

NORTHUMBERLAND, TYNE AND WEAR NHS FOUNDATION TRUST

BOARD OF DIRECTORS' MEETING

Meeting Date: 27 May 2015

Title and Author of Paper: Annual Report 2014/15
James Duncan, Executive Director of Finance

Paper for Debate, Decision or Information: Decision

Key Points to Note:

The Annual Report follows guidance specified in Monitor's NHS Foundation Trust Accounting Report Manual 2014/15.

There are parts of the Annual Report that have followed their own process and are considered separately by the Board of Directors as follows:

- Annual Quality Accounts
- Annual Governance Statement
- Annual Accounts
- Audit Committee Report

The Annual Report excluding the above sections is attached.

Changes in this year's requirements for the annual report are as follows:

- Changes to the structure of the Remuneration Report to adopt further elements of the Companies Act 2013 changes (page 47)
- A statement on how the Trust has applied the principles of the NHS Foundation Trust Code of Governance is included (Page 43)
- A statement on the Trust's policy on using off-payroll arrangements has been added to the remuneration report disclosures (page 51)

The Audit Committee met on the 20th May to review those parts of the Annual Report that are subject to External Audit review, namely:

- the Remuneration Report.
- that the narrative within the main body of the Annual Report is consistent with the financial statements.

The Audit Committee will provide a recommendation to the Board on the parts subject to External Audit.

Outcome required:

As above.

Annual Report and Accounts 2014/15

Shining a light on the future



Northumberland, Tyne and Wear NHS Foundation Trust

Annual Report and Accounts 2014/15

Presented to Parliament pursuant to Schedule 7

Paragraph 25 (4) of the National Health Service Act 2006

Northumberland, Tyne and Wear NHS Foundation Trust

Annual Report

Page Number

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

1 CHAIR AND CHIEF EXECUTIVE'S INTRODUCTION

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

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

Providing high quality services is of paramount importance to us.

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

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

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

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

Hugh Morgan Williams
Chairman

John Lawlor
Chief Executive

2 STRATEGIC REPORT

Our History

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

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

Our Services

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

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

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

Our Vision and Values

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

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

We will do this by:

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

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

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

Figure 1: Our Values



As a Public Benefit Corporation NTW has members. We have four membership constituencies to represent stakeholder interests:

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

Our Business Model

In 2011 the Trust implemented, following consultation, the Business Model Review, the aim being to ensure that the Trust was best positioned to meet future challenges. The key aspects of the Business Model Review were to:

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

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

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

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

The Business Model Review has also further strengthened the Trust's leadership by the creation of a professional strategy and advisory group at Group level.

These strategy and advisory groups include a range of clinical and non-clinical expertise to support the triumvirate in the on-going management and development of each Group.

Medical Leadership continues to be provided by the Medical Director supported by the Group Medical Directors. At the level below, Clinical Directors take joint responsibility for a major aspect of care, giving clinicians the opportunity to shape and develop services, bringing to bear their specialist knowledge and expertise in partnership with a senior manager and senior nursing colleague.

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

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

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

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

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

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

Changes to the Trust's supporting programmes were also made

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

Performance Management and Reporting Framework

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

The Trust has developed the use of Dashboards with a clear set of Key Performance Indicators reflecting not only national targets, but local targets linked

to the Trust's strategic and annual objectives balanced across clinical, operational, financial and staff dimensions. This ensures that our strategy, objectives and targets are linked to ensure delivery, with strengthened accountability for performance using key metrics.

In addition to providing a robust analysis of new and existing quality and performance targets and the risk register, the report provides evidence links for the Trust's compliance to CQC registration requirements and supports Board assurance in its annual Monitor self-declaration process.

Capacity to Handle Risk

The Trust has structures in place, as described above, together with systems in place to support the delivery of integrated risk management across the organisation.

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

The Risk and Control Framework

The Trust continually reviews its risk and control framework through its governance and operational structures. It has identified its major strategic risks, and these are monitored, maintained and managed through the Board of Directors Assurance Framework and Corporate Risk Register, supported by Group and Directorate Risk Registers. The Trust's principal risks and mechanisms to control them are identified through the Assurance Framework, which is reviewed by the Quality and Performance Committee, a Standing Committees of the Board of Directors.

Quality Governance arrangements are through the governance structures outlined above, ensuring there are arrangements in place from ward to Board. Review, monitoring and oversight of these arrangements take place through the following among others: Board of Directors; Quality and Performance Sub-committee; Group Quality and Performance Committees and the Corporate Decisions Team meetings.

Our Clinical Strategy

In acknowledgement of the need to radically change and improve the way we provide services the Executive Directors asked a group of clinicians from across the organisation to form a Clinical Project Group to draw together all of the evidence and best practice relating to service provision, to seek feedback from a range of interested parties in mental health and disability services, to produce a vision for future services that truly does what is right for service users and carers. The result (the Service Model Review) is a high level model, which is underpinned by a single set of values and principles key to its quality and success.

Our service redesign is underpinned by information derived from the Care Pathways and Packages approach which is mandated by the Department of Health and endorsed by the Trust. It ensures that service users consistently

receive the right service, at the right time and in the right place: depending on the nature of the problem, the level of complexity, the urgency and the risk. The fundamental aspects of the model include:

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

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

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

Our strategy for improving services delivered to our local population across Northumberland, Tyne and Wear is focussed on the re-design of our community based services to deliver the vision set out in the Service Model Review of delivering care which supports people on their journey to recovery, enabling them to gain the maximum independence and control over their own lives as possible. We are protecting resources invested in community care while changing our models of delivery to ensure that our clinical teams are able to focus on the delivery of evidence based and timely care and support. By doing this, and by improving the effectiveness of our care within an in-patient setting, we are reducing our reliance on beds, enabling us to operate from reduced numbers of wards and sites. We have made significant progress on delivering these aims and expect substantial completion of this element of our strategy by 2017. The Trust's Transforming Services Programme is the vehicle for implementing the new service model, improving community pathways and reducing the reliance on inpatient beds and providing sustainable specialist services. The Programme is configured as a set of delivery projects that will change over time, supported by a central clinical reference group and a communications and engagement group. The objectives of each component element of the Programme are summarised below

Community Transformation Programme

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

Developing New Models for In-Patient Care Programme

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

Specialist Care Services Programme

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

Social and Residential Services

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

Corporate Services Programme

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

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

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

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

Our Performance in 2014/15

Performance against contracts

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

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

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

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

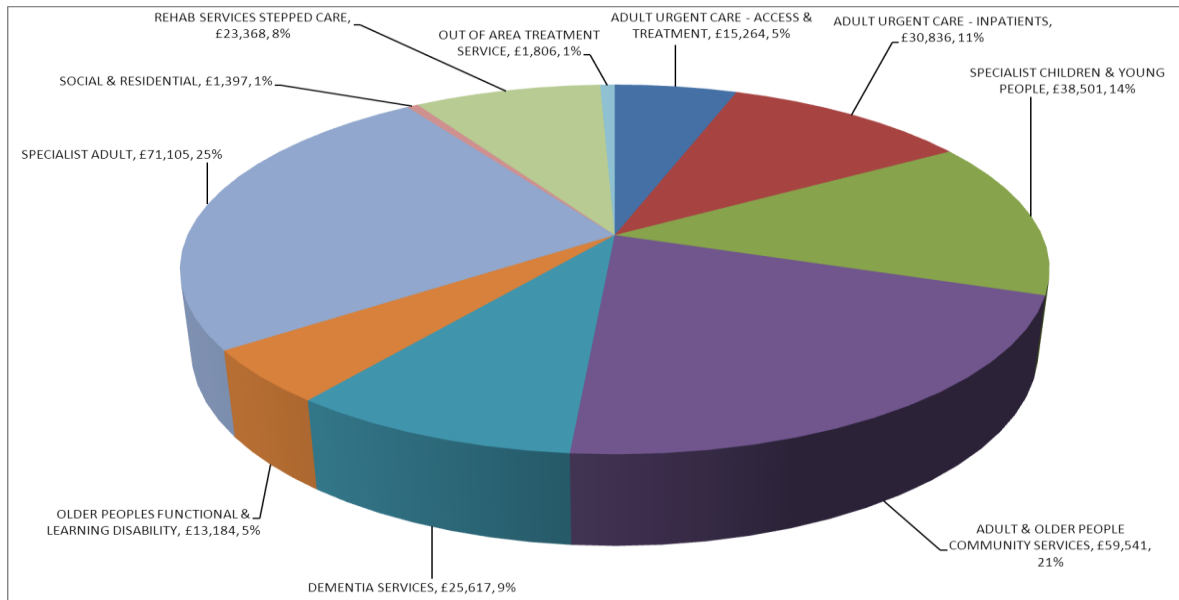
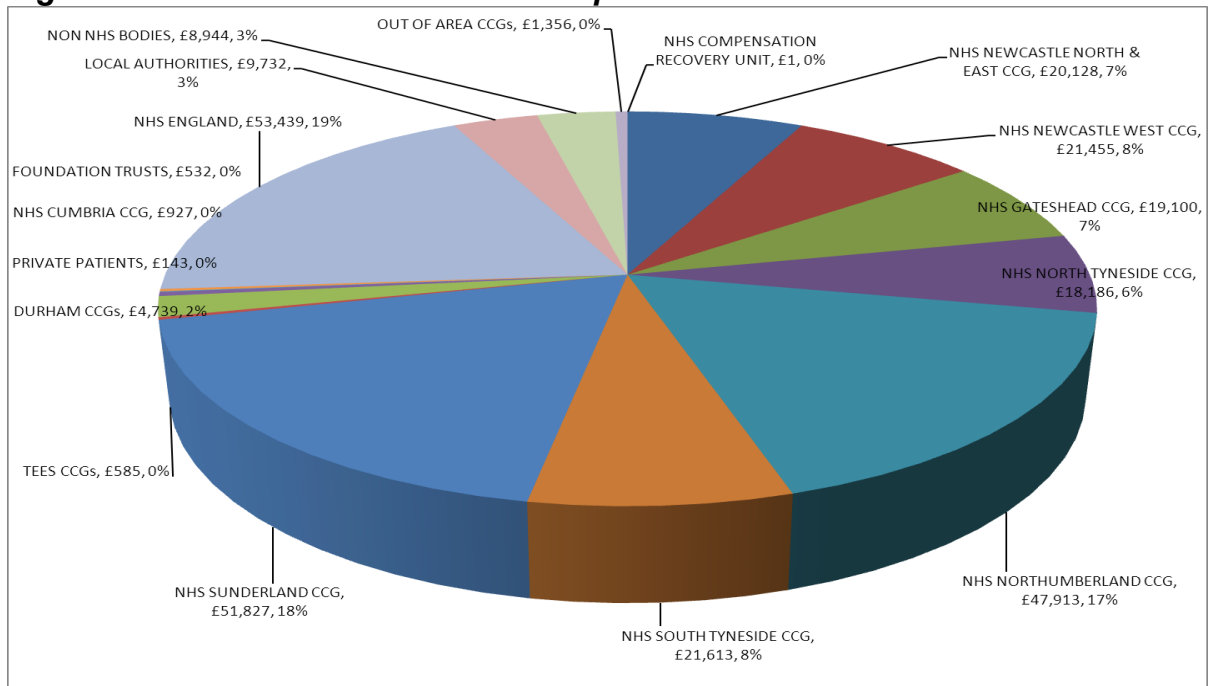


Figure 3: 2014/15 Patient Care Income per Commissioners £000



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

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

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

Performance relating to the quality of NHS services provided

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

Registration with the Care Quality Commission (CQC)

The Trust is registered with the Care Quality Commission and has maintained full registration, with no non-routine conditions, from 1 April 2010. During 2014/15, the CQC undertook a number of registration visits to Trust sites. Where compliance actions were identified through these visits, the Trust delivered these in full and on time. The Trust is fully compliant with the requirements of registration with the CQC.

Registration compliance is managed through the Trust's governance structures and is supplemented by a Group Director being responsible for the oversight of all compliance assessments and management of on-going compliance through the Trust Essential Standards Management Group.

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

Financial Performance

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

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

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

This was partially offset by a £1.4m profit on the sale of land at Northgate. Overall this meant that a charge of £37m was made to the Statement of Comprehensive Income resulting in a deficit of £32m being recorded for the year.

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

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

Table 1: Performance against Monitor requirements 2014/15

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

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

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

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

The programme for the Trust's specialised services is focussed on delivering service within a price that the market will bear for the quality of services offered, at a cost which supports long term sustainability. The Trust will continue to explore opportunities to expand and grow where it can deliver on this, and continues to have an excellent record in successfully winning tenders. Going forward, the most significant financial risks over the next two years are the on-going delivery of our Transformation of Services Programme as described in

this report, and managing any national re-structuring of specialist services. This will require continuing effective working across multiple stakeholders. The Trust is investing in change again in 2015/16, in order to ensure that we have the capacity to manage while maintaining our focus on on-going quality. This will be a significant area of emphasis for the Board in the coming year.

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

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

We continue to monitor our performance in terms of paying our trade suppliers in line with our target of paying 95% within 30 days of receiving a valid invoice or within term, whichever is the shorter. An analysis of our performance is shown in Table 2 below.

Table 2: Payment of Trade Invoices

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

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

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

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

Service Developments

Community Transformation Programme

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

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

Developing New Models for In-Patient Care Programme

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

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

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

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

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

- The redesign of Stepped Care Services (Move on/ Relapse Prevention Services) South of Tyne bringing together inpatient provision in Hopewood Park supported by additional investment in the Community Rehabilitation Service;

- The rationalisation of the Sunderland and South Tyneside Dementia Services optimising the use of the new Dementia Care Centre at Monkwearmouth Hospital;
- The realignment of the secondary care pathway South of Tyne (assessment and treatment services) optimising the use of Hopewood Park and facilitating the closure of inpatient beds on the Bede Unit at South Tyneside General Hospital;
- The rationalisation of older people's functional in patient services South of Tyne optimising the use of Hopewood Park.

The Trust also:

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

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

Specialist Care Services Programme

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

- The further review of Neurological Services to ensure long term sustainability. This included the review of the future of the services provided from Hepple House in Corbridge;
- The review of the Children's and Young People's Medium Secure and Tier 4 Services including the provision of an enhanced outreach service to the North East Secure Children's Estate;
- The review of the Trust's Forensic Services to ensure long term sustainability. This included the establishment of a new

Specialist Forensic Learning Disability Community Transitions Team which facilitated the closure of the Hebron Unit;

- Capital to fund the development of a purpose built assessment and treatment unit for people with Autism was secured and the planning of the new unit progressed;
- A Business Case relating to the establishment of an Attention Deficit Hyperactivity Disorder (ADHD) service was developed and shared with commissioners;
- The Regional Affective Disorder Service (RADS) was relocated from the Centre for Ageing and Vitality to St.Nicholas Hospital enabling the expansion of the service from 8 to 10 beds;
- Following discussions with NHS England an Eating Disorder Intensive Day Service was opened at Walkergate.

Social and Residential Services

During 2014/15 the Trust achieved the following:

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

New Services

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

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

Partnerships

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

- Our partnership with Insight, who we work with in the provision of Newcastle Talking Therapies;
- The partnership with Tees Esk and Wear Valley NHS Foundation Trust (TEWVFT) and Revolving Doors in the implementation of the Big Diversion Project;
- The provision of Tier 3 Children and Young People's Services South of Tyne in partnership with Barnardos, Action for Children and Investing in Children;

- A partnership with TEWVFT, Combat Stress and The Royal British Legion to provide a Veterans Wellbeing Assessment and Liaison Service in the North East;
- A partnership with Changing Lives and Turning Point to provide both the Northumberland and North Tyneside Recovery Partnership services (integrated drug and alcohol services);
- Partnership working with Northumbria and Cumbria Probation Trusts to develop Community Personality Disorder services within the respective Probation Trust areas;
- Hosting of the North East Quality Observatory System (NEQOS) in partnership with South Tees Hospitals NHS Foundation Trust;
- Working in partnership with TEWVFT, Her Majesty's Courts and Tribunal Service and Youth Offending Teams from Northumbria, Durham and Cleveland in the provision of Liaison and Diversion Pilot Services;
- Our partnership with Byker Bridge Housing Association in the provision of Westbridge, a 24 hour staffed step down accommodation for individuals moving out of Adult Forensic Services;
- The provision of Sunderland Psychological Wellbeing Services in partnership with Sunderland Counselling Services and Washington MIND;
- The provision of a Macmillan Clinical Nurse Specialist in Palliative Care for people with learning disabilities in partnership with Macmillan Cancer Care;
- Our partnership with Northumbria Probation Service and Barnardos in the provision of assessment and treatment for individuals at risk of sex offending who are outside of the criminal justice system.
- The future provision of the Sunderland and Gateshead Acquired Brain Injury Service in partnership with Headway, Momentum and Neuro Partners.

The Workforce

Employee Numbers

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

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

Staff Engagement

The Trust remains truly committed and passionate about engaging effectively with our staff and listening and learning from staff feedback. The size of the Trust, both in terms of geography and staff numbers, presents us with a challenge in

achieving meaningful engagement with our whole staff group. However, engagement with our workforce continued to be a key priority during 2014/15.

The Trust supports a number of regular communications:

- Weekly Bulletin,
- Chatterbox
- Foundation Trust Newsletter
- Twitter

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

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

- The Council of Governors, which includes staff Governors;
- The promotion of Joint Development Reviews/Personal Development Plans and inclusion of targets in the Trust's Performance Targets;
- Continued investment in leadership programmes
- Staff participation in AIMS Accreditation processes, Productive Ward, LIPS (Leading Improvement in Patient Safety);
- The involvement of clinicians and staff in the Service Model Review, Principal Care Pathway work and Transformation of Services Programme;
- Staff and staff side representatives are consulted, where appropriate, on proposed service developments/changes;
- Meeting members of the Board of Directors and Corporate Decisions Team through an on-going programme of visits to services and departments where staff get the opportunity to discuss and debate issues of operational and strategic importance.
- The Speak Easy – Be Heard events which ran for the first time in February 2015 and regular Bulletins. There were also numerous examples of consultation exercises having been undertaken and the outcomes of these having influenced policy or strategy.

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

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

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

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

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

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

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

Employee Consultation

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

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

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

Working together we have achieved the following:

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

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

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

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

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

Urgent Care

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

- The first closure to take place during 2014 was Bothal ward a learning disability inpatient assessment and treatment facility at Northgate – this proposal had been the subject of consultation since the latter part of 2013/14.
- A reduced demand for Older People's inpatient services within Newcastle coupled with the development of specialist community provision enabled us to successfully close an Older People's facility within Newcastle.
- The bulk of the service changes during 2014/15 occurred following consultation linked to the opening of Hopewood Park in Sunderland. This new hospital with 7 new units replaced existing local provision within Sunderland and South Tyneside as well as providing a Trust wide Psyciatric Intensive Care Unit. This consultation proved to be the most

challenging as it involved geographical moves for many of the staff, however high levels of engagement coupled with visits to the new facility aided the consultation process.

- A review of the Stepped Care model resulted in the closure of 2 smaller rehabilitation units and the provision of an enhanced facility on the St Nicholas Hospital site

Planned Care

Within Planned Care the following staff consultations took place

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

Specialist Care

Within Specialist Care the following staff consultations took place

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

Support Services

Within Support Services there were two separate staff consultations:

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

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

Future Consultations

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

Involvement of staff in our Foundation Trust's performance

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

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

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

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

At these events we seek to:-

- Find out how things are for staff, and the teams they work in
- Establish that the needs of service users are at the heart of how we make decisions

- Find out about what staff do well, we need to share our success stories and promote what we are good at doing
- Have honest, two-way and sometimes uncomfortable conversations
- Build mutual trust and respect and really listen to and show that we have heard genuine concerns

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

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

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

Staff Satisfaction

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

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

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

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

Table 3: Staff Survey Response Rates

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

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

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

Table 4: Staff Survey 2014 Top 4 Ranking Scores

	2014 %		2013 %		Trust improvement/deterioration
Top 4 Ranking Scores	Trust	National Average	Trust	National Average	
KF28. Percentage of staff experiencing discrimination at work in last 12 months	7	12	11	13	4% points improvement
KF19. Percentage of staff experiencing harassment, bullying or abuse from staff in last 12 months	15	21	21	20	6% points improvement

KF20. Percentage of staff feeling pressure in last 3 months to attend work when feeling unwell	14	20	18	22	4% points improvement
KF3. Work pressure felt by staff (scale summary score)	2.85	3.07	2.93	3.07	Improvement

Table 5: Staff Survey 2014 Bottom 4 Ranking Scores

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

KF7. Percentage of staff appraised in last 12 months	88	88	90	87	2% points deterioration
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None of the tabulated changes in results between 2013 and 2014 were found to be statistically significant by Picker.

Action plans to address areas of concerns

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

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

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

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

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

The Trust also proposes to reflect on our experience of the national staff survey to date including considering of the delivery method for the survey , to address the difference between our survey rate and our much higher all staff response. Further analysis of the free text themes are also to be compared against those gained from the Speak Easy, Be Heard events and other staff forums. Communication about the survey results and engagement with staff on the appropriateness of actions proposed will continue to be vital to ensure the value and worth of the survey and to generate support to complete the survey again in Autumn 2015

Speak Easy be Heard.

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

- Feedback to Staff: Briefing sessions are taking place to ensure staff know that we have heard and logged their concerns, and to feedback any immediate actions that have been taken as a consequence
- Empowering others to act: We are considering how we consistently empower others to work on some of the issues raised including the establishment of a small working group to take forward the work required.
- Staff Briefings – These are to commence as a part of a new staff briefing system
- A Second Series Speak Easy Events are to take place in June 2015 focusing on exploring some key themes from the 2014 survey

Future Priorities and Targets

The Trust proposes to reflect on our experience of the national staff survey to date including considering of the delivery method for the survey , to address the difference between our survey rate and our much higher all staff response. Further analysis of the free text themes are also to be compared against those gained from the Speak Easy, Be Heard events and other staff forums. Communication about the survey results and engagement with staff on the appropriateness of actions proposed will continue to be vital to ensure the value and worth of the survey and to generate support to complete the survey again in Autumn 2015

Sickness Absence

The Trust's Workforce Strategy sets out the corporate approach to the management of absence. The Trust is committed to promoting wellbeing and supporting staff to achieve good levels of attendance; however we recognise that some absence due to personal sickness is inevitable within any large organisation. The Trust's Policy, Managing Sickness Absence NTW (HR)10 aims to ensure that where absence does occur it is managed through a fair and consistent approach. Managers are responsible for the management of absence within their own areas, providing support and assistance wherever possible to employees. Complex cases are supported by the HR Advisory (HRA) service with general advice and support provided from the core HR team. A new management skills development programme has been developed which has a big focus on managing absence and the importance of doing this right and reflects the principles set out in the new managing absence policy. Management of sickness absence remains a key priority. Table 6 below shows the Trust's sickness absence data from the Health and Social Care Information Centre (HSCIC) using data drawn from January 2014 to December 2014 from the Electronic Staff Record national data warehouse.

Table 6: Sickness absence data January 2014-December 2014

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

A substantial amount of work has been undertaken over the past year to reduce the levels of absence, including the introduction of an early intervention process via our occupational health providers and a 7 day follow up for those staff that have been absent for 7 days or more. The Trust has also taken a proactive approach to managing staff with restrictions on their ability to carry out their substantive role ensuring they are in a role that they are fit to carry out and if not to identify a suitable alternative within the Trust.

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

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

Whistleblowing Policy

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

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

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

Occupational Health, Counselling and Health Promotion

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

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

The Occupational Health contract is in place for an agreed level of business but since its commencement has been continuously over agreed activity. Additional occupational health resource has been employed to meet the increased demand and other solutions have been implemented to enable the demand to be met e.g. the continued encouragement of telephone consultations rather than face to face appointments.

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

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

Employee Equality and Diversity

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

In addition to these measures we have the following:

- A refreshed Equality and Diversity Committee which meets bi-monthly in order to take forward the equality and diversity agenda;
- An Equality Strategy for 2012-2016 which ensures that the Trust remains compliant with the Equality Act 2010, but also sets out our key equality objectives and the measures that we will use to gauge our performance against them;
- Benchmarking against NHS England's Equality Delivery Scheme;
- A mandatory requirement for Equality and Diversity Training, which includes as part of its purpose to provide information on matters of concern

to them as employees. The training has been substantially revised this year;

- Attendance and Managing Sickness Absence Policies which include our approach to making reasonable adjustments for disabled employees.

Equality and Diversity Work Highlights 2014-15

Disability

At the Board in July 2014 a paper on the provision of reasonable adjustments for disabled people was presented. The Trust has several policies and procedures that address the legal requirements to make reasonable adjustments for disabled people, it is however acknowledged that we can always do more in this area. It was recommended at the Board that the Equality and Diversity Advisor conduct an Audit of Trust's current procedures against those outlined as good practice in NHS Employer's Guidance Relating to Disability (2014). The audit has highlighted areas where we have good practice but has also helped to formulate actions that we need to take forward as part of our work towards a revised Equality and Diversity Strategy and our work towards NHS England's Equality Delivery System 2 (EDS2).

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

These commitments are:

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

Mindful Employer

The Trust has maintained the Mindful Employer Charter.

The Charter shows that the Trust:

- Shows others and our staff that we are a good employer;
- Expresses our corporate social responsibility;
- Reduces recruitment and training costs;

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

Don't be a Spectator

The Trust launched its "Don't be a Spectator" campaign in August 2014 to give staff the confidence to speak out when things are wrong. The campaign highlights the importance of raising any concerns that staff may have about poor practice. It also recognises that this may make staff feel vulnerable and we want to reiterate and promote the stance that the Trust does not and will not tolerate bullying towards members of staff or service users. The campaign ties in with the national Nursing Times 'Speak Out Safely' initiative, as part of which we encourage any staff member who has a genuine patient safety concern to raise this within the organisation at the earliest opportunity. As part of the launch of this campaign we also launched our dedicated equality and diversity mailbox, making it easier to raise an equality and diversity issue equality@ntw.nhs.uk.

Work towards new Equality and Diversity requirements

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

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

Workforce Race Equality Standard

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

Equality Delivery System 2

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

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

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

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

Health, Safety and Security Management

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

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

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

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

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

Serious Incidents and Incident Reporting

As reported to the Board through the Safety Report, during 2014/15 there was a steady decrease in the total number of serious incidents in comparison to previous years, the majority of which occur in the Trust's community services. Throughout 2014/15 the Trust has maintained robust reporting systems with our Clinical Commissioning Groups and the North East Commissioning Support Unit, as their governance systems continue to develop. This includes the new NHS Contractual requirement relating to Duty of Candour to report all our serious incidents, with supplementary information relating to post incident support mechanisms for the patient, and their families and carers. This is now embedded in our incident reporting system.

The Trust has continued to be fully compliant with reporting regimes into the Strategic Executive Information System (STEIS) for Commissioners and NHS England and has also continued to report our Patient Safety Incidents into the National Reporting and Learning System, which allows NHS England and the Care Quality Commission access to all our activity, as well as continuing to regularly report all our security incidents into the Security Incident Reporting System (SIRS) at the request of NHS Protect in line with the NHS Contractual requirements.

One of the Trust's Quality Goals is to reduce incidents of harm to patients. Information relating to the number and type of incidents reported and the progress in achieving the goal is outlined in the Quality Report.

National Community Mental Health Survey 2014

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

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

The results of the survey are outlined in the Quality Report.

For each of the 9 sections when compared to other trusts this Trust scored 'average' for all, with the sections Organising your Care and Reviewing your Care being the closest to the highest trust scores. In all sections the Trust's scores were significantly higher than the lowest trust scores.

The survey showed that when compared to other trusts this Trust is significantly BETTER than average on 2 questions, significantly WORSE than average on 0 questions and average on 41 questions.

The 2 questions which our results show were BETTER than most other trusts were:

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

Although the Trust was not significantly worse than average on any questions the 2 questions which the Trust's scores closer to the lowest trust scores were:-

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

Complaints and Compliments

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

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

One of the Trust's Quality Goals is to improve the way we relate to patients and carers, and our performance in terms of complaints is shown in the Quality Report.

The Quality and Performance Committee regularly analyse the complaints received and identify trends. Lessons learnt are disseminated across services with the aim of improving the quality of care.

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

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

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

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

- Developing a shared set of values;
- Development of a "Safety Culture";
- Working more collaboratively with Service Users and Carers;
- Strengthening the role of the Council of Governors;

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

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

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

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

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

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

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

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

Each of the 6 Overview and Scrutiny Committees has good links with the Trust via the Deputy Director, Partnerships. We have engaged with all of the Committees regarding our Quality Account, and have also presented to the Joint Committee of the Local Scrutiny Committees to inform them of our service transformation plans.

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

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

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

Principal Risks

The principal risks facing the Trust, and how they are managed, are set out in the Board of Director's Assurance Framework and Corporate Risk Register. The Framework is linked to the Trust's Strategic Objectives and covers risks associated with all aspects of the Trust's business including finance, quality and the workforce.

During 2014/15 the Board Assurance Framework and Corporate Risk Register was reviewed regularly by the Corporate Decisions Team, monitored by the Audit Committee and Quality and Performance Committee and presented quarterly to the Board of Directors, as a part of the Integrated Performance Report.

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

Environmental Matters

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

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

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

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

Our Plans Going Forward

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

Community Transformation Programme

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

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

Developing New Models for In-Patient Care Programme

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

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

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

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

The feedback from this process will inform the development of scenarios for change which will be the subject of a full formal consultation with those living in

Newcastle and Gateshead, during 2015. We will commence the implementation of the model for in-patient care delivery for the population of Newcastle and Gateshead, which will be determined through this consultation exercise, towards the end of 2015.

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

Specialist Care Services Programme

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

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

Social and Residential Services

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

Learning Disability Services

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

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

Corporate Services Programme

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

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

John Lawlor
Chief Executive

3. DIRECTORS' REPORT

Enhanced quality governance reporting

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

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

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

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

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

The Trust confirms that there are no material inconsistencies between:

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

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

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

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

Patients and Carers

Involvement

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

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

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

Patient Feedback

The Trust actively engages patients, carers and other stakeholders in seeking their views on what they require of the Trust's services and how the Trust's

services should transform and develop. This engagement includes regular surveys, patient/carer feedback work and specific engagement/involvement in initiatives together with formal consultation on the Trust's plans, including formal public consultation on specific proposals.

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

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

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

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

With regard to SWEMWEBS, through the Trust's involvement in the Care Pathways and Packages Project, a short wellbeing scale has been nationally recommended as the Patient Reported Outcome Measure (PROM) for the treatment packages we deliver. The ratings for scales allow clinical outcomes to be measured at the end of a patient's episode of care and compared to the start

of the episode. SWEMWEBS is now being sent /given to patients at these same time points. The Trust is also reporting the standard Family and Friends Questionnaire which provides us with a Patient Reported Experience Measure (PREM).

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

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

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

Patient Information

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

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

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

Statement as to disclosure to auditors

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

Register of Directors’ Interests

Please refer to the Governance Report.

Our Governance Arrangements including directors' details

Please refer to the Governance Report.

4 REMUNERATION REPORT

Annual statement on remuneration

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

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

Senior managers' remuneration policy

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

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

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

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

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

Benefits in kind relate to lease cars and salary sacrifice schemes

Annual report on remuneration

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

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

Table 8: Board Membership Details

Name Title	Date of:		Current expiry of term	Notice period (months)
	Appoint	Cessation		
Martin Cocker Non-Executive Director/Audit Committee Chair	01.01.12	-	31.12.17	N/A
Lisa Crichton-Jones Director of Workforce and Organisational Development Acting Director of Workforce and Organisational Development (14.05.14 to 03.08.14)	04.08.14	-	N/A	3
James Duncan Deputy Chief Executive/Director of Finance Acting Chief Executive (01.04.14 to 22.06.14)	01.12.09	-	N/A	4
Douglas Gee Medical Director	01.12.13	-	N/A	3

Ken Grey Non-Executive Director/Senior Independent Director	01.12.09	31.12.14	-	-
Neil Hemming Non-Executive Director	01.01.15	-	31.12.17	N/A
John Lawlor Chief Executive	23.06.14	-	N/A	3
Paul McEldon Vice Chair	01.12.09 20.02.14		31.12.14	N/A
Gary O'Hare Director of Nursing and Operations	01.12.09	-	N/A	3
Nigel Paton Non-Executive Director	01.07.12	-	30.06.15	N/A
Lisa Quinn Director of Performance and Assurance	01.12.09	-	N/A	3
Ruth Thompson Non-Executive Director	01.04.14	-	31.03.17	N/A
Chris Watson Non-Executive Director Senior Independent Director	01.12.09 01.01.15	-	31.12.15	N/A
Hugh Morgan Williams Trust Chair	01.11.13	-	31.10.16	N/A

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

Table 9: Membership of the Remuneration Committee and Attendance

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

During 2014/15, there were 14 individuals fulfilling the role as director, 9 of them receiving expenses (including relocation expenses) in the reporting period totalling £15,692. The equivalent for 2013/14 was 15 individuals with 8 receiving expenses (including relocation expenses) totalling £9,800.

During 2014/15, there were 46 individuals in governors' roles, but at any one time there was an average of 38 governors. 10 governors received expenses totalling £1,940. The equivalent for 2013/14 was 41 individuals in governors' roles with an average of 31 at any one time. 18 governors received expenses totalling £2,400.

Off-Payroll Engagements

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

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

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

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

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

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

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

Number of Off-Payroll engagements of Board members or senior officials with significant financial responsibility during the year	0
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Board of Director's remuneration

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

Table 13: Board of Directors Remuneration

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

Note

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

Benefits in kind relate to lease cars and salary sacrifice schemes

Median remuneration

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

Table 14: Median remuneration

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

Total pension entitlement

Table 15: Board of Director Pension Analysis

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

Note:

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

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

Cash equivalent transfers

Cash equivalent transfer values are not applicable where individuals are over 60 years old. As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members. The Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accumulated benefits and any contingent spouse's pension payable from the scheme. CETV's are calculated within the guidelines and framework prescribed by the Institute and Faculties of Actuaries. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and from 2004-05 the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. Real Increase in CETV - This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

John Lawlor
Chief Executive
27th May 2015

5 GOVERNANCE REPORT

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

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

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

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

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

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

The general duties of the Council of Governors are:

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

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

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

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

The Board of Directors

The Board of Directors keeps its performance and effectiveness under on-going review. It undertakes self-assessment of effectiveness including Board "time

outs,” a development programme, the review of governance arrangements, the annual review of the Board and its committees’ terms of reference and the annual committees’ self-assessment exercise.

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

The Trust Chair

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

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

The Vice Chair

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

Senior Independent Non-Executive Director

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

The Chief Executive

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

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

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

Independent Non-Executive Directors

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

Register of Directors' Interests

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

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

Number of meetings and attendance

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

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

Table 16: Membership of the Board of Directors and Attendance

Name Title	Date of:		Current expiry of term	Meetings	
	Appoint	Cessation		Total	Attended
Martin Cocker Non-Executive Director/Audit Committee Chair	01.01.12	-	31.12.17	10	10
Lisa Crichton-Jones Director of Workforce and Organisational Development Acting Director of Workforce and Organisational Development	04.08.14 14.05.14	- 03.08.14	N/A	10	9
James Duncan Deputy Chief Executive/Director of Finance Acting Chief Executive	01.12.09 01.04.14	- 22.06.14	N/A	10	10
Douglas Gee Medical Director	01.12.13	-	N/A	10	9

Ken Grey Non-Executive Director/Senior Independent Director	01.12.09	31.12.14	-	7	6
Neil Hemming Non-Executive Director	01.01.15	-	31.12.17	3	0
John Lawlor Chief Executive	23.06.14	-	N/A	8	7
Paul McEldon Vice Chair	01.12.09 20.02.14		31.12.14	10	10
Gary O'Hare Director of Nursing and Operations	01.12.09	-	N/A	10	9
Nigel Paton Non-Executive Director	01.07.12	-	30.06.15	10	10
Lisa Quinn Director of Performance and Assurance	01.12.09	-	N/A	10	10
Ruth Thompson Non-Executive Director	01.04.14	-	31.03.17	10	6
Chris Watson Non-Executive Director Senior Independent Director	01.12.09 01.01.15	-	31.12.15	10	10
Hugh Morgan Williams Trust Chair	01.11.13	-	31.10.16	10	9

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

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

A term of office for the Chair and Non-Executive Directors is three years. The re-appointment of the Chair or Non-Executive Director after their first term of office is subject to a satisfactory performance appraisal. Any term beyond six years (i.e.

two terms) should only be in exceptional circumstances and subject to annual re-appointment and is subject to a particularly rigorous interview and satisfactory appraisal, and should take into account the need for progressive refreshing of the Board of Directors.

Director's skills, expertise and experience

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

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

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

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

Martin Cocker

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

Experience and skills/expertise:

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

Lisa Crichton-Jones

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

Experience and skills/expertise:

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

James Duncan

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

Experience and skills/expertise:

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

Dr Douglas Gee

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

Experience and skills/expertise:

- Medical Director at Humber NHS Foundation Trust;
- Experience included FT application, various service redesigns, and acquisition of community services;

- Responsibilities included professional management of Medical, Psychology and AHP (Allied Health Professional) staff as well as the Integrated Governance Department and Clinical Pharmacy;
- Medical Management role since 2001;
- Experience included some of the early implementation of New Ways of Working;
- Consultant General Adult Psychiatrist since 1998.

Neil Hemming

Qualifications include graduating in computing science from Newcastle University.

Experience and skills/expertise:

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

John Lawlor

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

Experience and skills/expertise:

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

Paul McEldon

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

Experience and skills/expertise:

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

Gary O'Hare

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

Experience and skills/expertise:

- Extensive clinical experience in Psychiatric Intensive Care and Forensic Mental Health nursing;
- Extensive nursing and operational delivery experience, both clinical and managerial, at local and national level;
- Director of Nursing at Newcastle, North Tyneside and Northumberland Mental Health NHS Trust;
- Led a number of national initiatives on the management of violence and aggression for the Department of Health and the National Patient Safety Agency;
- Member of the Mental Health and Learning Disability Nurse Directors and Leads National Forum;
- Strong academic links with Northumbria University.

Nigel Paton

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

Experience and skills/expertise:

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

Lisa Quinn

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

Experience and skills/expertise:

- Extensive NHS business, performance and finance experience;

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

Ruth Thompson, OBE

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

Experience and skills/expertise:

- Experienced portfolio non-executive director;
- Solicitor in local government and energy industry;
- Director, Transco PLC;
- Group Corporate Affairs Director, National Grid Plc dealing with public policy and communications across UK, EU and USA;
- Significant change management experience across operational, emergency and support services, in private, public, charity and voluntary sectors;.
- High Sheriff of the County of Tyne and Wear 2014/15;
- Awarded OBE for services to New Deal in 2002.

Chris Watson

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

Experience and skills/expertise:

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

Hugh Morgan Williams, OBE

Qualifications include BA Hons Modern History (Durham University).

Experience and skills/expertise:

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

Committees

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

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

Remuneration Committee

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

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

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

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

Table 17: Membership of the Remuneration Committee and Attendance

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

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

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

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

Audit Committee

DETAILS TO BE PRESENTED TO AUDIT COMMITTEE IN MAY AND THEN ADDED

Internal Audit

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

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

The Trust's internal audit service is provided by Northern Internal Audit and Fraud Service (NIAFS) through a consortium of NHS statutory bodies. The consortium is

hosted by Northumberland, Tyne and Wear NHS Foundation Trust and employs around 22 whole time equivalent staff.

Annual Report and Accounts

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

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

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

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

Understanding the views of governors and members

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

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

The Council of Governors

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

Service users and carers are represented separately with six seats each, reflecting our commitment to these groups. Public Governors represent those in their local government area and have twelve seats, i.e. two for each local government area. However any individual who lives outside one of the six local

government areas but within England and Wales may become a public member and he/she will be represented by the Newcastle upon Tyne public governors. Substantively employed staff are automatically members unless they decide to opt out, which was determined by the Trust in partnership with Staff Side. They are represented by one Governor for medical staff and two each from Non Clinical and Clinical Groups.

We have also sought to ensure that our partners including Local Authorities, Commissioners, Universities and voluntary organisations are represented.

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

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

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

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

Richard Tomlin was the lead governor during 2014/15.

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

Ten governors commenced during 2014/15.

Five governors were elected from 1 December 2014 as follows:

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

Four governors were nominated by their organisation as follows:

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

- Councillor Catherine Donovan by Gateshead Council on 24 June 2014.

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

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

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

Table 18: Membership of the Council of Governors and Attendance

Governor	Constituency	Electe d	Date		Period of office (months)	No. of meetings	
			Start	Left		Tota l	Attended
Margaret Adams	Public South Tyneside	Yes	01.03.14		13	5	4
Julia Allison	Public Gateshead	Yes	01.12.14		4	2	2
Nigel Atkinson	Staff Clinical	Yes	01.12.09		64	5	1
Phil Brown	Staff Clinical	Yes	01.12.12		28	5	4
Colin Browne	Public South Tyneside	Yes	01.12.13		16	5	4
Alasdair Cameron *	Community and Voluntary	No	01.12.12		28	5	1
Ann Clark	Carer Adult Services	Yes	01.12.09		64	5	4
Stephanie Collier	Service User Adult Services	Yes	01.12.12	22.06.14	19	1	0
Karen Copeland	Public Sunderland	Yes	01.12.13	30.05.14	6	1	0
Alan Currie	Staff Medical	Yes	01.12.09		64	5	3
Stuart Dexter	Community and Voluntary	No	07.04.14		12	5	2
Catherine Donovan	Local Authority Gateshead	No	24.06.14		9	4	2

Susan Dungworth	Local Authority Northumberland	No	10.06.13	01.04.14	10	0	0
Veronica Dunn	Local Authority Newcastle	No	08.07.13	18.06.14	12	1	1
Madeleine Elliott	Public Northumberland	Yes	01.12.13		16	5	1
Grahame Ellis	Staff Non Clinical	Yes	01.12.12		28	5	4
Mary Foy	Local Authority Gateshead	No	01.12.09	24.06.14	55	1	0
Janet Fraser	Carer Children and Young People's Service	Yes	01.12.09		64	5	0
Glenys Goodwill	Public Gateshead	Yes	01.12.12		28	5	3
Dianne Graham	Public North Tyneside	Yes	01.12.13	11.03.15	15	5	2
Fiona Grant	Service User Adult Services	Yes	01.12.14		4	2	1
Jane Hall	Public Sunderland	Yes	01.12.09		64	5	3
George Hardy	Carer Learning Disability Services	Yes	01.12.09		64	5	2
Christine Heron	Public Gateshead	Yes	01.12.13	15.07.14	7	1	0
Norman Hildrew	Carer Adult Services	Yes	01.12.09		64	5	5
Barry Hirst	University Newcastle University	No	01.12.09		64	5	1
Gladys Hobson	Local Authority South Tyneside	No	25.02.14		13	5	5
Claire Keys	Service User Adult Services	Yes	01.12.12	14.09.14	21	2	1
Keith McCririck	Public Sunderland	Yes	01.12.14		4	2	2
Steve Manchee	Public North Tyneside	Yes	01.03.14		13	5	2
Graham Martin	Public Newcastle/rest of England and Wales	Yes	01.12.13		16	5	1
Graeme Miller	Local Authority Sunderland	No	16.05.12		34	5	0
Marian Moore	Service Users Older Peoples Services	Yes	01.03.11		49	5	5
Austin O'Malley	Public Newcastle/rest of England and Wales	Yes	01.12.12		28	5	1

Pauline Pearson	University Northumbria University	No	01.02.13		26	5	2
Lucy Reynolds	Service User Neuro Disability Services	Yes	01.12.12		28	5	4
Bill Scott	Public Northumberland	Yes	01.12.14		4	2	2
Elizabeth Simpson	Local Authority Northumberland	Yes	01.04.14		12	5	0
Rachel Simpson	Service User Learning Disability Services	Yes	01.12.12		28	5	1
Anneva Spark	Carer Older Peoples Services	Yes	01.12.09		64	5	4
Jane Streather	Local Authority Newcastle City Council	No	18.06.14		10	4	2
Richard Tomlin	Carer Neuro Disability Services	Yes	01.12.09		64	5	5
David Twist	Service User Adult Services	Yes	01.12.14		4	2	2
Bob Waddell	Staff Non Clinical	Yes	01.12.12		28	5	3
Alison Waggott-Fairley	Local Authority North Tyneside	No	19.06.14		9	4	0
Jack Wilson	Service User Children and Young Peoples Service	Yes	01.12.13		16	5	0

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

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

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

Council of Governors' meetings attended by Board members		
Director	Total	Attended
Martin Cocker	4	2
Lisa Crichton-Jones	4	2

James Duncan	4	2
Douglas Gee	4	0
Ken Grey	3	0
Neil Heming	1	0
Paul McEldon	4	2
Gary O'Hare	4	0
John Lawlor	4	2
Nigel Paton	4	0
Lisa Quinn	4	2
Ruth Thompson	4	0
Chris Watson	4	1
Hugh Morgan Williams	4	3

Nominations Committee

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

Membership and attendance at the Nominations Committee is shown below:

Table 20: Nominations Committee Membership and Attendance

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

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

The Nominations Committee's role also includes termination, where this is not as a result of resignation or the Chair or another NED coming to the end of his/her

term. This role applies in limited circumstances such as gross misconduct or a request from the Board of Directors for the removal of a particular NED.

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

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

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

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

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

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

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

Declaration of Interests

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

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

Compliance with the Code of Governance

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

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

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

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

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

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

Information, development and evaluation

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

The Council of Governors receive regular presentations from the Executive Team and updates from governors on the work of the Nominations Committee and working groups.

On appointment or election all directors and governors undertake appropriate induction and are encouraged to keep abreast of matters affecting their duties as a Director or Governor and to attend training relevant to their role.

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

Indemnities

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

Membership

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

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

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

Regular communication with our members through newsletters, and invitations to events, has continued and we are committed to sustaining our membership and their involvement, to ensure that the benefits of having a robust and vibrant membership are attained.

The Trust continues to work hard to build, develop and maintain the membership base to ensure appropriate community representation.

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

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

- Ensuring the membership is refreshed and that membership figures are maintained;
- Improving user and carer membership numbers;
- Maintaining a good spread of members in the different localities;
- Engaging in new and meaningful ways with members.

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

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

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

Table 21: Analysis of membership as at 31 March 2015

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

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

6. QUALITY REPORT

SEPARATE PROCESSES TO BE SLOTTED IN LATER

7 STAFF SURVEY

Details are included in the Strategic Report.

8 **REGULATORY RATINGS**

Monitor Regulatory risk ratings

On the 1 April 2013, the provider licence came into effect for all NHS Foundation Trusts, the licence replacing the terms of Authorisation as Monitor's primary tool for overseeing NHS Foundation Trusts. It incorporates a set of requirements covering governance and financial viability as well as other areas reflecting Monitor's expanded role within the health sector.

Monitor's Compliance Framework historically set out the approach Monitor took to assess compliance of NHS Foundation Trusts with their Terms of Authorisation, with a particular focus on financial and governance risk. From the 1 October 2013 the Risk Assessment Framework replaced the Compliance Framework in the areas of Monitor's oversight of providers of key NHS services (not just Foundation Trusts) and the governance of Foundation Trusts.

The Trust's risk ratings for 2014/15 are shown in the table below, including expected performance as identified in the Annual Plan 2014/15:

Table 22: Risk ratings for 2014/15 including expected performance as identified in the Annual Plan 2014/15

Risk Rating	Annual Plan 2014/15	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Risk Assessment Framework					
Continuity of service rating	3	3	3	4	3
Governance rating	Green	Green	Green	Green	Green

The Trust's risk ratings for 2014/15 were in line with the expected performance as identified in the Annual Plan 2014/15.

There were no formal interventions from Monitor during 2014/15.

Risk ratings for 2013/14 are shown in the table below including expected performance as identified in the Annual Plan 2013/14:

Table 23: Risk ratings for 2013/14 including expected performance as identified in the Annual Plan 2013/14

Risk Rating	Annual Plan 2013/14	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Under the Compliance Framework					
Financial risk rating	3	3	3		
Governance risk rating	Green	Green	Green		
Under the Risk Assessment Framework					
Continuity of service rating				3	3
Governance rating				Green	Green

The Trust's risk ratings for 2013/14 were in line with the expected performance as identified in the Annual Plan 2013/14.

9 INCOME DISCLOSURES REQUIRED BY SECTION 43(2A) OF THE NHS ACT 2006 (AS AMENDED BY THE HEALTH AND SOCIAL CARE ACT 2012)

Private Patient Income

	2014/15	2013/14
	£000	£000
Private patient income	143	157
Total patient related income	280,620	280,710
Proportion (as percentage)	0.05%	0.06%

The statutory limitation on private patient income in Section 44 of the 2006 Act was repealed with effect from 1 October 2012 by the Health and Social Care Act 2012. The Health and Social Care Act 2012 requires Foundation Trusts to make sure that the income they receive from providing goods and services for the NHS (their principle purpose) is greater than their income from other sources.

10 OTHER DISCLOSURES IN THE PUBLIC INTEREST

Counter Fraud Activities

The Trust receives a dedicated local counter fraud specialist service from the Northern Audit and Fraud Service and has developed a comprehensive counter fraud work plan in accordance with guidance received from NHS Protect. The Trust also has a Fraud and Corruption Policy and Response Plan approved by the Audit Committee.

Anyone suspecting fraudulent activities within the Trust's services should report their suspicions to the Executive Director of Finance or to the Trust's Local Counter Fraud Specialists on 0191 203 1406 or 07876 594661. Alternatively fraud can be reported through the confidential freephone reporting line on 0800 028 40 60 between 8am and 6pm, Monday to Friday or on line at <http://www.reportnhsfraud.nhs.uk>

11 STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Statement of the chief executive's responsibilities as the accounting officer of Northumberland, Tyne and Wear NHS Foundation Trust

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

Under the NHS Act 2006, Monitor has directed Northumberland, Tyne and Wear NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Northumberland, Tyne and Wear NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *NHS Foundation Trust Annual Reporting Manual* and in particular to:

- Observe the Accounts Direction issued by Monitor, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the *NHS Foundation Trust Annual Reporting Manual* have been followed, and disclose and explain any material departures in the financial statements;
- Ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance; and
- Prepare the financial statements on a going concern basis.

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

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

John Lawlor
Chief Executive
27th May 2015

12 ANNUAL GOVERNANCE STATEMENT

SEPARATE PROCESS – TO BE SLOTTED IN LATER

13 ANNUAL ACCOUNTS

SEPARATE PROCESS – TO BE SLOTTED IN LATER