

Northumberland, Tyne and Wear NHS Foundation Trust

Board of Directors Meeting

Meeting Date: 25 May 2016

Title and Author of Paper: Annual Report 2015/16

Executive Lead: Chief Executive

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. There are parts of the Annual Report that have followed their own process and are considered separately by the Audit Committee and appear as separate papers on the agenda, as follows:

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

The Annual Report excluding the above sections is attached.

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

Risks Highlighted to Board : None

Does this affect any Board Assurance Framework/Corporate Risks? No

Equal Opportunities, Legal and Other Implications: None

Outcome Required: The Audit Committee to provide a recommendation to the Board of Directors to approve the Annual Report, subject to separate approvals for the parts identified as being considered elsewhere on the agenda

Link to Policies and Strategies: None

Annual Report and Accounts 2015/16

Northumberland, Tyne and Wear NHS Foundation Trust

Annual Report and Accounts 2015/16

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

Table of contents

1. Chair and Chief Executive's introduction
2. Performance Report
3. Accountability Report
 - i. Directors' Report
 - ii. Remuneration Report
 - iii. Staff Report
 - iv. Disclosures set out in the code (Governance Report)
 - v. Regulatory Ratings
 - vi. Statement of Accounting Officer's Responsibilities
 - vii. Annual Governance Statement
4. Quality Report
5. Annual Accounts

Schedule of Tables

Table number	Title
Figure 1	Our Mission and Values
Figure 2	The Trust's Principal Risks-Extract from Board Assurance Framework
Figure 3	2015/2016 Patient Care Income per Service £000
Figure 4	2015/16 Patient Care Income per Commissioners £000
Figure 5	Performance against Monitor requirements 2015/16
Figure 6	Payment of Trade Invoices
Figure 7:	Equality Delivery System 2 (EDS2) outcomes
Figure 8:	Income disclosures as required by section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012)
Figure 9:	Board Membership Details
Figure 10:	Membership of the Remuneration Committee and Attendance
Figure 11:	Board of Directors Remuneration
Figure 12:	Median remuneration
Figure 13:	Board of Director Pension Analysis
Figure 14:	Exit Packages
Figure 15:	Average number of employees
Figure 16:	Sickness absence data provided by the Health and Social Care Information Centre January 2015-December 2015
Figure 17:	Summary of performance – NHS staff survey
Figure 18:	Staff survey 2015 Compared to Staff Survey 2014
Figure 19:	2015 Staff Survey Agreed Trust wide Actions
Figure 20:	Off-Payroll engagements
Figure 21:	Number of New Off-Payroll Engagements, or those that reached six months in duration between 1st April 2015 and 31st March 2016, for more than £220 per day and that have lasted for longer than six months
Figure 22:	Number of New Off-Payroll Engagements of Board Members or Senior Officials with significant financial responsibility between 1st April 2015 and 31st March 2016.
Figure 23:	Membership of the Board of Directors and Attendance
Figure 24:	Membership of the Remuneration Committee and Attendance
Figure 25:	Attendance at the Audit Committee
Figure 26:	Membership of the Council of Governors and Attendance
Figure 27:	Analysis of attendance of Board members at formal Council of Governors' meetings.
Figure 28:	Nominations Committee Membership and Attendance
Figure 29:	Analysis of membership as at 31 March 2016
Figure 30:	Risk ratings for 2015/16 including expected performance as identified in the Annual Plan 2015/16
Figure 31:	Risk ratings for 2014/15 including expected performance as identified in the Annual Plan 2014/15
Figure 32:	Principle Risks
Figure 33:	Elements of quality

Introduction from the Chairman and Chief Executive

Northumberland, Tyne and Wear NHS (NTW) 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.

We recognise that providing effective treatment relies on a three way partnership between service users, their families and carers, and professionals and we recognise the vital role that families and carers play in supporting our service users.

By continually developing and improving our services around the needs of users and their carers, we want to ensure that we can provide high quality, safe, recovery focused care, which is sustainable in the long term.

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 25th May 2016.

**High Morgan Williams OBE
Chairman**

**John Lawlor
Chief Executive**

Section 2 THE PERFORMANCE REPORT

PART 1 OVERVIEW

Our Services

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

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

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

Our Vision and Values

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

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

We will do this by:

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

- Improving clinical and management decision making through the provision and development of effective information;
- Being an influential organisation that supports and enables social inclusion.

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

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

Figure 1: Our mission and values



Our History

Northumberland, Tyne and Wear NHS Foundation Trust 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.

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.

The Trust's Strategy

In November, 2014 the Board reviewed:

- The progress made in delivering the Trust's Strategy 2014 - 2019, including individual Service Developments and performance in terms of the Finance Strategy / Financial Delivery Plan;
- The Trust's performance, including quality performance;
- The factors influencing the future direction of the Trust, including the policy direction, national strategies and financial environment together with the likely impact on the Trust's Strategy and plans going forward.

As a consequence of this review the Board reaffirmed the Trust's existing Strategy 2014 - 2019 going forward, as agreed in May, 2014, and the continued focus during 2015/16 on three core areas:

- Completion of the Trust's existing programme of service transformation, including the implementation of new models of community care and the consolidation of in-patient and specialist services, focusing on quality of outcomes and value for money;
- Development of the integration agenda and the development of "place based services", including promoting the benefits and opportunities from the integration of pathways across physical and mental health and social care;
- Identifying and exploiting opportunities for growth, including geographical expansion.

The Board of Directors are however in the process of reviewing the Trust's five year Strategy going forward 2016-2021 in the light of:

- The Trust nearing the end of its existing community and local mental health inpatient transformation programme;
- The emerging organisational forms and care models locally and the need to promote and achieve an equal response to mental and physical health and towards the two being treated together, and as a part of this;
- NHS England's future commissioning intentions for our Specialist Services and the Trust's strategic response;

- The impact of the national Transforming Care for People with Learning Disabilities Programme and the North East and Cumbria implementation plans;
- The need to support high quality sustainable services going forward in an ever increasing challenging environment.

Our new Strategy going forward 2016-2021 is scheduled to be completed in September 2016.

The key Issues and risks to the delivery of the Trust's Strategy

The Trust faces a number of risks to the delivery of its Strategy. A full analysis of the Trust's principal strategic risks, together with the controls and mitigation, are included in our Board Assurance Framework. The Trust's principal risks are shown in Table 1 below.

Figure 2: The Trust's Principal Risks-Extract from Board Assurance Framework

Strategic Objective	
SO1: To Modernise and reform services, in line with local and national strategies and the needs of individuals and communities; providing first class care in first class environments.	
Reference	Principal Risk
SO1.1	That we do not develop and correctly implement service model changes.
SO1.2	That we do not effectively engage public, commissioners and other key stakeholders leading to opposition or significant delay in implementing our service strategy.
Strategic Objective	
SO2: To be a sustainable and consistently high performing organisation.	
Reference	Principal Risk
SO2.1	That we have a significant loss of income through competition and choice, including the possibility of losing large services and localities.
SO2.2	That we do not manage our financial resources effectively to ensure long term financial stability (including the differential between income and inflation, impact of QIPP and the Cost Improvement Programme).
Strategic Objective	
SO3: To be a model employer, an employer of choice and employer that makes the best use of the talents of the entire workforce.	
Reference	Principal Risk
SO3.1	That we do not effectively manage significant workforce and organisational changes, including increasing staff productivity and staff engagement.
SO3.3	That we are unable to recruit and retain staff in key posts.
Strategic Objective	
SO5: Provide high quality evidence based and safe services supported by effective	

integrated governance arrangements.	
Reference	Principal Risk
SO5.6	The risk that high quality, evidence-based and safe services will not be provided if there are difficulties in accessing services in a timely manner and that services are not sufficiently responsive to demands.
SO5.9	That the scale of change and integration agenda across the NHS could affect the sustainability of services and the Trust's financial position.

Capacity to Handle Risk

The Trust has structures and 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 Annual Governance Statement (Section 3 iv) provides assurance that the Trust has a generally sound system of internal control that supports the achievement of its policies, aims and objectives.

Going Concern Disclosure

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

PART 2 PERFORMANCE ANALYSIS

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.

The Trust provides services to a broad range of commissioners. The main commissioners for the Trust in 2015/16 were as follows:

- Five Clinical Commissioning Groups across Northumberland, Tyne and Wear;
- Five Clinical Commissioning Groups across Durham, Darlington and Tees;
- Cumbria and North East Commissioning Hub which is the local 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 2015/16 87% 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 3: 2015/2016 Patient Care Income per Service £000

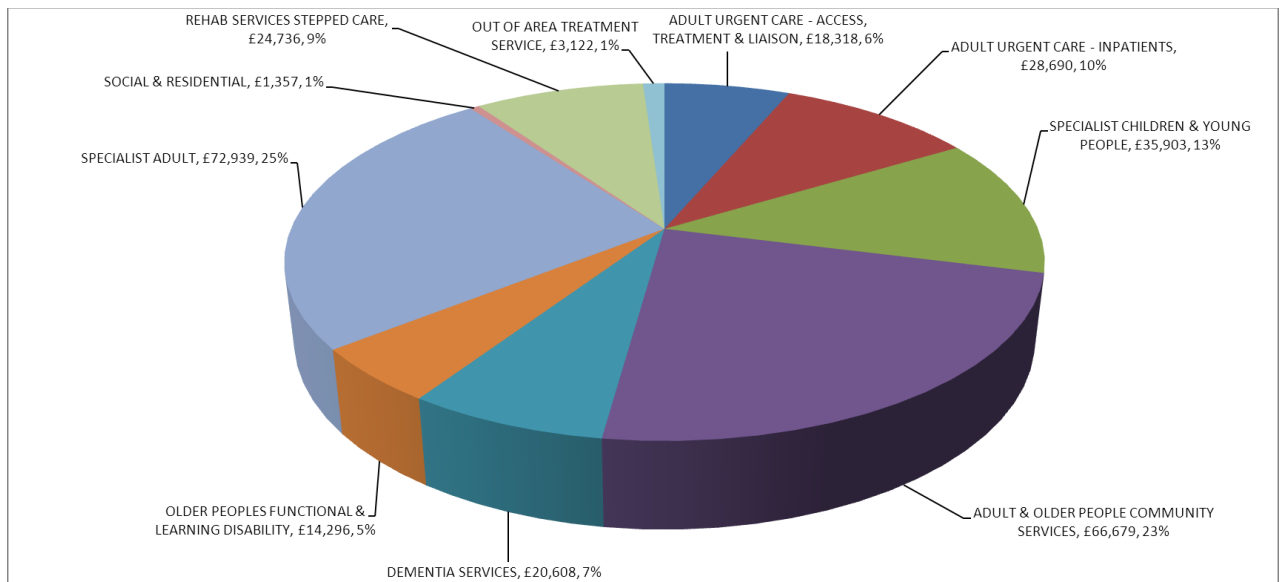
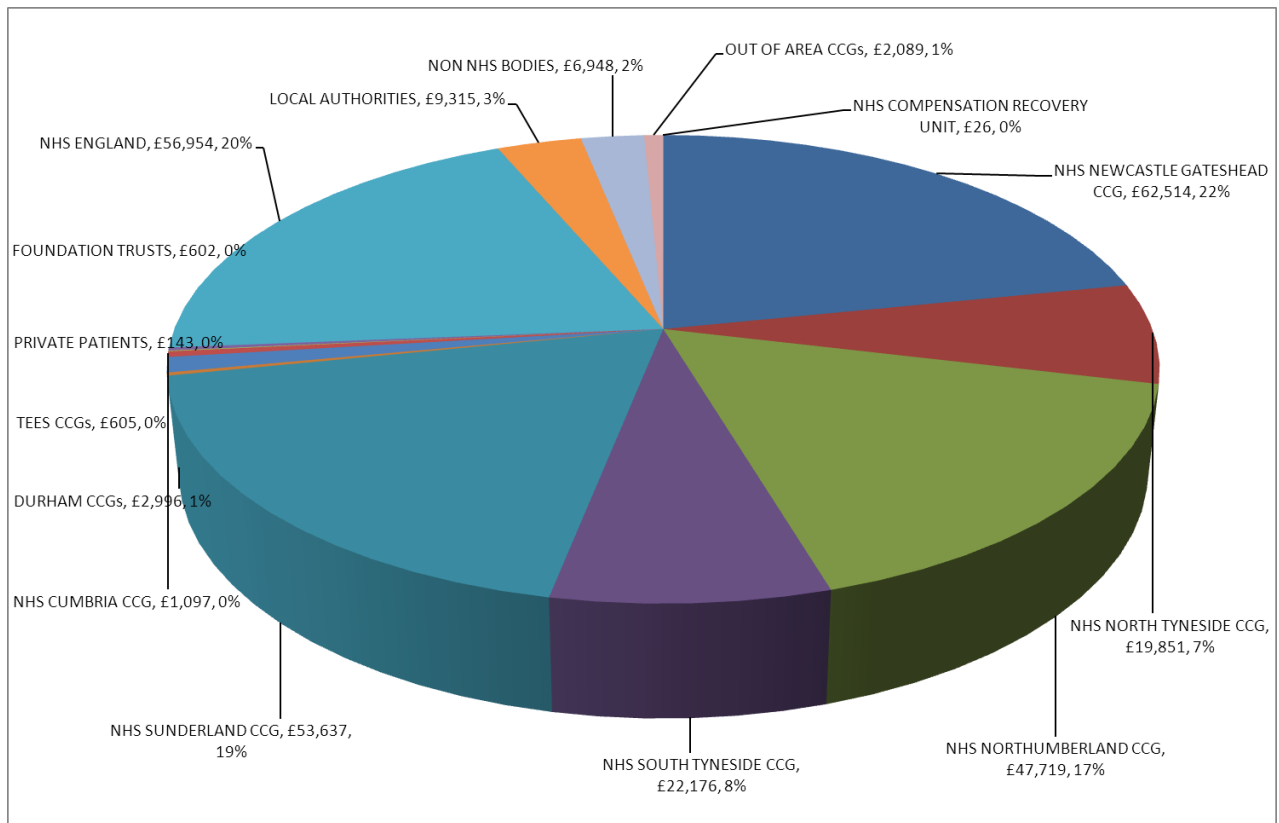


Figure 4: 2015/16 Patient Care Income per Commissioners £000



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 2015/16 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 2016/17.

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 in Section 4 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 2015/16, 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 Quality Compliance Group.

Details relating to CQC Registration Activity during 2015/16 is shown in Section 4, the Quality Report.

Financial Performance

The Trust continued to perform well during 2015/16, 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 Programmes, 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, 2 wards were closed. As the wards 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 has been working with the Newcastle Gateshead CCG on the formal consultation relating to the future models of delivery for inpatient services during the year. Building of the Trust's new autism unit also started in the summer.

The Trust undertakes an interim revaluation of its estate each year and this year this resulted in additional impairments of £3.4m mainly for enhancements to assets and an increase in the value of buildings, resulting in a net reversal of impairments of £11m. The net total of £7.6m was recognised as a gain in year the Statement of Comprehensive Income resulting in a surplus of £11.7m being recorded for the year.

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 £4.2m, which was above our plan agreed with Monitor. This maintained a Financial Sustainability Risk Rating of 4. Our performance against the requirements set by Monitor is shown in Table 1 below.

Figure 5: Performance against Monitor requirements 2015/16

Financial Sustainability Risk Ratings	Plan	Achieved	Risk Rating	Weight	YTD Risk
Capital Service Capacity	1	1.28x	2	25%	Amber
Liquidity Ratio	4	10.4 days	4	25%	Green
I&E Margin	3	1.16%	4	25%	Green
I&E Margin Variance	4	0.50%	4	25%	Green
Overall Rating	2		4		Green

In December 2014, the Trust completed a significant land sale of part of the Northgate site. The second instalment for the Northgate land sale was received in January 2016. This, together with the sale of social & residential homes in Sunderland and the Willows in Morpeth, resulted in receipts for asset sales totalling £9.3m. Capital spend in the year was £15.8m, which was £6.4m behind plan, largely due to delays in starting the development of a new autism unit, also on the Northgate site, and progressing in-patient developments to meet the future service delivery model.

The Trust delivered 68% of its planned recurring Financial Delivery Programme, with £4.2m carried forward of the £13.2m planned to be delivered in year. This delivery was fundamentally linked to our Transformation of Services Programmes, details of which are provided in this report.

The main financial pressures in year were experienced on children and young people's in-patient and community services. A new service model for 2016/17 has been agreed with NHS England in relation to in-patient services at Alnwood and some additional non-recurrent funding and service changes have been agreed with CCG's for community services. This will reduce the pressures in these areas in the coming year.

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

Going forward, the most significant financial risks over the next two years are the on-going delivery of our transformation approach as described in this report, managing any national re-structuring of specialist services, and managing of the wider financial risks across health and social care. This will require continuing effective working across multiple stakeholders. The Trust continues to invest in change, 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 Trust is integrally involved in the development of the Sustainability and Transformation Plan for Northumberland Tyne and Wear

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 is shown in Table 2 below.

Figure 6: Payment of Trade Invoices

Better Payment Practice Code	2015/16 Number of invoices paid within target	2015/16 Value of invoices paid within target	2014/15 Number of invoices paid within target	2014/15 Value of invoices paid within target
Non-NHS Trade Invoices	90.6%	94.6%	90.3%	91.7%
NHS Trade Invoices	90.0%	99.8%	81.2%	97.2%

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.

Service Developments

During 2015/16, the Trust moved away from the Programme Management approach previously undertaken, and towards a more devolved decision making and development approach for new service developments. The Trust programme board has therefore been stood down. Two programmes continue to exist – Community Transformation and Transforming Care for People with a Learning Disability.

Community Transformation Programme

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

programme focuses on the redesign of services to meet the following needs in adults: psychosis; non-psychosis; cognitive disorders and learning disability.

In 2013/14, the programme began the design, testing and implementation of effective, evidence based interventions focused on recovery. It also developed effective support for people to live and work in their own communities with the aim of reducing reliance on inpatient services, initially focusing on Sunderland and South Tyneside.

During 2014/15 the Trust commenced the roll out the new improved community pathways in Sunderland and South Tyneside and this work continued through 2015/16.

Work with commissioners and stakeholders also commenced on the principles and design of improved community pathways in Northumberland, North Tyneside, Newcastle and Gateshead.

In December, 2015 the Northumberland Initial Response Service was launched. The service, based at St. George's Park in Morpeth, provides a single point of access for urgent requests for help including signposting to relevant services within and outside the organisation. The service is staffed 24 hours a day, 7 days a week.

The new improved community pathways are to be fully introduced into Northumberland, North Tyneside, Newcastle and Gateshead during 2016/17. The implementation of these new models will result in improved quality outcomes and experience for service users accessing community services and their carers.

Last year saw the introduction of the South of Tyne Street Triage Service and this service was so successful that it was expanded during 2015/16 with the introduction of a North of Tyne service covering Newcastle, Northumberland and North Tyneside. This service sees the police and mental health nurses jointly supporting incidents involving people experiencing mental health crisis. This ensures the person receives the best and most appropriate care at that time.

Developing New Models for In Patient Care

During 2013 the Board of Directors asked a group of senior clinicians, managers and service users to help model the options available for the future configuration of services and hospital sites in the light of the roll out of the improved community pathways and the anticipated reduced demand for inpatient services. It was agreed that the options must satisfy three principal objectives:

- Clinical Fit - is it clinically appropriate;
- Safety – is it safe;
- Financial viability - is it affordable.

A long list of options was evaluated to produce a shortlist of options. This work supported the public consultation in South Tyneside which led to the agreed closure of the Bede Unit.

Together with local partners, Newcastle City Council, Gateshead Council, the Trust and representatives of users, carers and the voluntary and community sector, the Newcastle Gateshead CCG worked together to consider the services for people living in Newcastle and Gateshead with serious mental health conditions. As a result of this work the CCG led a listening and engagement process from November 2014 to February 2015 called "Deciding Together" with the aim of collecting views and experiences about specialist mental health services. The feedback from this process then informed the development of scenarios for change which were the subject of formal consultation with those living in Newcastle and Gateshead, during 2015/16.

The public consultation has sought views on three possible locations for adult acute assessment and treatment and rehabilitation services and two possible locations for older people's services.

A full Case for Change document is scheduled to be completed in May 2016, which will include the outcome of the public consultation and following the approval of the CCG Governing Body the Trust will begin to plan the implementation of the agreed changes during 2016/17.

Specialist Care Services

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

The Trust continued to make significant progress in this programme of work achieving the following during 2015/16:

- Work started on the development of our new autism assessment and treatment facility at Northgate Hospital, the Mitford Unit, which is due to be completed in the summer of 2016. The new facility has been designed to meet the very specific environmental needs of service users with extremely complex needs and will include single and shared accommodation.
- The continual review of Neurological Services and Secure Services with the aim of ensuring the services long term sustainability, as part of the overall service model.
- With the support of commissioners developed an integrated attention deficit hyperactivity disorder service providing a service across the pathway from children and young people's services into adult services.

Social and Residential Services

During 2015/16 the Trust continued to review Northumberland Mental Health Day Services, in partnership with stakeholders, and agreed a strategy relating to the redesign of the services. It has been agreed that the Trust will continue to provide Level 2 activities which will be health focused and integrated into the overall model of the Community Mental Health team, as part of the Community Transformation Programme.

This will enable service users to have access to a wide range of recovery focused and evidenced based interventions around psycho-education, self management and physical wellbeing 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, secure services and autism services.

Transforming Care for People with Learning Disabilities – Next Steps (2015) reaffirmed the Government’s commitment to transforming care for people with learning disabilities and / or autism who have a mental health condition or whose behaviour challenges services. In February, 2015 NHS England publicly committed to a programme of closing inappropriate and outmoded inpatient facilities and establishing stronger support in the community. To speed up the process and to help shape the national approach to supporting change, six “Fast Track” areas (including the North East and Cumbria) drew up plans over the summer of 2015. Together they envisage reallocating resources from inpatient services into the community in order to reduce the usage of inpatient provision by approximately 50% over the coming three years. Their plans will result in the development of a range of new community services and the closure of inpatient beds, including some assessment and treatment beds and secure beds provided by the Trust.

The Trust is an active member of the North East and Cumbria Learning Disability Transformation Board and during 2015 / 16 we contributed to the development of a new service model which involves strengthening the community infrastructure, developing a consistently highly skilled, confident and value driven workforce in all providers, early intervention and effective crisis support. The overall aim is to better support people in the community and help to reduce the need for hospital admission. As a part of this we also worked with commissioners regarding a programme for the closure of an agreed number of specialist learning disability assessment and treatment inpatient beds and secure inpatient beds.

The Trust has also established a work programme to review the recommendations and implement actions arising from the Mazars report into deaths of people with a learning disability at Southern Health NHS Foundation Trust.

Corporate Services Transformation

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 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. Consultation on the new model of delivery and implementation commenced in 2015 / 16 and phase 1 was implemented.

The development of integrated and “place based services”

The Trust's Strategic Plan 2014 - 2019 highlighted that there is a common view across all stakeholders that the status quo is not sustainable and the development of integrated services designed around the needs of the population must replace the existing institutional based models. Across Northumberland, Tyne and Wear leaders have embraced the identification of new models of care, with the aim of achieving solutions to local challenges. Overall progress across the Trust's six localities has been positive with differing approaches and priorities and the Trust has been an active partner in the discussions and decisions during 2015 / 16 as we are fully committed to developing integrated models of care which are designed around the whole needs of our local populations and see significant benefits in aligning the approach to physical and mental health long term conditions, and in aligning delivery of support and care across health and social services. The development of Strategic Transformation Plans (STP) supports this work, and the Trust is fully engaged in STP discussions in each locality.

New Services

During 2015/16 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 (improving access to psychological therapies) interventions in children and young people's services in Northumberland and North Tyneside, in line with the national programme. This bid was submitted in partnership with Northumbria Healthcare NHS Foundation Trust.
- The award of the contract relating to Sunderland Integrated Substance Misuse and Harm Reduction Service in partnership with DISC and Changing Lives. The new service is to commence on the 1st July 2016.
- Inclusion on a framework to provide mental health inpatient services to Sussex Clinical Commissioning Groups (CCGs). This is for patients that the CCGs were having difficulty placing locally.
- A contract for North East Quality Observatory System (NEQOS), hosted by the Trust and South Tees Hospitals NHS Foundation Trust, to deliver opportunities for County Durham and Darlington NHS Foundation Trust staff to participate in benchmarking studies, with local and national comparators. This will be particularly valuable with services where national comparator data is not routinely available.

- A successful bid to Health Education England to enter onto a framework to provide Cognitive Behavioural Therapy for Psychosis training for Early Intervention in Psychosis.
- The Academic Health Science Network for the North East and Cumbria invited project submissions under the Patient Safety Collaborative programme. NEQOS was successful and secured funding to support a project aimed at identifying the population in each participating Trust diagnosed with community acquired pneumonia and sepsis.
- Adult ADHD service based in Newcastle, providing an assessment and treatment service for adults with attention deficit hyperactivity disorder.

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 provision of the Sunderland and Gateshead Acquired Brain Injury Service in partnership with Headway, Momentum and Neuro Partners.

- A partnership with Newcastle upon Tyne Hospitals NHS Foundation Trust and Newcastle University to establish the newly formed “Newcastle Academic Health Partners” to deliver world class health care through collaborative scientific research, education and patient care and mobilise the collective capabilities of the three organisations in support of economic growth.
- An innovative partnership between the Trust and the Malhotra Group PLC, a provider of nursing, dementia and residential care for the elderly and vulnerable people across the North East, to share expertise and best practice in estates management, development and accommodation needs to help deliver enhanced health and social care solutions in the region.

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 recent years in the development of state of the art, inpatient and support services and 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.

Hopewood Park in Ryhope is the Trust’s most recent major development. It opened in 2014 and was awarded a top prize at the Constructing Excellence National Awards. The award was made to the Trust, Laing O’Rourke and Medical Architecture in recognition of the use of 3D models in the design and construction of Hopewood Park.

Investment also continued in other patient environments in line with the Trust’s Transformation of Services Programme and the work of the Trust’s Capital Projects Team won the Estates Team of the Year Award at the Building Better Healthcare Awards in November 2015. As well as recognising the Trusts ongoing commitment to improve facilities for service users and carers the award also recognised the successful NHS Procure 21 partnership with Laing O’Rourke.

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.

Social and Community Issues

Mental health problems are common but nine out of ten people who experience them say they face stigma and discrimination as a result. “Time to Change” is England’s biggest programme to challenge mental health stigma and discrimination and the Trust has embraced the opportunity to work with “Time to Change” to tackle the difficult issue of stigma. In April 2015 a pilot was launched involving the Trust, the 2gether NHS Foundation Trust and people with mental health problems to look at what can be done to tackle stigma and discrimination reported in mental health services, this aimed to identify the small things that could make a big difference to both people’s experience of mental health services and the experiences of staff.

Positive examples of where staff have challenged stigma and discrimination are being used to empower others to do the same.

The Trust is now pleased to have a number of Recovery Colleges established. People living in Northumberland can now access more help and information following the launch in 2015 of Positive Pathways Northumberland, a Recovery College which delivers innovative free courses to help people experiencing mental health problems. The College is run by the Trust and is supported by voluntary groups, charities and Clinical Commissioning Groups. Positive Pathways Northumberland is the third Recovery College across the North East, the others being in Sunderland and in Newcastle, with a further college being developed in North Tyneside.

Dementia touches the lives of millions of people across the UK. Dementia Friends was launched by the Alzheimer's Society to tackle the stigma and lack of understanding that means many people with the condition experience loneliness and social exclusion. We need to create more communities and businesses that are dementia friendly so that people affected by dementia feel understood and included. The Dementia Friends programme is the biggest ever initiative to change people's perceptions of dementia and in May 2015 staff and Governors starred in a new video to focus on the importance of being a Dementia Friend which was launched during Dementia Awareness week. Dementia Champions have also been identified and the Trust has met its aim of over 1,000 staff becoming Dementia Friends and understanding more about dementia and the little ways people can help those with the condition.

In recent years the employment rates for people with a learning disability have dropped and now stand at just 6% in England. NHS Employers and NHS England joined forces during 2015 and wrote to senior NHS leaders informing of the tools and guidance to help.

The Trust signed up to the Learning Disability Employment Pledge in October 2015, to run alongside and complement the organisation's longstanding commitment as a Two Ticks and Mindful Employer, with the aim of taking positive action to encourage applications from people with disabilities as well as developing an action plan to make this happen.

For people who have profound and multiple learning disabilities or a physical disability such as spinal injury, it can be difficult to access changing facilities when out and about as accessible toilets do not contain the right equipment to meet their needs.

In March 2016 the Trust became the first NHS facility in the region to install a Changing Places facility. The facility is at Walkergate Park in Newcastle and has more space and the right equipment including a height adjustable changing bench and a hoist.

The national Changing Places Consortium launched its campaign in 2006 on behalf of the quarter of a million people who can not use standard disabled toilets.

In 2015 the Trust and Tees, Esk and Wear Valleys NHS Foundation Trust joined forces on the developing a joint nicotine management and stop smoking programme with the aim of both Trusts going 'smoke free' from March 2016. On average people with a serious mental illness die 15-20 years earlier than the rest of the population and smoking is responsible for over half this difference. By reducing smoking levels both organisations hope to see a positive improvement in service user's overall health. As a part of this work the Trust launched a new "smoke free" animation which tackles common misconceptions about smoking and explains how staff can support smokers to use nicotine replacement products. The animation was launched on YouTube as well as on social media and our hospital sites successfully implemented smoke free status in March 2016.

Flu is a key factor in NHS winter pressures. It impacts on those who become ill, the NHS services that provide direct care, and on the wider health and social care system that supports people in at-risk groups. NTW once more ran a successful flu campaign achieving high levels of vaccinations across the trust.

The annual NHS flu fighter awards celebrates outstanding flu fighter campaigns and the Trust won the Best Flu Fighter Team award in March 2016 and were also finalists in the award for digital and social media. For the first time the Trust's System Developers in the IT Department joined the campaign team and helped to develop a concept of "good" and "bad" animated characters and produce a series of animations. Each week the animated characters provided important messages which dispelled myths and encouraged the uptake on the vaccine.

Equality and Diversity

The NHS Equality and Diversity Council works to bring people and organisations together to realise a vision for a personal, fair and diverse health and care system where everyone counts and the values of the NHS Constitution are brought to life. It pledged its commitment to implementing two measures to improve equality across the NHS:

- A workforce race equality standard that require organisations to demonstrate progress against a number of indicators relating to workforce equality, including a specific indicator to address the low levels of Black Minority Ethnic (BME) Board representation;
- The Equality Deliver System, known as EDS2, which is a toolkit to be used by organisations to improve equality performance across the NHS.

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

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

The Trust carried out a self assessment against the 18 outcomes and with the help of stakeholders came to a consensus as to the rating for each of the outcomes. This work was presented to the Board of Directors in June 2015 and the agreed ratings are shown in the table below.

Figure 7: Equality Delivery System 2 (EDS2) outcomes

GOAL 1 Better Health Outcomes		
Outcome		Trust Rating
1.1	Services are commissioned, procured, designed and delivered to meet health needs of local communities	Achieving
1.2	Individual people's health needs are assessed and met in appropriate and effective ways	Achieving
1.3	Transitions from one service to another, for people on care pathways, are made smoothly with everyone well-informed	Achieving
1.4	When people use NHS services their safety is prioritised and they are free from mistakes, mistreatment and abuse	Achieving
1.5	Screening, vaccination and other health promotion services reach and benefit all local communities	Developing
GOAL 2 Improved patient access and experience		
2.1	People, carers and communities can readily access hospital, community health or primary care services and should not be denied access on unreasonable grounds	Achieving
2.2	People are informed and supported to be as involved as they wish to be in decisions about their care	Achieving
2.3	People report positive experiences of the NHS	Achieving
2.4	Peoples complaints about services are handled respectfully and efficiently	Achieving
GOAL 3 A representative and supportive workforce		
3.1	Fair NHS recruitment and selection processes lead to a more representative workforce at all levels	Developing
3.2	The NHS is committed to equal pay for work of equal value and expects employers to use equal pay audits to help fulfil their legal obligations	Undeveloped
3.3	Training and development opportunities are taken up and positively evaluated by all staff	Developing
3.4	When at work, staff are free from abuse, harassment, bullying and violence from any source	Developing
3.5	Flexible working options are available to all staff consistent with the needs of the service and the way people lead their lives	Achieving
3.6	Staff report positive experiences of their membership of the workforce	Developing

GOAL 4 Inclusive leadership		
4.1	Boards and senior leaders routinely demonstrate their commitment to promoting equality within and beyond their organisations	Achieving
4.2	Papers that come before the Board and other major Committees identify equality-related impacts including risks, and say how these risks are to be managed	Achieving
4.3	Middle managers and other line managers support their staff to work in culturally competent ways within a work environment free from discrimination	Developing

Actions are being progressed in respect of those areas requiring improvement and these include:

- Working closer with our colleagues in primary and acute care services to address existing inequalities and achieve better health and outcomes;
- Collecting the key data required to better track our progress in respect of achieving a more representative and supported workforce;
- Establishing Staff Networks grouped by protected characteristics with the remit of addressing diversity specific issues which were raised as part of the NHS Staff Survey;
- Undertaking an Equal Pay Audit.

Important Post Year End Events

The directors have confirmed that there are no expected post balance sheet events which will materially affect the disclosures made within the Accounts 2015/16

Overseas Operations

The Trust does not engage in any commercial overseas operations.

Accountability Report

Accountability Report, including:

- i. Directors' Report
- ii. Remuneration Report
- iii. Staff Report
- iv. Disclosures set out in the code
- v. Regulatory Ratings
- vi. Statement of Accounting Officer's Responsibilities
- vii. Annual Governance Statement

i) Directors Report

Enhanced quality governance reporting

An overview of the arrangements in place to govern the Trust, including service quality, is included in the Trust's Annual Governance Statement 2015/16, Section 3 vii) of this Report.

In 2010 the Trust supported Monitor in the development of a Quality Governance Framework. The Trust's Annual Governance Statement 2015/16, 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.

The Trust's governance arrangements 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 undertook an external review of its governance arrangements, using the Well Led Framework, during 2015/16, supported by Deloitte, in line with Monitor's recommendations relating to foundation trusts. Deloitte provided feedback to the Board at a development session in December 2015 and the Board of Directors reviewed the final report, including the recommendations in January 2016. The independent review confirmed that there were no material governance concerns.

Deloitte noted a number of areas of good practice particularly:

- High levels of clinical engagement in the transformation of services with senior clinicians developing pathways in support of the service model review;
- A clear focus on values and the culture of the Trust;
- Employment of a range of mechanisms to engage with internal and external stakeholders;
- The introduction of a variety of initiatives in relation to raising concerns, including the appointment of a Freedom to Speak Up Guardian;

- The use of staff and patient level dashboards to monitor performance.

Some areas for further work and opportunities for improvement which the Board of Directors has acknowledged and is addressing:

- Arrangements pertaining to risk management at all levels within the Trust;
- A need to embed formal Quarterly Accountability Review meetings with the Clinical Groups; and
- A review of the purpose and effectiveness of key committees and operational meetings, with a focus on remit, agenda and streamlining of papers.

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 throughout this Annual Report . This includes:

- How the Trust is using its Foundation Trust status to develop its services and improve patient care. Section 2 Performance Report and Section 4 Quality Report;
- Performance against key health targets. Section 2 Performance Report and Section 4 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. Section 4 Quality Report and the Annual Governance Statement;
- Progress towards targets as agreed with local commissioners, together with details of other key quality improvements. Section 4 Quality Report;
- Any new or significantly revised services Section 2 Performance Report;
- Service improvements following staff or patient surveys/comments and Care Quality Commission Reports. Section 3 iii Staff Report Section 4 Quality Report;
- Information on complaints handling. Section 4 Quality Report.

Information relating to the Trust's stakeholder relations is outlined in Section 2 the Performance Report. This includes descriptions of significant partnerships and alliances entered into by the Trust to facilitate delivery of improved healthcare and development of services involving other local services/agencies and involvement in local initiatives.

Patients and Carers

Involvement

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

During 2015/16 patients and carers were involved in the following:

- The ongoing development and roll out of community transformation programme;
- The development of the Trust's Operational Plan 2015/16, through the Council of Governors and Annual Plan Working Group;
- The 'Deciding Together' public consultation relating to potential changes to the way our specialist mental health inpatient services in Newcastle and Gateshead are arranged;
- Shaping our quality priorities for 2016/17;
- Shaping the development of our new Trust Strategy though, for example, the Council of Governors and Service User and Carer Reference Group.

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.

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;
- AIMS (Service User and Carer Questionnaires);
- Essence of Care;
- See It Say It Campaign;
- Complaints, Incidents and PALS (patient advice and liaison service) 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 carers 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.

'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.

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

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

Patient Information

The Trust's Patient Information Centre aims to provide a central point of access to 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 formats in order to meet the requirements of all potential users, including easy read information. Information can be accessed on line and the centre holds the Information Standard Accreditation. Information is provided about Trust services and how to access them; treatments; medication; other service

providers; self-help and support groups and advocacy. At the British Medical Association Patient Information Awards in September 2015 the self help guide relating to Post Natal Depression was commended.

.With the support of NHS England's Regional Innovation Fund the Patient Information Centre worked in partnership with the Deaf Health Charity, Sign Health, to publish a series of mental health self-help guides in British Sign Language (BSL). Providing information in BSL on common mental health problems such as depression and anxiety is an important step in improving access to information and giving individuals greater control. The self help guides were launched on World Mental Health Day in October 2015.

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 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 managed 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 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 Section 4 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 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.

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

The Trust has positive relationships with each of the six main local authorities where we provide services and we have continued to develop our partnership working. We continue to strengthen our links at Chief Officer, senior manager and operational manager levels in each locality. A named Executive director leads this work in each locality.

The trust is actively involved in a range of strategic locality meetings, including Health and Wellbeing Boards, Vanguard Programme Boards and the sustainability and transformation plan(STP's) processes.

We have productive engagement with the main health scrutiny committees in each locality. Directors and senior clinical managers attend the Overview and Scrutiny Committee (OSC) meetings to present updates on the Trust's plans and make specific presentations on any proposed changes to services. A list of issues presented to Health Overview and Scrutiny Committees is shown below. For many changes, the relevant CCG will be the lead organisation and NTW will work in partnership with those officers.

The 'Deciding Together' Consultation which considers future services in Newcastle and Gateshead has continued been a major focus this year. The process has been led by Newcastle Gateshead CCG and supported by the North East Commissioning Support Unit, working closely with NTW. The process has been overseen by the 'Deciding Together' steering group which includes representatives from the local healthwatch organisations and the community and voluntary sector.

As part of the process we have hosted visits to NTW sites from both Newcastle and Gateshead Overview and Scrutiny Committees.

The Trust has positive relationships with the 6 Local Healthwatch organisations. Each Healthwatch has different ways of working, and we have engaged in different ways. Newcastle Healthwatch invited the trust to take part in their first engagement event at St James Park, and we supported the mental health services questionnaire undertaken by North Tyneside Healthwatch over the year.

In 2015/2016 all Committees and Healthwatch organisations were invited to consider and comment upon the NTW Quality Account. This year, they were also invited to take part in the development of the trusts quality priorities which was welcomed by a number of committees. They were also invited to the Annual Members Meeting and other events.

Figure 8: Income disclosures as required by section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012

Private Patient Income

	2015/16	2014/15
	£000	£000
Private patient income	143	143
Total patient related income	286,647	280,620
Proportion (as percentage)	0.05%	0.05%

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.

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 Trust's 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.

Political Donations

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

3 iii) Remuneration Report **Annual statement on remuneration**

Members of the Board of Directors are the individuals who have responsibility for controlling the major activities of the Trust and their remuneration is included in this report. 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 Trust Chair makes his annual statement as Chair of the Remuneration Committee, whose remit covers Executive Directors, and as Chair of the Council of Governors (Nominations Committee), whose remit covers Non-Executive Directors.

He has confirmed that there have been no changes to the remuneration of Executive Directors during 2015/16, other than to agree the remuneration of the Acting Medical Director, which is covered later in the report in the Senior Managers' Remuneration Policy.

He has also confirmed that the Council of Governors had reviewed the remuneration of the Non-Executive Directors (NEDs) and the Chair during 2015/16.

The Council of Governors at its September 2015 meeting approved increased NEDs' remuneration on the basis of increased workload. NEDs' pay had been established in 2010 on the basis of three days per month commitment. Significant workload increases have meant that the duties could not be performed in less than four days per month, and the proportionate uplift results in a basic remuneration of £13,500 per annum. Furthermore as the estimated time commitment makes no allowance for the additional work involved in chairing standing Board committees, the Vice Chair's additional duties and the Senior Independent Director's duties, it was agreed that each of these functions should receive a supplement of £2,000 per annum. The Council of Governors were satisfied that these measures placed the NEDs' remuneration around the median point compared both to other mental health and learning disabilities foundation trusts in the northern region and to the other foundation trusts in the region.

The Council of Governors at its November 2015 meeting approved an increase to the Chair's remuneration following the acceptance of a formula for determining the Chair's remuneration to arrive at figure of £50,794 per annum. This is in line with the remuneration of Chairs of local NHS Foundation Trusts and mental health and learning disability foundation trusts in the northern region.

The Nominations Committee had reported to the Council of Governors that it had taken into account of the view of the Senior Independent Director on the significant increases in the time commitment required by the Chair and the level of personal responsibility carried by the Chair.

The formula was based on three principles, namely:

- remuneration based on the NEDs' day rate, i.e. currently £3,375 per annum;
- the number of days per month required to perform the role (i.e. the current best assessment being 14 days per month); and

- the application of a percentage uplift on the NEDs' day rate to recognise the Chair's leadership role and the collegiate nature of his relationship with the other NEDs, i.e. 7.5%.

Senior Managers' Remuneration Policy

The Trust complies with all aspects of Monitor's Code of Governance. This includes the main principle, '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.'

Senior managers remuneration comprises basic pay and NHS pension contribution only (variations are salary sacrifice benefits as set out in the table.) This applies to all senior managers. No performance related pay applies to senior managers.

A full Remuneration Policy for Senior Managers will be developed in the trust alongside local pay arrangements during 2016-17.

There are no provisions for the recovery of sums paid to senior managers or for withholding the payments of sums to senior managers.

Service contract obligations

There are no obligations on the Foundation Trust related to remuneration payments or payments for loss of office.

Policy on payment for loss of office

The Remuneration Committee is responsible for considering appropriate arrangements regarding loss of office of a senior manager.

Statement of consideration of employment conditions elsewhere in the foundation trust

Senior managers remuneration is set by the Remuneration Committee, taking into account cost of living rises applying elsewhere in the NHS.

The policy will be subject to consultation with relevant staff. A comparison of senior manager salaries across the NHS was not considered in 2015/6. This is planned in line with the policy development.

In considering the remuneration of Executive Directors, the Remuneration Committee, 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 all Executive Directors' termination payments (including redundancy and early retirement) were as per the general NHS terms and conditions applicable to other staff. However with the introduction of new redundancy terms for NHS staff, service contracts for three of the Executive Directors require amendment to reflect the up-to-date wording.

Performance pay did not apply for 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, (With the exception of a small number of senior staff appointed through the transforming corporate services process who have been appointed onto a single point within a local pay range, using the flexibilities within Agenda for Change for bands 8C and above.) 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.

During 2015/16, the Trust has had two substantive Executive Directors paid more than £142,500, namely the Chief Executive Officer and the Executive Medical Director.

The Trust has undertaken benchmarking by external consultants, which demonstrates that the salaries are considerably below those in the private sector, bearing in mind that the Trust is a £300 million business employing over 6,000 staff with the added complications of the mental health legislation environment and issues of deprivation of liberty. Both directors were earning in excess of £142,500 prior to joining the Trust. The Trust's previous Chief Executive was remunerated more than the current Chief Executive Officer. The Executive Medical Director's package is based on an executive contract and not a clinical contract, where the remuneration levels would have been considerably higher. Remuneration reflects the complexity of the task and its responsibility.

The Trust is satisfied that both pay packages are reasonable.

The Executive Medical Director stood down from his role on 15 January 2016 and was replaced in the short term by one of the Trust's Group Medical Directors as an interim appointment. The Group Medical Director's existing terms and conditions, i.e. a consultant contract with a management allowance along with a clinical excellence award, was already in excess of £142,500. An additional management allowance of £5,781 was agreed to acknowledge the change in managerial responsibilities.

The Trust is satisfied that this short term amendment is reasonable.

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

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. The Annual statement on remuneration above provides details of the fees payable to the Chair and NEDs.

Figure 9 shows the Board members that have served during 2015/16; 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.

Figure 9: Board Membership Details

Name Title	Date of:		Current expiry of term	Notice period (months)
	Appointment	Cessation		
Dr Les Boobis Non-Executive Director	01.07.15	-	30.06.18	N/A
Alexis Cleveland Non-Executive Director	01.07.15	-	30.06.18	N/A
Martin Cocker Non-Executive Director / Audit Committee Chair / Senior Independent Director (from 1 March 2016)	01.01.12	-	31.12.17	N/A
Lisa Crichton-Jones Director of Workforce and Organisational Development	04.08.14	-	N/A	3
James Duncan Deputy Chief Executive/Director of Finance	01.12.09	-	N/A	4
Dr Douglas Gee Medical Director	01.12.13	15.01.16	N/A	N/A
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 Non-Executive Director / Vice Chair	01.12.09	-	31.12.16	N/A
Dr Rajesh Nadkarni Interim Medical Director	16.01.16	-	-	3
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	N/A
Lisa Quinn Director of Commissioning and Quality Assurance	01.12.09	-	N/A	3

Peter Studd Non-Executive Director	01.01.16	-	31.02.18	N/A
Ruth Thompson Non-Executive Director / Senior Independent Director (from 1 January 2016 to 29 February 2016)	01.04.14	-	31.03.17	N/A
Chris Watson Non-Executive Director / Senior Independent Director	01.12.09	31.12.15	N/A	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 four times during 2015/16. Figure 10 below shows the membership of the Remuneration Committee during 2015/16 along with their attendance.

Figure 10: Membership of the Remuneration Committee and Attendance

Name	Meetings	
	Total	Attended
Hugh Morgan Williams (chair)	4	4
Dr Les Boobis	3	3
Alexis Cleveland	3	3
Martin Cocker	4	3
Neil Hemming	4	1
Paul McEldon	4	4
Nigel Paton	1	1
Peter Studd	1	1
Ruth Thompson	4	4
Chris Watson	3	2

The Council of Governors has established a Nominations Committee to provide it with recommendations relating to the appointment of the Chair and NEDs and the associated remuneration and allowances and other terms and conditions. Details of the work of the Nominations Committee are included in the section on “Disclosures set out in the NHS Foundation Trust Code of Governance”

During 2015/16, there were 17 individuals fulfilling the role as director, 10 of them receiving expenses (including relocation expenses) in the reporting period totalling

£17,302. The equivalent for 2014/15 was 14 individuals with 9 receiving expenses (including relocation expenses) totalling £15,692.

During 2015/16, there were 48 individuals in governors' roles, but at any one time there was an average of 36 governors. 13 governors received expenses totalling £1,607. The equivalent for 2014/15 was 46 individuals in governors' roles with an average of 38 at any one time. 10 governors received expenses totalling £1,940.

Board of Director's remuneration -

Figure 11 shows the remuneration for each board member who served during 2015/16 along with prior year comparatives.

Figure 11: Board of Directors Remuneration

Board of Directors remuneration								
Name	Salary Bands of £5,000		Taxable benefits Rounded to the nearest £100		Pension Related Benefits Bands of £2,500		Total Remuneration Bands of £5,000	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
Hugh Morgan Williams	50-55	40-45	0	0	0	0	50-55	40-45
Dr Les Boobis	10-15	0	0	0	0	0	10-15	0
Alexis Cleveland	10-15	0	0	0	0	0	10-15	0
Martin Cocker	15-20	10-15	0	0	0	0	15-20	10-15
Ken Grey	0	5-10	0	0	0	0	0	5-10
Neil Hemming	10-15	0-5	0	0	0	0	10-15	0-5
Paul McEldon	15-20	10-15	0	0	0	0	15-20	10-15
Nigel Paton	0-5	10-15	0	0	0	0	0-5	10-15
Peter Studd	0-5	0	0	0	0	0	0-5	0
Ruth Thompson	15-20	10-15	0	0	0	0	15-20	10-15
Chris Watson	10-15	10-15	0	0	0	0	10-15	10-15
John Lawlor	180-185	140-145	0	0	85.0-87.05	175.0-177.5	270-275	315-320
Lisa Crichton-Jones*	95-100	100-105	72	49	20.0-22.5	0	125-130	100-105
James Duncan*	115-120	125-130	65	41	0	15.0-17.5	125-130	145-150
Dr Douglas Gee	130-135	160-165	0	0	40.0-42.5	67.5-70.0	170-175	230-235
Dr Rajesh Nadkarni*	30-35	0	37	0	7.5-10	0	40-45	0
Gary O'Hare*	100-105	100-105	30	80	5.0-7.5	0	110-115	50
Lisa Quinn*	95-100	95-100	72	14	30.0-32.5	0	135-140	95-100

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

Douglas Gee stood down as medical director on 15th January to take up a clinical post within the organisation. In total, transitional pay protection associated with the step down from the medical director role will equate to a discretionary payment of £60,000 over two years.

Benefits in kind relate to lease cars and salary sacrifice schemes. The salaries of Directors highlighted * have salary sacrifice schemes.

For Dr Radjesh Nadkarni, £14,000 of the remuneration for the period in post relates to clinical duties. The remuneration of all other Executive Directors relates to management posts.

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 2016 on an annualised basis.

Figure 12: Median remuneration

Fair pay multiple	2015/16	2014/15
Median total remuneration	£24,415	£25,020
Ratio to mid-point of the banded remuneration of highest paid director	7.47	7.39

Total pension entitlement

Figure 13: 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 31/03/16	Lump sum at age 60 related to accrued pension at 31/03/16	Cash Equivalent Transfer Value at 31/03/16	Cash Equivalent Transfer Value at 31/03/15	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	2.5-5.0	10.0-12.5	70-75	210-215	1406	1306	84
Lisa Crichton-Jones	0.0-2.5	(0.0)-(2.5)	20-25	55-60	309	296	9
James Duncan	(0.0)-(2.5)	(5.0)-(7.5)	35-40	100-105	565	572	(14)
Dr Douglas Gee	0.0-2.5	0-2.5	45-50	145-150	810	759	33
Gary O'Hare	0.0-2.5	0.0-2.5	50-55	155-160	964	942	10
Dr Rajesh Nadkarni	0.0-2.5	(0.0)-(2.5)	40-45	125-130	727	681	8
Lisa Quinn	0.0-2.5	(0.0)-(2.5)	30-35	95-100	520	496	18

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

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.

Exit Packages

The table below (Figure 14) shows the total exit packages from the Trust in 2015/16 and 2014/5

Figure 14: Exit Packages: **Exit Packages 2015/16**

Cost band £	Compulsory redundancies Number	Compulsory redundancies £000	Other departures agreed number	Other departures agreed £000	Total Exit Packages number	Total Exit Packages £000	Special payment number	Special payments £000
<10,000	0	0	6	30	6	30	0	0
10,001 – 25,000	0	0	0	0	0	0	0	0
25,001 – 50,000	0	0	3	105	3	105	0	0
50,001 – 100,000	0	0	7	482	7	482	0	0
100,001 – 150,000	0	0	2	269	2	269	0	0
150,001 – 200,000	0	0	0	0	0	0	0	0
>200,001	0	0	0	0	0	0	0	0
Total	0	0	18	886	18	886	0	0

Redundancy and other departure costs have been paid within the provisions of Agenda for Change Terms and Conditions

The termination benefits included in exit packages relate to redundancy and early retirement contractual costs.

Exit Packages 2014/15

Cost band	Compulsory redundancies Number	Compulsory redundancies £000	Other departures agreed number	Other departures agreed £000	Total Exit Packages number	Total Exit Packages £000	Special payment number	Special payments £000
<10,000	0	0	1	8	1	8	0	0
10,001 – 25,000	0	0	2	38	2	38	0	0
25,001 – 50,000	0	0	0	0	0	0	0	0
50,001 – 100,000	0	0	3	207	3	207	0	0
100,001 – 150,000	0	0	1	114	1	114	0	0
150,001 – 200,000	0	0	0	0	0	0	0	0
>200,001	0	0	0	0	0	0	0	0
Total	0	0	7	367	7	367	0	0

Redundancy and other departure costs have been paid within the provisions of Agenda for Change Terms and Conditions

The termination benefits included in exit packages relate to redundancy and early retirement contractual costs.

(must be signed by the Chief Executive)

John Lawlor
Chief Executive
25 May 2016

ACCOUNTABILITY REPORT

PART 3

STAFF REPORT

3 iii) STAFF REPORT

Employee Numbers

As at 31 March 2016, the Board of Directors consisted of six Executive Directors (two female and four male) and eight Non-Executive Directors (two female and six male). The Trust has determined that Senior Managers are Board members.

As at 31 March 2016, excluding Executive Directors, the Trust had 6,121 employees (4,369 female and 1,752 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 5,655 (3,957 female and 1,698 male). In addition, the Trust has 549 bank staff (396 female and 153 male).

Figure 15 shows the average number of employees (whole time equivalent basis)

	Total 2015/16	Permanently employed 2015/16	Other 2015/16	Total 2014/15	Permanently employed 2014/15	Other 2014/15
Medical and dental	331	303	28	326	300	26
Administration and estates	1236	1162	74	1206	1137	69
Healthcare Assistants and other support staff	494	449	45	493	458	35
Nursing, Midwifery and Healthcare staff	3524	3357	167	3453	3312	141
Scientific, therapeutic and technical staff	391	375	16	366	353	13
Healthcare science staff	334	334	0	319	319	0
Other	0	0	0	0	0	0
Total average numbers	6310	5980	330	6163	5879	284
Of which, av numbers engaged on capital projects	14	14	0	13	13	0

The 2014/5 comparatives have been restated for an additional disclosure for healthcare science staff

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. Allocated cases are supported by the HR Advisory (HRA) service with general advice and support provided from the core HR team. A management skills development programme has been in place for the past year 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 using data drawn from January 2014 to December 2014 (ie one calendar year) from the Health and Social Care Information Centre system.

Figure 16: Sickness absence data provided by the Health and Social Care Information Centre January 2015-December 2015

Average of 12 months (2015 Calendar Year)	Average Full Time Equivalent 2015	Full Time Equivalent-Days available	Average days recorded sickness absence	Average Sick Days per Full Time Equivalent
5.5%	5572	2033777	111693	12.4

A substantial amount of work has been undertaken to reduce levels of absence including the review of our sickness policy. The revised policy came into operation in February 2015. Absence management training for managers has been made mandatory and the continued support for managers, sickness clinics and publicising and monitoring timescales for referral to Occupational Health have all seen positive results.

Over the last 12 months the absence rate has steadily decreased to its lowest level more than four years.

In late 2015, the Trust introduced a 5 year Health and Wellbeing Strategy which will not only enable the Trust to support staff but will allow us to understand better their health needs as well as to encourage staff to take responsibility for their own health. An organisational health needs assessment has been undertaken which will allow for a more focused approach to health related activities.

The Trust has also signed the Time to Change Employer Pledge to demonstrate our commitment to removing the stigma associated with mental health and actively encourage staff to come forward to talk about their mental health issues.

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.

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 this year.

The Trust supports a number of regular communications:

- Weekly Bulletin
- Chatterbox
- Foundation Trust Newsletter
- Social media
- Conversations

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 Appraisals/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);
- 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;

There were also numerous examples of consultation exercises having been undertaken and the outcomes of these having influenced policy or strategy.

Throughout 2015 the Trust continued to develop innovative ways of engaging with staff, service users and carers. Improving staff engagement is supported by 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 and 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 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 have engaged the support of a management consultant to ease our transition into a culture that is more devolved and that embraces collective leadership. Monthly events have engaged a large number of staff and teams in the pursuit of these goals.

Four rounds of Speak Easy and Be Heard staff engagement events have taken place since they commenced in February of 2015. From the first event, we picked up a small number of corporate actions, resulting in some actions being taken to address the concerns raised. Subsequently, we have encouraged teams to run their own events, supported from the centre of the organisation. Dozens of events have taken place, with the emphasis on teams feeling able and supported to identify what works well, what is not working so well and how these issues may be addressed locally. Three subsequent rounds of Speak Easy events have had 'set themes,' exploring 'stuck issues' from the 2014 staff survey, the development of guiding principles for the organisation and early engagement in the development of the Trusts five year emerging strategy. The emphasis is always on encouraging staff to believe that they can make a difference, that their views are listened to and heard and that they hold the key to the solutions of problems at a local level and that they can influence the direction of the Trust.

In 2015 a modified Team Brief system called 'Conversations,' was also rolled out. The goal is to share some key news headlines and to encourage staff to talk about them.

The 2015 National Annual Staff Survey indicates that improvements have been made overall in respect of staff engagement and this is encouraging. However, we

need to continue to build on this work and this area of work will therefore be a priority again in 2016/17.

Employee Consultation

We continue to value the strong working relationships we have developed with our staff side representatives. We have reviewed our consultative mechanisms and agreed with staff side representatives to have all of our consultative forums on the same day which will streamline and strengthen the previous process. Trade Union Management Forum remains the Trustwide forum to discuss key Trustwide and strategic issues with trade union representatives.

All consultative 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 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, conducting work relating to health and safety and involvement in other key pieces of work such as assisting in the areas of work relating to the Equality Act.

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

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

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

Urgent Care

Closure of Belsay Ward, A learning disability assessment and treatment service in Northumberland

Planned Care

- Tans restaurant, Coopies Lane and Opus Employment Services – consultation following decommissioning of the services
- IAPT TUPE – transfer out of IAPT Northumberland staff to Talking Matters Northumberland following unsuccessful tender
- Allied Health Professionals North of Tyne – reconfiguration of services to align with new model of care and service delivery (in conjunction with In Patient Services Group)
- Transformation of Community Services North of Tyne and Gateshead – redesign the model of community care and service delivery
- Talking Helps Newcastle – formation of newly integrated psychological well-being service ‘Talking Helps Newcastle’ involving three organisations (NTW,

Insight and Newcastle upon Tyne Hospitals). 3 staff from NTW are affected by change of base.

- Psychiatric Liaison Teams (Northumberland, North Tyneside, Newcastle, Gateshead, South Tyneside) – to redesign and implement new Trust wide psychiatric liaison services based on core 24/7 principles.
- Newcastle/North Tyneside crisis response and home treatment services – realignment of home based treatment services.

Specialist Care

Staff consultations were carried out in relation to services at:

- Community brain Injury Service (CABIS)
- HMP Northumberland
- HMP Frankland
- Newcastle addictions services

Support Services

Over the past 18 months there has been a significant review of the Trust's corporate services model. This has resulted in the move towards a more devolved model of operation with functions previously managed within corporate services now being managed within operations.

Future Consultations

We will carry out future consultations in line with our Trustwide and Group strategies.

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 Corporate Decisions 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.

Raising Concerns Policy

The Trust's Whistleblowing Policy was reviewed in 2015 and has been renamed as "Raising Concerns". It was refreshed to incorporate the recommendations from the Francis Review and also to reflect the appointment of the Trust's Freedom to Speak Up Guardian who was appointed in December 2015. Work is currently underway to

appoint a number of staff at all levels across the Trust who have volunteered to provide a network of Freedom to Speak Up Champions to support the Guardian in this important area of work.

The raising concerns 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 raising concerns 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 continues 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 in partnership with the Trust has seen some excellent improvements in referral times for employees accessing Occupational Health services.

Team Prevent also assisted the Trust in undertaking a health surveillance programme for staff which was carried out in 2015.

Employee Equality and Diversity

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

In addition to these measures we have the following:

- Equality and Diversity Committee which meets bi-monthly in order to take forward the equality and diversity agenda;
- Equality Delivery System 2 (EDS2) and Workforce Race Equality Standard (WRES) benchmarking and action plans 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;
- Mandatory Equality and Diversity Training, which includes as part of its purpose to provide information on matters of concern to them as employees. The training content is regularly reviewed;

Equality and Diversity Work Highlights 2015-16

In the past 12 months we have engaged in benchmarking and action planning for EDS2 and WRES. Our ratings were signed off by Trust Board in June 2015 and a detailed action plan was approved by CDT in July. We rated as developing for Better Health Outcomes in EDS2 and developed an action to conduct an assessment to identify barriers to health promotion services. A similar exercise on the EDS2 goal of improved patient access and experience, where we are rated achieving has shown that we need to consistent in our approach to the collection of equality data and that we need to widen the scope to collect on all protected characteristics routinely and this will form part of our action plans for 2016-17.

Linking to our 2015-2020 Workforce Strategy, we have rated developing for the EDS2 goal of a representative and supported workforce. We established from looking at results of the 2014 Staff Survey and the data from the WRES that we should establish staff network groups based on protected characteristics. We have worked with staff side to establish these and the first BAME (black and minority ethnic) group meeting took place in March 2016, groups for disabled staff, LGBT (lesbian, Gay, bisexual and transgender) and Faith have expressed interest for establishment and will be starting in 2016.

In June 2015 we were finalists in the Chartered Institute for Personnel and Development North East Awards for the Diversity and Inclusion in the Workplace Award. This recognised our contribution to the creation of over 1000 Dementia Friends from members of staff, governors and public who have attended awareness sessions run by a team of 30 staff who volunteered to be trained as Dementia Friends Champions by the Alzheimer's Society.

The Trust was awarded NHS Employers Diversity and Inclusion Partnership status for 2015-16. Partner status is awarded to organisations that can demonstrate they are delivering against the following measurable criteria:

- improving patient access and experience
- empowered, engaged and well-supported staff
- inclusive leadership at all levels
- better health outcomes for all

Partner Status has provided with ideas for running staff networks but also for how going forward we will devolve the EDS2 process so that E&D becomes embedded firmly in mainstream work. As part of working with the Partners Programme the E&D Lead has also become a member of the National Working Longer Group and will be working with NHS England on the introduction of the Workforce Disability Equality Standard.

In Spring 2015 we were reassessed for the Two Ticks Positive about Disability scheme and the Mindful Employer Charter. We satisfied the renewal criteria for both of these.

In 2015 we started work with the Time to Change campaign and at the start of 2016 signed the Employer's pledge. The Time to Change Employer Pledge is an aspirational statement with meaning, indicating to employees, service users and the public that an organisation wants to take action to tackle the stigma and discrimination around mental health, focusing on the workplace in particular. This work will like with that of our emerging staff networks.

Information on health and safety performance

Health, Safety and Security Management

The Safety Department has continued to provide sound advice and support across the organisation in relation to Health, Safety and Security Management, which demonstrates the Trust's commitment to ensuring and maintaining a safe and security focused environment for our patients, staff and visitors to the Trust.

The Trust has expanded its Identicom lone worker system. The Trust has continued the roll out programme and now has 1,600 devices in use keeping front line staff safe. Work has progressed to ensure effective use of the devices. The Trust 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, and has shared its learning experiences with other NHS organisations.

The Trust continues to work in partnership with Northumbria Police, and the Clinical Police Liaison role has been nationally recognised, winning a number of awards, and is now the national lead in the Mental Health Collaborative.

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) has not investigated or carried out any fact finds in 2015 / 16, however the Trust continues to report its RIDDOR related incidents in the time frames set by the legislation.

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

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

Serious Incidents and Incident Reporting

As reported transparently to the open Board of Directors meeting through the Safety Report and the Unexpected Deaths Report, serious incidents of which the most are unexpected deaths of patients in receipt of services increased in 2015 / 16 from the previous year.

Throughout 2015/16 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.

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 online at www.reportnhsfraud.nhs.uk

Staff Survey

Since 2010 the Trust has continued to adopt a census approach to the Annual Staff Survey as this gives all staff the opportunity to contribute and feed in their views. The results listed below are relating to the National Survey (ie, a sample of staff), however our action planning also takes into account the findings from our census report as well as the free text comments.

Staff Survey results are disseminated widely throughout the Trust with presentation of key findings at meetings with Trust Board, Corporate Decisions Team, Council of Governors, Staff Side and Corporate and Operational Directorates. The Trust wide Staff Survey Action Plan is agreed by Trust Board and is monitored through the Trust's Organisational Development Group. In addition, local plans are being developed. We are also continuing the work that we have made good progress on from 2014 in particular around Engagement and Involvement.

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

Figure 17: Summary of performance – NHS staff survey

	2015		2014		Trust improvement/ deterioration
	Trust	National Average	Trust	National Average	
Response rate	47%	47%	38%	42%	Increase 9% points

Figure 18: Staff survey 2015 Compared to Staff Survey 2014

	2015		2014		Trust improvement/ deterioration
	Trust	National Average	Trust	National Average	
Top 4 ranking scores					
KF26. Percentage of staff experiencing harassment, bullying or abuse from staff in last 12 months	17%	22%	15%	21%	deterioration 2% points
KF17. Percentage	34%	39%	35%	42%	Improvement 1% points

of staff suffering work related stress in last 12 months					
KF31. Staff confidence and security in reporting unsafe clinical practice	3.79	3.62	NA	NA	No comparable data from previous year
KF14. Staff satisfaction with resourcing and support	3.46	3.31	NA	NA	No comparable data from previous year

	2015		2014		Trust improvement/ deterioration
Bottom 4 ranking scores	Trust	National Average	Trust	National Average	
KF27. Percentage of staff / colleagues reporting most recent experience of harassment, bullying or abuse	42%	49%	64%	NA	New key finding but based on previously asked questions 22% points deterioration
KF22. Percentage of staff experiencing physical violence from patients, relatives or the public in last 12 months	24%	21%	23%	18%	Deterioration 1% points
KF23. Percentage of staff	3%	3%	2%	3%	Deterioration 1% points

experiencing physical violence from staff in last 12 months					
KF13. Quality of non-mandatory training, learning or development	4.00	4.01	NA	NA	No comparable data from previous year

Future priorities and targets

Figure 19: 2015 Staff Survey Agreed Trust wide Actions

Issue	Proposed Action
Last experience of harassment/bullying/abuse not reported	Coordinated campaign of action, relaunching a number of initiatives under one banner. Work around induction, training and the importance of communications. Review of policy
Appraisal: needs not identified	Targeted work on training needs identification and analysis
Violence and aggression	Implementation of Trust's Positive and Safe work. Local review

Where we need to continue our focus:

Violence and Aggression. Unfortunately, we have not seen any significant improvements or changes in the results in this area for several years and whilst we are mindful that we provide many specialist services and care for some acutely unwell patients, this results remains of concern to us.

Harassment and Bullying. Whilst the levels of harassment and bullying are lower than other comparable trusts, we need to look at how we prevent having any concerns on harassment and bullying in the first place but also increasing the confidence in the reporting of these issues.

Staff Development and Support. There needs to be a specific focus on how we can better identify training needs for staff and review some of the content of our statutory and mandatory training programme. We also need to ensure that management, at all levels, can do more to support staff in local areas of work which is perhaps reflective of the many changes arising from our transformation work.

Figure 20: Off-Payroll Engagements

Number of Off-Payroll Engagements as of 31st March 2016, for more than £220 per day and that have lasted for longer than six months

Number of existing engagements as of 31st March 2016	15
Of which.....	
No. that have existed for less than one year at time of reporting	7
No. that have existed for between one and two years at time of reporting	3
No. that have existed for between two and three years at time of reporting	5
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.

Figure 21: Number of New Off-Payroll Engagements, or those that reached six months in duration between 1st April 2015 and 31st March 2016, 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 2015 and 31st March 2016	8
No.of the above which include contractual clauses giving the Trust right to request assurance in relation to income tax and National Insurance obligations	7
No. for whom assurance has been requested	1
Of which.....	
No. for whom assurance has been received	7
No.for whom assurance has not been received	1
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. During 2015/16 new contracts were issued and 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. There was 1 leaver prior to the new contracts being issued.

Figure 22: Number of New Off-Payroll Engagements of Board Members or Senior Officials with significant financial responsibility between 1st April 2015 and 31st March 2016.

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

Section 3 iv) Disclosures set out in the NHS Foundation Trust code of governance (The 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.

Information on the recent review of governance undertaken by Deloitte is included in section 2, performance report.

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

Chris Watson was Senior Independent Director until the end of his tenure on 31 December 2015 with Ruth Thompson taking over the role from 1 January 2016 and Martin Cocker from 1 March 2016. The Senior Independent Director leads the performance appraisal of the Chair.

The Chief Executive

The Chief Executive's principal responsibility is the effective running and operation of the Foundation Trust's business. The Chief Executive is also responsible for proposing and developing the Trust's strategy and business plan objectives 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.

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 2015 to 31 March 2016, 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 Caroline Wild, Deputy Director, Corporate Relations and Communications, Chief Executive's Office, St. Nicholas Hospital, Jubilee Road, Gosforth, Newcastle upon Tyne, NE3 3XT. (caroline.wild@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 2015/16 along with directors' titles and attendance at Board meetings.

Figure 23: Membership of the Board of Directors and Attendance

Name Title	Date of:		Current expiry of term	Meetings	
	Appointment	Cessation		Total	Attended
Dr Les Boobis Non-Executive Director	01.07.15	-	30.06.18	7	6
Alexis Cleveland Non-Executive Director	01.07.15	-	30.06.18	7	5
Martin Cocker Non-Executive Director / Audit Committee Chair / Senior Independent Director (from 1 March 2016)	01.01.12	-	31.12.17	10	8
Lisa Crichton-Jones Director of Workforce and Organisational Development	04.08.14	-	N/A	10	10
James Duncan Deputy Chief Executive/Director of Finance	01.12.09	-	N/A	10	9
Dr Douglas Gee Medical Director	01.12.13	15.01.16	-	7	6
Neil Hemming Non-Executive Director	01.01.15	-	31.12.17	10	4
John Lawlor Chief Executive	23.06.14	-	N/A	10	10

Paul McEldon Vice Chair	01.12.09	-	31.12.16	10	9
Dr Rajesh Nadkarni Interim Medical Director	16.01.16	-	N/A	3	3
Gary O'Hare Director of Nursing and Operations	01.12.09	-	N/A	10	7
Nigel Paton Non-Executive Director	01.07.12	30.06.15	-	3	3
Lisa Quinn Director of Performance and Assurance/ (from January 2016) Commissioning and Quality Assurance	01.12.09	-	N/A	10	10
Peter Studd Non-Executive Director	01.01.16	-	31.12.18	3	3
Ruth Thompson Non-Executive Director Senior Independent Director (1 January 2016 to 29 February 2016)	01.04.14	-	31.03.17	10	7
Chris Watson Non-Executive Director / Senior Independent Director	01.12.09	31.12.15	-	7	6
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 Chair, on behalf of the Board of Directors keeps the size, composition and succession of

directors under review, in line with the Trust's business objectives, and makes recommendations as appropriate to the Council of Governors via the Nominations Committee. The work of the Nominations Committee (and subsequently the Council of Governors) relating to the Non-Executive Directors' appointment/reappointment process for 2015/16 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, the Board of Directors reviews 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 2016 are shown below.

Dr Les Boobis

Qualifications include MB ChB (University of Glasgow), FRCS (England and Edinburgh) and MD (University of Leicester). Also level 3 UKCHIP Member and Member of BCS.

Expertise and skills/expertise:

- Extensive NHS senior management experience latterly as Medical Director of large NHS Acute Trust
- 42 years' experience of working in the NHS, 27 of which have been as a Consultant Surgeon
- Eight years' experience as Medical Director
- Eight years' experience as the Director of Infection Prevention and Control
- Ten years' experience as Trust's Caldicott Guardian
- Four years' experience as the GMC Responsible Officer
- Ten years' experience as the Trust's lead for Health Informatics, the latter two years as the Chief Clinical Information Officer
- Four years' experience as the Clinical Safety Officer
- 15 years' experience as an academic surgeon with the University of Newcastle
- Ten years' experience as visiting Professor at University of Loughborough during which time acted as an external examiner for two other universities
- Three years' experience working as a Physician Consultant for US company Meditech, providers of integrated electronic patient record system.

Alexis Cleveland

Qualifications include BSc in Statistics and Geography

Experience and skills/expertise:

- Director General for Transformational Government and Cabinet Office Management at the Cabinet Office
- Chief Executive The Pension Service
- Chief Executive Benefits Agency, Department of Works and Pensions
- Head of Analytical Services Division DSS
- Experience at Board level in both Executive and Non Executive roles with major government departments, agencies, non departmental public bodies and in the voluntary sector.
- Currently serves as Trustee of Barnardos, Deputy Chair and Trustee of Durham University Council and Chair of University College Durham University

Martin Cocker

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

Experience and skills/expertise:

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

Lisa Crichton-Jones

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

Experience and skills/expertise:

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

James Duncan

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

Experience and skills/expertise:

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

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 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.

Dr Rajesh Nadkarni

Qualifications include FRCPsych, MMedSc in Psychiatry (University of Leeds), Doctorate of Medicine (MD) and Diplomate of the National Board in Psychiatry from India and Bachelor of Medicine and Bachelor of Surgery (MBBS).

Experience and skills/expertise:

- 16 years' experience as a Consultant Forensic Psychiatrist
- Extensive expertise in the clinical assessment and management of mentally disordered offenders
- Specialist expertise in management of offenders presenting with stalking behaviour having published papers, contributed to national and international conferences and influenced policy and legislation changes within this field
- Significant experience in medical education and training having previously held the position of Training Programme Director for Forensic Psychiatry within the North East region
- Served as an elected member of the Forensic Executive Faculty and the Joint Chair of the Community Diversion and Prison Psychiatry Group of the Royal College of Psychiatrists
- Currently provide clinical expertise to the Newcastle Crown Court Mental Health Team, one of the only two services commissioned nationally. Significant experience of service development in the area of offender health, including being an invited member of the National Health and Justice Clinical

Reference Group and Department of Health Expert Reference Group tasked with Police Custody Liaison and Diversion.

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.

Lisa Quinn

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

Experience and skills/expertise:

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

Peter Studd

Qualifications include BSc (Econ) Hons in Business Administration (University of Wales Institute of Science and Technology UWIST, Cardiff).

Experience and skills/expertise:

- Independent Board Member at Dale and Valley Homes
- Member Group Audit and Risk Committee, County Durham Housing Group
- Governor at Middlesbrough College
- Director UK Skills Education – A4e
- Group Board Director at Newcastle College Group (NCG)
- Divisional Board Director at Mouchel Group plc

- Board Director at HBS - £124m turnover limited Business Services Co
- Operating Board Director at Capita plc
- Director on the Board of Cumbria Inward Investment Agency (CIIA)
- Worked in partnership with both central and local government overseeing change programmes delivering service improvement and efficiencies on a variety of £multi-million public private partnerships
- Project Management Consultant at IBM.

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.

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 the Trust's Clinical Governance arrangements were also reviewed and strengthened in January 2013 to ensure their robustness in the context of the Trust's overarching integrated governance arrangements. The Board of Directors routinely review and approve changes to the Terms of Reference for the Board, its committees and the Corporate Decisions Team. The Trust undertook an external review of its governance arrangements, using the Well Led Framework, during 2015/16, supported by Deloitte, in line with Monitor's recommendations to all foundation trusts. No material governance concerns were identified. Some areas for improvement were identified to strengthen the Trust's governance arrangements and these are the subject of an Action Plan, progress against which is being monitored by the Board.

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.

A further committee, the Trustwide Programmes Board, which was a time limited committee, was stood down in January 2016. This committee provided 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 terms of reference are included on the Trust website, and its 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 four times during 2015/16. The table below shows the membership of the Remuneration Committee during 2015/16 along with their attendance.

Figure 24: Membership of the Remuneration Committee and Attendance

Name	Meetings	
	Total	Attended
Hugh Morgan Williams (chair)	4	4
Dr Les Boobis	3	3
Alexis Cleveland	3	3
Martin Cocker	4	3
Neil Hemming	4	1
Paul McEldon	4	4
Nigel Paton	1	1
Peter Studd	1	1
Ruth Thompson	4	4
Chris Watson	3	2

There was one change to Executive Directors during 2015/16. Dr Douglas Gee stood down as Medical Director on 15 January 2016 and was replaced initially by Dr Rajesh Nadkarni as Acting Medical Director.

Interim Audit Committee Annual Report 2015/16

Annual Report entry on the work of the Audit Committee

Overview

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

Audit Committee Composition and Attendance:

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

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

Figure 25: attendance at the Audit Committee

Member	Meetings	
	Total	Attended
Martin Cocker	8	8
Nigel Paton	2	1
Chris Watson	5	4
Alexis Cleveland	5	3
Peter Studd	3	2

Nigel Paton and Chris Watson ceased to be non-executive directors of the Trust on June 30, 2015 and December 31, 2015, respectively and left the Audit Committee on those dates

Alexis Cleveland was appointed to the Audit Committee on July 1, 2015 and Peter Studd on January 1, 2016.

In addition to the non-executive directors, the Director of Finance, Director of Quality and Performance, External Audit and Internal Audit, including Counter Fraud were all invited to each meeting during the year. All attended each meeting with the exception of the Director of Finance and the Director of Quality and Performance who were both unable to attend the meeting in February 2016. However, alternates did attend.

A representative of the Governors attended each Audit Committee meeting as an observer.

The Chief Executive and the Chairman of the Board were invited to, and attended, the April

2016 meeting at which the Annual Governance Statement was considered as well as the Opinion of the Head of Internal Audit which supports the conclusions within the Annual Governance Statement.

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

Programme of Works

The Audit Committee follows an annual work programme that covers the principal responsibilities set out within its terms of reference. In 2015/16, this included, amongst other matters, the following activities:

- Assessed the integrity of the Trust's financial statements for the year ended March 31, 2016;
- Considered the effectiveness, independence and objectivity of the external auditor throughout the audit cycle;
- Reviewed the Annual Governance Statement in light of the Head of Internal Audit opinion, the External Audit opinion relating to the year end and any reports issued by CQC and Monitor;
- Reviewed External Audit's findings and opinions on the Quality Report, the securing of economy, efficiency and effectiveness, and the areas of the Annual Report subject to audit review;
- Considered whether the Trust's Business Assurance Framework ('BAF') and Corporate Risk Register are complete, fit for purpose and in line with Department of Health expectations;
- Reviewed the arrangements by which staff may raise in confidence concerns about possible improprieties in matters of financial reporting and control, clinical quality, patient safety or other matters;
- Reviewed the process established by the Trust to ensure compliance with Monitor's Code of Governance;
- Challenged and approved the internal audit programme, counter fraud and informatics plan, operational plans and detailed programmes of work for the year. The Audit Committee confirmed the effectiveness of internal audit and counter fraud and the adequacy of their staffing and resources;
- Considered the major findings of internal audit, counter fraud and informatics throughout the year. The Audit Committee agreed that the remedial actions proposed were appropriate and then monitored the timely implementation of those remedial actions by management;
- Reviewed the work of other Board Committees and considered how matters discussed at those committees impacted the work of the Audit Committee;

Significant Issues

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

1. Integrity of financial reporting

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

The significant matters considered were:

Impairment and Revaluation of the Trust's Specialist NHS Buildings

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

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

Therefore, the valuation of the Trust's specialized NHS buildings is not a valuation of the existing buildings in their current locations. Rather, it is a valuation of the specialist buildings that the Trust could hypothetically build to deliver the services and occupancy levels as at the balance sheet date on a site that was of the optimal size and location.

Application of the DRC method typically results in an asset value that is significantly lower than the actual cost.

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

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

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

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

Non-specialist buildings fall outside the DRC valuation methodology and are carried at market value.

For the year ended March 31, 2016, the Trust has reported within 'Other Operating Income' a reversal of impairment of £11 million and a revaluation gain of £0.8 million within 'Other Comprehensive Income'.

In respect of these movements in valuation of specialised NHS assets, the Audit Committee has debated and challenged the work performed by Mazars, including their review of the work of the District Valuer.

Additionally, the Audit Committee has confirmed with management that assumptions made in determining the Trust's services and occupancy levels as at March 31, 2015 and in mapping those services onto an asset of equivalent capacity and function have not changed during the year.

The Trust has also reported a charge for impairment for the year of £3.4 million within 'Operating Expenses'. This relates mainly to capital expenditure incurred on specialised NHS assets in the year or specialised NHS assets that have been brought into use during the year and where the expenditure has not resulted in an increase in values or estimated lives of the assets.

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

After careful consideration, the Audit Committee has concluded that the adjustments to the level of impairment have been properly calculated and disclosed in the financial statements.

Provisions

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

The Audit Committee has discussed with management the provisions made at March 31, 2016. The Audit Committee also challenged the work performed during the audit by Mazars to determine if the provisions were accurately calculated and complete.

After consideration, the Audit Committee was satisfied that the level of provision made in the financial statements reflects the best estimate of the economic outflow likely to occur.

Impairment of Accounts Receivable

The Trust makes provision against accounts receivables over 3 months past due unless there is a specific reason not to provide. Specific reasons include debts subsequently paid or balances where credible assurances have been received that the debts will be paid. In addition, where disputes are known, the Trust may provide for certain debts less than 3 months old.

The charge for the impairment of accounts receivables was approximately £819,000 for the year ended March 31, 2016.

The Audit Committee considered the methodology for identifying and assessing accounts receivable that may be subject to impairment and concluded that it remained appropriate.

The Audit Committee also discussed with the external auditors the work that they had performed during the audit to satisfy themselves that the provisions being made were complete and appropriate.

After consideration, the Audit Committee concluded that the provision for impairment of receivables was complete and appropriate.

Going Concern

The Audit Committee formally considered the assumptions relating the going concern basis of reporting of the financial statements. After careful analysis and debate, the Audit Committee recommended to the March 2016 Board meeting that the use of going concern basis for the preparation of the annual financial statements was appropriate.

2. Board Assurance Framework

The Audit Committee has a responsibility to ensure that the Trust's system of risk management is adequate in both identifying risks and how those risks are managed.

The Trust's principal risks and the mitigating controls are reflected in the Board Assurance Framework ('BAF'). The BAF is maintained by the Trust's Performance and Assurance group and formally reviewed by the Quality and Performance Committee ('Q&P').

The Audit Committee considered the review performed by Q&P. It questioned directly the Director of Performance and Assurance as to the system for the regular re-assessment of the principal risks and mitigating controls reflected in the BAF.

The Audit Committee also questioned directly the Head of Internal Audit to determine if the results of audits conducted to date and a comparison of the Trust's BAF to the equivalent documents in other similar organisations indicated any significant duplications or omissions in the Trust's governance systems.

Finally, the Audit Committee reviewed the Head of Internal Audit Opinion, presented to the Audit Committee in May 2016.

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

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

3. Annual Governance Statement

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

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

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

4. Clinical Audit

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

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

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

External Audit

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

Mazars was required to report to the Trust whether:

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

In September 2015, Mazars presented the audit plan for the year to the Audit Committee. The audit plan was challenged robustly, particularly in terms of timing, resources required, impact on the Trust's day-to-day activities, areas of audit risk, interaction with internal audit and the quality and independence of the Mazars' team.

The cost of the external audit plan was proposed at £40,000 (excluding VAT). The Audit Committee challenged whether Mazars could deliver the audit plan as described for the fee proposed.

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

Accordingly, the fee proposal was recommended by the Audit Committee to, and approved by, the Council of Governors in November 2015.

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

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

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

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

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

Internal Audit

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

The Trust has an internal audit function, which provides independent and objective appraisal and assurance. The function provides an opinion to the Chief Executive, the Board of Directors and the Audit Committee on the degree to which risk management, control and governance support the achievement of the organisations agreed objectives. Risk management, control and governance comprise the policies, procedures and operations established to ensure the achievement of objectives, the appropriate assessment of risk, the reliability of internal and external reporting and accountability processes, compliance with applicable laws and regulations, and

compliance with the behavioural and ethical standards set for the organisation. Internal audit plans are based on a risk assessment of all activities in the Trust (clinical, financial and other) using the Trust's objectives and risk assessment processes recorded in the Board Assurance Framework as a primary source.

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

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 and Council of Governor Meetings;
- 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.
- Informal opportunities to network
- Governors attending committees as observers provides a further opportunity for sharing of views.

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. The number of seats for public Governors has reduced from twelve to six, following a change in the constitution in September 2015 i.e. one for each local government area. 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 governor. The number of Governors representing the public will be reduced over time as those incumbent governors come to the end of their term of office.

At the same time, the final three CCG Governors were removed. Following this change in the constitution, the number of Governors reduced from 42 to 33 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 areas.

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.

The table below shows the individuals making up the Council of Governors during 2015/16, their constituencies, whether they were elected and their attendance during 2015/16.

Fiona Grant became the lead governor on 1st December 2015, taking over from Richard Tomlin.

During 2015/16, there were significant changes to the Council of Governors, due to elections and some resignations for other reasons. These are set out in the table below.

As at the 31 March 2016 the Council of Governors had vacancies for three carer Governors and one Medical Governor. Two of the carer Governor posts and the medical governor post were filled on 1st April 2016 following an election process which took place in March 2016.

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.

Figure 26: Membership of the Council of Governors and Attendance

Governor	Constituency	Elected	Date		Period of office (months)	No. of meetings	
			Start	Left (and reason)		Total	Attended
Margaret Adams	Public South Tyneside	Yes	01.03.14		25	5	4
Julia Allison	Public Gateshead	Yes	01.12.14		16	5	2
Nigel Atkinson	Staff Clinical	Yes	01.12.09	30.11.15 (end of term)	72	4	2
Phil Brown	Staff Clinical	Yes	01.12.12	30.11.15 (end of term)	36	4	1
Colin Browne	Public South Tyneside	Yes	01.12.13		28	5	4
Michael Butler	Public Sunderland	Yes	01.12.15		4	1	0
Alasdair Cameron *	Community and Voluntary	No	01.12.12		40	5	0
Ann Clark	Carer Adult Services	Yes	01.12.09	30.11.15 (end of term)	72	4	3
Dr Alan Currie	Staff Medical	Yes	01.12.09	30.11.15 (end of term)	72	4	4
Anne Dale	Local Authority Sunderland	No	15.06.15		10	4	3
****Pauline Dawson	Service User Neuro Disability Services	Yes	01.12.15	08.12.15 (resigned)	0	0	0
Stuart Dexter	Community and Voluntary	No	07.04.14		24	5	3
Catherine Donovan	Local Authority Gateshead	No	24.06.14		21	5	2
Madeleine Elliott	Public Northumberland	Yes	01.12.13	30.11.15 (end of term)	28	4	0
Grahame Ellis	Staff Non-Clinical	Yes	01.12.12		40	5	5

Janet Fraser	Carer Children & Young People's Service	Yes	01.12.09	30.11.15 (end of term)	72	4	0
Alan Gibbons	Carer Children & Young People's Service	Yes	01.12.15		4	1	0
Glenys Goodwill	Public Gateshead	Yes	01.12.12	15.10.15 (resigned)	34	3	1
Fiona Grant	Service User Adult Services	Yes	01.12.14		16	5	4
Jane Hall	Public Sunderland	Yes	01.12.09	25.09.15 (resigned)	70	3	1
George Hardy	Carer Learning Disability Services	Yes	01.12.09	30.11.15 (end of term)	72	4	1
Norman Hildrew	Carer Adult Services	Yes	01.12.09	30.11.15 (end of term)	72	4	4
Barry Hirst	University Newcastle University	No	01.12.09		76	5	4
Gladys Hobson	Local Authority South Tyneside	No	25.02.14		25	5	2
Claire Keys **	Staff Clinical	Yes	01.12.15		0	1	1
Karen Kilgour	Local Authority Newcastle	No	05.06.15		10	4	1
Christine Lumsdon	Public North Tyneside	Yes	01.04.15		12	5	3
Keith McCririck	Public Sunderland	Yes	01.12.14	08.09.15 (dismissed)	9	3	2
Steve Manchee	Public North Tyneside	Yes	01.03.14		25	5	3
Chris Macklin	Carer Adult Services	Yes	01.12.15		4	1	1
Graham Martin	Public Newcastle/rest of England & Wales	Yes	01.12.13	31.07.15 (resigned)	20	2	1
Graeme Miller	Local Authority Sunderland	No	16.05.12		46	5	1
Marian Moore	Service Users Older Peoples Services	Yes	01.03.11		61	5	2
Austin O'Malley	Public Newcastle/rest	Yes	01.12.12		40	5	4

	of England & Wales						
Pauline Pearson	University Northumbria University	No	01.02.13		38	5	4
Lucy Reynolds ***	Service User Neuro Disability Services	Yes	01.12.12 09.12.15	30.11.15 (see note)	40	5	4
Bill Scott	Public Northumberland	Yes	01.12.14		16	5	4
Elizabeth Simpson	Local Authority Northumberland	No	01.04.14	15.06.15 (portfolio change)	14	1	0
Rachel Simpson	Service User Learning Disability Services	Yes	01.12.12		40	5	4
Anneva Spark	Carer Older Peoples Services	Yes	01.12.09	30.11.15 (end of term)	72	4	3
Lesley Spillard	Local Authority North Tyneside	No	12.06.15		10	4	1
Jane Streather	Local Authority Newcastle City Council	No	18.06.14	05.06.15 (portfolio change)	12	1	1
Lisa Strong	Staff Clinical	Yes	01.12.15		4	1	1
Richard Tomlin	Carer Neuro Disability Services	Yes	01.12.09	30.11.15 (end of term)	72	4	4
David Twist	Service User Adult Services	Yes	01.12.14		16	5	1
Bob Waddell	Staff Non-Clinical	Yes	01.12.12		40	5	3
Alison Waggott-Fairley	Local Authority North Tyneside	No	19.06.14	12.06.15 (portfolio change)	11	1	0
Jack Wilson	Service User Children & Young People's Service	Yes	01.12.13		28	5	2

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

** Claire Keys served as a service User governor for adult services between 1 December 2012 and 14 September 2014, i.e. 21 months.

***Lucy Reynolds was unsuccessful in the elections in November 2015, however the successful candidate resigned immediately after being elected. Lucy Reynolds as the second placed candidate was therefore re-elected.

****Pauline Dawson was elected in the elections in November 2015, but subsequently resigned.

Although there have been five formal meetings of the Council of Governors during 2015/16, one of the meetings was in closed session where it was inappropriate for Board members to be present. The table below therefore focuses on the other four meetings

Figure 27: Analysis of attendance of Board members at formal Council of Governors' meetings.

Council of Governors' meetings attended by Board members		
Director	Total	Attended
Dr Les Boobis	3	2
Alexis Cleveland	3	1
Martin Cocker	4	2
Lisa Crichton-Jones	4	0
James Duncan	4	2
Dr Douglas Gee	3	0
Neil Heming	4	0
John Lawlor	4	2
Paul McEldon	4	0
Dr Rajesh Nadkarni	1	0
Gary O'Hare	4	0
Nigel Paton	1	0
Lisa Quinn	4	4
Peter Studd	1	1
Ruth Thompson	4	0
Chris Watson	3	0
Hugh Morgan Williams	4	3

Nominations Committee

The Council of Governors has established a Nominations Committee in line with the requirement within the Trust's Constitution, and its terms of reference are included on the Trust website. 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:

Figure 28: Nominations Committee Membership and Attendance

Nominations Committee membership and attendance		
	Total	Attended
Colin Browne	7	6
Stuart Dexter	7	3
Grahame Ellis	7	7
Janet Fraser	5	3
Fiona Grant	2	1
Jane Hall	3	1
Barry Hirst	7	7
Chris Macklin	2	2
Austin O'Malley	2	2
Richard Tomlin (Chair)	5	5
Hugh Morgan Williams	2	1

Following a review of the committee's terms of reference, the Council of Governors approved changes at its meeting in November 2015.

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 Dr Les Boobis and Alexis Cleveland as Non-Executive Directors for a period of three years from 1st July 2015 and Peter Studd was appointed from 1st January 2016 (following a shadow period). Paul McEldon was reappointed from 1 January 2015 for one year. The appointment was subject to open advertising and the Nominations Committee was assisted by an external search agency.

The Committee has previously 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 organisations represented, are included in the Operational Plan paper for consideration by the Board of Directors.

Declaration of Interests

All governors are asked to declare any interest on the Register of Governors' Interests at the time of appointment. The Register is available for inspection on the internet at www.ntw.nhs.uk or on request, from Caroline Wild, Deputy Director, Corporate Relations and Communications, Chief Executive's Office, St. Nicholas Hospital, Jubilee Road, Gosforth, Newcastle upon Tyne, NE3 3XT. (caroline.wild@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 this section of the Annual Report, i.e. “Disclosures set out in the NHS Trust Code of Governance.”

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. Northumberland, Tyne and Wear NHS Foundation Trust has applied all of the principles of the NHS Foundation Trust Code of Governance.

The Trust continues to keep the governance arrangements under review to ensure their effectiveness and the Trust undertook an external review of its governance arrangements, using the Well Led Framework, during 2015/16, supported by Deloitte, in line with Monitor’s recommendations to all foundation trusts. No material governance concerns were identified. Some areas for improvement were identified to strengthen the Trust’s governance arrangements and these are the subject of an Action Plan, progress against which is being monitored by the Board.

Information, development and evaluation

Reports from the Executive Directors, which include in-depth performance and financial information, are circulated to 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 six 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 2016, 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 governor elections.

Regular communication with our members through newsletters, 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 working 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 2016.

Figure 29: Analysis of membership as at 31 March 2016

Constituency	31 March 2016
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

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.

In August, Monitor issued an updated risk assessment framework, this replaced the Continuity of Services risk rating for finance with a new Financial Sustainability risk rating.

The Trust's risk ratings for 2015/16 are shown in the table below, including expected performance as identified in the Annual Plan 2015/16:

Figure 30: Risk ratings for 2015/16 including expected performance as identified in the Annual Plan 2015/16

Risk Rating	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Continuity of service rating (Q1) /Financial Sustainability Rating (Q2 – Q4)				
Plan	3	2	2	2
Actual	4	4	4	4
Governance rating				
Plan	Green	Green	Green	Green
Actual	Green	Green	Green	Green

The Trust's risk ratings for 2015/16 were above expected performance as identified in the Annual Plan 2015/16 due to the Trust achieving a higher surplus than plan.

There were no formal interventions from Monitor during 2015/16.

Risk ratings for 2014/15 are shown in the table below including expected performance as identified in the Annual Plan 2014/15:

Figure 31: Risk ratings for 2014/15 including expected performance as identified in the Annual Plan 2014/15

Risk Rating	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Continuity of service rating				
Plan	2	3	3	3
Actual	3	3	4	3
Governance rating				
Plan	Green	Green	Green	Green
Actual	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.

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
25th May 2016

ANNUAL GOVERNANCE STATEMENT 2015/16

1 Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the NHS Foundation Trust's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me. I am also responsible for ensuring that the NHS Foundation Trust is administered prudently and economically and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in the *NHS Foundation Trust Accounting Officer Memorandum*.

2 The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Northumberland, Tyne and Wear NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Northumberland, Tyne and Wear NHS Foundation Trust for the year ended 31 March 2016 and up to the date of approval of the annual report and accounts.

3 Capacity to handle risk

The Executive Director of Commissioning and Quality Assurance has overall lead responsibility for performance risk management within the Foundation Trust. While the Executive Director of Commissioning and Quality Assurance has a lead role in terms of reporting arrangements, all directors have responsibility for the effective management of risk within their own area of direct management responsibility, and corporate and joint responsibility for the management of risk across the organisation.

Structures and systems are in place to support the delivery of integrated risk management, across the organisation. A wide range of risk management training has continued to be provided throughout the Foundation Trust during the year. This includes providing training for all new staff as well as training specific to roles in areas of clinical and corporate risk. Delivery of training against planned targets is monitored by the Board of Directors, and managed through the Trust Corporate Decisions Team and devolved management structures. The Foundation Trust has a Board of Directors approved Risk Management Strategy in place.

Committees of the Board of Directors are in place both to ensure effective governance for the major operational and strategic processes and systems of the Foundation Trust, and also to provide assurance that risk is effectively managed. Operations for the Foundation Trust are managed through an organisational structure, with operations divided into three Groups, and each has governance committees in place for quality and performance and operational management. Risk registers are maintained and reviewed by each Group and reviewed through the Foundation Trust-wide governance structures. The Quality and Performance Committee consider Group top risks and the Assurance Framework and Corporate Risk Register regularly. The Corporate Decisions Team also undertake this review from an operational perspective to ensure that risks are recorded effectively and consistently and that controls in place are appropriate to the level of risk. The Audit Committee considers the systems and processes in place to maintain and update the Assurance Framework, and considers the effectiveness and completeness of assurances that documented controls are in place and functioning effectively. The Mental Health Legislation Committee has delegated powers to ensure that there are systems, structures and processes in place to support the operation of mental health legislation, within both inpatient and community settings and to ensure compliance with associated codes of practice and recognised best practice.

4 The risk and control framework

The Foundation Trust continually reviews its risk and control framework through its governance and operational structures. It has identified its major strategic risks, and these are monitored and maintained and managed through the Board of Directors Assurance Framework and Corporate Risk Register, supported by Group and Directorate risk registers. The Foundation Trust's principal risks and mechanisms to control them are identified through the Assurance Framework, which is reviewed by the Board of Directors regularly. These risks are reviewed and updated through the Foundation Trust's governance structure. Outcomes are reviewed through consideration of the Assurance Framework to assess for completeness of actions, review of the control mechanisms and on-going assessment and reviews of risk scores.

The principal risks are considered as those rated over 15 at a corporate level on the standard 5 by 5 risk assessment measure. The Assurance Framework and Corporate Risk Register was the subject of a review during the latter part of 2015-16 to reflect best practice and the table below summarises those risks and the key controls, as reported to the Board in the Assurance Framework in February 2016. All risks identified below are considered as in year and future risks

Figure 32: Principle Risks

Reference	Risk	Key Controls
SO1.1	That we do not develop and correctly implement service model changes.	Integrated Governance Framework Programme and Project governance reporting arrangements Business Case and Tender Process Commissioner involvement and scrutiny

		Service User and Carer Network Reference Group
SO1.2	That we do not effectively engage commissioners and other key stakeholders leading to opposition or significant delay in implementing service strategy.	Integrated Governance Framework Stakeholder and partner matrix and reporting process on engagement and activity Business Case and Tender Process Communication Strategy Requirement re public and staff consultation
SO2.1	That we have a significant loss of income through competition and choice, including the possibility of losing large services and localities.	Integrated Governance Framework Financial Strategy Agreed contracts in place and framework for managing change Customer Relationship approach, including with Commissioners Marketing Strategy Business Case and Tender Process Horizon Scanning
SO2.2	That we do not manage our financial resources effectively to ensure long term financial stability (including differential between income and inflation, impact of QIPP and the cost improvement programme).	Integrated Governance Framework Financial Strategy (including Financial Delivery Plan) Standing Financial Instructions Decision Making Framework Financial and Operational Policies and Procedures Quality Goals and Quality Account
SO3.1	That we do not effectively manage significant workforce and organisational changes, including increasing staff productivity and staff engagement.	Workforce and OD Strategy. Integrated Governance Framework Performance review monitoring and reporting including KPIs Staff Survey and Friends and Family Feedback and Action Plans Communications Strategy Policy review process relating to systems to support the deployment of staff across services
SO3.3	That we are unable to recruit and retain staff in key posts.	Workforce and OD Strategy. Integrated Governance Framework Recruitment and Selection Policy HR Policies which support Health and Wellbeing, including Pay and Reward Staff Survey and Friends and Family Feedback and Action Plans Communications Strategy Controls re use of Agency Staff.
SO5.6	The risk that high quality, evidence-based and safe services will not be provided if there are difficulties in accessing services in a timely manner and that services are not sufficiently responsive to demands.	Integrated Governance Framework Performance review monitoring and reporting including compliance with standards, indicators, CQIN Operational and Clinical Policies and Procedures Agreed Service Specifications NICE Guidance Annual Quality Account
SO5.9	That the scale of change and integration	Integrated Governance Framework

	across the NHS could affect the sustainability of services and the Trusts financial position.	Stakeholder and partner matrix and reporting processes Horizon scanning and intelligence Financial Strategy
--	-----------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------

The governance structures supporting and underpinning this are the Quality and Performance Committee, Finance, Infrastructure and Business Development Committee, and Mental Health Legislation Committee. The Trust Programmes Board, a time limited Committee, provided the Board with assurance regarding the Trust's Programmes, established to deliver on the Trust's transformation and development agenda.

- The Trust's governance structures are the subject of periodic review and in October 2015 the Board agreed that the Programmes Board should be disestablished on the 31st December 2015 with the elements of the Committee business being picked up through the Corporate Decisions Team.
- The Board also agreed to establish a new sub Group to support the Board, overseeing the development of the Trust's new Integrated Business Plan (IBP)/Strategy and by providing a strategic forum for environmental and horizon scanning and a review of intelligence to inform and input into the IBP/Strategy and the Trust's decision making.

Each of the committees is chaired by a Non-Executive Director and has Executive Director membership. The Quality and Performance Committee acts as the core risk management committee of the Foundation Trust Board of Directors, ensuring that there is a fully integrated approach to performance and risk management. This Committee provides oversight to the performance and assurance framework, Foundation Trust risk management arrangements for both clinical and non-clinical risk, and has full responsibility for overseeing the Foundation Trust's performance against essential standards for quality and safety as part of this role. The Quality and Performance Committee reviews the top risks for each Group, and the Assurance Framework and Corporate Risk Register periodically. The Committee also considers all aspects of quality and performance, in terms of delivery of internal and external standards of care and performance. The Finance, Infrastructure and Business Development Committee provides assurance that all matters relating to Finance, Estates, Information Management and Technology and Business and Commercial Development are effectively managed and governed.

The Research and Development Committee, a sub Committee of the Quality and Performance Committee, oversees the implementation and review of the Trust's Research and Development Strategy and ensures that the organisation's research governance responsibilities are met, including the cost effective use of research and development income.

Quality Governance arrangements are through the governance structures outlined above, ensuring there are arrangements in place from ward to Board. Review, monitoring and oversight of these arrangements takes place through the following, among others:

1. Trust Board
2. Quality and Performance Committee
3. Group Quality and Performance Committees
4. Corporate Decisions Team meetings

In 2010 the Trust supported Monitor in the development of a Quality Governance Framework. The Trust now reviews it's performance against Monitor's published Quality Governance Framework on a quarterly basis through the Quality and Performance Committee.

The Trust supports an open reporting culture and encourages its staff to report all incidents through its internal reporting system .The Trust's Incident Policy NTW(0)05 and supporting practice Guidance Notes provides the framework for staff for the reporting, management investigation and dissemination of lessons learnt. The Trust has adopted the principles of the National Patient Safety Agency's "Seven Steps to Patient Safety" and embedded them in day to day practice.

The Trust has a data quality improvement plan in place to ensure continuous improvement in performance information and has made continued advances in this area through 2015-16 with continued development of dashboard reporting from patient and staff level to Trust position. The Trust audit plan includes a rolling programme of audit against all performance and quality indicators.

Registration compliance is managed through the above quality governance structures and is supplemented by a Group Director being responsible for the oversight of all compliance assessments and management of on-going compliance through the Trust CQC Compliance Group. This Group reports into the Corporate Decisions Team. There is a central log of all evidence supporting registration requirements and a process in place through the governance arrangements highlighted above to learn from external assessments and improve our compliance. The CQC Compliance Group undertakes regular reviews of compliance against the CQC Fundamental Standards including undertaking mock visits and identifying Improvement requirements.

This formal governance framework is supplemented by an on-going programme of visits by Executive Directors and members of the Corporate Decisions Team, which are reported through the Corporate Decisions Team, as well as service visits by Non-Executive Directors.

The Foundation Trust is registered with the CQC and has maintained full registration, with no non-routine conditions, from 1st April 2010. The CQC has inspected all of the Trust registered locations. The Foundation Trust is fully compliant with the requirements of registration with the CQC.

The Trust recognises the significant organisational change that is required to meet the challenges of the external environment, the changing NHS and the requirement to improve the quality of our services with reducing resources. In

response to this the Trust has developed its Transforming Services Programme. This programme is focussed on developing a new service model for the Trust, having implemented a new business model, which included seeking to put clinicians at the heart of the Foundation Trust decision making process. The Service Model Review, which was clinically led has developed a blueprint for the future development of the Foundation Trust services to meet our future challenges, and was presented to our Board of Directors in July 2011. The Board of Directors received an update on Trust Programmes from the Chair of the Trust Programmes Board every two months, up until the disestablishment of the Trust Programmes Board.

As described above the Trust has robust arrangements for governance across the Trust. Risks to compliance with the requirements of NHS Foundation Trust condition 4 (FT governance) are set out where appropriate within the Assurance Framework and Corporate Risk Register. The Board has reviewed its governance structures and the Board and its Committees undertake an annual self-assessment of effectiveness and annual review their terms of reference.

The Corporate Decisions Team is responsible for the co-ordination and operational management of the system of internal control and for the management of the achievement of the Foundation Trust's objectives agreed by the Board of Directors. Operational management, through the Foundation Trust's directors, is responsible for the delivery of Foundation Trust objectives and national standards and for managing the risks associated with the delivery of these objectives through the implementation of the Foundation Trust's risk and control framework. Governance groups have been in place across all areas throughout this accounting period, with each directorate, and then Group having in place an Operational Management Group, and a Quality and Performance Group. To fulfil this function the Corporate Decisions Team reviews the Assurance Framework and Corporate Risk Register, as well as reviewing Group top risks. It also receives and considers detailed reports on performance and risk management across the Foundation Trust. Summary reports on the work of internal audit and the counter fraud team are also presented to the Corporate Decisions Team on a regular basis, with the emphasis on lessons learned and follow up actions required.

The Risk Management Strategy, the associated Risk Management Policy and the governance structure identified above have been developed in line with nationally identified good practice and assurance of this have previously been received through independent assessment of performance against standards assessed through the National Health Service Litigation Authority scheme, where the Foundation Trust had Level 1 compliance, with 100% delivery against all standards. The Assurance Framework and arrangements for governance were subjected to external review through the Foundation Trust application process, including review by Monitor, the Department of Health and independent auditors during 2009, and are subject to on-going review through Internal Audit.

The Trust undertook an external assessment of its governance arrangements using the Well Led Framework through 2015-16, supported by Deloitte, in line with Monitor's recommendations relating to foundation trusts. Deloitte provided feedback to the Board at a Board Development Session in December 2015 and the Board of Directors reviewed the final report, including the recommendations in January 2016.

The independent review confirmed that there were no material governance concerns.

Deloitte noted a number of areas of good practice particularly:

- High levels of clinical engagement in the transformation of services with senior clinicians developing pathways in support of the service model review;
- A clear focus on values and the culture of the Trust;
- Employment of a range of mechanisms to engage with internal and external stakeholders;
- The introduction of a variety of initiatives in relation to raising concerns, including the appointment of a Freedom to Speak Up Guardian;
- The use of staff and patient level dashboards to monitor performance.

Some areas for further work and opportunities for improvement were also highlighted, which the Board of Directors has acknowledged, and these are the subject of an Action Plan which is being progressed.

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

- Working with partners in health and social services in considering business and service change. The Foundation Trust has a framework for managing change to services agreed as part of its contracts with its main commissioners across the North East. The Foundation Trust also has good relationships with Overview and Scrutiny Committees, with an excellent record of obtaining agreement to significant service change.
- Active relationships with Healthwatch and user and carer groups, and works with these groups on the management of service risks.
- A Deputy Director, Communications and Corporate Relations reporting directly into the Chief Executive for sustaining effective relationships with the key public stakeholders.
- Active engagement with governors on strategic, service, and quality risks, including active engagement in the preparation of the Annual Plan, Quality Accounts and the setting of Quality Priorities.

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

Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

Control measures are in place to ensure that the organisation's obligations under equality, diversity and human rights are complied with. All policies implemented across the organisation have been subject to equality impact assessments.

The Foundation Trust has undertaken risk assessments and Carbon Reduction Delivery plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act and the Adaption Reporting requirements are complied with.

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

The Foundation Trust has a Financial Strategy, which is approved by the Board of Directors, and which was reviewed and approved by the Board of Directors in March 2013, updated in May 2013, and approved again as part of the Operational Plan in March 2014 and March 2015. The Financial Strategy has been considered by the Finance Infrastructure and Business Development Committee, and adopted by the Trust Board. The Financial Strategy as adopted in March 2013 supported the updated five year Integrated Business Plan, which was formally approved by the Board in September 2012, and identified clear plans for the longer term use of resources to meet the organisational objectives and the financial demands generated by the prevailing economic climate. This Strategy was most recently updated as part of the submission of the 2016-17 Operational Plan, and now includes detailed plans for delivery of service and financial objectives to March 2017. The financial position is reviewed on a monthly basis through the Finance Infrastructure and Business Development Committee, through the Corporate Decisions Team and through the Board of Directors. The Financial Delivery Plan is reviewed on a monthly basis by the Finance Infrastructure and Business Development Committee, for both the deliverability and impact of the overall plan and individual schemes. The Trust Board receives an update on the Financial Delivery Plan at each meeting. On-going plans for financial delivery have been developed through the Transforming Services Programme and Groups, and reviewed through the Corporate Decisions Team and the Trust Board. An integrated approach has been taken to financial delivery with resources allocated in line with the Trust Service Development Strategy. Financial and Service Delivery Plans are integrally linked with Workforce Development Plans, which are in place for each Group. Each Group reviews its own performance on its contribution to the Trust Financial Delivery Plan at its monthly Operational Management Group. The Foundation Trust actively benchmarks its performance, through a range of local, consortium based and national groups.

Internal Audit provides regular review of financial procedures on a risk based approach, and the outcomes of these reviews are reported through the Audit Committee. The Internal Audit Plan for the year is approved on an annual basis by the Audit Committee, and the Plan is derived through the consideration of key controls and required assurances as laid out in the Trust Assurance Framework. The Audit Committee have received significant assurance on all key financial systems through this process.

6 Information Governance

The Foundation Trust also has effective arrangements in place for Information Governance with performance against the Information Governance Toolkit reported through the Caldicott Health Informatics Group, Quality and Performance Committee and the Corporate Decisions Team. The Foundation Trust has put in place a range of measures to manage risks to data security. Version 13 of the Toolkit was released in May 2015 and the Trust has met the required standard of level 2 across all key standards in the Information Governance Toolkit.

:

The Trust has reported one incident during the current year classified at level 2 in the Governance Incident Reporting Tool. In this incident clinical correspondence in relation to two service users was sent in error to another service user along with their own clinical correspondence. This was reported to the Information Commissioner but no action was taken as they were satisfied that remedial steps had been put in place by the Trust to minimise reoccurrence.

7 Annual Quality Report

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare Quality Accounts for each financial year. Monitor has issued guidance to NHS Foundation Trust boards on the form and content of annual Quality Reports which incorporate the above legal requirements in the *NHS Foundation Trust Annual Reporting Manual*.

2015/16 is the 7th year of developing of Quality Accounts/Report for Northumberland, Tyne and Wear NHS Foundation Trust. The Trust has built on the extensive work undertaken to develop the Trust Integrated Business Plan and has drawn on the various guidance published in relation to Quality Accounts.

The Trust has drawn upon service user and carer feedback as well as the Council of Governors to inform the Quality Account/Report. We have also listened to partner feedback on areas for improvement and our response to these are incorporated in the 2015-16 Quality Account.

Whilst the national requirement is to set annual priorities the Trust has established 3 overarching Quality Goals which span the life of the Integrated

Business Plan, ensuring our annual priorities enable us to continually improve upon the three elements of quality: Patient Safety, Clinical Effectiveness and Patient Experience as shown in Figure 33 below.

Goal	Description
Safety	Reduce incidents of harm to patients
Experience	Improve the way we relate to patients and carers
Effectiveness	Ensure the right services are in the right place at the right time for the right person

Our Quality Governance arrangements are set out in section 4 of the Annual Governance Statement. The Executive Director of Commissioning and Quality Assurance has overall responsibility to lead the production and development of the Quality Account/Report. A formal review process was established, the Quality Account/Report drafts were formally reviewed through the Trust governance arrangements (Corporate Decisions Team, Quality and Performance Committee, Audit Committee, Council of Governors and Board of Directors) as well as being shared with partners.

The Trust has put controls in place to ensure the accuracy of the data used in the Quality Account/Report. These controls include:

- Trust policies on quality reporting, key policies include:
 - NTW (O) 05 Incident Policy (including the management of Serious Untoward Incidents)
 - NTW (O) 07 Comments, Compliments and Complaints Policy
 - NTW(O)09 - Management of Records Policy
 - NTW(O)26 - Data Quality Policy
 - NTW(O)28 – Information Governance Policy
 - NTW(O)34 - 7 Day Follow Up
 - NTW(O)62 - Information Sharing Policy
- Systems and processes have been further improved across the Trust during 2015-16 with the continued expansion of the near real-time dashboard reporting system, reporting quality indicators at every level in the Trust from patient/staff member to Trust level.
- The Trust has training programmes in place to ensure staff have the appropriate skills to record and report quality indicators. Key training includes:
 - Electronic Patient Record (RiO)
 - Trust Induction
 - Information Governance
- The Trust audit plan includes a rolling programme of audits on quality reporting systems and metrics.
- The Internal Audit Plan is fully aligned to the Trust's Corporate Risk Register and Assurance Framework, and integrates with the work of clinical audit where this can provide more appropriate assurance.

- In 2010 the Trust supported Monitor in the development of a Quality Governance Framework. The Quality and Performance Committee reviews performance against Monitor's published Quality Governance Framework on a quarterly basis.
- The Foundation Trust has a near real-time reporting system which connects all our business critical systems. The system presents information at varying levels enabling board to patient drill down. It is accessible by all Trust staff.

Through the engagement and governance arrangements outlined above the Trust has been able to ensure the Quality Account/Report provides a balanced view of the Organisation and appropriate controls are in place to ensure the accuracy of data.

8 Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, the counter fraud team, clinical audit and the executive managers and clinical leads within the NHS Foundation Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the Quality Report attached to this Annual Report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Trust Board, the Audit Committee, and the Foundation Trust governance committees and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Performance and Assurance Framework provide me with evidence that the effectiveness of controls in place to manage the risks associated with achieving key organisational objectives have been systematically reviewed. Internally I receive assurance through the operation of a governance framework as described above, including the Trust wide Governance Structure, Group level governance structures, internal audit reviews and the Audit Committee.

My review is also informed by (i) On-going registration inspections and Mental Health Act reviews by the Care Quality Commission (ii) the National Health Service Litigation Authority, having achieved 100% at Level I for the Risk Management Standards for Mental Health and Learning Disability, (iii) External Audit, (iv) NHS England (v) Monitor's ongoing assessment of the Foundation Trust's performance, (vi) on-going review of performance and quality by our Commissioners and (vii) the external assessment of the Trust's

governance arrangements using the Well Led Framework through 2015-16, supported by Deloitte.

Throughout the year the Audit Committee has operated as the key standing Committee of the Trust Board with the responsibility for assuring the Board of Directors that effective processes and systems are in place across the organisation to ensure effective internal control, governance and risk management. The Audit Committee is made up of three Non-Executive Directors, and reports directly to the Board of Directors. The Committee achieves its duties through:

- Consideration of the systems and processes in place to maintain and update the Assurance Framework, and consideration of the effectiveness and completeness of assurances that documented controls are in place and functioning effectively.
- Scrutiny of the corporate governance documentation for the Foundation Trust.
- The agreement of external audit, internal audit and counter fraud plans and detailed scrutiny of progress reports. The Audit Committee pays particular attention to any aspects of limited assurance, any individual areas within reports where particular issues of risk have been highlighted by internal audit, and on follow up actions undertaken. Discussions take place with both sets of auditors and management as the basis for obtaining explanations and clarification.
- Receipt and detailed scrutiny of reports from the Foundation Trust's management concerning the governance and performance management of the organisation, where this is considered appropriate.
- Review of its own effectiveness against national best practice on an annual basis. The terms of reference for the committee were adopted in line with the requirements of the Audit Committee Handbook and Monitor's Code of Governance.

The Trust Board itself has a comprehensive system of performance reporting, which includes analysis against the full range of performance and compliance standards, regular review of the Assurance Framework and Corporate Risk Register, ongoing assessment of clinical risk through review of complaints, SUIs, incidents, and lessons learned. The Quality and Performance Committee receives a regular update on the performance of clinical audit. The Board of Directors also considers periodically a review of unexpected deaths which includes a comparison with national data, when available.

There are a number of processes and assurances that contribute towards the system of internal control as described above. These are subject to continuous review and assessment. The Assurance Framework encapsulates the work that has been undertaken throughout the year in ensuring that the Board of Directors has an appropriate and effective control environment. This has

identified no significant gaps in control and where gaps in assurance have been identified, actions are in place to ensure that these gaps are addressed.

9 Conclusion

My review confirms that Northumberland, Tyne and Wear NHS Foundation Trust has a generally sound system of internal control that supports the achievement of its policies, aims and objectives. No significant internal control issues have been identified.

..... Chief Executive Officer
(on behalf of the Board)
.....