turnout (%) |
|-----------------------------|------------------|-------------|-------------------|-------------------|------------------------|-------------|
| <b>Public Governors</b>     |                  |             |                   |                   |                        |             |
| Durham                      | 01/07/22         | 5           | 7                 | 126               | 2085                   | 6%          |
| Hartlepool                  | 01/07/22         | 1           | 1                 | -                 | -                      | -           |
| Hambleton and Richmondshire | 01/07/22         | 1           | 1                 | -                 | -                      | -           |

|  |          |   |   |    |      |      |
|--|----------|---|---|----|------|------|
| Harrogate and Wetherby                       | 01/07/22 | 3 | 2 | -  | -    | -    |
| Middlesbrough                                | 01/07/22 | 1 | 2 | 43 | 1056 | 4.1% |
| Redcar and Cleveland                         | 01/07/22 | 1 | 5 | 32 | 882  | 3.6% |
| Stockton on Tees                             | 01/07/22 | 2 | 5 | 55 | 1021 | 5.4% |
| Scarborough and Ryedale                      | 01/07/22 | 1 | 1 | -  | -    | -    |
| Rest of England                              | 01/07/22 | 1 | 1 | -  | -    | -    |
| York   | 01/07/22 | 1 | 1 | -  | -    | -    |
| <b>Staff Governors</b>                       |          |   |   |    |      |      |
| Corporate Directorates                       | 01/07/22 | 1 | 1 | -  | -    | -    |
| Durham, Tees Valley and Forensics Care Group | 01/07/22 | 1 | 1 | -  | -    | -    |
| North Yorkshire, York and Selby Care Group   | 01/07/22 | 1 | 1 | -  | -    | -    |

All elections to the Council of Governors have been administered and overseen by Civica Election 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

Chaired by the Chair of the Trust, the Nomination and Remuneration Committee supports the Council of Governors to undertake its duties regarding the appointment and setting the remuneration and terms of service of the Chairman and Non-Executive Directors.

The Committee met once during 2022/23, to consider the arrangements for the appointment of the new Chair of the Trust, the appointment of two Non-Executive Directors and the role and functions of the Deputy Chair. The membership of the Committee during 2022/23 and attendance at this meeting was as follows:

|                    |   | <b>No. of meetings attended</b> |
|--------------------|---|---------------------------------|
| Paul Murphy        | Chair of the Trust & Chair of the Committee to August 2022      | 1                               |
| David Jennings     | Chair of the Trust & Chair of the Committee from September 2022 | 0 (0)                           |
| Mary Booth         | Public Governor   | 0                               |
| Gary Emerson       | Public Governor (until June 2022)                               | 0 (1)                           |
| Paul Leake         | Public Governor (between July and November 2022)                | 0 (0)                           |
| Graham Robinson    | Public Governor   | 1                               |
| Jill Wardle        | Public Governor   | 1                               |
| Shirley Richardson | Senior Independent Director until August 2022                   | 1 (1)                           |
| Jules Preston      | Senior Independent Director from September 2022                 | 0 (0)                           |

### Notes:

- *The maximum number of meetings to be attended by Members of the Committee is shown in brackets*

- *The Senior Independent Director is an ex officio member of the Committee when matters relating to the appointment and appraisal of the Chair of the Trust are being considered)*

## **Training and Development**

Under the National Health Service Act 2006 the Trust has a duty to equip Governors with the skills and knowledge they require to undertake their role.

Mandatory training is offered via NHS Providers (including Governwell), NHS England and the CQC, and all Governors are encouraged to participate on an ongoing basis. Non-statutory training is available to all Governors, and specific training is available for those Governors with key responsibilities.

Governor training and development is very important to the Trust, and our Governors have been involved in co-creating their training and development needs and requirements, as well as future priorities. These are arranged quarterly, with recent input from the Good Governance Institute on the role of Governors, which has led to a new Task and Finish Group being set up to explore this further and agree future priorities with our Governors.

As part of the annual certification process required by NHS England, the Board has confirmed that the Trust has provided the necessary training to our Governors as required by the Act.

## **Governor participation in the development of the Operational and Business Plan**

All strategic journeys and the proposed priorities arising from them were tested at a workshop held on 20<sup>th</sup> February. All governors were invited to this workshop and 15 attended either “in person” at the Great North Air Ambulance base or online.

The discussions held at this event led to significant changes being made to the initial draft of the delivery plan, such as:

- Integration of relevant care group actions into the priority tables
- Changing the “plan on a page” to clearly show the three priorities within the People Journey, including “culture”
- Inclusion of a section which links our plan to national and ICS priorities
- Reducing the use of jargon, and adding a glossary

## 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 31 March 2023 the Trust's membership was as follows:

- Public members – 8,863
- Staff members – 7,774

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                | 2                 | 381,785             |
| 17-21               | 108               | 117,417             |
| 22+                 | 8,326             | 1,550,539           |
| Ethnicity:          |                   |                     |
| White               | 8,083             | 1,897,919           |
| Mixed               | 55                | 17,513              |

|                                   |       |           |
|-----------------------------------|-------|-----------|
| Asian or Asian British            | 152   | 40,256    |
| Black or Black British            | 75    | 7,935     |
| Other                             | 23    | 5,452     |
| <b>Socio-economic groupings*:</b> |       |           |
| AB                                | 1,937 | 167,186   |
| C1                                | 2,443 | 260,198   |
| C2                                | 2,015 | 204,836   |
| DE                                | 2,422 | 262,895   |
| <b>Gender analysis</b>            |       |           |
| Male                              | 2,951 | 1,008,556 |
| Female                            | 5,849 | 1,041,183 |
| Other                             | 4     | -         |

**Notes:**

***The above analysis excludes:***

***427 public members did not provide a date of birth***

***475 members did not state their ethnicity***

***63 members with no 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.

Member engagement activities were significantly affected by the Covid-19 pandemic. However, during the period:

- Emails were sent to new members to welcome them to the Trust

- Governor Elections were held
- Personal invitations were sent for the Annual General and Members' Meeting
- The Trust continued its use of social media to encourage attendance at meetings of the Board and Council of Governors
- Members, who were also registered as involvement members, participated in a wide range of involvement and engagement activities.

Members wishing to contact Governors and/or Directors of the Trust can do so via the Corporate Affairs and Involvement Directorate. Contact Susan Chamberlain, the personal assistant to Ann Bridges, on 07956313546 or by email at: [susan.chamberlain7@nhs.net](mailto:susan.chamberlain7@nhs.net). Further details are available on our website at [www.tewv.nhs.uk](http://www.tewv.nhs.uk)

Applications for membership should be sent to the Company Secretary's Department at West Park Hospital or submitted using the online form on the Trust's website.

## NHS system oversight framework

NHS England and NHS Improvement's NHS System Oversight Framework provides the framework for overseeing systems including providers, and identifying potential support needs. The framework looks at five national themes:

- Quality of care, access and outcomes
- Leadership and capability
- People
- Preventing ill health and reducing inequalities
- Finance and use of resources, and a sixth theme focusses on local strategic priorities

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**

Our Trust has been placed in segment 3.

This segmentation information is the Trust's position as at 31 March 2023. Current segmentation information for NHS trusts and foundation trusts is published on the NHS England and NHS Improvement website:

<https://www.england.nhs.uk/publication/nhs-system-oversight-framework-segmentation/>.

## Modern Slavery Act statement

All staff in clinical or non-clinical roles have a responsibility to consider modern slavery and incorporate their understanding of this 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 our suppliers adhere to the same ethical principles.

In compliance with the consolidation of offences relating to trafficking and slavery with the Modern Slavery Act 2015 we continue to review our 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/>

## Accounting Officer statement

### **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 England.

NHS England 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, other items of comprehensive income and cash flows for the financial year.

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'Brent Kilmurray', with a long horizontal flourish extending to the right.

Brent Kilmurray

Chief Executive

Date: 27<sup>th</sup> June 2023

## Annual Governance Statement 2022/23

### 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 Valleys 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 Valleys NHS Foundation Trust for the year ended 31 March 2023 and up to the date of approval of the annual report and accounts.

### Capacity to handle risk

Oversight of the Trust's risk and control framework is provided by the Board of Directors, which has also retained responsibility for the approval of risk management policies, setting the organisation's risk appetite and risk tolerances and establishing the tone and culture for risk management in the Trust.

The Audit and Risk Committee provides independent assurance to the Board on risk management and internal control. As set out in the Annual Report, membership of this Committee is limited to independent Non-Executive Directors.

Other Board Committees have responsibility for scrutinising and monitoring relevant risks, both strategic and operational as included in the Board Assurance Framework and Corporate Risk Register, respectively, and providing assurance to the Board that they are being managed effectively.

As the Chief Executive I have responsibility and accountability for maintaining a sound system of internal control, assurance and risk management that supports the achievement of the organisation's objectives.

I discharge these duties through the Executive Directors with the clear designation of accountability to individuals, in line with their portfolios, to support me in this role.

The Trust maintains a dynamic Board Assurance Framework and operational risk management arrangements through which the Board, and its committees, can monitor and gain assurance that a satisfactory level of internal control is being achieved.

As part of the organisational and governance restructure, implemented on 1 April 2022, risk management groups have been established at both the executive and care group levels of the organisation. These support the flow of assurance through the Care Group Boards, the Executive Risk and Executive Directors Groups, the Board's Committees to, ultimately, the Board ensuring that risks of all types are identified and, where practicable, controlled to an acceptable level.

These arrangements reflect the implementation of best practice identified through the independent leadership and developmental (well-led) review undertaken by the Good Governance Institute and work commissioned from Deloitte LLP in 2021/22.

The Trust's risk management arrangements are supported by an accountability framework, which provides for a devolved, high-trust and more empowered way of working and governs the relationships between the Board, the Executive Directors Group, the Care Group Boards and other corporate structures. It frames how individual teams, and the various levels of our structure, operate and provides clarity around roles, responsibilities and the expectations of each part of the leadership and governance arrangements.

Within clinical, operational and corporate services, senior managers are responsible for ensuring they, and their staff, fulfil their responsibility for risk management by operating in accordance with the Trust's systems, policies and procedures and

ensuring that risks are identified and escalated appropriately within the Trust's governance structures.

All staff (including contractors and agency staff) are required to be familiar and comply with the Trust's risk-related policies and relevant professional guidelines and standards. They are expected to have an awareness of risk in the performance of their day-to-day duties, and to report and/or escalate situations which present risk.

Capacity to handle risk has been enhanced during 2022/23 by the appointment of a dedicated and qualified Head of Risk Management, whose responsibilities include supporting the day-to-day management of the Trust's risk registers, as well as the review, development and embedding of the Trust's Organisational Risk Management Policy and designing and implementing the provision of training on risk management across the organisation.

Risk management training, aligned to ISO 31000 guidelines, is being delivered to agreed levels of staff across the organisation. One-to-one and team-based sessions are also undertaken to supplement and support the formal training.

Basic risk management awareness and training are incorporated into the national patient safety training.

### **The risk and control framework**

The following section details the risk and control framework in place during the year ended 31 March 2023.

The revised leadership and governance structures and arrangements implemented on 1 April 2022, which are critical elements of the delivery of Our Journey to Change, were designed to strengthen internal control and risk management. They built upon feedback provided by The Big Conversation, the independent leadership and developmental review, and from the Care Quality Commission and NHS England.

Policies and procedures have been aligned to the new structures including the Organisational Risk Management Policy, which was reviewed and approved by the Board in July 2022. This sets out the processes by which risks are systematically identified, assessed, managed, monitored, mitigated and reviewed.

Risks facing the organisation are identified from several sources, both internal and external to the organisation, for example:

- Internal - through risk assessments; the development of the business plan; consultations with staff and patients; internal inspections and audits; and complaints, incidents and claims.
- External – through assessments by regulators; environmental appraisals; intelligence from regional partnerships/developing system arrangements and information disseminated by national bodies; consultation with external stakeholders; and benchmarking.

The Board has identified the principal risks to the delivery of its Strategic Direction, Our Journey to Change, and these are monitored and managed through the Board Assurance Framework (BAF).

The BAF and the Corporate (operational) Risk Register identify the controls in place to manage risk and related sources of assurance, positive assurance, gaps in control and assurance and mitigation plans.

All risks are scored against set criteria for consequence and likelihood. Each risk also has a target (residual) risk score; the anticipated level of risk once all reasonable mitigating actions have been implemented.

The Board has considered and reviewed the Trust’s risk appetite in the context of the organisation’s present and expected future positions, and has agreed risk tolerances for each type of risk.

As at 31 March 2023 the following strategic risks were included in the Board Assurance Framework:

| Ref | Strategic Goals   |  |                       | Risk Name & Description   | Risk Grade | Oversight Committee                    |
|-----|---|--|-----------------------|---|------------|--|
|     | To co-create a great experience for our patients, carers and families | To co-create a great experience for our Colleagues | To be a great partner |   |            |  |
| 1   | ✓   | ✓  |                       | <p><b>Recruitment</b></p> <p>Inability to recruit sufficient qualified and skilled staff might jeopardise our ability to provide high quality/safe services</p> | High       | People Culture and Diversity Committee |

| Ref | Strategic Goals   |  |                       | Risk Name & Description  | Risk Grade | Oversight Committee                    |
|-----|---|--|-----------------------|--|------------|--|
|     | To co-create a great experience for our patients, carers and families | To co-create a great experience for our Colleagues | To be a great partner |  |            |  |
| 2   | ✓   |  |                       | <p><b>Demand</b></p> <p>Demand for our services, particularly as a result of the post-Covid surge, might result in us not being able to meet patient/carer expectations or commissioner requirements.</p>  | High       | Quality Assurance Committee            |
| 3   | ✓   |  |                       | <p><b>Involvement and Engagement</b></p> <p>A fragmented approach to service user and carer engagement and involvement might prevent us from co-creating a great experience</p>  | Moderate   | Quality Assurance Committee            |
| 4   | ✓   |  |                       | <p><b>Experience</b></p> <p>We might not always provide a good enough experience for those who use our services, their carers and their families, in all places and all of the time (see also BAF refs 1 (recruitment) 5 (staff retention) and 6 (Learning))</p> | High       | Quality Assurance Committee            |
| 5   | ✓   | ✓  |                       | <p><b>Staff Retention</b></p> <p>Multiple factors could contribute to staff not choosing to stay with the Trust. This will undermine the provision of safe and sustainable services as well as putting individual staff and patients at risk of harm.</p>        | High       | People Culture and Diversity Committee |
| 6   | ✓   |  |                       | <p><b>Safety</b></p> <p>Failure to effectively undertake and embed learning could result in repeated serious incidents</p>   | High       | Quality Assurance Committee            |

| Ref | Strategic Goals   |  |                       | Risk Name<br>& Description   | Risk Grade | Oversight Committee            |
|-----|---|--|-----------------------|--|------------|--------------------------------|
|     | To co-create a great experience for our patients, carers and families | To co-create a great experience for our Colleagues | To be a great partner |  |            |                                |
| 7   | ✓   | ✓  | ✓                     | <p><b>Infrastructure</b></p> <p>Poor quality physical or digital infrastructure could impede our ability to co-create a great experience both for staff and for patients [excludes CITO (see risk 12), Cyber security (see risk 8) and RPH (see risk 14)].</p> | Moderate   | Strategy & Resources Committee |
| 8   | ✓   | ✓  | ✓                     | <p><b>Cyber Security</b></p> <p>A successful cyber-attack could compromise patient safety, business continuity, systems and information integrity and cause reputational damage</p>  | High       | Strategy & Resources Committee |
| 9   | ✓   | ✓  | ✓                     | <p><b>Regulatory Action</b></p> <p>Further regulatory action could result in loss of confidence and affect our reputation among service users, staff, and other key stakeholders (see also BAF ref. 11 – Governance and Assurance)</p>                         | High       | Quality Assurance Committee    |
| 10  |   |  | ✓                     | <p><b>Influence</b></p> <p>Changes in the external environment, and insufficient capacity to respond or to align our objectives with those of partners, might lead to loss of strategic influence and reputation</p>   | Moderate   | Strategy & Resources Committee |
| 11  | ✓   |  |                       | <p><b>Governance &amp; Assurance</b></p> <p>The absence of a clear line of sight from ward to Board, due to ineffective governance and assurance processes, could result in the inconsistent quality of services and increased risks to patients</p>           | High       | Quality Assurance Committee    |

| Ref | Strategic Goals   |  |                       | Risk Name<br>& Description   | Risk Grade | Oversight Committee            |
|-----|---|--|-----------------------|--|------------|--------------------------------|
|     | To co-create a great experience for our patients, carers and families | To co-create a great experience for our Colleagues | To be a great partner |  |            |                                |
|     |   |  |                       |  |            |                                |
| 12  | ✓   | ✓  | ✓                     | <p><b>Roseberry Park</b></p> <p>The necessary Programme of rectification works at Roseberry Park and associated legal case could adversely affect our service quality/safety and financial, reputational and regulatory standing</p>                           | High       | Board                          |
| 13  | ✓   | ✓  | ✓                     | <p><b>West Lane</b></p> <p>The outcome of the independent enquiry, coroners' investigations, and civil legal actions could affect our reputational and regulatory standing if the Trust is not able to demonstrate the necessary improvements and approach</p> | High       | West Lane Project Committee    |
| 14  | ✓   | ✓  | ✓                     | <p><b>CITO</b></p> <p>Failure to deliver the CITO project to its revised timescale will delay its benefits for patients and staff</p>  | High       | Strategy & Resources Committee |
| 15  | ✓   | ✓  | ✓                     | <p><b>Financial Sustainability</b></p> <p>Failure to gain a fair share of resources for the Trust and mental health could impact on the delivery of Our Journey to Change and the sustainability of services</p>   | High       | Strategy & Resources Committee |

All Board committees have responsibility for providing assurance to the Board on the management of risks, the effectiveness of controls and for identifying and escalating new risks that could impact significantly on the Trust's ability to deliver Our Journey to Change.

The business cycles of the Board and its committees are aligned to providing assurance on the management of the risks, and the operation of related controls, included in the BAF.

The Trust's standard reporting template has been redesigned to focus on the BAF risks. For assurance reports, the Lead Executive is expected to define the level of assurance they believe to be in place, providing relevant supporting evidence, so that it can be tested, and additional information can be provided where there are considered to be further gaps.

Reports from the Board's committees summarise those issues where they have gained assurance or wish to alert or advise the Board of significant issues. They are also used to draw the Board's attention to new material risks. These reports are considered alongside the Integrated Performance Assurance reports to provide a more holistic view.

The Audit and Risk Committee has specific responsibilities for:

- Providing assurance to the Board (through its oversight of governance, risk management and internal control) on the effectiveness and robustness of the Trust's risk management arrangements and controls environment.
- Reviewing the adequacy of all risk and control related statements (for example the Annual Governance Statement) prior to endorsement by the Board.
- Reviewing the Assurance Framework, prior to its presentation to the Board, to provide assurance on its coverage and comprehensiveness and the appropriateness and effectiveness of the mitigations for each principal risk.

The Committee utilises reports from management, including from the Executive Risk Group, and Internal Audit, in assessing the effectiveness of the BAF and risk management as key components of the internal control framework.

The Internal Audit and Counter Fraud Plans are aligned with the Trust's principal risks.

The Trust's quality governance arrangements are focussed on the Quality Assurance Committee of the Board. It has responsibility for overseeing the Trust's compliance with the fundamental standards for quality and safety. It also considers statutory and regulatory compliance in regard to relevant matters including health and safety, safeguarding and medicines management, clinical audit and research and development.

During the year the Committee received assurance by way of:

- Reports from the Executive Quality Assurance and Improvement Group following each of its meetings.
- Reports on the management of relevant risks included in the Board Assurance Framework and the Corporate Risk Register.
- Monthly Quality and Learning reports which provide assurance on key areas of quality and safety of patient care at a Trust level.
- The Committee's Integrated Performance Dashboard which enables oversight of the quality of services being delivered.
- Regular reporting on the operation of key quality controls e.g the delivery of action plans in response to recommendations made by the Care Quality Commission, the delivery of the clinical audit programme, etc.
- Reports by exception where gaps in control and assurance have been identified.

Two risk registers are maintained for high level operational risks (those with a score of 15+). The Corporate Risk Register, which includes those which could have an organisation-wide impact, and a separate register for more localised risks.

A monitoring and assurance flow is in place through the Care Group Boards, and their individual risk groups, through the Executive Risk Group to the Executive Directors Group.

Risk is embedded in the activities of the organisation in the following ways:

- Equality impact assessments, which are undertaken for all new initiatives and policies.
- Quality Impact Assessments (QIA), requiring sign-off by the Medical Director and Director of Nursing and Governance/Chief Nurse, for all Cash Releasing Efficiency Savings (CRES) schemes to assess the impact they will have on clinical performance, and ultimately, patient care.

- An open reporting culture, which encourages staff to report all incidents through its internal reporting system.
- The arrangements, as set out in the Trust's Incident Policy CORP 0043, by which all incidents are openly reported within the Trust (and, as necessary, externally) and are systematically reviewed and analysed to prevent/minimise their repetition. These include the involvement of patients and families from the beginning of the incident where appropriate.
- Business case approval processes through which investment requirements are articulated, risk assessed, costed and refined to ensure value for money.

The Trust involves public stakeholders in identifying and managing risks to its strategic objectives in a number of ways. These include:

- Feedback from Governors on concerns raised by their Members
- Patient satisfaction surveys including the Friends and Family Test
- Complaints, claims and Patient Advice and Liaison (PALS) concerns
- The involvement of patients and the public in the development and evaluation of services
- Feedback received from patients, staff and the public through CQC enquiries and Mental Health Act complaints, and using proactive engagement with staff side, and executive sponsorship of staff networks, to develop strong two-way dialogues and the opportunity to hear and respond to issues 'upstream'
- Close links with local authorities, the Integrated Care Boards, voluntary sector partners and others to ensure the delivery of integrated care and treatment

In line with the NHS Long Term Plan and associated People Plan, the Trust continued, through its People Journey, to develop and embed its approach to supporting the workforce through their entire career. Oversight is provided by the Executive People Culture and Diversity Sub-Group (previously the Workforce Sub-Group of Senior Leadership Group) throughout the year.

A medium to long-term workforce plan was approved by the Board in February 2023. This focuses on how we attract, and welcome, more people to the Trust, as well as how we provide an employment offer that means we retain more people and how we improve the culture of the organisation, including the way in which leaders and managers fulfil their roles.

The plan was initially founded on the Big Conversation but continues to adapt to new information such as staff surveys, staff network feedback, Freedom to Speak up information and Trust data. Fundamentally, it is informed by the Clinical Journey and the ways in which our workforce is able to be responsive to the needs of our patients and services, and to be informed by the transformation of our services. A workforce planner post was created in the new structure, and the new postholder starts in post in August 23, which will be fundamental to bringing the clinical strategy into longer-term plans for each specialty and place.

The Trust has also restructured through the last year, to ensure stronger clinical leadership throughout its services and governance process. As well as strengthening clinical roles in governance, the restructure has also reduced the layers in the organisation – both of which have enhanced the team to board line of sight.

Workforce data is reported to the People Culture and Diversity Committee quarterly, in the context of the People Journey, and the BAF contains risks on recruitment and retention (the latter including wellbeing and culture). The People Journey metrics align to the three areas of focus in the People Journey: More People, Working Differently, in a Compassionate and Inclusive Culture. New reports have been developed covering all people data, and these are provided to services once a month, before key issues and actions are reported monthly to Executive Directors Group after the data has been triangulated and mapped in local services. Oversight relates not just to numbers of staff in each service, but training levels and the way they are deployed.

The Board Assurance Framework recognises that ‘Inability to recruit and retain sufficient qualified and skilled staff might jeopardise our ability to provide high quality/safe services’. The following clinical risks are associated with inadequate nursing and care staffing capacity and capability:

- Inadequate staffing numbers compromise safe and compassionate care
- Poor monitoring of staffing capacity and capability can give rise to unacceptable patterns of inadequate staffing
- Not having the right skill mix in clinical environments can place unacceptable, additional demands upon staff and give rise to unsafe and ineffective care
- If staff feel unable to speak out, then potentially unsafe staffing levels go undetected and reported and risks are not effectively mitigated
- Inadequate staffing numbers can compromise safe and compassionate care

The Trust has a number of ways to ensure that short, medium and long-term workforce strategies are in place to assure the Board that staffing processes are safe, sustainable, and effective.

The Trust undertakes an annual staffing review to ensure baseline establishments are correct, to provide high quality patient care. Each review is considered and signed off by the Board in accordance with NQB guidelines every 6 months, and the process is in line with Developing Workforce Standards (NHS, 2018), which states that Trusts are required to use evidence-based tools – including a professional judgement approach – to support the achievement of the correct staffing establishments based upon acuity and dependency of patients.

The establishment review reports consider and triangulate professional judgement with workforce data and outcomes, alongside the assessment of acuity and dependency via the mental health optimal staffing tool (MHOST). Risks to safety and quality, financial areas, performance and staff and patient experience are described in the reviews. Benchmarking data for Care Hours Per Patient Day (CHPPD) and skill mix is used to support decision making including peer review. The NHSI Model System provides national and peer values, which are used to support benchmarked values of CHPPD for peer Trusts and are used to support the identification of any potential gaps in our budgeted establishments to that of these benchmark values. Monthly assurances are also provided by the Quality Assurance Committee to the Trust Board. Quality impact assessments are undertaken for any required changes to the roster demand templates and the budgeted establishments, taking into consideration staffing numbers and skill mix.

The Trust has actioned specific processes to address areas where staffing risks remain despite mitigations and has established and implemented responsive business continuity plans to maintain safety and care quality. These actions have included full and partial closure of wards, reduced bed provision, commissioning of independent sector bed capacity and realignment of teams to support quality and safety requirements. The Trust is aware that we are not always able to meet our planned skill mix on a daily basis, and therefore have a range of risk mitigations in place, including daily operational processes that include robust daily management systems to ensure safe staffing across all of our inpatient areas.

Where sudden shortages of staff arise, there are staffing escalation procedures to be followed for both community and inpatient areas within and out of office hours. The Trust is currently working to consider community acuity and dependency daily assessments to support caseload management discussions and decisions. Services are expected to carry out business-as-usual dynamic staffing risk assessments including formal escalation processes. Acuity-dependency based rostering is completed daily for inpatient wards, to support daily staffing discussions, and is underpinned by the staffing escalation process for any red flags as part of a dynamic staffing risk assessment.

Concerns about staffing are escalated to Executive Directors and either managed by Care Boards in local services, or escalated to the Executive Directors Group, depending on the acuity of risk or the breadth of issue. The focus is on whether the service is safe today and over the next week, and then how to build the service back to a sustainable level of workforce provision that can be maintained.

Whilst the focus is on staffing establishments, the Trust has also implemented several “invest to improve” initiatives, to ensure safer and more effective care can be provided to free up clinical time to care. These include:

- **Zonal models of Care** – the introduction of zonal models of care and engagement has been shown to reduce the number of falls in our older persons unit, physical interventions related to violence and aggression and a reduction in the harm caused by sexual safety incidents on PICU
- **Acuity based rostering (Safe Care)** – the introduction of the SafeCare tool to all inpatient areas which is now linked into the staffing escalation procedure. SafeCare enables the input of a daily acuity dependency assessment of the current cohort of patients on the ward which is then inputs into an algorithm to provide a picture of the staffing requirements to meet the dynamic need of the current patient group. As part of the work of the Safe Staffing group will include assurances regarding compliance with the requirements of the tool
- **Digital care assistant (Oxehealth)** – this technology is designed to assist staff by supporting physical health monitoring and risk management, observation, and oversight of our patients particularly during night shift
- **Ward Clerk Revie1** – the introduction of seven-day-a-week admin support to wards, to support the provision of an increase in the clinical time available to clinical staff. The impact of these developments has increased the quality of care and patient safety within the Trust and aims to improve upon staff well-being and staff retention.

The Trust is committed and engaged in all regional and national workforce programmes, including HCA recruitment and international recruitment, to increase the numbers of both registered and non-registered nursing staff as well as other professions on our wards. We have undertaken a variety of approaches:

- Over recruitment of appointable candidates to support reduction in agency use
- Nursing Apprenticeships - The Trust seconds 20 trainee nursing associates and 20 registered nurse degree apprenticeships every year from our existing unregistered workforce as part of our ‘grow our own campaign’. This has been in place for approximately four years now and we are seeing regular recruits transitioning to our registered nursing workforce
- Annual increase in trainee nursing numbers
- International Recruitment of nursing and medical staff
- Participation in virtual recruitment fayres as well as large community-based events
- Working with local universities offering final year students who are on placement with TEWV a guaranteed job on successful completion of their nurse degree
- Our peer worker staff group has grown significantly in the last year (over 40 in post) with an impressive retention rate and we have also increased numbers of activity coordinators.
- We have recruited 16 Practice Development Nurses - senior and experienced staff, who are supernumerary and provide advice, guidance, and coaching to support clinical skills and practice and lead on improvement projects.

- Strengthened allied health and psychological leadership of the multiple training routes into the NHS, introduced community matrons across services,
- Over 500 staff on apprenticeships
- Development posts in places across professions to ensure that we retain staff and build in specialist competencies within teams

To strengthen oversight of the key areas of risk in the People Journey, a safer staffing group has been established which is aligned with the developing workforce standards requirements and is developing work plans to mitigate and action strategic, trustwide staffing-related issues such as agency use, international recruitment and rostering, aligned to our integrated performance report.

In addition to the above strategies, a safer staffing group has been established which is aligned with the developing workforce standards requirements and is developing work plans to mitigate and action strategic, trustwide staffing related issues such as agency use, international recruitment and rostering. It will support the delivery of the agenda of the Executive People, Culture and Diversity Group and its objectives towards the Trust's workforce strategy. The strategy is focussed on significantly increasing the capability of our existing workforce by ensuring that we have the right number of staff, with the right skills, to deliver high quality care to our patients/service users and carers.

To mitigate the risk to data security, the Trust issues monthly Metacompliance cyber security eLearning to all staff. All new staff complete mandatory Data Security and Protection Training, and phishing simulations are performed with the findings and learning shared trustwide.

Cyber is one of the risks on the Board Assurance Framework (BAF) and is regularly reviewed through the Executive Strategy and Resource Group and by the Strategy and Resources Committee.

The Trust employs cyber defences within its estate and is about to embark on the delivery of a comprehensive Cyber strategy from 2023-2025, in line with the National Cyber strategy, to further strengthen its cyber position and to keep pace with emerging threats. Cyber security assurance is considered good within the Trust, and this is reflected in a number of audits, that have been consistently carried out year on year.

The Trust performs supplier assurance in line with the NHS Digital Technology Assessment Criteria (DTAC) process when new software, systems and suppliers are being considered for use within the organisation. This constitutes verifying privacy statements, certification and cyber approach with prospective suppliers in addition to data protection and technology best practice areas.

These checks include verifying any security certifications they may have (ISO 27001, CE, CE+, SOC2). Privacy statements are checked focussing on where the information is held, how it is stored and what security is applied to safeguard it.

This allows assurance to be gained that the supplier is aware of and compliant with GDPR/DPA 2018. Data and cyber security are a core and essential part of maintaining quality patient care within the Trust and our efforts reflect this.

The principal risks to compliance with licence condition 4 of the Foundation Trust Governance are included in the BAF.

The assessment of these risks has taken into account:

- The implementation of the revised governance and leadership arrangements mentioned above
- The completion of a six-month post implementation review of the new arrangements
- Feedback on the findings and recommendations following inspections by the Care Quality Commission and assurance on the delivery of action plans developed in response
- An annual review of precautions taken by the Trust to maintain compliance with its provider licence conditions
- The preparation and agreement of assurance statements in regard to recommendations made on governance arising from an independent investigation commissioned by NHS England

The Board has also considered the above matters in assessing the validity of its Corporate Governance Statement.

The Trust is fully compliant with the registration requirements of the Care Quality Commission.

The 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 12 months as required by the *Managing Conflicts of Interest in the NHS* guidance.

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 the organisation's obligations under equality, diversity and human rights legislation are complied with.

The Trust has undertaken risk assessments and ***has plans in place which take account of the Delivering a Net Zero Health Service report under the Greener NHS programme.*** 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 processes to ensure that resources are used economically, efficiently, and effectively that involve:

- Agreeing an annual financial plan aligning operational, workforce and financial requirements
- A rigorous process of setting annual budgets and a detailed cash releasing efficiency savings (CRES) programme
- Periodic review of Standing Financial Instructions and Schemes of Delegation (last reviewed April 2022)
- Robust financial performance management arrangements, including monthly re-forecasting and consideration of necessary recovery actions
- Support to Care Groups and Directorates to better understand and manage their respective income and expenditure, including the delivery of internal control totals
- Breaking down the Trust's overall reference cost indicator to support benchmarking of costs
- Leveraging efficiencies through internal and collaborative procurement initiatives
- Using benchmarking and nationally published performance metrics to inform plans for improved inpatient and community service efficiency
- Rationalising and/or better utilising the estate footprint and making progress on sustainability targets
- Improving workforce productivity, including through innovation and technology and hybrid working
- Benchmarking costs of corporate functions, including reference to national tools including Model System
- Utilising annualised Business Planning and Care Group engagement to generate ideas for cost reductions
- Embedding the Quality Improvement Systems (QIS) and solution focussed coaching methodologies 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, including developing non-Trust pathways and assuming commissioning functions to improve cost effectiveness and outcomes. The Trust has strategic partnerships with ICBs in both North East and North Cumbria, and Humber and North Yorkshire and works collaboratively with NHS England and with CNTW and others in Provider Collaboratives for specialist services and develops new services for people with Learning Disability using PIPS.
- Robust capital planning function locally adopting the NHS England business case approvals process guidance, coordination of prioritisation processes to ensure transparent agreement of relative priorities and impact assessments where resource constraints limit Trust ambitions.

The Board plays an active role by:

- Determining the level of financial performance it requires and the consequent implications (including ensuring QIA)
- Reviewing in detail at each meeting the Trust's year to date and forecast financial performance, financial risk and mitigations and delivery against planned CRES, supplemented by more detailed discussion at Strategy and Resources Committee
- Allocating oversight for key relevant strategic risks to the Trust's Strategy and Resources Committee
- Agreeing the integrated annual financial and business plan submitted to NHS England
- Considering plans for all major revenue and capital investment (and disinvestment)

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

- Internal audit reports and Local Counter Fraud Specialist findings in relation to fraud
- External audit reports on specific areas of interest
- The Care Quality Commission reports

### **Information governance**

There were 18 incidents reported in the Data Security and Protection Toolkit during the period 1 April 2022 to 31 March 2023.

- 12 incidents were privacy breaches affecting 12 persons – inappropriate staff access to local or national patient information systems.
- Six incidents were confidentiality breaches with a variety of causes.
- All incidents were investigated by the appropriate Trust team.

- No cases resulted in regulatory action by the Information Commissioners Office.

The Data Security and Protection Toolkit 2022-23 is required to be submitted by 30<sup>th</sup> June 2023. Of the **113** mandatory evidence items and **36** assertions, it is anticipated that the Toolkit will be published with all except one evidence item provided and a status of Approaching Standards. A higher than usual sickness absence rate is being experienced, making the mandatory requirement to ensure at least 95% of all staff have completed their annual Data Security Awareness Training difficult. The Trust has been implementing an action plan that identifies the actions and timescales to achieve compliance.

In November 2021 the Information Commissioner’s Office (ICO) conducted a consensual audit to determine the extent to which the Trust is complying with data protection legislation. The audit focused on two areas:

- Governance and accountability: The extent to which information governance accountability, policies and procedures, performance measurement controls, and reporting mechanisms to monitor data protection compliance to both the UK GDPR and national data protection legislation are in place and in operation throughout the organisation.
- Data Sharing: The design and operation of controls to ensure the sharing of personal data complies with the principles of all data protection legislation.

The Trust achieved reasonable assurance in both areas and implemented an action plan with the ICO. A re-audit in February 2023 saw the ICO close the audit with residual low risk actions being reported to the Audit and Risk Committee for assurance on controls.

### Data quality and governance

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

| Who | What | When | Why |
|-----|------|------|-----|
|-----|------|------|-----|

|   |   |         |   |
|---|---|---------|---|
| Digital Performance and Assurance Group | To monitor and oversee the data quality within the organisation, which covers all information systems managed by Digital and Data Services  | Monthly | Provide strategic leadership, direction, and oversight  |
| Data Quality Working Group (DQWG)       | To monitor trustwide data quality issues and develop action plans to take remedial action. The group will also take a proactive role in ensuring that existing systems are used to record information in line with agreed trust and National standards and use systems to proactively view, monitor and improve data quality on an ongoing basis. | Monthly | Develop action plans to improve the data quality of the organisation.<br><br>Monitor improvements and report progress, escalating any areas of concern.<br><br>Monitor nationally available data quality metrics.<br><br>Raise any business/clinical processes that are leading to poor data quality. |
| NHS England                             | Assesses the completeness of data to make assessments for specific outcomes (i.e., employment) using MHSDS  | Monthly | For monitoring compliance by NHS FTs with their terms of authorisation  |

The Trust has been subject to several audits in which data quality has been measured and targets established to improve the quality of the data captured on information systems.

The Data Quality Assessment Tool (DQAT) is a fundamental part of our “assurance” to the Board, providing confidence that:

- We have clearly defined measures/key performance indicators which are robust and fit for purpose.
- Our testing processes ensure that the measures remain accurate and up to date.

The tool provides assurance on the quality of data being reported as part of our Integrated Performance Dashboard, focussing on our quality and confidence in:

- The source of the data
- The accuracy and consistency of the data
- The measure construction
- The assurance/audit testing undertaken

The results (scores) from the data quality assessment are reported to the Board within our Integrated Performance Report and are overseen by the Data Quality Working Group, to ensure that all improvement actions identified as part of the assessment are completed.

Strategic improvements in the monitoring and oversight of data quality are described and implemented within the Digital and Data Journey for Change.

In the most recent NHS Digital published results (December 2022) TEWV gained a score of 97.4 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:

- IT-0030 Data Management Policy
- CORP-0026: Records Management Policy
- CORP-0026-007: Records Management and Safe Haven procedure
- CORP-0026-005-v2: Moving records and other sensitive information
- CORP-0026-002-v1.1 Minimum standards for clinical record keeping
- CORP-0006: Information Governance Policy
- IT-0011: Registration Authority Policy
- IT-004: Network User Access Procedure
- IT-0031: Access to Information Systems Policy
- IT-0010: Information Security and Risk Policy
- IT-0014: NHS Number Procedure
- CLIN-0066: Clinical Coding Procedure
- [Multiple]: System Specific Policies of those trust systems containing patient information

The policies incorporate national standards where available and are regularly reviewed. All the policies are held on the intranet. When policies have been reviewed (or new ones published) staff are informed through an all-staff email, team brief and other cascade mechanisms.

Training is provided to support staff using the electronic patient record (PARIS). Training is provided where issues around data quality have been identified.

As part of performance reporting to the Board, real-time data is used to forecast future positions, thus improving the decision-making process. Trust dashboards are available via the Integrated Information Centre (IIC) to support and 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 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 and the Quality Assurance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

My review has specifically taken into account:

- The findings and recommendations arising from the fourth report (governance) into the deaths of three young women in 2019, received in February 2023, and the assurances, accepted by the Board, on the improvements to structures, systems and processes since that time.
- The findings and recommendations of inspections made by the Care Quality Commission.

In their review of the Trust's arrangements for economy, efficiency and effectiveness in its use of resources (value for money), the External Auditors highlighted risks of serious weakness in regard to progress in responding to Care Quality Commission inspections undertaken during June 2021 (restatement of risk from the prior year) and the inspection of adult learning disability inpatient wards in June 2022 which provided an overall rating of 'inadequate'.

Balanced against these findings I have taken into consideration the rapid improvement work undertaken by the Trust and recognised by the CQC following the unannounced inspection of secure inpatient services in July 2022; the letter received from the regulator which confirmed the continuing

improvement they had witnessed in adult learning disability inpatient services; and the positive initial feedback provided by the CQC following the 'well-led' inspection in May 2023.

I have also noted that there are currently no regulatory notices in force against the Trust.

- The implementation of the new governance and leadership structures, systems and processes and the findings of the post implementation review undertaken following the first six months of their operation.
- The Board's conclusions on the annual certificates required by NHS England.
- The Trust's position against NHS England's System Oversight Framework (segment 3) and the feedback received from the region on the actions for improvement.
- The conclusions of the Head of Internal Audit in his annual opinion that from his review of the Trust's systems of internal control, there is reasonable assurance that there is a sound system of internal control, governance and risk management designed to meet the organisation's objectives. This reflects the findings on audits completed based on our agreed risk-based audit plan.

I have reflected on the findings of the Internal Audit assignments undertaken during the year and the spread of assurances for the core assurance audits. In particular I have considered the implications of the two limited assurance reports, Digital and Data Project Management: Clinical Strategy and Duty of Candour, on the Trust's overall controls environment.

I have also noted the positive approach, commented on by the Internal Auditors, on the delivery of their recommendations.

- The arrangements for the management of risk within the Trust including progress made on the mitigation of the strategic risks included in the BAF.
- The assurances provided to the External Auditors by the Audit and Risk Committee on the controls in place to manage fraud and the application of laws and regulations.
- Feedback provided through the Board development programme by Deloitte LLP.

## **Conclusion**

In 2021/22 the Trust recognised that there were some significant weaknesses in internal control processes as a result of feedback provided from inspections of services undertaken, in that year, by the Care Quality Commission.

Improvements made during 2021/22 and 2022/23 led to the lapse of related CQC enforcement action and, immediately following the recent May 2023 “well-led” inspection, the Trust received written confirmation from the CQC of a number of significant improvements their inspection had highlighted. Whilst the impact on formal regulatory ratings will not be confirmed until the CQC inspection report is publicly available later this year, I consider that actions to address these weaknesses have been taken and focus is now on continuing to sustain and embed these.

I also consider that improvements to risk management and the new leadership and governance arrangements implemented on 1 April 2022 have provided greater visibility and confidence in the operation of internal controls. The former is substantiated via an improved Internal Audit assurance rating of ‘good’ (from reasonable’).

In conclusion, my view is that, as at 31<sup>st</sup> March 2023, whilst there is some inconsistency in the application of controls and further improvements are required, actions have been taken to address significant weaknesses in internal control in the Trust.



**Brent Kilmurray**  
**Chief Executive**  
27 June 2023

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

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

### Report on the audit of 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 2023 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 accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual 2022/23 as contained in the Department of Health and Social Care Group Accounting Manual 2023/23, 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 2023 and of the Trust's 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 2022/23; 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

In auditing the financial statements, we have concluded that the Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of 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 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 2022/23 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 public sector entity. The Accounting Officer is responsible for assessing each year whether or not it is appropriate for the Trust to prepare financial statements 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to

detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Trust, we identified that the principal risks of non-compliance with laws and regulations related to the National Health Service Act 2006 (as amended by the Health and Social Care Act 2012), and we considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated the Accounting Officer's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, significant one-off or unusual transactions, and revenue recognition.

### **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.

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We have nothing to report in these regards.

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We evaluated the Accounting Officer's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, significant one-off or unusual transactions, and revenue recognition.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the Audit and Risk Committee the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Trust which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Audit and Risk Committee on whether they had knowledge of any actual, suspected or alleged fraud
- gaining an understanding of the internal controls established to mitigate risks related to fraud
- discussing amongst the engagement team the risks of fraud

- addressing the risks of fraud through management override of controls by performing journal entry testing
- addressing the risk of fraud through revenue recognition by performing testing of revenue around the year end and year-end receivables.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit and Risk Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

We are also required to conclude on whether the Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the Comptroller and Auditor General in April 2021.

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](http://www.frc.org.uk/auditorsresponsibilities) This description forms part of our auditor's report.

### **Report on 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 2023.

We have not completed our work on the Trust's arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in January 2023, we have identified the following significant weakness in the Trust's arrangements for the year ended 31 March 2023.

| <b>Significant weakness in arrangements</b>  | <b>Recommendation</b>   |
|--|---|
| <p>During June 2022, the Care Quality Commission (CQC) carried out a number of responsive inspections of the Trust in relation to Wards for people with a learning disability or autism in response to information of concern.</p> <p>The CQC published their inspection report in October 2022 and the Trust was given an overall rating of 'Inadequate' for this service, with ratings of inadequate in the three domains of safe, effective and well-led.</p> <p>Following the initial inspection and subsequent report the Trust put in place an action plan to address each area for improvement and continues to liaise with CQC to ensure progress is made to implement and embed the actions agreed.</p> <p>In our view, the inspection outcome represents a significant weakness in arrangements in relation to Governance and how the Trust ensures it properly manages its risks.</p> | <p>We recommend that the Trust ensures that it embeds and sustains the action plans that it has put in place to address the issues identified by the CQC in relation to services on wards for people with a learning disability or autism.</p> <p>Specifically, the Trust needs to continue to work to ensure that robust monitoring and reporting processes are maintained, and that challenge, scrutiny and escalation arrangements drive the required improvements for patients and sustain the progress made to-date in implementing the actions to address the issues raised by the CQC.</p> |

In June 2022 we identified a significant weakness in relation to Governance for the 2021/2022 year. In our view this significant weakness remained for the year ended 31 March 2023:

| <b>Significant weakness in arrangements</b>  | <b>Recommendation</b>   |
|--|---|
| <p>During 2021/22, the Care Quality Commission (CQC) took enforcement action against the Trust following inspections focused on forensic</p> | <p>We recommend that the Trust ensures that it embeds and sustains the action plans that it has put in place to address the issues identified by the CQC.</p> |

| <b>Significant weakness in arrangements</b>   | <b>Recommendation</b>  |
|---|--|
| <p>inpatient wards, community mental health services for working age adults, crisis and health-based places of safety and community child and adolescent mental health services. The CQC gave an overall rating for mental health services on forensic inpatient and secure wards as 'inadequate' and the individual 'safe' domain for community child and adolescent mental health services was rated as 'inadequate'.</p> <p>Following the inspection, the CQC served the Trust with a warning notice (under Section 29A of the Health and Social Care Act 2008) in relation to these services.</p> <p>The Trust recognises that a failure to address the weaknesses identified in the CQC report would adversely impact upon the quality of services provided to users of forensic inpatient and secure wards and community child and adolescent mental health services and could lead to further enforcement action by CQC.</p> <p>In our view, the inspection outcome represents a significant weakness in arrangements in relation to Governance and how the Trust ensures it properly manages its risks.</p> | <p>In particular, it needs to ensure that robust monitoring and reporting processes are maintained, and that challenge, scrutiny and escalation arrangements drive the required improvements for patients and sustain the progress made to-date in implementing the actions to address the issues raised by the CQC.</p> |

We will report the outcome of our work on the Trust's arrangements in our commentary on those arrangements within the Auditor's Annual Report. Our audit completion certificate will set out any further matters which we are required to report by exception.

### **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 work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023.

## **Report on other legal and regulatory requirements**

### **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 2022/23; 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 under the Code of Audit Practice**

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 2022/23; 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; or
- we refer a matter to the regulator under Schedule 10(6) of the National Health Service Act 2006; 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.

## **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.

## **Delay in certification of completion of the audit**

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.



**Gavin Barker**  
**Key Audit Partner**  
**For and on behalf of Mazars LLP**

**Mazars LLP**  
**The Corner**  
**Bank Chambers**  
**26 Mosley Street**  
**Newcastle upon Tyne**  
**NE1 1DF**

**29 June 2023**

## **Audit Completion Certificate issued to the Council of Governors of Tees, Esk and Wear Valleys NHS Foundation Trust for the year ended 31 March 2023**

In our auditor's report dated 29 June 2023 we explained that the audit could not be formally concluded until we had completed the work necessary to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

This work has now been completed.

No matters have come to our attention since 29 June 2023 that would have a material impact on the financial statements on which we gave our unqualified opinion.

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

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 2023.

In our auditor's report dated 29 June 2023 we reported that we had identified two significant weaknesses in the Trust's arrangements for the year ended 31 March 2023. On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in January 2023, we have no further matters to report in this respect.

### **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.



Gavin Barker  
Key Audit Partner  
For and on behalf of Mazars LLP

Mazars LLP  
The Corner  
Bank Chambers  
26 Mosley Street  
Newcastle upon Tyne  
NE1 1DF

21 August 2023

# The accounts 2022/23

## Tees, Esk and Wear Valleys NHS Foundation Trust

These accounts, for the year ended 31 March 2023, have been prepared by Tees, Esk and Wear Valleys NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 within the NHS Act 2006.



**Brent Kilmurray**  
**Chief Executive**  
**27 June 2023**

## Statement of Comprehensive Income

|  |      | 2022/23               | 2021/22               |
|--|------|-----------------------|-----------------------|
|  | Note | £000                  | £000                  |
| Operating income from patient care activities              | 3    | 459,542               | 420,618               |
| Other operating income                                     | 4    | 24,923                | 23,011                |
| Operating expenses   | 7, 9 | <u>(494,332)</u>      | <u>(444,567)</u>      |
| <b>Operating deficit from continuing operations</b>        |      | <b><u>(9,867)</u></b> | <b><u>(938)</u></b>   |
| Finance income   | 11   | 1,678                 | 44                    |
| Finance expenses   | 12   | (1,411)               | (1,054)               |
| PDC dividends payable                                      |      | <u>(2,935)</u>        | <u>(2,801)</u>        |
| <b>Net finance costs</b>                                   |      | <b><u>(2,668)</u></b> | <b><u>(3,811)</u></b> |
| Other gains  | 13   | <u>3,945</u>          | <u>509</u>            |
| <b>Deficit for the year</b>                                |      | <b><u>(8,590)</u></b> | <b><u>(4,240)</u></b> |
| <b>Other comprehensive income</b>                          |      |                       |                       |
| <b>Will not be reclassified to income and expenditure:</b> |      |                       |                       |
| Impairments  | 8    | 362                   | 907                   |
| Other reserve movements                                    |      | <u>(3)</u>            | <u>-</u>              |
| <b>Total comprehensive expense for the period</b>          |      | <b><u>(8,231)</u></b> | <b><u>(3,333)</u></b> |

## Statement of Financial Position

|  |      | 31 March<br>2023       | 31 March<br>2022       |
|--|------|------------------------|------------------------|
|  | Note | £000                   | £000                   |
| <b>Non-current assets</b>                    |      |                        |                        |
| Intangible assets                            | 15   | 16                     | 1,554                  |
| Property, plant and equipment                | 16   | 143,158                | 141,727                |
| Right of use assets                          | 18   | 18,926                 | -                      |
| Receivables                                  | 23   | 558                    | 573                    |
| <b>Total non-current assets</b>              |      | <b><u>162,658</u></b>  | <b><u>143,854</u></b>  |
| <b>Current assets</b>                        |      |                        |                        |
| Inventories                                  | 22   | 856                    | 829                    |
| Receivables                                  | 23   | 35,633                 | 15,900                 |
| Cash and cash equivalents                    | 26   | 75,171                 | 81,736                 |
| <b>Total current assets</b>                  |      | <b><u>111,660</u></b>  | <b><u>98,465</u></b>   |
| <b>Current liabilities</b>                   |      |                        |                        |
| Trade and other payables                     | 27   | (68,245)               | (49,631)               |
| Borrowings                                   | 29   | (2,572)                | (895)                  |
| Provisions                                   | 31   | (5,227)                | (3,696)                |
| Other liabilities                            | 28   | (946)                  | (1,061)                |
| <b>Total current liabilities</b>             |      | <b><u>(76,990)</u></b> | <b><u>(55,283)</u></b> |
| <b>Total assets less current liabilities</b> |      | <b><u>197,328</u></b>  | <b><u>187,036</u></b>  |
| <b>Non-current liabilities</b>               |      |                        |                        |
| Borrowings                                   | 29   | (25,859)               | (11,409)               |
| Provisions                                   | 31   | (5,154)                | (8,213)                |
| <b>Total non-current liabilities</b>         |      | <b><u>(31,013)</u></b> | <b><u>(19,622)</u></b> |
| <b>Total assets employed</b>                 |      | <b><u>166,315</u></b>  | <b><u>167,414</u></b>  |
| <b>Financed by</b>                           |      |                        |                        |
| Public dividend capital                      |      | 160,212                | 155,468                |
| Revaluation reserve                          |      | 6,304                  | 5,942                  |
| Income and expenditure reserve               |      | (201)                  | 6,004                  |
| <b>Total taxpayers' equity</b>               |      | <b><u>166,315</u></b>  | <b><u>167,414</u></b>  |

The notes form part of these accounts.



|          |                 |
|----------|-----------------|
| Name     | Brent Kilmurray |
| Position | Chief Executive |
| Date     | 27 June 2023    |

## Statement of Changes in Equity for the year ended 31 March 2023

|  | Public<br>dividend<br>capital | Revaluation<br>reserve | Income and<br>expenditure<br>reserve | Total          |
|--|-------------------------------|------------------------|--------------------------------------|----------------|
|  | £000                          | £000                   | £000                                 | £000           |
| <b>Taxpayers' and others' equity at 1 April 2022 - brought forward</b> | <b>155,468</b>                | <b>5,942</b>           | <b>6,004</b>                         | <b>167,414</b> |
| Implementation of IFRS 16 on 1 April 2022                              | -                             | -                      | 2,388                                | 2,388          |
| Deficit for the year   | -                             | -                      | (8,590)                              | (8,590)        |
| Impairments  | -                             | 362                    | -                                    | 362            |
| Public dividend capital received                                       | 4,744                         | -                      | -                                    | 4,744          |
| Other reserve movements  | -                             | -                      | (3)                                  | (3)            |
| <b>Taxpayers' and others' equity at 31 March 2023</b>                  | <b>160,212</b>                | <b>6,304</b>           | <b>(201)</b>                         | <b>166,315</b> |

## Statement of Changes in Equity for the year ended 31 March 2022

|  | Public<br>dividend<br>capital | Revaluation<br>reserve | Income and<br>expenditure<br>reserve | Total          |
|--|-------------------------------|------------------------|--------------------------------------|----------------|
|  | £000                          | £000                   | £000                                 | £000           |
| <b>Taxpayers' and others' equity at 1 April 2021 - brought forward</b> | <b>153,218</b>                | <b>5,035</b>           | <b>10,244</b>                        | <b>168,497</b> |
| Deficit for the year   | -                             | -                      | (4,240)                              | (4,240)        |
| Impairments  | -                             | 907                    | -                                    | 907            |
| Public dividend capital received                                       | 2,250                         | -                      | -                                    | 2,250          |
| <b>Taxpayers' and others' equity at 31 March 2022</b>                  | <b>155,468</b>                | <b>5,942</b>           | <b>6,004</b>                         | <b>167,414</b> |

## **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

|   | 2022/23            | 2021/22         |
|---|--------------------|-----------------|
| Note  | £000               | £000            |
| <b>Cash flows from operating activities</b>                         |                    |                 |
| Operating deficit   | (9,867)            | (938)           |
| <b>Non-cash income and expense:</b>                                 |                    |                 |
| Depreciation and amortisation                                       | 7.1 8,064          | 3,523           |
| Net impairments   | 8 9,394            | 10,698          |
| (Increase) / decrease in receivables and other assets               | (19,766)           | 746             |
| (Increase) / decrease in inventories                                | (27)               | 178             |
| Increase in payables and other liabilities                          | 14,689             | 4,017           |
| Increase / (decrease) in provisions                                 | (1,572)            | 386             |
| <b>Net cash flows from operating activities</b>                     | <b>915</b>         | <b>18,610</b>   |
| <b>Cash flows from investing activities</b>                         |                    |                 |
| Interest received   | 1,678              | 44              |
| Purchase of property plant and equipment and investment property    | (10,685)           | (18,419)        |
| Sales of PPE and investment property                                | 300                | 1,869           |
| <b>Net cash flows used in investing activities</b>                  | <b>(8,707)</b>     | <b>(16,506)</b> |
| <b>Cash flows from financing activities</b>                         |                    |                 |
| Public dividend capital received                                    | 4,744              | 2,250           |
| Movement on other loans   | (238)              | (238)           |
| Capital element of lease liability payments                         | (2,013)            | -               |
| Capital element of PFI, LIFT and other service concession payments  | (657)              | (652)           |
| Interest element of lease liability repayments                      | (180)              | -               |
| Interest paid on PFI, LIFT and other service concession obligations | (1,188)            | (1,090)         |
| PDC dividend paid   | (2,882)            | (1,574)         |
| Cash flows from other financing activities                          | 3,641              | -               |
| <b>Net cash flows used in financing activities</b>                  | <b>1,227</b>       | <b>(1,304)</b>  |
| <b>Increase / (decrease) in cash and cash equivalents</b>           | <b>(6,565)</b>     | <b>800</b>      |
| <b>Cash and cash equivalents at 1 April - brought forward</b>       | <b>81,736</b>      | <b>80,936</b>   |
| <b>Cash and cash equivalents at 31 March</b>                        | 26.1 <b>75,171</b> | <b>81,736</b>   |

## **Notes to the Accounts**

### **Note 1 Accounting policies and other information**

#### **Note 1.1 Basis of preparation**

NHS England has directed that the financial statements of 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 2022/23 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

#### **Accounting convention**

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, 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. The financial reporting framework applicable to NHS bodies, derived from the HM Treasury Financial Reporting Manual, defines that the anticipated continued provision of the entity's services in the public sector is normally sufficient evidence of going concern. The directors have a reasonable expectation that this will continue to be the case.

#### **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 is trustee for the "Tees Esk and Wear Valleys NHS Trust General Charitable Fund", the balances of which are not consolidated with the trust's 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.

## **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 enable 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.

Funding envelopes are set at an Integrated Care System (ICS) level. The majority of the trust's income is earned from NHS commissioners in the form of fixed payments to fund an agreed level of activity.

In 2022/23 fixed payments are set at a level assuming the achievement of elective activity targets. These are termed 'aligned payment and incentive' contracts. The trust also receives income from commissioners under Commissioning for Quality Innovation (CQUIN). Delivery under this scheme is part of how care is provided to patients. As such CQUIN payments are not considered distinct performance obligations in their own right; instead, they form part of the transaction price for performance obligations under the overall contract with the commissioner. In 2022/23 payment under this scheme is included in fixed payments from commissioners based on assumed achievement of criteria.

### **Revenue from research contracts**

Where research contracts fall under IFRS 15, revenue is recognised as and when performance obligations are satisfied. For some contracts, it is assessed that the revenue project constitutes one performance obligation over the course of the multi-year contract. In these cases, it is assessed that the trust's interim performance does not create an asset with alternative use for the trust, and the trust has an enforceable right to payment for the performance completed to date. It is therefore considered that the performance obligation is satisfied over time, and the trust recognises revenue each year over the course of the contract. Some research income alternatively falls within the provisions of IAS 20 for government grants.

## **Note 1.5 Other forms of income**

### **Grants and donations**

Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. Where the grant is used to fund capital expenditure, it is credited to the consolidated statement of comprehensive income once conditions attached to the grant have been met. Donations are treated in the same way as government grants.

### **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
- the item has cost of at least £5,000, or
- collectively, a number of items have a cost of at least £5,000 and individually have cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, e.g., plant and equipment, then these components are treated as separate assets and depreciated over their own useful lives.

#### *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 (for example 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 and, where capitalised in accordance with IAS 23, borrowings costs. Assets are revalued and depreciation commences when the assets are brought into use.

IT equipment, transport equipment, furniture and fittings, and plant and machinery that are held for operational use are valued at depreciated historic cost where these assets have short useful lives or low values or both, as this is not considered to be materially different from current value in existing use.

A full MEA valuation was carried out on the trust's land and buildings at 31 March 2023, and the assets have been treated as prescribed in the Group Accounting Manual. All of the trust's MEA valuations at 31 March 2023 have been completed by Cushman and Wakefield Inc. (independent qualified valuer).

#### *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 the criteria in IFRS 5 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 and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'held for sale' and instead is retained as an operational asset and the asset's useful life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

### **Donated and grant funded assets**

Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is 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) and Local Improvement Finance Trust (LIFT) 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 a finance cost as incurred.

The service charge is recognised in operating expenses and the finance cost is charged to finance costs in the Statement of Comprehensive Income.

### *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:

|                                | <b>Min life<br/>Years</b> | <b>Max life<br/>Years</b> |
|--------------------------------|---------------------------|---------------------------|
| Land                           | -                         | -                         |
| Buildings, excluding dwellings | 1                         | 90                        |
| Plant & machinery              | 1                         | 15                        |
| Transport equipment            | 1                         | 7                         |
| Information technology         | 1                         | 7                         |
| Furniture & fittings           | 1                         | 10                        |

### 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.

### *Software*

Software, which is integral to the operation of hardware, e.g. an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software, which is not integral to the operation of hardware, e.g. application software, is capitalised as an intangible asset.

### **Measurement**

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently, intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value 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.

### **Useful lives of intangible assets**

Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives is reflective of expected life, this can be linked to a contract, a nominal expected life, or if licenses are to be held in perpetuity, 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.

The trust received inventories including personal protective equipment from the Department of Health and Social Care at nil cost. In line with the GAM and applying the principles of the IFRS Conceptual Framework, the trust has accounted for the receipt of these inventories at a deemed cost, reflecting the best available approximation of an imputed market value for the transaction based on the cost of acquisition by the Department.

### **Note 1.12 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, i.e., when receipt or delivery of the goods or services is made.

#### **Classification and measurement**

Financial assets and financial liabilities are initially measured at fair value plus or minus directly attributable transaction costs except where the asset or liability is not measured at fair value through income and expenditure. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques.

Financial assets or financial liabilities in respect of assets acquired or disposed of through leasing arrangements are recognised and measured in accordance with the accounting policy for leases described below.

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 as a financing income or expense.

### **Impairment of financial assets**

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets, 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 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).

Expected credit losses are calculated for non-government funded organisations only, based on the level of risk attached to individual transactions.

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.

### **De-recognition**

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**

A lease is a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration. An adaptation of the relevant accounting standard by HM Treasury for the public sector means that, for NHS bodies, this includes lease-like arrangements with other public sector entities that do not take the legal form of a contract. It also includes peppercorn leases where consideration paid is nil or nominal (significantly below market value) but in all other respects meet the definition of a lease. The trust does not apply lease accounting to new contracts for the use of intangible assets.

The trust determines the term of the lease term with reference to the non-cancellable period and any options to extend or terminate the lease which the trust is reasonably certain to exercise.

### **The trust as a lessee**

#### *Recognition and initial measurement*

At the commencement date of the lease, being when the asset is made available for use, the trust recognises a right of use asset and a lease liability.

The right of use asset is recognised at cost comprising the lease liability, any lease payments made before or at commencement, any direct costs incurred by the lessee, less any cash lease incentives received. It also includes any estimate of costs to be incurred restoring the site or underlying asset on completion of the lease term.

The lease liability is initially measured at the present value of future lease payments discounted at the interest rate implicit in the lease. Lease payments includes fixed lease payments, variable lease payments dependent on an index or rate and amounts payable under residual value guarantees. It also includes amounts payable for purchase options and termination penalties where these options are reasonably certain to be exercised.

Where an implicit rate cannot be readily determined, the trust's incremental borrowing rate is applied. This rate is determined by HM Treasury annually for each calendar year. A nominal rate of 0.95% applied to new leases commencing in 2022 and 3.51% to new leases commencing in 2023.

The trust does not apply the above recognition requirements to leases with a term of 12 months or less or to leases where the value of the underlying asset is below £5,000, excluding any irrecoverable VAT, or where total group Right of Use asset value is not material. Lease payments associated with these leases are expensed on a straight-line basis over the lease term or other systematic basis. Irrecoverable VAT on lease payments is expensed as it falls due.

#### *Subsequent measurement*

As required by a HM Treasury interpretation of the accounting standard for the public sector, the trust employs a revaluation model for subsequent measurement of right of use assets, unless the cost model is considered to be an appropriate proxy for current value in existing use or fair value, in line with the accounting policy for owned assets. Where consideration exchanged is identified as significantly below market value, the cost model is not considered to be an appropriate proxy for the value of the right of use asset.

The trust subsequently measures the lease liability by increasing the carrying amount for interest arising (which is also charged to expenditure as a finance cost) and reducing the carrying amount for lease payments made. The liability is also remeasured for changes in assessments impacting the lease term, lease modifications or to reflect actual changes in lease payments. Such remeasurements are also reflected in the cost of the right of use asset. Where there is a change in the lease term or option to purchase the underlying asset, an updated discount rate is applied to the remaining lease payments.

### **The trust as a lessor**

The trust assesses each of its leases and classifies them as either a finance lease or an operating lease. Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Where the trust is an intermediate lessor, classification of the sublease is determined with reference to the right of use asset arising from the headlease.

#### *Finance leases*

Amounts due from lessees under finance leases are recorded as receivables at the amount of the trust's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the trust's net investment outstanding in respect of the leases.

#### *Operating leases*

Income from operating leases is recognised on a straight-line basis or another systematic basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

### **Initial application of IFRS 16**

*IFRS 16 Leases*, as adapted and interpreted for the public sector by HM Treasury, has been applied to these financial statements with an initial application date of 1 April 2022. IFRS 16 replaces *IAS 17 Leases*, *IFRIC 4 Determining whether an arrangement contains a lease* and other interpretations.

The standard has been applied using a modified retrospective approach with the cumulative impact recognised in the income and expenditure reserve on 1 April 2022. Upon initial application, the provisions of IFRS 16 have only been applied to existing contracts where they were previously deemed to be a lease or contain a lease under IAS 17 and IFRIC 4. Where existing contracts were previously assessed not to be or contain a lease, these assessments have not been revisited.

#### *The trust as lessee*

For continuing leases previously classified as operating leases, a lease liability was established on 1 April 2022 equal to the present value of future lease payments discounted at the trust's incremental borrowing rate of 0.95%. A right of use asset was created equal to the lease liability, hindsight has been used in determining the lease term where lease arrangements contain options for extension or earlier termination.

No adjustments have been made on initial application in respect of leases with a remaining term of 12 months or less from 1 April 2022 or for leases where the underlying assets has a value below £5,000. No adjustments have been made in respect of leases previously classified as finance leases.

*The trust as lessor*

Leases of owned assets where the trust is lessor were unaffected by initial application of IFRS 16.

*2021/22 comparatives*

Comparatives for leasing transactions in these accounts have not been restated on an IFRS 16 basis. Under IAS 17 the classification of leases as operating or finance leases still applicable to lessors under IFRS 16 also applied to lessees. In 2021/22 lease payments made by the trust in respect of leases previously classified as operating leases were charged to expenditure on a straight-line basis.

### Note 1.15 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 from 31 March 2023:

|                |                               | <b>Nominal rate</b> | <b>Prior year rate</b> |
|----------------|-------------------------------|---------------------|------------------------|
| Short-term     | Up to 5 years                 | 3.27%               | 0.47%                  |
| Medium-term    | After 5 years up to 10 years  | 3.20%               | 0.70%                  |
| Long-term      | After 10 years up to 40 years | 3.51%               | 0.95%                  |
| Very long-term | Exceeding 40 years            | 3.00%               | 0.66%                  |

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective from 31 March 2023:

|                 | <b>Inflation rate</b> | <b>Prior year rate</b> |
|-----------------|-----------------------|------------------------|
| Year 1          | 7.40%                 | 4.00%                  |
| Year 2          | 0.60%                 | 2.60%                  |
| Into perpetuity | 2.00%                 | 2.00%                  |

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of 1.70% in real terms (prior year: minus 1.30%).

### Clinical negligence costs

NHS Resolution 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 (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

The Secretary of State can issue new PDC to, and require repayments of PDC from, the trust. PDC is recorded at the value received.

A charge, reflecting the cost of capital utilised by the trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, with certain additions and deductions as defined by the Department of Health and Social Care.

This policy is available at <https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts>.

In accordance with the requirements laid down by the Department of Health and Social Care (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-audit" version of the annual accounts. The dividend calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

**Note 1.18 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 2022.

### **Note 1.20 Climate change levy**

Expenditure on the climate change levy is recognised in the Statement of Comprehensive Income as incurred, based on the prevailing chargeable rates for energy consumption.

### **Note 1.21 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.

### **Note 1.22 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 a separate note to the accounts in accordance with the requirements of HM Treasury's FReM.

### **Note 1.23 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 1.24 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 1.25 Early adoption of standards, amendments and interpretations**

No new accounting standards or revisions to existing standards have been early adopted in 2022/23.

### **Note 1.26 Standards, amendments and interpretations in issue but not yet effective or adopted**

#### **IFRS 16 Leases - application of liability measurement principles to PFI and other service concession arrangements**

From 1 April 2023, the measurement principles of IFRS 16 will also be applied to the trust's PFI liabilities where future payments are linked to retail price index (RPI). The PFI liability will be remeasured when a change in the index causes a change in future repayments and that change has taken effect in the cash flow. Such remeasurements will be recognised as a financing cost. Under existing accounting practices, amounts relating to changes in the price index are expensed as incurred.

Initial application of these principles will be on 1 April 2023 using a modified retrospective approach with the cumulative impact taken to reserves. This is expected to result in an increased PFI liability on the statement of financial position. The effect of this has not yet been quantified.

#### **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 UK and is not applicable to DHSC bodies.

IFRS 17 Insurance Contracts is planned to be adopted from the 2023/24 financial year.

### **Note 1.27 Critical judgements in applying accounting policies**

The following are the judgements, apart from those involving estimations (see below) that management has made in the process of applying the trust accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

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.

Provisions are, in the main, injury benefits provisions (which are valued using actuarial tables), operating penalties (informed by legal advice) and annual leave pay following the Flowers legal case (informed by national negotiations).

On the grounds of materiality, as per guidance within the group accounting manual, the trust has not consolidated its Charitable Fund, its subsidiaries for the provision of Positive Individual Proactive Support (PIPS) services, or TEWV Estates and Facilities Management (TEWV EFM, now dormant) service within the main accounts.

## Note 1.28 Sources of estimation uncertainty

The trust has made no assumptions about the future and has no other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## Note 2 Operating Segments

The trust has no elements that require segmental analysis for the period ended 31 March 2023. The chief operating decision maker has been identified as the Chief Executive, an Executive Director post within the trust; and on this basis the trust has identified healthcare as the single operating segment.

### Note 2.1 Performance against planned financial position

For the year ending 31st March 2023 the performance of NHS organisations is measured against delivery of their agreed planned financial position. Certain exceptional and technical revenue streams are excluded from the calculation of 'performance' to ensure true operational performance is measured.

The trust's planned operational performance, as confirmed formally through national plan submissions for 2022/23, and excluding technical adjustments, was a surplus of £1,160k. The trust reported an adjusted financial surplus position (excluding Annually Managed Expenditure (AME) impairments and Statement of Comprehensive Income impact of peppercorn leases) of £1,208k, which was £48k ahead of plan i.e. target achieved. Inclusive of technical adjustments, the accounts show an unadjusted deficit of £8,590k.

A reconciliation of the trust's performance against agreed financial plans is shown below:

|  | <b>2022/23</b> | <b>2021/22</b> |
|--|----------------|----------------|
|  | <b>£000</b>    | <b>£000</b>    |
| Deficit for the year from SoCI                   | (8,590)        | (4,240)        |
| Add back net impairments                         | 9,394          | 10,698         |
| Remove profit on sale of assets*                 | -              | (509)          |
| Remove I&E impact of peppercorn lease            | 404            | -              |
| <b>Actual surplus for performance assessment</b> | <b>1,208</b>   | <b>5,949</b>   |
| Required / planned surplus                       | 1,160          | 4,767          |
| <b>Performance ahead of required level</b>       | <b>48</b>      | <b>1,182</b>   |

\*profit on sale of assets is included in performance against plan from 2022/23

### 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)

|   | 2022/23<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|
| <b>Mental health services</b>   |                 |                 |
| Income from commissioners under API contracts*                        | 355,246         | 333,346         |
| Services delivered under a mental health collaborative                | 48,068          | 48,700          |
| Clinical income for the secondary commissioning of mandatory services | 10,947          | 11,254          |
| Other clinical income from mandatory services                         | 2,381           | 3,444           |
| <b>All services</b>   |                 |                 |
| Agenda for change pay award central funding***                        | 15,452          | -               |
| Additional pension contribution central funding**                     | 14,449          | 13,255          |
| Other clinical income   | 12,999          | 10,619          |
| <b>Total income from activities</b>                                   | <b>459,542</b>  | <b>420,618</b>  |

\*Aligned payment and incentive contracts are the main form of contracting between NHS providers and their commissioners. More information can be found in the 2022/23 National Tariff payments system documents.

<https://www.england.nhs.uk/publication/past-national-tariffs-documents-and-policies/>

\*\*The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. Since 2019/20, NHS providers have continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost and related funding have been recognised in these accounts.

\*\*\*In March 2023 the government announced an additional pay offer for 2022/23, in addition to the pay award earlier in the year. Additional funding was made available by NHS England for implementing this pay offer for 2022/23 and the income and expenditure has been included in these accounts as guided by the Department of Health and Social Care and NHS England. In May 2023 the government confirmed this offer will be implemented as a further pay award in respect of 2022/23 based on individuals in employment at 31 March 2023.

#### Note 3.2 Income from patient care activities (by source)

|   | 2022/23<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|
| <b>Income from patient care activities received from:</b> |                 |                 |
| NHS England*  | 36,606          | 25,069          |

|                                     |                       |                       |
|-------------------------------------|-----------------------|-----------------------|
| Clinical commissioning groups**     | 82,917                | 338,671               |
| Integrated care boards**            | 276,571               | -                     |
| Other NHS providers                 | 50,256                | 45,955                |
| NHS other                           | 193                   | 288                   |
| Local authorities                   | 2,187                 | 2,103                 |
| Non NHS: other                      | 10,812                | 8,532                 |
| <b>Total income from activities</b> | <b><u>459,542</u></b> | <b><u>420,618</u></b> |

**Of which:**

|                                  |         |         |
|----------------------------------|---------|---------|
| Related to continuing operations | 459,542 | 420,618 |
|----------------------------------|---------|---------|

\* Pay award offer central funding is included within income from NHS

England

\*\*functions of disestablished Clinical Commissioning Groups transferred into Integrated Care Boards as of 1 July 2022, with associated impacts on income streams

**Analysis of income from patient care activities**

**(by source) - non NHS other**

|   | <b>2022/23</b>       | <b>2021/22</b>      |
|---|----------------------|---------------------|
|   | <b>£000</b>          | <b>£000</b>         |
| Other government departments and agencies | 537                  | 355                 |
| Other*                                    | 10,275               | 8,177               |
|   | <b><u>10,812</u></b> | <b><u>8,532</u></b> |

\*Other income is mainly from Spectrum Community Health Contract £8,359k (2021/22 £7,142k).

**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) (2021/22 £nil).

**Note 4 Other operating income**

|   | 2022/23       |              |               | 2021/22       |              |               |
|---|---------------|--------------|---------------|---------------|--------------|---------------|
|   | Contract      | Non-         | Total         | Contract      | Non-         | Total         |
|   | income        | contract     |               | income        | contract     |               |
|   | £000          | income       | £000          | £000          | income       | £000          |
|   |               | £000         |               |               | £000         |               |
| Research and development  | 2,627         | -            | 2,627         | 2,108         | -            | 2,108         |
| Education and training  | 17,177        | 1,273        | 18,450        | 15,116        | 1,280        | 16,396        |
| Non-patient care services to other bodies                         | 1,540         |              | 1,540         | 2,187         |              | 2,187         |
| Reimbursement and top up funding                                  | -             |              | -             | 90            |              | 90            |
| Income in respect of employee benefits accounted on a gross basis | 923           |              | 923           | 746           |              | 746           |
| Charitable and other contributions to expenditure                 |               | 94           | 94            |               | 262          | 262           |
| Revenue from operating leases                                     |               | 946          | 946           |               | 1,038        | 1,038         |
| Other income*   | 343           | -            | 343           | 184           | -            | 184           |
| <b>Total other operating income</b>                               | <b>22,610</b> | <b>2,313</b> | <b>24,923</b> | <b>20,431</b> | <b>2,580</b> | <b>23,011</b> |
| <b>Of which:</b>  |               |              |               |               |              |               |
| Related to continuing operations                                  |               |              | 24,923        |               |              | 23,011        |

\*The largest source of other income was £164k relating to catering (£160k in 2021/22), and rental income where no operating lease exists £151k (2021/22 £0)

**Note 5.1 Additional information on contract revenue (IFRS 15) recognised in the period**

|  | <b>2022/23</b> | <b>2021/22</b> |
|--|----------------|----------------|
|  | <b>£000</b>    | <b>£000</b>    |
| Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end | 1,061          | 1,595          |

**Note 5.2 Transaction price allocated to remaining performance obligations**

|  | <b>31 March</b> | <b>31 March</b> |
|--|-----------------|-----------------|
|  | <b>2023</b>     | <b>2022</b>     |
|  | <b>£000</b>     | <b>£000</b>     |
| Revenue from existing contracts allocated to remaining performance obligations is expected to be recognised: within one year | 946             | 1,061           |
| <b>Total revenue allocated to remaining performance obligations</b>  | <b>946</b>      | <b>1,061</b>    |

**Note 5.3 Income from activities arising from commissioner requested services**

Under the terms of its provider licence, the trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the provider licence and are services that commissioners believe would need to be protected in the event of provider failure. This information is provided in the table below:

|  | <b>2022/23</b> | <b>2021/22</b> |
|--|----------------|----------------|
|  | <b>£000</b>    | <b>£000</b>    |
| Income from services designated as commissioner requested services     | 459,542        | 420,618        |
| Income from services not designated as commissioner requested services | 24,923         | 23,011         |
| <b>Total</b>   | <b>484,465</b> | <b>443,629</b> |

**Note 5.4 Profits and losses on disposal of property, plant and equipment**

The trust received a payment of £300k during 2022/23 linked to the conditional terms of sale of a building sold during 2021/22. This building had a net book value of £0k, the amount received was £300k, generating a £300k profit on disposal.

**Note 5.5 Fees and charges**

The trust received no income from fees and charges - aggregate of all schemes that, individually, have a cost exceeding £1m (2021/22 £nil).

## Note 6 Operating leases - Tees, Esk and Wear Valleys NHS Foundation Trust as lessor

This note discloses income generated in operating lease agreements where Tees, Esk and Wear Valleys NHS Foundation Trust is the lessor.

The trust has applied IFRS 16 to account for lease arrangements from 1 April 2022 without restatement of comparatives. Comparative disclosures in this note are presented on an IAS 17 basis. This includes a different maturity analysis of future minimum lease receipts under IAS 17 compared to IFRS 16.

The trust has 4 leases, all for the rent of property and the lessors are 3 NHS organisations and Thirteen Housing Group Ltd. Due to this there is minimal risk associated with contract default.

### Note 6.1 Operating lease income

|   | <b>2022/23</b> | <b>2021/22</b> |
|---|----------------|----------------|
|   | <b>£000</b>    | <b>£000</b>    |
| <b>Lease receipts recognised as income in year:</b> |                |                |
| Minimum lease receipts                              | 946            | 1,038          |
| <b>Total in-year operating lease income</b>         | <b>946</b>     | <b>1,038</b>   |

### Note 6.2 Future lease receipts

|  | <b>31 March</b> |
|--|-----------------|
|  | <b>2023</b>     |
|  | <b>£000</b>     |
| <b>Future minimum lease receipts due at 31 March 2023:</b> |                 |
| - not later than one year                                  | 946             |
| - later than one year and not later than two years         | 56              |
| <b>Total</b>   | <b>1,002</b>    |
|  | <b>31 March</b> |
|  | <b>2022</b>     |
|  | <b>£000</b>     |
| <b>Future minimum lease receipts due at 31 March 2022:</b> |                 |
| - not later than one year;                                 | 1,086           |
| - later than one year and not later than five years;       | 938             |
| - later than five years.                                   | 1,654           |
| <b>Total</b>   | <b>3,678</b>    |

## Note 7.1 Operating expenses

|   | <b>2022/23</b> | <b>2021/22</b> |
|---|----------------|----------------|
|   | <b>£000</b>    | <b>£000</b>    |
| Purchase of healthcare from NHS and DHSC bodies                           | 1,239          | 1,351          |
| Purchase of healthcare from non-NHS and non-DHSC bodies                   | 17,341         | 13,107         |
| Staff and executive directors' costs**                                    | 391,073        | 346,950        |
| Remuneration of non-executive directors                                   | 203            | 203            |
| Supplies and services - clinical (excluding drugs costs)*                 | 3,680          | 3,278          |
| Supplies and services - general   | 6,997          | 6,314          |
| Drug costs (drugs inventory consumed and purchase of non-inventory drugs) | 5,368          | 4,668          |
| Consultancy costs   | 80             | 885            |
| Establishment   | 4,320          | 4,425          |
| Premises  | 22,427         | 23,855         |
| Transport (including patient travel)                                      | 8,602          | 6,153          |
| Depreciation on property, plant and equipment and right of use assets     | 6,526          | 3,523          |
| Amortisation on intangible assets***                                      | 1,538          | -              |
| Net impairments   | 9,394          | 10,698         |
| Movement in credit loss allowance: contract receivables / contract assets | 71             | (3)            |
| Increase/(decrease) in other provisions                                   | (17)           | 341            |
| Change in provisions discount rate(s)                                     | (689)          | 106            |
| Fees payable to the external auditor                                      |                |                |
| audit services- statutory audit   | 90             | 60             |
| Internal audit costs  | 264            | 232            |
| Clinical negligence   | 1,319          | 1,354          |
| Legal fees  | 2,626          | 2,333          |
| Insurance   | 332            | 266            |
| Research and development  | 2,663          | 2,288          |
| Education and training  | 7,154          | 7,735          |
| Expenditure on short term leases (current year only)                      | 17             | -              |

|   |                |                |
|---|----------------|----------------|
| Operating lease expenditure (comparative only)                                  | -              | 2,894          |
| Redundancy  | -              | 203            |
| Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT) | 651            | 575            |
| Hospitality   | 71             | 56             |
| Losses, ex gratia & special payments  | 9              | 69             |
| Other   | 983            | 648            |
| <b>Total</b>  | <b>494,332</b> | <b>444,567</b> |
| <b>Of which:</b>  |                |                |
| Related to continuing operations  | 494,332        | 444,567        |

\*Includes £94k of DHSC procured consumables linked to Coronavirus pandemic, the majority being PPE or domestic items (2021/22 £262k).

\*\*Staff and executive director costs include an accrual for the impact of the proposed non-consolidated pay award of £15,904k.

\*\*\*Amortisation of system licences held in perpetuity that are nearing end of life due to a move to Cloud based system.

### Note 7.2 Other auditor remuneration

The trust has not paid its auditors any additional remuneration for the period to 31 March 2023 (31 March 2022, £nil). 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 2022/23 or 2021/22.

### Note 8 Impairment of assets

| 2022/23 | 2021/22 |
|---------|---------|
| £000    | £000    |

**Net impairments charged to operating surplus / deficit resulting from:**

|   |              |               |
|---|--------------|---------------|
| Changes in market price   | 9,394        | 10,698        |
| <b>Total net impairments charged to operating surplus / deficit</b> | <b>9,394</b> | <b>10,698</b> |
| Impairments charged to the revaluation reserve                      | (362)        | (907)         |
| <b>Total net impairments</b>  | <b>9,032</b> | <b>9,791</b>  |

The trust realised impairments totalling £9,032k during 2022/23 following a modern equivalent asset valuation of its sites.

**Note 9 Employee benefits**

|  | <b>2022/23</b> | <b>2021/22</b> |
|--|----------------|----------------|
|  | <b>Total</b>   | <b>Total</b>   |
|  | <b>£000</b>    | <b>£000</b>    |
| Salaries and wages                       | 298,393        | 268,865        |
| Social security costs                    | 28,008         | 24,251         |
| Apprenticeship levy                      | 1,384          | 1,286          |
| Employer's contributions to NHS pensions | 47,546         | 43,687         |
| Pension cost - other                     | 131            | 110            |
| Termination benefits                     | -              | 203            |
| Temporary staff (including agency)       | 20,746         | 13,813         |
| <b>Total staff costs</b>                 | <b>396,208</b> | <b>352,215</b> |
| <b>Of which</b>                          |                |                |
| Costs capitalised as part of assets      | 532            | 460            |

**Note 9.1 Retirements due to ill-health**

During 2022/23 there were 6 early retirements from the trust agreed on the grounds of ill-health (4 in the year ended 31 March 2022). The estimated additional pension liabilities of these ill-health retirements is £293k (£234k in 2021/22).

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](http://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 for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that “the period between formal valuations shall be four years, with approximate assessments in intervening years”. An outline of these follows:

#### **a) Accounting valuation**

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary’s Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2023, is based on valuation data as at 31 March 2022, updated to 31 March 2023 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant

FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

#### **b) Full actuarial (funding) valuation**

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay.

The actuarial valuation as at 31 March 2020 is currently underway and will set the new employer contribution rate due to be implemented from April 2024.

#### **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 Finance income

Finance income represents interest received on assets and investments in the period.

|                             | 2022/23      | 2021/22   |
|-----------------------------|--------------|-----------|
|                             | £000         | £000      |
| Interest on bank accounts*  | 1,678        | 44        |
| <b>Total finance income</b> | <b>1,678</b> | <b>44</b> |

\*Interest received has increased linked to interest rate movements.

### Note 12.1 Finance expenditure

Finance expenditure represents interest and other charges involved in the borrowing of money or asset financing.

|   | 2022/23      | 2021/22      |
|---|--------------|--------------|
|   | £000         | £000         |
| <b>Interest expense:</b>                                    |              |              |
| Interest on lease obligations                               | 179          | -            |
| Main finance costs on PFI and LIFT schemes obligations      | 561          | 592          |
| Contingent finance costs on PFI and LIFT scheme obligations | 627          | 498          |
| <b>Total interest expense</b>                               | <b>1,367</b> | <b>1,090</b> |
| Unwinding of discount on provisions                         | 44           | (36)         |
| <b>Total finance costs</b>                                  | <b>1,411</b> | <b>1,054</b> |

### Note 12.2 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 (2021/22, £nil).

### Note 13 Other gains

|  | <b>2022/23</b> | <b>2021/22</b> |
|--|----------------|----------------|
|  | <b>£000</b>    | <b>£000</b>    |
| Gains on disposal of assets                | 300            | 509            |
| <b>Total gains on disposal of assets</b>   | <b>300</b>     | <b>509</b>     |
| Fair value gains on financial liabilities* | 3,645          | -              |
| <b>Total other gains</b>                   | <b>3,945</b>   | <b>509</b>     |

\*Fair value gains were realised following the cancellation of a contract, and subsequent unwinding of associated liabilities.

#### **Note 14 Discontinued operations**

The trust has no discontinued operations at 31 March 2023 (31 March 2022, £nil).

#### **Note 15 Intangible assets**

The trust's intangible assets are licenses for a software system. Asset balances as at 31 March 2023 were £16k (31 March 2022, £1,554k). Assets have been amortised to reflect their remaining useful life.

## Note 7.1 Operating expenses

|   | <b>2022/23</b> | <b>2021/22</b> |
|---|----------------|----------------|
|   | <b>£000</b>    | <b>£000</b>    |
| Purchase of healthcare from NHS and DHSC bodies                           | 1,239          | 1,351          |
| Purchase of healthcare from non-NHS and non-DHSC bodies                   | 17,341         | 13,107         |
| Staff and executive directors' costs**                                    | 391,073        | 346,950        |
| Remuneration of non-executive directors                                   | 203            | 203            |
| Supplies and services - clinical (excluding drugs costs)*                 | 3,680          | 3,278          |
| Supplies and services - general   | 6,997          | 6,314          |
| Drug costs (drugs inventory consumed and purchase of non-inventory drugs) | 5,368          | 4,668          |
| Consultancy costs   | 80             | 885            |
| Establishment   | 4,320          | 4,425          |
| Premises  | 22,427         | 23,855         |
| Transport (including patient travel)                                      | 8,602          | 6,153          |
| Depreciation on property, plant and equipment and right of use assets     | 6,526          | 3,523          |
| Amortisation on intangible assets***                                      | 1,538          | -              |
| Net impairments   | 9,394          | 10,698         |
| Movement in credit loss allowance: contract receivables / contract assets | 71             | (3)            |
| Increase/(decrease) in other provisions                                   | (17)           | 341            |
| Change in provisions discount rate(s)                                     | (689)          | 106            |
| Fees payable to the external auditor                                      |                |                |
| audit services- statutory audit   | 90             | 60             |
| Internal audit costs  | 264            | 232            |
| Clinical negligence   | 1,319          | 1,354          |
| Legal fees  | 2,626          | 2,333          |
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| Expenditure on short term leases (current year only)                      | 17             | -              |
| Operating lease expenditure (comparative only)                            | -              | 2,894          |

|  |                |                |
|--|----------------|----------------|
| Redundancy   | -              | 203            |
| Charges to operating expenditure for on-SoFP IFRIC 12 schemes<br>(e.g. PFI / LIFT) | 651            | 575            |
| Hospitality  | 71             | 56             |
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| Other  | 983            | 648            |
| <b>Total</b>   | <b>494,332</b> | <b>444,567</b> |
| <b>Of which:</b>   |                |                |
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|                |                |
|----------------|----------------|
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|  | <b>£000</b>    | <b>£000</b>    |
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| Employer's contributions to NHS pensions | 47,546         | 43,687         |
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| <b>Of which</b>                          |                |                |
| Costs capitalised as part of assets      | 532            | 460            |

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### **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.

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The actuarial valuation as at 31 March 2020 is currently underway and will set the new employer contribution rate due to be implemented from April 2024.

### **Auto-enrolment**

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#### Note 11 Finance income

Finance income represents interest received on assets and investments in the period.

|                             | <b>2022/23</b> | <b>2021/22</b> |
|-----------------------------|----------------|----------------|
|                             | <b>£000</b>    | <b>£000</b>    |
| Interest on bank accounts*  | 1,678          | 44             |
| <b>Total finance income</b> | <b>1,678</b>   | <b>44</b>      |

\*Interest received has increased linked to interest rate movements.

#### Note 12.1 Finance expenditure

Finance expenditure represents interest and other charges involved in the borrowing of money or asset financing.

|   | <b>2022/23</b> | <b>2021/22</b> |
|---|----------------|----------------|
|   | <b>£000</b>    | <b>£000</b>    |
| <b>Interest expense:</b>                                    |                |                |
| Interest on lease obligations                               | 179            | -              |
| Main finance costs on PFI and LIFT schemes obligations      | 561            | 592            |
| Contingent finance costs on PFI and LIFT scheme obligations | 627            | 498            |

|                                     |              |              |
|-------------------------------------|--------------|--------------|
| <b>Total interest expense</b>       | <u>1,367</u> | <u>1,090</u> |
| Unwinding of discount on provisions | 44           | (36)         |
| <b>Total finance costs</b>          | <u>1,411</u> | <u>1,054</u> |

### **Note 12.2 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 (2021/22, £nil).

### **Note 13 Other gains**

|  | <b>2022/23</b> | <b>2021/22</b> |
|--|----------------|----------------|
|  | <b>£000</b>    | <b>£000</b>    |
| Gains on disposal of assets                | 300            | 509            |
| <b>Total gains on disposal of assets</b>   | <u>300</u>     | <u>509</u>     |
| Fair value gains on financial liabilities* | 3,645          | -              |
| <b>Total other gains</b>                   | <u>3,945</u>   | <u>509</u>     |

\*Fair value gains were realised following the cancellation of a contract, and subsequent unwinding of associated liabilities.

**Note 14 Discontinued operations**

The trust has no discontinued operations at 31 March 2023 (31 March 2022, £nil).

**Note 15 Intangible assets**

The trust's intangible assets are licenses for a software system. Asset balances as at 31 March 2023 were £16k (31 March 2022, £1,554k). Assets have been amortised to reflect their remaining useful life.

**Note 16.1 Property, plant and equipment - 2022/23**

|   | Land<br>£000  | Buildings<br>excluding<br>dwellings<br>£000 | Assets<br>under<br>construction<br>£000 | Plant &<br>machinery<br>£000 | Transport<br>equipment<br>£000 | Information<br>technology<br>£000 | Furniture<br>& fittings<br>£000 | Total<br>£000  |
|---|---------------|---|---|------------------------------|--------------------------------|-----------------------------------|---------------------------------|----------------|
| <b>Valuation/gross cost at 1 April 2022 - brought forward</b>     | <b>12,136</b> | <b>123,815</b>                              | <b>1,835</b>                            | <b>2,388</b>                 | <b>84</b>                      | <b>6,926</b>                      | <b>1,347</b>                    | <b>148,531</b> |
| Additions   | -             | 8,625                                       | 3,440                                   | 343                          | -                              | 2,082                             | -                               | 14,490         |
| Impairments   | (237)         | (11,139)                                    | -                                       | -                            | -                              | -                                 | -                               | (11,376)       |
| Reversals of impairments  | 42            | 2,302                                       | -                                       | -                            | -                              | -                                 | -                               | 2,344          |
| Revaluations*   | -             | (5,126)                                     | -                                       | -                            | (84)                           | -                                 | (1,347)                         | (6,557)        |
| Reclassifications   | -             | 584   | (584)                                   | -                            | -                              | -                                 | -                               | -              |
| <b>Valuation/gross cost at 31 March 2023</b>                      | <b>11,941</b> | <b>119,061</b>                              | <b>4,691</b>                            | <b>2,731</b>                 | <b>-</b>                       | <b>9,008</b>                      | <b>-</b>                        | <b>147,432</b> |
| <b>Accumulated depreciation at 1 April 2022 - brought forward</b> | <b>-</b>      | <b>2,270</b>                                | <b>-</b>                                | <b>1,130</b>                 | <b>84</b>                      | <b>1,973</b>                      | <b>1,347</b>                    | <b>6,804</b>   |
| Provided during the year  | -             | 2,856                                       | -                                       | 215                          | -                              | 956                               | -                               | 4,027          |
| Revaluations*   | -             | (5,126)                                     | -                                       | -                            | (84)                           | -                                 | (1,347)                         | (6,557)        |
| <b>Accumulated depreciation at 31 March 2023</b>                  | <b>-</b>      | <b>-</b>                                    | <b>-</b>                                | <b>1,345</b>                 | <b>-</b>                       | <b>2,929</b>                      | <b>-</b>                        | <b>4,274</b>   |
| <b>Net book value at 31 March 2023</b>                            | <b>11,941</b> | <b>119,061</b>                              | <b>4,691</b>                            | <b>1,386</b>                 | <b>-</b>                       | <b>6,079</b>                      | <b>-</b>                        | <b>143,158</b> |
| <b>Net book value at 1 April 2022</b>                             | <b>12,136</b> | <b>121,545</b>                              | <b>1,835</b>                            | <b>1,258</b>                 | <b>-</b>                       | <b>4,953</b>                      | <b>-</b>                        | <b>141,727</b> |

\* Revaluations within both valuation and accumulated depreciation of buildings includes the write out of depreciation amounts following a revaluation exercise, and the write off of fully depreciated assets.

**Note 16.2 Property, plant and equipment - 2021/22**

|  | Land<br>£000  | Buildings<br>excluding<br>dwellings<br>£000 | Assets<br>under<br>construction<br>£000 | Plant &<br>machinery<br>£000 | Transport<br>equipment<br>£000 | Information<br>technology<br>£000 | Furniture<br>& fittings<br>£000 | Total<br>£000  |
|--|---------------|---|---|------------------------------|--------------------------------|-----------------------------------|---------------------------------|----------------|
| <b>Valuation / gross cost at 1 April 2021 - as previously stated</b> | <b>10,888</b> | <b>100,789</b>                              | <b>26,699</b>                           | <b>2,269</b>                 | <b>84</b>                      | <b>2,283</b>                      | <b>1,347</b>                    | <b>144,359</b> |
| Additions  | -             | 13,399                                      | 778                                     | 119                          | -                              | 2,192                             | -                               | 16,488         |

|  |               |                |               |              |           |              |              |                |
|--|---------------|----------------|---------------|--------------|-----------|--------------|--------------|----------------|
| Impairments  | (27)          | (16,216)       | -             | -            | -         | -            | -            | (16,243)       |
| Reversals of impairments   | 862           | 5,590          | -             | -            | -         | -            | -            | 6,452          |
| Revaluations   | -             | (2,245)        | -             | -            | -         | -            | -            | (2,245)        |
| Reclassifications  | 503           | 22,688         | (25,642)      | -            | -         | 2,451        | -            | -              |
| Transfers to / from assets held for sale                               | (90)          | (190)          | -             | -            | -         | -            | -            | (280)          |
| <b>Valuation/gross cost at 31 March 2022</b>                           | <b>12,136</b> | <b>123,815</b> | <b>1,835</b>  | <b>2,388</b> | <b>84</b> | <b>6,926</b> | <b>1,347</b> | <b>148,531</b> |
| <b>Accumulated depreciation at 1 April 2021 - as previously stated</b> | -             | <b>1,303</b>   | -             | <b>950</b>   | <b>84</b> | <b>1,842</b> | <b>1,347</b> | <b>5,526</b>   |
| Provided during the year   | -             | 3,212          | -             | 180          | -         | 131          | -            | 3,523          |
| Revaluations   | -             | (2,245)        | -             | -            | -         | -            | -            | (2,245)        |
| <b>Accumulated depreciation at 31 March 2022</b>                       | -             | <b>2,270</b>   | -             | <b>1,130</b> | <b>84</b> | <b>1,973</b> | <b>1,347</b> | <b>6,804</b>   |
| <b>Net book value at 31 March 2022</b>                                 | <b>12,136</b> | <b>121,545</b> | <b>1,835</b>  | <b>1,258</b> | -         | <b>4,953</b> | -            | <b>141,727</b> |
| <b>Net book value at 1 April 2021</b>                                  | <b>10,888</b> | <b>99,486</b>  | <b>26,699</b> | <b>1,319</b> | -         | <b>441</b>   | -            | <b>138,833</b> |

**Note 16.3 Property, plant and equipment financing - 31 March 2023**

|   | Land          | Buildings<br>excluding<br>dwellings | Assets<br>under<br>construction | Plant &<br>machinery | Information<br>technology | Total          |
|---|---------------|-------------------------------------|---------------------------------|----------------------|---------------------------|----------------|
|   | £000          | £000                                | £000                            | £000                 | £000                      | £000           |
| Owned - purchased   | 11,941        | 112,941                             | 4,691                           | 1,386                | 6,079                     | 137,038        |
| On-SoFP PFI contracts and other service concession arrangements | -             | 6,120                               | -                               | -                    | -                         | 6,120          |
| <b>Total net book value at 31 March 2023</b>                    | <b>11,941</b> | <b>119,061</b>                      | <b>4,691</b>                    | <b>1,386</b>         | <b>6,079</b>              | <b>143,158</b> |

**Note 16.4 Property, plant and equipment financing - 31 March 2022**

|   | Land          | Buildings<br>excluding<br>dwellings | Assets<br>under<br>construction | Plant &<br>machinery | Information<br>technology | Total          |
|---|---------------|-------------------------------------|---------------------------------|----------------------|---------------------------|----------------|
|   | £000          | £000                                | £000                            | £000                 | £000                      | £000           |
| Owned - purchased   | 12,136        | 115,090                             | 1,835                           | 1,258                | 4,953                     | 135,272        |
| On-SoFP PFI contracts and other service concession arrangements | -             | 6,455                               | -                               | -                    | -                         | 6,455          |
| <b>Total net book value at 31 March 2022</b>                    | <b>12,136</b> | <b>121,545</b>                      | <b>1,835</b>                    | <b>1,258</b>         | <b>4,953</b>              | <b>141,727</b> |

**Note 16.5 Property plant and equipment assets subject to an operating lease (trust as a lessor) - 31 March 2023**

|  | Land          | Buildings<br>excluding<br>dwellings | Assets<br>under<br>construction | Plant &<br>machinery | Information<br>technology | Total          |
|--|---------------|-------------------------------------|---------------------------------|----------------------|---------------------------|----------------|
|  | £000          | £000                                | £000                            | £000                 | £000                      | £000           |
| Subject to an operating lease                | -             | 4,129                               | -                               | -                    | -                         | 4,129          |
| Not subject to an operating lease            | 11,941        | 114,932                             | 4,691                           | 1,386                | 6,079                     | 139,029        |
| <b>Total net book value at 31 March 2023</b> | <b>11,941</b> | <b>119,061</b>                      | <b>4,691</b>                    | <b>1,386</b>         | <b>6,079</b>              | <b>143,158</b> |

## Note 17 Donations of property, plant and equipment

The trust did not receive any donations of property, plant and equipment during the year (2021/22, £nil).

## Note 18 Leases - Tees, Esk and Wear Valleys NHS Foundation Trust as a lessee

The trust has 35 property leases included within its IFRS 16 accounting at 31 March 2023, all of which existed at 31 March 2022. No new leases have been signed this financial year.

The trust has applied IFRS 16 to account for lease arrangements from 1 April 2022 without restatement of comparatives. Comparative disclosures in this note are presented on an IAS 17 basis.

### Note 18.1 Right of use assets - 2022/23

|  | Property<br>(land and<br>buildings<br>)<br>£000 | Total<br>£000 | Of<br>which:<br>leased<br>from<br>DHSC<br>group<br>bodies<br>£000 |
|--|---|---------------|---|
| IFRS 16 implementation - adjustments for existing operating leases / subleases | 21,425  | 21,425        | 9,050   |
| <b>Valuation/gross cost at 31 March 2023</b>                                   | <b>21,425</b>                                   | <b>21,425</b> | <b>9,050</b>  |
| Provided during the year   | 2,499   | 2,499         | 883   |
| <b>Accumulated depreciation at 31 March 2023</b>                               | <b>2,499</b>                                    | <b>2,499</b>  | <b>883</b>  |
| <b>Net book value at 31 March 2023</b>   | <b>18,926</b>                                   | <b>18,926</b> | <b>8,167</b>  |
| Net book value of right of use assets leased from other NHS providers          |   |               | 134   |
| Net book value of right of use assets leased from other DHSC group bodies      |   |               | 8,033   |

### Note 18.2 Reconciliation of the carrying value of lease liabilities

Lease liabilities are included within borrowings in the Statement of Financial Position. A breakdown of borrowings is disclosed in note 29.1.

**2022/23**  
**£000**

|  |                      |
|--|----------------------|
| <b>Carrying value at 31 March 2022</b>                             | -                    |
| IFRS 16 implementation - adjustments for existing operating leases | 19,036               |
| Interest charge arising in year                                    | 179                  |
| Lease payments (cash outflows)                                     | (2,193)              |
| <b>Carrying value at 31 March 2023</b>                             | <b><u>17,022</u></b> |

Lease payments for short term leases, leases of low value underlying assets and variable lease payments not dependent on an index or rate are recognised in operating expenditure.

These payments are disclosed in Note 7.1. Cash outflows in respect of leases recognised on-SoFP are disclosed in the reconciliation above.

### Note 18.3 Maturity analysis of future lease payments at 31 March 2023

|   | <b>Total</b>         | Of which            |
|---|----------------------|---------------------|
|   | <b>31 March</b>      | leased              |
|   | <b>2023</b>          | from                |
|   | <b>£000</b>          | DHSC                |
|   |                      | group               |
|   |                      | bodies:             |
|   | <b>31 March</b>      | <b>31 March</b>     |
|   | <b>2023</b>          | <b>2023</b>         |
|   | <b>£000</b>          | <b>£000</b>         |
| <b>Undiscounted future lease payments payable in:</b> |                      |                     |
| - not later than one year;                            | 2,193                | 929                 |
| - later than one year and not later than five years;  | 8,122                | 3,603               |
| - later than five years.                              | 7,458                | 4,063               |
| <b>Total gross future lease payments</b>              | <b><u>17,773</u></b> | <b><u>8,595</u></b> |
| Finance charges allocated to future periods           | (750)                | (390)               |
| <b>Net lease liabilities at 31 March 2023</b>         | <b><u>17,022</u></b> | <b><u>8,206</u></b> |
| <b>Of which:</b>                                      |                      |                     |
| - Current   | 2,193                | 929                 |
| - Non-Current   | 14,829               | 7,277               |

### Note 18.4 Commitments in respect of operating leases at 31 March 2022 (IAS 17 basis)

This note discloses costs incurred in 2021/22 and commitments as at 31 March 2022 for leases the trust previously determined to be operating leases under IAS 17.

|                                | <b>2021/22</b>      |
|--------------------------------|---------------------|
|                                | <b>£000</b>         |
| <b>Operating lease expense</b> |                     |
| Minimum lease payments         | 2,894               |
| <b>Total</b>                   | <b><u>2,894</u></b> |

|  | <b>31 March<br/>2022<br/>£000</b> |
|--|-----------------------------------|
| <b>Future minimum lease payments due:</b>            |                                   |
| - not later than one year;                           | 2,895                             |
| - later than one year and not later than five years; | 11,576                            |
| - later than five years.                             | <u>12,136</u>                     |
| <b>Total</b>   | <b><u>26,607</u></b>              |
| Future minimum sublease payments to be received      | -                                 |

### **Note 18.5 Initial application of IFRS 16 on 1 April 2022**

IFRS 16, as adapted and interpreted for the public sector by HM Treasury, has been applied to leases in these financial statements with an initial application date of 1 April 2022.

The standard has been applied using a modified retrospective approach without the restatement of comparatives. Practical expedients applied by the trust on initial application are detailed in the leases accounting policy in note 14.

Lease liabilities created for existing operating leases on 1 April 2022 were discounted using the weighted average incremental borrowing rate determined by HM Treasury as 0.95%.

### **Reconciliation of operating lease commitments as at 31 March 2022 to lease liabilities under IFRS 16 as at 1 April 2022**

|   | <b>1 April 2022<br/>£000</b> |
|---|------------------------------|
| <b>Operating lease commitments under IAS 17 at 31 March 2022</b>                  | <b>26,607</b>                |
| Impact of discounting at the incremental borrowing rate                           | (5,166)                      |
| <b>IAS 17 operating lease commitment discounted at incremental borrowing rate</b> | <b>21,441</b>                |
| <b>Less:</b>  |                              |
| Commitments for short term leases   | (16)                         |
| <b>Other adjustments:</b>   |                              |
| Other adjustments (removal of peppercorn leases previously included)              | <u>(2,388)</u>               |
| <b>Total lease liabilities under IFRS 16 as at 1 April 2022</b>                   | <b><u>19,037</u></b>         |

### **Note 19 Investment Property**

The trust has no investment property (2021/22, £nil).

### **Note 20 Investments in associates and joint ventures**

The trust has no investments in associates or jointly controlled operations consolidated in these accounts as at 31 March 2023 (31 March 2022, £nil) on the basis of materiality (as disclosed in note 1).

### Note 21 Other investments / financial assets (non-current)

The trust has no other investments / financial assets (non-current) at 31 March 2023, (2021/22, £nil).

### Note 21.1 Other investments / financial assets (current)

The trust has no other investments / financial assets (current) at 31 March 2023, (2021/22, £nil).

### Note 22 Inventories

|                          | <b>31<br/>March<br/>2023<br/>£000</b> | <b>31<br/>March<br/>2022<br/>£000</b> |
|--------------------------|---------------------------------------|---------------------------------------|
| Drugs                    | 206                                   | 204                                   |
| Consumables              | 650                                   | 625                                   |
| <b>Total inventories</b> | <b>856</b>                            | <b>829</b>                            |

Inventories recognised in expenses for the year were £923k (2021/22: £1,269k).  
Write-down of inventories recognised as expenses for the year were £0k (2021/22: £0k).

In response to the COVID 19 pandemic, the Department of Health and Social Care centrally procured personal protective equipment and passed these to NHS providers free of charge. During 2022/23 the trust received £94k of items purchased by DHSC (2021/22: £262k).

These inventories were recognised as additions to inventory at deemed cost with the corresponding benefit recognised in income. The utilisation of these items is included in the expenses disclosed above.

The deemed cost of these inventories was charged directly to expenditure on receipt with the corresponding benefit recognised in income.

### Note 23.1 Receivables

|                | <b>31<br/>March<br/>2023<br/>£000</b> | <b>31<br/>March<br/>2022<br/>£000</b> |
|----------------|---------------------------------------|---------------------------------------|
| <b>Current</b> |                                       |                                       |

|  |                      |                      |
|--|----------------------|----------------------|
| Contract receivables*                                | 33,628               | 14,502               |
| Allowance for impaired contract receivables / assets | (6,232)              | (6,161)              |
| Prepayments (non-PFI)                                | 6,766                | 6,023                |
| PFI lifecycle prepayments                            | 470                  | 465                  |
| PDC dividend receivable                              | 79                   | 132                  |
| VAT receivable                                       | 918                  | 935                  |
| Other receivables                                    | 4                    | 4                    |
| <b>Total current receivables</b>                     | <b><u>35,633</u></b> | <b><u>15,900</u></b> |
| <b>Non-current</b>                                   |                      |                      |
| Other receivables                                    | 558                  | 573                  |
| <b>Total non-current receivables</b>                 | <b><u>558</u></b>    | <b><u>573</u></b>    |

**Of which receivable from NHS and DHSC group bodies:**

|             |        |       |
|-------------|--------|-------|
| Current     | 22,173 | 2,857 |
| Non-current | 530    | 542   |

\*The increase in contract receivables at 31 March 2023 is mainly linked to accrued income to support the proposed 2022/23 non-consolidated pay award, with values advised by NHS England (£15,452k).

**Note 23.2 Allowances for credit losses**

|   | <b>2022/23</b>                                  | <b>2021/22</b>                                  |
|---|---|---|
|   | <b>Contract receivables and contract assets</b> | <b>Contract receivables and contract assets</b> |
|   | <b>£000</b>                                     | <b>£000</b>                                     |
| <b>Allowances as at 1 April - brought forward</b> | <b>6,161</b>                                    | <b>6,262</b>                                    |
| New allowances arising                            | 71  | -   |
| Changes in existing allowances                    | -   | (3)   |
| Utilisation of allowances (write offs)            | -   | (98)  |
| <b>Allowances as at 31 Mar 2023</b>               | <b><u>6,232</u></b>                             | <b><u>6,161</u></b>                             |

**Note 23.3 Exposure to credit risk**

| <b>2022/23</b>                  | <b>2021/22</b>                  |
|---------------------------------|---------------------------------|
| <b>Contract receivables and</b> | <b>Contract receivables and</b> |

|   | contract<br>assets<br>£000 | contract<br>assets<br>£000 |
|---|----------------------------|----------------------------|
| <b>Non-impaired receivables past their due date by:</b> |                            |                            |
| 0 - 30 days   | 3,039                      | 2,324                      |
| 30-60 Days  | 538                        | 115                        |
| 60-90 days  | 160                        | 238                        |
| 90- 180 days  | 181                        | 246                        |
| over 180 days   | 806                        | 742                        |
| <b>Total</b>  | <u><b>4,724</b></u>        | <u><b>3,665</b></u>        |

#### Note 24 Other assets

The trust has no other assets as at 31 March 2023 (31 March 2022, £nil).

#### Note 25.1 Non-current assets held for sale and assets in disposal groups

|   | 2022/23<br>£000 | 2021/22<br>£000 |
|---|-----------------|-----------------|
| <b>NBV of non-current assets for sale and assets in disposal groups at 1 April</b>  | -               | 1,080           |
| Assets classified as available for sale in the year                                 | -               | 280             |
| Assets sold in year   | -               | (1,360)         |
| <b>NBV of non-current assets for sale and assets in disposal groups at 31 March</b> | <u>-</u>        | <u>-</u>        |

#### Note 25.2 Liabilities in disposal groups

The trust has no liabilities in disposal groups as at 31 March 2023 (31 March 2022, £nil).

#### Note 26.1 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.

|  | <b>2022/23</b>       | <b>2021/22</b>       |
|--|----------------------|----------------------|
|  | <b>£000</b>          | <b>£000</b>          |
| <b>At 1 April</b>  | <b>81,736</b>        | <b>80,936</b>        |
| Net change in year   | <u>(6,565)</u>       | <u>800</u>           |
| <b>At 31 March</b>   | <b><u>75,171</u></b> | <b><u>81,736</u></b> |
| <b>Broken down into:</b>                                   |                      |                      |
| Cash at commercial banks and in hand                       | 127                  | 1,504                |
| Cash with the Government Banking Service                   | <u>75,044</u>        | <u>80,232</u>        |
| <b>Total cash and cash equivalents as in SoFP and SoCF</b> | <b><u>75,171</u></b> | <b><u>81,736</u></b> |

### Note 26.2 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.

|                                 | <b>31</b>         | <b>31</b>         |
|---------------------------------|-------------------|-------------------|
|                                 | <b>March</b>      | <b>March</b>      |
|                                 | <b>2023</b>       | <b>2022</b>       |
|                                 | <b>£000</b>       | <b>£000</b>       |
| Bank balances                   | <u>710</u>        | <u>853</u>        |
| <b>Total third party assets</b> | <b><u>710</u></b> | <b><u>853</u></b> |

### Note 27.1 Trade and other payables

|   | <b>31</b>            | <b>31</b>            |
|---|----------------------|----------------------|
|   | <b>March</b>         | <b>March</b>         |
|   | <b>2023</b>          | <b>2022</b>          |
|   | <b>£000</b>          | <b>£000</b>          |
| <b>Current</b>                                |                      |                      |
| Trade payables                                | 5,995                | 4,438                |
| Capital payables                              | 6,092                | 2,282                |
| Accruals*                                     | 42,630               | 30,304               |
| Social security costs                         | 4,061                | 3,949                |
| VAT payables                                  | 1,225                | 1,271                |
| Other taxes payable                           | 3,580                | 3,184                |
| PDC dividend payable                          | -                    | -                    |
| Pension contributions payable                 | <u>4,662</u>         | <u>4,203</u>         |
| <b>Total current trade and other payables</b> | <b><u>68,245</u></b> | <b><u>49,631</u></b> |

\*accruals include £15,904k for the impact of the proposed pay award

**Of which payables from NHS and DHSC group bodies:**

|         |       |       |
|---------|-------|-------|
| Current | 5,778 | 3,390 |
|---------|-------|-------|

The trust has no non-current trade and other payables (2021/22, £nil).

The Directors consider that the carrying amount of trade payables approximates to their fair value.

**Note 27.2 Early retirements in NHS payables above**

There were no early retirement costs in the NHS payables balance at 31 March 2023 (2021/22, £nil).

**Note 28 Other liabilities**

|  | <b>31<br/>March<br/>2023<br/>£000</b> | <b>31<br/>March<br/>2022<br/>£000</b> |
|--|---------------------------------------|---------------------------------------|
| <b>Current</b>                         |                                       |                                       |
| Deferred income: contract liabilities  | 946                                   | 1,061                                 |
| <b>Total other current liabilities</b> | <b>946</b>                            | <b>1,061</b>                          |

**Non-current**

The trust has no other non-current liabilities (2021/22, £nil)

**Note 29.1 Borrowings**

|   | <b>31<br/>March<br/>2023<br/>£000</b> | <b>31<br/>March<br/>2022<br/>£000</b> |
|---|---------------------------------------|---------------------------------------|
| <b>Current</b>  |                                       |                                       |
| Other loans   | -                                     | 238                                   |
| Lease liabilities*  | 2,193                                 | -                                     |
| Obligations under PFI, LIFT or other service concession contracts | 379                                   | 657                                   |
| <b>Total current borrowings</b>                                   | <b>2,572</b>                          | <b>895</b>                            |
| <b>Non-current</b>  |                                       |                                       |
| Lease liabilities*  | 14,829                                | -                                     |
| Obligations under PFI, LIFT or other service concession contracts | 11,030                                | 11,409                                |
| <b>Total non-current borrowings</b>                               | <b>25,859</b>                         | <b>11,409</b>                         |

\* The trust has applied IFRS 16 to lease arrangements within these accounts from 1 April 2022 without restatement of comparatives. More information about leases and the impact of this change in accounting policy can be found in note 18.

**Note 29.2 Reconciliation of liabilities arising from financing activities - 2022/23**

|   | Other<br>loans<br>£000 | Lease<br>Liability<br>£000 | PFI and<br>LIFT<br>schemes<br>£000 | Total<br>£000  |
|---|------------------------|----------------------------|------------------------------------|----------------|
| <b>Carrying value at 1 April 2022</b>                     | <b>238</b>             | <b>-</b>                   | <b>12,066</b>                      | <b>12,304</b>  |
| <b>Cash movements:</b>                                    |                        |                            |                                    |                |
| Financing cash flows - payments and receipts of principal | (238)                  | (2,013)                    | (657)                              | <b>(2,908)</b> |
| Financing cash flows - payments of interest               | -                      | (180)                      | (561)                              | <b>(741)</b>   |
| <b>Non-cash movements:</b>                                |                        |                            |                                    |                |
| Impact of implementing IFRS 16 on 1 April 2022            | -                      | 19,036                     | -                                  | <b>19,036</b>  |
| Application of effective interest rate                    | -                      | 179                        | 561                                | <b>740</b>     |
| <b>Carrying value at 31 March 2023</b>                    | <b>-</b>               | <b>17,022</b>              | <b>11,409</b>                      | <b>28,431</b>  |

**Note 29.3 Reconciliation of liabilities arising from financing activities - 2021/22**

|   | Other<br>loans<br>£000 | Lease<br>Liability<br>£000 | PFI and<br>LIFT<br>schemes<br>£000 | Total<br>£000 |
|---|------------------------|----------------------------|------------------------------------|---------------|
| <b>Carrying value at 1 April 2021</b>                     | <b>476</b>             | <b>-</b>                   | <b>12,718</b>                      | <b>13,194</b> |
| <b>Cash movements:</b>                                    |                        |                            |                                    |               |
| Financing cash flows - payments and receipts of principal | (238)                  | -                          | (652)                              | <b>(890)</b>  |
| Financing cash flows - payments of interest               | -                      | -                          | (592)                              | <b>(592)</b>  |
| <b>Non-cash movements:</b>                                |                        |                            |                                    |               |
| Application of effective interest rate                    | -                      | -                          | 592                                | <b>592</b>    |
| <b>Carrying value at 31 March 2022</b>                    | <b>238</b>             | <b>-</b>                   | <b>12,066</b>                      | <b>12,304</b> |

**Note 30 Other financial liabilities**

The trust has no other financial liabilities at 31 March 2023 (31 March 2022, £nil).

**Note 31.1 Provisions for liabilities and charges analysis**

|  | <b>Pensions:<br/>injury<br/>benefits</b> | <b>Legal<br/>claims</b> | <b>Other</b> | <b>Total</b>  |
|--|--|-------------------------|--------------|---------------|
|  | <b>£000</b>                              | <b>£000</b>             | <b>£000</b>  | <b>£000</b>   |
| <b>At 1 April 2022</b>                               | <b>2,844</b>                             | <b>199</b>              | <b>8,866</b> | <b>11,909</b> |
| Change in the discount rate                          | (689)                                    | -                       | (470)        | (1,159)       |
| Arising during the year                              | 51                                       | 56                      | 1,044        | 1,151         |
| Utilised during the year                             | (148)                                    | (49)                    | (451)        | (648)         |
| Reversed unused                                      | (107)                                    | (91)                    | (729)        | (927)         |
| Unwinding of discount                                | 44                                       | -                       | 11           | 55            |
| <b>At 31 March 2023</b>                              | <b>1,995</b>                             | <b>115</b>              | <b>8,271</b> | <b>10,381</b> |
| <b>Expected timing of cash flows:</b>                |  |                         |              |               |
| - not later than one year;                           | 145                                      | 115                     | 4,967        | 5,227         |
| - later than one year and not later than five years; | 557                                      | -                       | 969          | 1,526         |
| - later than five years.                             | 1,293                                    | -                       | 2,335        | 3,628         |
| <b>Total</b>   | <b>1,995</b>                             | <b>115</b>              | <b>8,271</b> | <b>10,381</b> |

\*Legal claims relate to employer / public liability claims notified by the NHS Litigation Authority.

\*\*Other provisions relate to potential clinical penalties, an employment tribunal linked to holiday pay, potential contract refunds, invoices not yet received and a provision for clinical pensions tax reimbursement. No provision has been made relating to the 2018 PFI Termination; this is disclosed under Note 34 - Contingent Liabilities.

### Note 31.2 Clinical negligence liabilities

At 31 March 2023, £4,039k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of Tees, Esk and Wear Valleys NHS Foundation Trust (31 March 2022: £2,922k).

### Note 32 Contingent assets and liabilities

|  | 31 March<br>2023 | 31 March<br>2022 |
|--|------------------|------------------|
|  | £000             | £000             |
| <b>Value of contingent liabilities</b>     |                  |                  |
| NHS Resolution legal claims                | (240)            | (225)            |
| <b>Net value of contingent liabilities</b> | <b>(240)</b>     | <b>(225)</b>     |

The contingent liabilities relate to employer liability legal cases, all cases relate to NHS Resolution and are due within 1 year.

The trust has a potential liability linked to a prior year PFI Contract termination. The trust is currently engaged in a court process in order to rebut any related liability. This is with Three Valleys Healthcare Limited (in liquidation) (the former PFI provider) and the liquidators of that company. The court process will take some time to complete.

It is the trust's opinion that disclosure of any potential (or range of) liability may prejudice this process, and it is applying the disclosure exemption available under IAS 37.

### Note 33 Contractual capital commitments

|                               | 31 March<br>2023<br>£000 | 31 March<br>2022<br>£000 |
|-------------------------------|--------------------------|--------------------------|
| Property, plant and equipment | 670                      | 612                      |
| <b>Total</b>                  | <b>670</b>               | <b>612</b>               |

### Note 34 Other financial commitments

The trust has no other financial commitments as at 31 March 2023 (31 March 2022, £nil).

### Note 35 Defined benefit pension schemes

The trust does not operate an on-Statement of Financial Position pension scheme.

### Note 36 On-SoFP PFI, LIFT or other service concession arrangements

The trust has 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 has the right to cease the contract early, subject to payment of a financial penalty.

### Note 36.1 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<br>March<br>2023<br>£000 | 31<br>March<br>2022<br>£000 |
|--|-----------------------------|-----------------------------|
| <b>Gross PFI, LIFT or other service concession liabilities</b> | <b>29,652</b>               | <b>31,497</b>               |
| <b>Of which liabilities are due</b>                            |                             |                             |
| - not later than one year;                                     | 1,415                       | 1,845                       |

|   |                      |                      |
|---|----------------------|----------------------|
| - later than one year and not later than five years;                    | 6,896                | 6,526                |
| - later than five years.  | 21,341               | 23,126               |
| Finance charges allocated to future periods                             | <u>(18,243)</u>      | <u>(19,431)</u>      |
| <b>Net PFI, LIFT or other service concession arrangement obligation</b> | <b><u>11,409</u></b> | <b><u>12,066</u></b> |
| - not later than one year;  | 379                  | 657                  |
| - later than one year and not later than five years;                    | 2,276                | 2,046                |
| - later than five years.  | 8,754                | 9,363                |

**Note 36.2 Total on-SoFP PFI, LIFT and other service concession arrangement commitments**

Total future commitments under these on-SoFP schemes are as follows:

|   | <b>31<br/>March<br/>2023<br/>£000</b> | <b>31<br/>March<br/>2022<br/>£000</b> |
|---|---------------------------------------|---------------------------------------|
| <b>Total future payments committed in respect of the PFI, LIFT or other service concession arrangements</b> | <b><u>47,895</u></b>                  | <b><u>50,437</u></b>                  |
| <b>Of which payments are due:</b>   |                                       |                                       |
| - not later than one year;  | 2,604                                 | 2,541                                 |
| - later than one year and not later than five years;  | 11,085                                | 10,815                                |
| - later than five years.  | 34,206                                | 37,081                                |

**Note 36.3 Analysis of amounts payable to service concession operator**

This note provides an analysis of the unitary payments made to the service concession operator:

|   | <b>2022/23<br/>£000</b> | <b>2021/22<br/>£000</b> |
|---|-------------------------|-------------------------|
| <b>Unitary payment payable to service concession operator</b> | <b><u>2,560</u></b>     | <b><u>2,340</u></b>     |
| <b>Consisting of:</b>   |                         |                         |
| - Interest charge   | 561                     | 592                     |
| - Repayment of balance sheet obligation                       | 657                     | 652                     |
| - Service element and other charges to operating expenditure  | 651                     | 575                     |
| - Capital lifecycle maintenance                               | 64                      | 23                      |
| - Contingent rent   | 627                     | 498                     |
| <b>Total amount paid to service concession operator</b>       | <b><u>2,560</u></b>     | <b><u>2,340</u></b>     |

**Note 37 Off-SoFP PFI, LIFT and other service concession arrangements**

The trust has no off-SoFP PFIs as at 31 March 2023 (31 March 2022, £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 trust has with Integrated Care Boards (ICBs) and the way those ICBs are financed, the trust is not exposed to the degree of financial risk faced by business entities. Also, financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the trust in undertaking its activities.

The trust's treasury management operations are carried out by the finance department, within parameters defined formally within the trust's standing financial instructions and policies agreed by the Board of Directors. 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 and 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 Integrated Care Boards and Foundation Trusts 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 Strategy and Resources Committee, which is required to approve all methods used for investing cash balances. For the financial year 2022/23 main cash balances were held in Government Banking Service (GBS) accounts, with a small amount held in a Barclays current account to cover unrepresented cheques etc..

#### **Liquidity risk**

The trust's net operating costs are mainly incurred under legally binding contracts with Integrated Care Boards, NHS England Commissioners and Foundation Trusts, all of 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.

### 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.

|  | <b>Held at<br/>amortised<br/>cost<br/>£000</b> | <b>Total<br/>book value<br/>£000</b> |
|--|--|--------------------------------------|
| <b>Carrying values of financial assets as at 31 March 2023</b> |  |                                      |
| Trade and other receivables excluding non financial assets     | 27,958   | 27,958                               |
| Cash and cash equivalents                                      | 75,171   | 75,171                               |
| <b>Total at 31 March 2023</b>                                  | <b>103,129</b>                                 | <b>103,129</b>                       |

|  | <b>Held at<br/>amortised<br/>cost<br/>£000</b> | <b>Total<br/>book value<br/>£000</b> |
|--|--|--------------------------------------|
| <b>Carrying values of financial assets as at 31 March 2022</b> |  |                                      |
| Trade and other receivables excluding non financial assets     | 8,372  | 8,372                                |
| Cash and cash equivalents                                      | 81,736   | 81,736                               |
| <b>Total at 31 March 2022</b>                                  | <b>90,108</b>                                  | <b>90,108</b>                        |

### 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

|   | <b>Held at<br/>amortised<br/>cost<br/>£000</b> | <b>Total<br/>book value<br/>£000</b> |
|---|--|--------------------------------------|
| <b>Carrying values of financial liabilities as at 31 March 2023</b> |  |                                      |
| Obligations under leases  | 17,022   | 17,022                               |
| Obligations under PFI, LIFT and other service concession contracts  | 11,409   | 11,409                               |

|  |               |               |
|--|---------------|---------------|
| Trade and other payables excluding non financial liabilities | 54,717        | <b>54,717</b> |
| Provisions under contract                                    | 115           | <b>115</b>    |
| <b>Total at 31 March 2023</b>                                | <b>83,263</b> | <b>83,263</b> |

|   | <b>Held at<br/>amortised<br/>cost<br/>£000</b> | <b>Total<br/>book value<br/>£000</b> |
|---|--|--------------------------------------|
| <b>Carrying values of financial liabilities as at 31 March 2022</b> |  |                                      |
| Obligations under PFI, LIFT and other service concession contracts  | 12,066   | <b>12,066</b>                        |
| Other borrowings  | 238  | <b>238</b>                           |
| Trade and other payables excluding non-financial liabilities        | 41,227   | <b>41,227</b>                        |
| Provisions under contract   | 199  | <b>199</b>                           |
| <b>Total at 31 March 2022</b>                                       | <b>53,730</b>                                  | <b>53,730</b>                        |

#### Note 38.4 Maturity of financial liabilities

The following maturity profile of financial liabilities is based on the contractual undiscounted cash flows. This differs to the amounts recognised in the statement of financial position which are discounted to present value.

|  | <b>31 March<br/>2023<br/>£000</b> | <b>31 March<br/>2022<br/>£000</b> |
|--|-----------------------------------|-----------------------------------|
| In one year or less                                | 58,440                            | 43,509                            |
| In more than one year but not more than five years | 15,018                            | 6,526                             |
| In more than five years                            | 28,799                            | 23,126                            |
| <b>Total</b>                                       | <b>102,257</b>                    | <b>73,161</b>                     |

### Note 38.5 Fair values of financial assets and liabilities

It is the trust's opinion that book value is a reasonable approximation of the fair value of financial assets and liabilities.

### Note 39 Losses and special payments

|  | 2022/23                               |                                    | 2021/22                               |                                    |
|--|---------------------------------------|------------------------------------|---------------------------------------|------------------------------------|
|  | Total<br>number<br>of cases<br>Number | Total<br>value of<br>cases<br>£000 | Total<br>number<br>of cases<br>Number | Total<br>value of<br>cases<br>£000 |
| <b>Losses</b>                            |                                       |                                    |                                       |                                    |
| Cash losses                              | 1                                     | -                                  | 1                                     | -                                  |
| Stores losses and damage to property     | -                                     | -                                  | 1                                     | -                                  |
| <b>Total losses</b>                      | <b>1</b>                              | <b>-</b>                           | <b>2</b>                              | <b>-</b>                           |
| <b>Special payments</b>                  |                                       |                                    |                                       |                                    |
| Ex-gratia payments*                      | 42                                    | 305                                | 30                                    | 11                                 |
| <b>Total special payments</b>            | <b>42</b>                             | <b>305</b>                         | <b>30</b>                             | <b>11</b>                          |
| <b>Total losses and special payments</b> | <b>43</b>                             | <b>305</b>                         | <b>32</b>                             | <b>11</b>                          |

\* The trust made special payments to employees to pass one-off HMRC refunds of VAT for salary sacrifice lease cars back to drivers totalling £296k (these are included as a single case in the table above).

### 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 entities for which the Department is regarded as the parent department, or a related party.

The main entities that the trust has dealings with are its commissioners, namely:

- NHS Tees Valley CCG (disestablished 30th June 2022)

- NHS County Durham CCG (disestablished 30th June 2022)

- NHS North Yorkshire CCG (disestablished 30th June 2022)

- NHS Vale of York CCG (disestablished 30th June 2022)

- Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust

  - Health Education England

  - NHS England

  - NHS North East and North Cumbria ICB (established 1st July 2022)

  - NHS Humber and North Yorkshire ICB (established 1st July 2022)

The trust also has material expenditure with the following:

  - 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.

The trust has two subsidiary companies, Positive Individualised Proactive Support Ltd, and TEWV Estates and Facilities Management Ltd (made dormant in 2019/20 financial year). The trust is also sole corporate trustee for the Tees Esk and Wear Valleys NHS General Charitable Fund.

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, or any of the subsidiary companies or charities.

| <b>2022/23</b>  | <b>Income</b> | <b>Expenditure</b> | <b>Receivables</b> | <b>Payables</b> |
|---|---------------|--------------------|--------------------|-----------------|
| <b>Entity</b>   | <b>£000</b>   | <b>£000</b>        | <b>£000</b>        | <b>£000</b>     |
| Non-consolidated subsidiaries and associates / joint ventures | -             | -                  | 510                | -               |
| <b>Total balances with related parties</b>                    | <b>-</b>      | <b>-</b>           | <b>510</b>         | <b>-</b>        |

| <b>2021/22</b>   | <b>Income</b> | <b>Expenditure</b> | <b>Receivables</b> | <b>Payables</b> |
|--|---------------|--------------------|--------------------|-----------------|
| <b>Entity</b>  | <b>£000</b>   | <b>£000</b>        | <b>£000</b>        | <b>£000</b>     |
| Non-consolidated subsidiaries and associates / joint ventures                  | 7             | -                  | 530                | -               |
| Other bodies or persons outside of the whole of government accounting boundary | 83            | 76                 | -                  | -               |
| <b>Total balances with related parties</b>                                     | <b>90</b>     | <b>76</b>          | <b>530</b>         | <b>-</b>        |

**Note 41 Events after the reporting date**

The trust has no events after the reporting period to disclose.

**\*\* If you would like additional copies of this report please contact: The communications team. Email: [tewv.enquiries@nhs.net](mailto:tewv.enquiries@nhs.net)  
Our chairman, directors and governors can be contacted through the Trust secretary's office by emailing: [tewv.ftmembership@nhs.net](mailto:tewv.ftmembership@nhs.net)  
For more information about the Trust and how you can get involved please visit our website [www.tewv.nhs.uk](http://www.tewv.nhs.uk)**

