
Annual Report and Accounts

Northumberland, Tyne and Wear
NHS Foundation Trust

2016 to 2017





Northumberland, Tyne and Wear NHS Foundation Trust

Annual Report and Accounts 2016 to 2017

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1. Chair and Chief Executives Introduction

Introduction from the Chairman and Chief Executive

Northumberland, Tyne and Wear NHS Foundation Trust ('NTW' or the '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 are delighting to have been rated as 'Outstanding' by the CQC in 2016.

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 24th May 2017.



Alexis Cleveland
Trust Chair (Acting)



John Lawlor
Chief Executive

2. 2. The Performance Report

2.1 Overview

This overview will provide an understanding of the Trust, including the services we provide, our organisational vision and values, strategic direction and potential risks as well as a summary of our performance during 2016-17.

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 one of the largest mental health and disability organisations in the country with an income of nearly £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 were delighted to be rated 'Outstanding' by the CQC in 2016.

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; and
- Ferndene, Prudhoe.

Review of the year 2016/17

The past year in NTW has been a particularly notable and busy one. Together we have achieved so much in the face of many challenges and the ever-changing landscape of mental health, learning disability and neurological care. It would be impossible to include everything that we have achieved, but here are some highlights.

In March 2016, we announced that we would be launching our own charity. Since then, the SHINE Fund has already paid for many extras that make a big difference in people's experiences of our services. SHINE has funded drama workshops, fitness days, greenhouse and cycling equipment, among other things, and will continue to make a real difference to staff and the people we serve.

In April we celebrated our 10th birthday – a decade of providing care to people in the North East and beyond. We had the opportunity to reflect on how far we've come and think about what we want to achieve in the next 10 years.

That same month we launched a full set of self-help guides in British Sign Language, showing the Trust's ongoing commitment to make the support we provide as accessible as possible.

Mental Health Awareness Week in May saw us join together with many of our partners to raise our voices about the wrongful stigma still faced by many people. This is something we are all passionate about in NTW and the Trust remains determined to improve society by fighting to end stigma.

In May, the Tyneside Recovery College opened at Broadacre House. This award-winning and innovative partnership now has 300+ students and the College is delivering much-needed services, devised and led by people who are experts in mental health by their own experience. Our other Recovery Colleges are becoming equally well established, providing new and innovative opportunities for our services users.

Not long after this, the Trust was selected to be part of NHS Employers' diversity and inclusion partners programme for the second year running. The Black, Asian, Minority Ethnic (BAME) network was essential in this achievement. Improving inclusion and promoting equality is essential for any organisation and is something we will continue to work on.

In June, the Trust was celebrating after winning a prestigious award from the North East Branch of the Chartered Institute of Personnel and Development (CIPD) for our work in employee engagement.

Perhaps the most notable achievement in the past 12 months has been that of the CQC inspection. It was humbling to see so much of the fantastic work our staff do rightly praised by inspectors. Because of their hard work, in September 2016 we became one of the first Trusts of our kind to be rated as "Outstanding".

Although proud of what we achieved, there are still areas we need to work on and we are never complacent. We will keep working to provide the very best care and support to people that we can.

In September our partnerships with other organisations and experts by experience paid off when we joined together to launch RESPOND training. This is training for all parties who may be involved when someone has a mental health crisis. RESPOND would not have been possible without the input of people who had lived experience of this.

October brought with it some very exciting news on autism research. A study the Trust took part in revealed that early intervention to help parents and autistic children communicate helped reduce autistic symptoms in the long-term. This was an important and exciting step in developing more support for families living with autism, as well as showing the real value of effective partnerships and research.

Later that month, the new £4.6m purpose-built Cleadon Ward opened its doors at Monkwearmouth Hospital. The ward has been designed specifically to be a comforting and safe environment for older adults with mental health problems.

A month later, in November, we opened the Mitford unit at Northgate Hospital. Again this was a specially designed and purpose-built unit for adults with autism, with the input of people who use our services, clinicians and architects.

At the end of November, the Trust received a tremendous boost when it was awarded £2.7m from NHS England to improve perinatal mental health services over the next few years. This means we can expand our services and reach more women who need vital support.

December was a very busy month as it was announced research we had been part of had established that up to one in 11 cases of psychosis may stem from antibodies attacking the brain. This could possibly lead to a potential new cure for some forms of psychosis.

As Christmas approached, staff at NTW got overwhelmingly behind our Handbags for Homeless Women campaign. Together we were able to collect more than 700 bags filled with sanitary protection and toiletries for vulnerable women across the North East.

In January the Trust was chosen by NHS Improvement to be its strategic partner in developing its mental health improvement programme. It's a privilege to be able to shape mental health care in a positive way across the country.

The launch of the Blue Room, an immersive virtual reality to help autistic children overcome their phobias was launched as a NHS service thanks to our partnership with Newcastle University and others.

Our annual staff awards took place at Newcastle Civic Centre. It was a wonderful evening celebrating, with great pride, our staff and other special people who have done such exceptional work for the Trust and for the people we serve.

We have also had some good news in that some of our services have been hand-picked to feature in the Guide to Positive Practice in Mental Health Care. This is a really positive beginning to the next 12 months, in which we can hopefully continue to build on all of your hard work.

Thank you to everyone who has contributed towards our productive and progressive year and for all your hard work.

Our Vision and Values

We were proud this year to show the Care Quality Commission the services we provide at Northumberland, Tyne and Wear NHS Foundation Trust.

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

‘To 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; and
- 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, which we keep under review 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 Vision	To improve the wellbeing of everyone we serve through delivering services that match the best in the world		
Our Mission	We strive to provide the bestcare, delivered by the best people, to achieve the best outcomes		
Our Values	Caring and Compassionate <ul style="list-style-type: none">• Put ourselves in other peoples shoes• Listen and offer hope• Focus on recovery• Be approachable• Be sensitive and considerate• Be helpful• Gothe extra mile	Respectful <ul style="list-style-type: none">• Value the skill and contribution of others• Give respect to all people• Respect and embrace difference• Encourage innovation and be open to new ideas• Work together and value our partners	Honest and Transparent <ul style="list-style-type: none">• Have no secrets• be open and truthful• Accept what is wrong and strive to put it right• Share information• be accountable for our actions

Our History

The 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; and
- Partner organisation constituency.

The Trust's Strategy

During 2016 the Trust has undertaken a comprehensive process to review the Trust's strategy and to develop a new strategy for the 5 years from 2017/18. This was approved by the Board of Directors in January 2017, and was implemented from 1st April 2017.

From the start we took an inclusive approach to refreshing our strategy and over the last eighteen months we have involve lots of people in lots of different ways including:

- Service Users and Carers;
- Our staff;
- Our 3 clinical Groups;
- The Council of Governors; and
- The Board of Directors.

We have taken into account national and local strategies that are relevant to the people using our services, carers, our staff and our organisation as a whole.

The involvement work took many forms and some key themes emerged which apply to all of the different services we provide. These were:

- Including people;
- Being people centred;
- Recovery;
- Pathways;
- Support;
- Wellbeing;
- Quality;
- Expertise; and
- Listening.

The feedback from all of those involved has helped us shape this strategy, identify what is important and determine our Strategic Ambitions. The title of our strategy, 'Caring, discovering, growing: Together' sums up the themes and comments which everyone made.

We have developed 6 strategic ambitions as part of the new strategy. These are:

1. Working together with service users and carers we will provide excellent care, supporting people on their personal journey to wellbeing.
2. With people, communities and partners, together we will promote prevention, early intervention and resilience.
3. Working with partners there will be "no health without mental health" and services will be "joined up".
4. The Trust's mental health and disability services will be sustainable and deliver real value to the people who use them.
5. The Trust will be a centre of excellence for mental health and disability.
6. The Trust will be regarded as a great place to work.

Each of our strategic ambitions is underpinned by high level, measurable goals. These focus on Trust-wide issues for example care models, changes to estate and partnership working.

Equally, if not more important is how the strategy 'feels' on the ground to our service users and their families, and our staff. Our strategy will only be successful if we are able to see further improvements in how people experience us.

With this in mind we will be asking local teams to develop their own approach to implementing the strategy specific to their own service. Central to this will be deeper partnerships with services users, carers, families, communities and other organisations.

A further element to our strategy is the major change programme of work. This sets out the significant service developments (including estates programmes) which will contribute to the different strategic ambitions. These include:

- **Delivering excellence in in patient care:**

In-patient care is provided in fit for purpose facilities, with common standards of care and support, responsively, 7 day week, within the constraints of the resources available to us;

- **Great care in your community:**

Roll out new community evidence based care pathways across Northumberland, North Tyneside, Newcastle and Gateshead and ensure that our community services work alongside our partners to ensure people's holistic needs are met. We will deliver community services which demonstrably deliver value for money in terms of productivity and outcomes;

- **Building the right support - Transforming services for people with learning disabilities and autism:**

We will close the agreed number of adult secure beds, in line with the national programme. We will work to ensure a patch wide approach to improving services for people with a learning disability and autism, using our expertise alongside partners to transform the services across the whole pathway in all localities. We will develop our provision of world class in- patient services for people with autism with the most complex needs;

- **Building resilience for people and communities:**

We will, as an integral part of the Northumberland, Tyne and Wear and Durham, Sustainability and Transformation Plan (NTWDSTP), play a leading role with partners in developing a patch wide approach to building resilience for people and communities. We will work with all partners and agencies to enable people, their families, carers and communities to better manage mental illness, including its precursors, and disability;

- **Our Future for Children and Young People-improved access to community services:**

We will promote and play an integral part in delivering a system wide approach to improving services for children and young people, collaborating with all partners;

- **Enabling the system to support your whole needs:**

We will, as an integral part of the NTWDSTP, promote a patch wide approach to better supporting people's whole needs, working with all local acute hospitals and community service providers to integrate mental health into physical health pathways; and

- **Our Future for Children and Young People-Care for the most vulnerable**

We will not provide young people's specialist inpatient services from the current location of Alwood in the medium term and will re-provide those services from alternative accommodation or exit from the market. We will develop a sustainable model of care for children and young people requiring specialist in-patient support.

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 3.7) 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 the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Trust continues to adopt the going concern basis in preparing the accounts.

2.2 Performance Analysis

Performance Management and Reporting Framework

Single Oversight Framework

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

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

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

The Single Oversight Framework applied from Quarter 3 of 2016/17. Prior to this, Monitor's Risk Assessment Framework (RAF) was in place. Information for the prior year and first two quarters relating to the RAF has not been presented as the basis of accountability was different. This is in line with NHS Improvement's guidance for annual reports.

Segmentation

NHS Improvement have assessed the Trust as segment 2 – targeted support. There are no enforcement actions placed upon the Trust by NHS Improvement and no actions are being taken or proposed by the organisation.

This segmentation information is the Trust's position as at 31st March 2017. Current segmentation information for NHS Trusts and Foundation Trusts is published on the NHS Improvement website.

Finance and Use of Resources

The Finance and Use of Resources theme is based on the scoring of five measures from '1' to '4', where '1' reflects the strongest performance. These scores are then weighted to give an overall score. Given that the Finance and Use of Resources is only one of the five themes feeding into the Single Oversight Framework, the segmentation of the Trust disclosed above might not be the same as the overall finance score here.

Figure 3. Finance and use of resources

Area	Metric	2016/17 Q3 score	2016/17 Q4 score
Financial sustainability	Capital service capacity	3	3
	Liquidity	1	1
Financial efficiency	I&E margin	1	1
Financial controls	Distance from financial plan	2	1
	Agency spend	2	3
Overall scoring		2	2

The Trust has an integrated performance reporting structure, which mirrors the key reporting requirements of the 'Intelligent Mental Health Board'.

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 self-declaration process.

The Trust provides services to a broad range of commissioners. The main commissioners for the Trust in 2016/17 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.

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 2016/17 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 required to register with the CQC and its current registration status is registered without conditions and therefore licensed to provide services. The CQC has not taken enforcement action against the Trust during 2016/17.

The CQC conducted a comprehensive inspection in June 2016 and rated the Trust as "Outstanding". The Trust has not participated in any special reviews or investigations by the CQC during the reporting period.

The Trust intends to take the following actions to address the conclusions or requirements reported by the CQC:

- We will ensure that care plans in wards for older people are more personalised; and
- We will reduce the use of mechanical restraint in wards for children and young people.

Details relating to CQC Registration Activity during 2016/17 is shown in Section 4, the Quality Report.

Financial Performance

2016/17 was a challenging year from a financial perspective but the Trust continued to perform well meeting its financial targets. The Trust was behind plan in each of the first 5 months of the year but managed to turn around the position over the last 7 months of the year to exceed its control total. This means the Trust received all its core Sustainability and Transformation Fund (STF) funding and became eligible to receive Incentive and Bonus STF funding. 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. Bed reductions also resulted from the Trust being part of the LD Transformation programme which result in a number of LD beds closing. During the year, 2 wards were closed.

The Trust's transformation of services strategy is seeing a marked change in the estate. The Trust has continued to work with the Newcastle Gateshead CCG following the outcome of the formal consultation exercise relating to the future models of delivery for inpatient services at the beginning of the year. The Trust's new autism unit and Cleadon, an upgraded Older People's unit, both opened during the year while further schemes to improve community premises have also been undertaken.

The Trust undertakes a revaluation of its estate each year and this year this resulted in impairments of £13.1m due to a reduction in the value of land and buildings. There were also impairments of £12.8m when bringing new assets into use during the year. The total impairment of £25.9m was recognised as a loss in year in the Statement of Comprehensive Income resulting in a deficit of £16.6m being recorded for the year.

Any losses through revaluations or impairments are not taken into account when assessing the financial risk ratings used by the Trust's regulator, NHS Improvement.

Excluding revaluations and impairments, the Trust generated a surplus of £9.2m. This consisted of £5.1m Trust generated surplus and as a result of the Trust meeting its performance targets and exceeding its control total, £1.8m core STF funding and £2.3m Incentive and Bonus STF funding. This resulted in the Trust having a Use of Resources risk rating of 2. Our performance against the monitoring metrics from the Single Oversight Framework used by NHS Improvement is shown in the table opposite.

Figure 4: Performance against NHSI Use of Resources Metric 2016/17

Financial Sustainability Risk Ratings	Plan	Achieved	Risk Rating	Weight	YTD Risk
Capital Service Capacity	3	1.66x	3	20%	Amber
Liquidity Ratio	1	11.3 days	1	20%	Green
I&E Margin	1	3.22%	1	20%	Green
I&E Margin Variance	1	1.05%	1	20%	Green
Agency Ceiling	1	30.63%	3	20%	Amber
Overall Rating	1		2		Green

The Trust's risk rating was 2 rather than the lowest risk rating of 1 due to agency spend being above its agency ceiling. In 2016/17 NHS Improvement introduced agency spend ceilings and allocated the Trust, without consultation, a target spend of £8.6m which was £5m less than spend in 2015/16. The Trust has made good progress to achieve this target, reducing monthly agency spend from an average of £1.2m per month in Quarter 1 to £0.75m per month in Quarter 4, and annual spend from £13.6m in 2015/16 to £11.3m in 2016/17. However, this was still £2.7m above the Trust's agency ceiling. Work continues on reducing the levels of agency spend and the Trust is confident that it will not exceed the agency ceiling, which has remained at £8.6m, in 2017/18.

Capital spend in the year was £12.6m, which was £9.0m less than plan. This was mainly due to the Trust slowing down its work programme due to the national constraints on capital spending and loan availability. The Trust did not have any asset sales during the year.

The Trust delivered £6.9m (59%) of its planned recurring Financial Delivery Programme, with £4.8m of the £11.7m planned to be delivered carried forward to 2017/18. 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 and within Forensic In-patients as a result of LD Transformation bed closures. A new service model for 2017/18 with a reduction in bed numbers has been agreed with NHS England in relation to in-patient services at Alnwood and revised service models and additional recurrent funding have been agreed with CCG's for community services. Plans are in place

to redeploy staff affected by LD Transformation bed & ward closures. This will reduce the pressures in these areas in the coming year.

During the year, the Trust worked on setting up a subsidiary company, NTW Solutions, to provide estates, facilities and transactional services from 1 April 2017.

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 an area of significant 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 vanguards 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 the table below.

Figure 5: Payment of Trade Invoices

Better Payment Practice Code	2016/17 Number of invoices paid within target	2016/17 Value of invoices paid within target	2015/16 Number of invoices paid within target	2015/16 Value of invoices paid within target
Non-NHS Trade Invoices	92.7%	92.6%	90.6%	94.6%
NHS Trade Invoices	91.6%	99.7%	90.0%	99.8%

There were no payments made in year under the Late Payment of Commercial Debts (Interest) Act 1998. This was also the case in 2015/16.

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

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

Service Developments Community Services transformation

The Community Transformation Programme has been led by the community services group during 2016/17 through the community services improvement group. It 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 ongoing redesign of services to meet the following needs in adults: psychosis; non-psychosis; cognitive disorders and learning disability.

This work began in 2013/14 with 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 and 2016/17 alongside other improvement work in localities.

Work with commissioners and stakeholders has continued to design and implement improved community pathways in Northumberland, North Tyneside, Newcastle and Gateshead.

One key element of improving community services is the Initial Response Service and other improved access models which have been established across the localities. These services improve access for urgent requests for help including signposting to relevant services within and outside the organisation.

The new improved community pathways have continued to be 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.

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; and
- Financial viability - is it affordable.

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 sought views on three possible locations for adult acute assessment and treatment and rehabilitation services and two possible locations for older people’s services.

The outcome of the public consultation was presented to the CCG Governing Body on 28th June 2016. The changes will mean the creation of new in-patient facilities at Newcastle’s St Nicholas’ Hospital, and the opportunity to innovate a wider range of improved and new community services, some that will be specifically provided by community and voluntary sector organisations under future new contracts, that will link with statutory NHS services.

While the decision will mean the closure of Gateshead’s standalone Tranwell Unit, as well as the Hadrian Clinic in Newcastle, it provides the opportunity to make significant changes that will create new interlinking community and hospital mental health services that will reduce the reliance on hospital stays, shorten the time people spend in hospital and overall improve their experience of services, helping them to recover sooner, stay well and have fulfilling lives.

Older people’s services in Newcastle would also change and be consolidated at St Nicholas’ Hospital, closing wards based on the former Newcastle General Hospital site.

The money released from these changes will be invested into new and enhanced services that will create a better way for people to be supported and cared for in their own communities, minimising the need for in-patient care because new innovative services will support them, when they need it.

Specialist Care Services

The Specialist Care Group is responsible for the provision of high quality, efficient and effective services within a multitude of health care settings. The nature of the services provided are such that direct and indirect work with key stakeholders is a key success factor. Key areas of success during 2016/17 have included:

- The opening of Mitford Unit – a 15 bedded Specialist Autism Inpatient facility based at Northgate Hospital. Over the past few months there has been a steady increase in the use of this facility and early indications would suggest that the care packages on offer supplemented with the high quality environment is having a positive impact on service users;

- Work has commenced on the development of two discreet major developments linked to the Trusts Operational Plan, the first being :

- 1) Review of Secure Services (Adult Mental Health and Learning Disability provision). A number of factors identified this piece of work being a priority during 2016/17 including the Transforming Care agenda, environmental shortfalls at the Kenneth Day Unit and NHS England's Commissioning intentions for this service. Significant levels of internal staff engagement has taken place to date on the most desirable model and this will continue into Quarter 1 of 2017/18.

- 2) Environmental shortfalls on Alnwood ward coupled with the CQC outcome was a catalyst for the review of Specialist Children's Inpatient services. A major development proposal has been developed and agreed by the Board which in turn initiated formal consultation with staff on Alnwood. The ongoing nature of this work is such that high levels of engagement and consultation will be required with staff members throughout the year.

- A number of the services currently provided by the Specialist Care Group are subject to ongoing review by NHS England in respect of levels of activity, performance metrics and collaboration and this will continue throughout 2017/18.

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, with physical health needs 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 2016 /17 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 continuing to improve 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 final phase of the new model of delivery and implementation took place in 2016/17 with implementation being completed this year.

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 2016 / 17 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 at the Northumberland, Tyne and Wear and North Durham strategic level, as well as within the localities.

The Trust has agreed to lead the 'Mental Health Workstream' which exists as part of the STP framework.

This will work across the other workstreams to ensure that mental health needs are considered in each of the developing work programmes.

Partnership working

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

- A partnership with Newcastle upon Tyne Hospitals NHS Foundation Trust and Newcastle University to establish "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;
- Our partnership with Insight, who we work with in the provision of Newcastle Talking Therapies;
- 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 Tees, Esk and Wear Valleys Foundation Trust (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; and
- The provision of the Sunderland and Gateshead Acquired Brain Injury Service in partnership with Headway, Momentum and Neuro Partners.

Environmental Matters

The Trust is committed to providing a well maintained environment which supports a sustainable health and care system by enabling staff to deliver high quality care through efficient use of resources. Investment in high quality, safe and welcoming patient environments has continued with the Mitford development on the Northgate Hospital site. The 15 bed in-patient facility which provides highly specialist care for adults with an Autistic Spectrum Disorder was opened in November 2016 and includes designs which feature low carbon and renewable technologies to minimise energy consumption, the use of material from sustainable sources, recycling of materials and sustainable construction methods. It supports clinical staff and patients by allowing for highly individual environmental adaptations to reduce anxiety and positively impact on challenging behaviours. Mitford has been shortlisted in two categories – Project of the Year and Collaborative Estates and Facilities Team in the Design in Mental Health Awards 2017.

Environmental sustainability is a key priority, not only for its general benefit but also the benefit of reduced cost. The Trust's Sustainable Development Management Plan (SDMP) 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.

The action plan links closely to the Good Corporate Citizenship (GCC) model which sets out a number of areas for benchmarking our performance on sustainability.

Having recently undertaken our 2016/17 assessment against the GCC model, we have improved on our previous figure of 43% in September 2013 to 51% in December 2016 and exceeded the targets recommended by the Sustainable Development Unit.

As part of the SDMP, there was a particular focus on waste management this year and recycling facilities are now in place in main hospital sites. As well as reducing our environmental impact this will also reduce waste disposal costs. A system to help manage the re-use of furniture and equipment across the Trust has also been introduced and has resulted in cost savings from avoided purchase of new items and reduced waste disposal costs.

Going forward there will be a renewed focus on energy efficiency with a view to further reducing the Trust's carbon footprint and mitigating against rising energy costs.

The Trust has an Environmental Sustainability Policy that was implemented in September 2014 and has been under review.

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. People with learning disabilities and other impairments also experience unfairness in many areas of life. NTW aims to be a campaigning organisation which challenges discrimination of all types and which has an important role to play in improving outcomes for people with mental health issues, learning disabilities and other disabilities in the region.

To support this, the Trust has been involved in the North East Commission in to Health Inequalities, led by Duncan Selbie, Chief Executive of Public Health England. The Trust supported the Commission to consider all aspects of mental health as well as physical health inequalities experienced locally. The recommendations from the commission included specific items in relation supporting people with mental ill health to gain support to remain in work.

The Trust has continued to develop local Recovery Colleges. Each of the colleges has different governance arrangements which have been agreed in relation to the local circumstances with the Trust offering support in kind.

ReCoCo the Recovery College Collective supporting people in Newcastle and Gateshead has continued to go from strength to strength. People living in Northumberland can now access 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. In Sunderland the Recovery College is provided in partnership with Sunderland Care and Support.

Also this year, The Gateway Recovery College has been established. This is a recovery college for our secure inpatient services which aims to complement specialist care, assessment and treatment and support students to increase their skills.

As part of the Transforming Care programme, the Trust has been working closely with advocacy organisations to ensure that people with learning disabilities are able to receive a good standard of service which meet their individual needs. We have been working with experts by experience who 'quality check' services. They have been assessing community services for people with a learning disability in Sunderland as well as Rose Lodge, an inpatient service. A review of Newcastle community team is in progress. This approach of asking experts by experience to provide an honest assessment of our services is also feeding into national development work in relation to quality checkers.

Also in the learning disability area, we have developed a partnership with local advocacy groups (Skills for People and Your Voice Counts) to deliver mindfulness courses for people with a learning disability and /or autism. These have been very well received and have been highlighted in a local video.

We have continued to assess our services against the standards set out in the 'Greenlight toolkit'. This outlines the standards people with a learning disability and/or autism should receive from mainstream adult mental health services. A recent review shows positive changes and areas of good practice. It has also identified some development areas which are being progressed.

The Trust has a 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 cannot use standard disabled toilets.

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.

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 2016/17.

Overseas Operations

The Trust does not engage in any commercial overseas operations.

3. Accountability Report

3.1 Directors report

John Lawlor has served as Chief Executive of the Trust throughout 2016/17.

The role of Chair is held by Hugh Morgan Williams. On 30th November 2016 the Charities Commission announced an investigation into a charity unrelated to the Trust, where Mr Morgan Williams is a trustee. Mr Morgan Williams voluntarily stepped aside from his role as Chair while this investigation was undertaken. Alexis Cleveland was appointed by the Council of Governors as Acting Chair on 1st December 2017. Paul McEldon has been the Trusts Vice Chair throughout 2016/17.

Other Directors of the Trust are:

Figure 6 - Directors of the Trust

Name	Role
Dr Les Boobis	Non-Executive Director
Martin Cocker	Non-Executive Director /Audit Committee Chair / Senior Independent Director
Lisa Crichton-Jones	Director of Workforce and Organisational Development
James Duncan	Deputy Chief Executive/Director of Finance
Miriam Harte	Non-Executive Director
Neil Hemming	Non-Executive Director (until 31.12.16)
Dr Rajesh Nadkarni	Medical Director
Gary O'Hare	Director of Nursing and Operations
Lisa Quinn	Director of Commissioning and Quality Assurance
Peter Studd	Non-Executive Director
Ruth Thompson	Non-Executive Director

Significant interests

The Trust maintains a Register of Director's Interests which can be found on the Trusts website, or by contacting the Board Secretary.

HM Treasury, cost allocation and charging guidance

The Trust has complied with cost allocation and charging guidance issues by HM treasury.

Better payment practice code and interest payments under the late payment of commercial debt act

We continue to monitor our performance in terms of paying our trade suppliers in line with our target of paying 95% within 30 days of receiving a valid invoice or within term, whichever is the shorter. An analysis of our performance is shown in Figure 7 below.

Figure 7: Payment of Trade Invoices

Better Payment Practice Code	2016/17 Number of invoices paid within target	2016/17 Value of invoices paid within target	2015/16 Number of invoices paid within target	2015/16 Value of invoices paid within target
Non-NHS Trade Invoices	92.7%	92.6%	90.6%	94.6%
NHS Trade Invoices	91.6%	99.7%	90.0%	99.8%

There were no payments made in year under the Late Payment of Commercial Debts (Interest) Act 1998. This was also the case in 2015/16.

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

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

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 2016/17, Section 3.7 of this Report.

The Trust's Annual Governance Statement 2016/17, outlines how the Trust has had regard to NHS Improvement'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), the NHS Foundation Trust Code of Governance and other best practice guidance.

The CQC undertook a comprehensive assessment in June 2016, and found the Trust to be 'Outstanding' overall, and in the Well Led, Responsive, Caring and Effective domains.

The 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; and
- 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, including in the Quality Report, Performance Report and Annual Governance Statement.

Patients and Carers Involvement

The Trust actively engages service users, 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 where appropriate.

During 2016/17 patients and carers were involved in the following:

- Shaping our quality priorities for 2017/18;
- Shaping the development of our new Trust Strategy;
- Ongoing involvement via the service user and carer Reference Groups, and Carers Forums; and
- Refreshing the 'Points of You' feedback form.

Patient Feedback

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 and Quality Assurance functions including:

Points of You';

- Friends and Family Test;
- Service User and Carer Network;
- Essence of Care;
- Complaints, Incidents and Patient Advice and Liaison Service (PALS) Reports;
- Service visits by Directors;
- Service user and carer groups for particular wards and services;
- 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;
- The Short Warwick and Edinburgh Mental Wellbeing Scale (SWEMWEBS); and
- Local and national surveys.

The Council of Governors has developed a Quality Sub Group which looks specifically at enhancing the quality of trust services. This group also reviews progress toward the Quality Goals and Quality priorities throughout the year.

A Carers' Charter has been developed which outlines how we will work in partnership with carers and provide support and help. More recently we have also developed a focus on the 'Triangle of Care'. 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' has been significantly refreshed in 2016/17 to review and strengthen our feedback mechanisms. This gathers 'real time' feedback from service users and carers across our services.

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 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 ensure that everyone has access to a range of useful health and wellbeing information resources. The service is free and completely confidential. The staff at the Centre can provide access to information resources about: medical conditions, procedures and treatments, accessing self-help and support groups, using the NHS complaints process and NHS services within the Trust.

The services offered by the centre are available to everyone, not only to patients. The Centre has established good working relationships with other statutory and voluntary organisations so that they can make referrals with confidence.

Mental health self-help guides are available online in a range of formats, including British Sign Language (BSL), Easy Read, Large print and audio
www.ntw.nhs.uk/selfhelp

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 are confident that patients, carers and family know how to raise a complaint.

Complaints have increased during 2016/17 with a total of 436 received during the year (during which time we provided care and treatment for more than 80,000 people). This is an increase of 74 complaints (or 20%) from 2015/16, and the increase can be seen across different categories. There was a reduction in complaints relating to restraint which may be linked to the implementation of the Positive and Safe Strategy.

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 reviews the complaints received and identified 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.

Service improvements following staff or patient surveys or CQC reports

As a result of our comprehensive CQC inspection in 2016, we have taken action to improve the personalisation of care plans in older people's inpatient services. Specifically, we have developed a specific quality priority for 2017/18 in relation to the co-production and personalisation of care plans and also in relation to the reading of patients' rights under the Mental Health Act.

Stakeholder Relations

The Trust is a significant partner in the STP locally. Taking the lead role in the Mental Health Workstream which has been established. This aims to integrate the prevention and support of mental ill health across the whole health economy.

We have also continued to work in each locality to support the implementation of the five year forward view including through Health and Wellbeing Boards and Vanguard Programme Boards. A named Executive Director leads this work in each locality, supported by operational managers and clinicians.

The Trust has not entered into any new formal partnership arrangements during 2016/17.

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) meeting (when requested) to present updates on the Trust's plans and make specific presentations on any proposed changes to services. Issues this year have included:

- Updates on the deciding together process for Gateshead and Newcastle Committees;
- Presentation on our Quality Account (offered to all committees);
- Overview of NTW Services (Sunderland); and
- Update on learning Disability Services (Northumberland).

For many changes, the relevant CCG will be the lead organisation and NTW will work in partnership with those officers.

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. Also, each director 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.

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

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. This income has had no impact on the on the provision of goods and services for the purposes of the health service in England.

Figure 8 – Private Patient Income

Private Patient Income	2016/17 £000	2015/16 £000
Private patient income	10	143
Total patient related income	291,058	286,647
Proportion (as percentage)	0.00%	0.05%

3.2 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 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 Remuneration Committee is chaired by the Trust Chair and its membership is made up of all Non-Executive Directors (NEDs).

The Trust Acting Chair makes this 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 NEDs.

The Chair has confirmed that there have been no changes to the remuneration of Executive Directors during 2016/17, other than to agree a 1% cost of living increase for all Executive Directors.

The Chair also confirmed that the Council of Governors had reviewed the remuneration of the Non-Executive Directors (NEDs) and the Chair during 2016-17 and that there has been no change in these allowances. The Nominations Committee agreed that the Acting Chair should be paid for this role, and this has been agreed on a pro rata basis.

Senior Managers' Remuneration Policy

The Trust complies with all aspects of the Code of Governance. This includes the main principle that:

'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'.

The term 'senior manager' includes all individuals who have held office as a member of the Board of Directors. 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.

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

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. A comparison of senior manager salaries across the NHS was not considered in 2016/17 but will be considered by the Remuneration Committee during 2017/18.

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. The 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.

Performance related pay did not apply for 2016/17.

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 2016/17, 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. 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.

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

A term of office for the Chair and NEDs is three years. The re-appointment of the Chair or NED 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 2016/17; their date of appointment; the cessation date of the current tenure of the Chair and each NED; 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
Miriam Harte Non-Executive Director	01.01.17	-	31.12.20	N/A
Neil Hemming Non-Executive Director	01.01.15	31.12.16	N/A	N/A
John Lawlor Chief Executive	23.06.14	-	N/A	3
Paul McEldon Non-Executive Director / Vice Chair	01.12.09	-	31.06.17	N/A
Dr Rajesh Nadkarni Medical Director	16.01.16	-	-	3
Gary O'Hare Director of Nursing and Operations	01.12.09	-	N/A	3
Lisa Quinn Director of Commissioning and Quality Assurance	01.12.09	-	N/A	3
Peter Studd Non-Executive Director	01.01.16	-	31.12.18	N/A
Ruth Thompson Non-Executive Director	01.04.14	-	31.03.17	N/A
Hugh Morgan Williams Trust Chair	01.11.13	-	31.10.16	N/A

The Remuneration Committee met four times during 2016/17. Figure 10 below shows the membership of the Remuneration Committee during 2016/17 along with their attendance.

Figure 10: Membership of the Remuneration Committee and Attendance

Name	Meetings	
	Total	Attended
Hugh Morgan Williams (chair)	1	1
Dr Les Boobis	4	4
Alexis Cleveland (acting chair)	4	4
Martin Cocker	4	4
Neil Hemming	1	1
Paul McEldon	4	4
Peter Studd	4	4
Ruth Thompson	4	3
Miriam Harte	3	3

The Remuneration Committee has received advice from the Chief Executive, John Lawlor and Director of Workforce and Organisational Development to assist their considerations.

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 2016/17, there were 15 individuals fulfilling the role as director, 9 of them receiving expenses in the reporting period totalling £11,195. The equivalent for 2015/16 was 17 individuals with 10 receiving expenses (including relocation expenses) totalling £17,302.

During 2016/17, there were 39 individuals in Governors' roles, but at any one time there was an average of 30 Governors. Governors received expenses totalling £1,578. The equivalent for 2015/16 was 48 individuals in Governors' roles with an average of 36 at any one time. 13 Governors received expenses totalling £1,607.

Board of Director's remuneration

Figure 11 shows the remuneration for each board member who served during 2016/17 along with prior year comparatives.

Salary and Pension entitlements for senior managers 1 April 2016 - 31 March 2017

Board of Directors Remuneration Salary								
Name and Title	Salary Bands of £5,000		Taxable Benefits rounded to the nearest £100		Pension Related Benefits Annual Increase in Pension Entitlement Bands of £2,500		Total Bands of £5,000	
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16
Hugh Morgan-Williams - Chair	50 - 55	50 - 55	0	0	0	0	50 - 55	50 - 55
Alexis Cleveland - Acting Chair and Non-Executive Director	15 - 20	10 - 15	0	0	0	0	15 - 20	10 - 15
Paul McEldon - Non-Executive Director	15 - 20	15 - 20	0	0	0	0	15 - 20	15 - 20
Martin Cocker - Non-Executive Director	15 - 20	15 - 20	0	0	0	0	15 - 20	15 - 20
Chris Watson - Non-Executive Director	0 - 0	10 - 15	0	0	0	0	0 - 0	10 - 15
Nigel Paton - Non-Executive Director	0 - 0	0 - 5	0	0	0	0	0 - 0	0 - 5
Ruth Thompson - Non-Executive Director	15 - 20	15 - 20	0	0	0	0	15 - 20	15 - 20
Neil Hemming - Non-Executive Director	10 - 15	10 - 15	0	0	0	0	10 - 15	10 - 15
Dr Leslie Boobis - Non-Executive Director	15 - 20	10 - 15	0	0	0	0	15 - 20	10 - 15
Peter Studd - Non-Executive Director	10 - 15	0 - 5	0	0	0	0	10 - 15	0 - 5
Miriam Harte - Non-Executive Director	0 - 5	0 - 0	0	0	0	0	0 - 5	0
John Lawlor - Chief Executive	185 - 190	180 - 185	0	0	0	57.5 - 60.0	185 - 190	240 - 245
James Duncan - Executive Director of Finance and Deputy Chief Executive *	115 - 120	115 - 120	73	65	25.0 - 27.5	0	150 - 155	125 - 130
Dr Douglas Gee - Executive Medical Director	0 - 0	130 - 135	0	0	0	25.0 - 27.5	0 - 0	155 - 160
Dr Rajesh Nadkarni - Executive Medical Director *	150 - 155	30 - 35	50	37	45.0 - 47.5	2.5 - 5.0	200 - 205	40 - 45
Gary O'Hare - Executive Director of Nursing and Operations*	100 - 105	100 - 105	30	30	87.5 - 90.0	5.0 - 7.5	195 - 200	105 - 110
Lisa Quinn - Executive Director of Commissioning and Quality Assurance *	90 - 95	95 - 100	94	72	0	17.5 - 20.0	100 - 105	120 - 125
Lisa Crichton-Jones - Executive Director of Workforce and Organisational Development *	95 - 100	95 - 100	59	72	20.0 - 22.5	7.5 - 10.0	125 - 130	110 - 115

For Dr Radjesh Nadkarni, £45,000 of the remuneration relates to clinical duties (2015/16 £14,000 for the period in post). The remuneration of all other Executive Directors relates to management posts.

Note

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

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

Median remuneration

The median remuneration of all Trust staff and the ratio between this and the mid-point of the banded remuneration of the highest paid director are shown below. The calculation is based on full time equivalent staff of the Trust at 31 March 2017 on an annualised basis.

Figure 12: Median remuneration

Fair pay multiple	2016/17	2015/16
Median total remuneration	24,353	£24,415
Ratio to mid-point of the banded remuneration of highest paid director	7.70	7.47

Total pension entitlement

Figure 13: Board of Director Pension Analysis

Board of Directors Pension Analysis 2016/17

	Real Increase (decrease) in pension at age 60	Real Increase (decrease) in pension at lump sum	Total accrued pension at age 60 at 31-03-17	Lump sum at age 60 related to accrued pension at 31-03-17	Cash Equivalent Transfer Value at 31-03-17	Cash Equivalent Transfer Value at 31-03-16	Real Increase in Cash Equivalent Transfer Value
	Bands of £2.5k £000	Bands of £2.5k £000	Bands of £5k £000	Bands of £5k £000	£000	£000	£000
John Lawlor Chief Executive	2.5 - 5.0	7.5 - 10.0	60 - 65	190 - 195	1,328	1,240	88
James Duncan * Executive Director of Finance and Deputy Chief Executive	0.0 - 2.5	0.0 - 0.0	35 - 40	100 - 105	604	565	39
Dr Rajesh Nadkarni * Executive Medical Director	2.5 - 5.0	0.0 - 2.5	45 - 50	125 - 130	814	727	87
Gary O'Hare * Executive Director of Nursing and Operations	2.5 - 5.0	12.5 - 15.0	55 - 60	165 - 170	1,077	964	113
Lisa Quinn * Executive Director of Commissioning & Quality Assurance	(0.0) - (2.5)	(5.0) - (7.5)	30 - 35	90 - 95	515	520	(5)
Lisa Crichton-Jones * Executive Director of Workforce & Organisational Development	0.0 - 2.5	(0.0) - (2.5)	20 - 25	55 - 60	333	309	24

The Directors highlighted with * have salary sacrifice schemes which can result in decreases in pension benefits.

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

Cash equivalent transfer values (CETV) 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 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 2016/17.

Figure 14: Exit Packages 2016/17

Exit package 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 Payments Number	Special Payments £000
< £10,000	0	0	2	14	2	14	0	0
£10,001 to £25,000	0	0	4	68	4	68	0	0
£25,001 to £50,000	0	0	3	114	3	114	0	0
£50,001 to £100,000	0	0	2	129	2	129	0	0
£100,001 to £150,000	0	0	0	0	0	0	0	0
£150,001 to £200,000	0	0	0	0	0	0	0	0
> £200,001	0	0	0	0	0	0	0	0
Total	0	0	11	325	11	325	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.

Figure 15: Exit Packages 2015/16

Exit package 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 Payments Number	Special Payments £000
< £10,000	0	0	6	30	6	30	0	0
£10,001 to £25,000	0	0	0	0	0	0	0	0
£25,001 to £50,000	0	0	3	105	3	105	0	0
£50,001 to £100,000	0	0	7	482	7	482	0	0
£100,001 to £150,000	0	0	2	269	2	269	0	0
£150,001 to £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.



John Lawlor
Chief Executive
24 May 2017

3.3 Staff Report

Employee Numbers

As at 31 March 2017, the Board of Directors consisted of six Executive Directors (two female and four male) and eight Non-Executive Directors (three female and five male). The Trust has determined that for the purposes of the annual report, senior managers are considered to be Board members only.

As at 31 March 2017, excluding Executive Directors, the Trust had 6,453 employees (4,635 female and 1,818 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 5,866 (4,139 female and 1,727 male). In addition, 447 staff (352 female and 95 male) have registered with the Trusts staff bank. A total of 251 bank staff worked shifts during 2016/17.

Figure 16: Employee Expenses and Employee Numbers

Employee Expenses	Total 2016/17 £000	Permanently Employed 2016/17 £000	Other 2016/17 £000	Total 2015/16 £000	Permanently Employed £000	Other 2015/16 £000
Salaries and wages	190,105	188,872	1,233	186,112	184,823	1,289
Social security costs	17,762	17,762	0	13,525	13,525	0
Pension cost - defined contribution plans:						
Employer's contributions to NHS Pensions	25,087	25,087	25,087	24,048	24,048	0
Pension cost - other contributions	0	0	0	0	0	0
Termination benefits	0	0	0	0	0	0
Agency/contract staff	11,311	0	11,311	13,616	0	13,616
Total staff costs	244,265	231,721	12,544	237,301	222,396	14,905
included within:						
Costs capitalised as part of assets Analysed into operating expenditure	445	445	0	569	569	0
Employee expenses - Staff	241,351	228,807	12,544	234,172	219,304	14,868
Employee expenses - Executive Directors	901	901	0	968	968	0
Research & Development	1,418	1,418	0	1,402	1,400	2
Internal audit costs	150	150	0	190	155	35
Total employee benefits excluding capitalised costs	243,820	231,276	12,544	236,732	221,827	14,905
Average Number of Employees (whole time equivalent basis)	Total 2016/17 Number	Permanently Employed 2016/17 Number	Other	Restated Total 2016/17 Number	Permanently Employed 2015/16 Number	Other 2015/16 Number
Medical and dental	333	311	22	331	303	28
Administration and estates	1,290	1,214	76	1,236	1,162	74
Healthcare assistants and other support staff	269	269	0	296	251	45
Nursing, midwifery and health visiting staff	3,393	3,318	75	3,458	3,291	167
Scientific, therapeutic and technical staff	409	380	29	391	375	16
Healthcare science staff	374	374	0	334	334	0
Bank staff	251	0	251	264	0	264
Other	0	0	0	0	0	0
Total average numbers	6,319	5,866	453	6,310	5,716	594
of which:						
Number of employees (WTE) engaged on capital projects	10	10	0	14	14	0

The 2015/16 comparatives have been restated due to bank staff being reported from 2016/17.

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 two years 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 2016 to December 2016 (ie one calendar year) from the Health and Social Care Information Centre (NHS Digital) system.

Figure 17: Sickness absence data provided by the Health and Social Care Information Centre (NHS Digital) January 2016-December 2016

Average of 12 months (2016 Calendar Year)	Average Full Time Equivalent 2016	Full Time Equivalent-Days available	Average days recorded sickness absence	Average Sick Days per Full Time Equivalent
5.5%	5,770	2,108730	115270	20

A substantial amount of work has been undertaken to reduce levels of absence including the review of our sickness policy. The current policy came into operation in February 2015 and is currently being reviewed. 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. This too is currently being refreshed in light of our updated Workforce and OD strategy and organisational wide health needs assessment.

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 Policies and Actions – Equality and Diversity

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;
- Continued partnership with NHS Employers for Diversity and Inclusion;
- The Equality Delivery System 2 (EDS2) and Workforce Race Equality Standard 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; and
- During the financial year we have worked alongside Remploy to ensure appropriate training and reasonable adjustments are provided for people who have become or who have declared a disability during their course of employment.

The Trust has been working alongside NHS Employers this year on the pilot work of the new Workforce Disability Equality Standard – to be introduced in 2018. Our Equality Diversity and Human Rights Policy alongside workforce policies have been applied to ensure that the needs of our disabled employees are met through the provision of reasonable adjustments. During this year a network for disabled staff has formed which is also helping to frame work on this agenda. The Trust has also transitioned from the 'Two Ticks' scheme to working towards further accreditation as a Disability Confident Employer.

Key EDS2 actions for 2016/17

- Make Equality and Diversity everyone's business by incorporating it into the devolved model of working: Action plans are coming together for each of the existing operational groups as a result of EDS2 rating exercises within groups. Examples of actions have been to – Explore incidents and complaints in relation to protected characteristics, how to improve the collection of and use of information. A key issue will be the need to revisit all of the work to date once a locality model is in place;
- Campaign to staff to promote the benefits of disclosure of protected characteristics: This is important because so many of the workforce metrics going forward will rely on accurate equality and diversity information. A campaign has been devised that will collect this information over a period of months – spread to allow input of data into the Electronic Staff Record (ESR). Discussion at Business Development Group has taken place with the result being the production of an information leaflet that will promote the benefits of disclosure, to be launched at the time of Electronic Staff Record self-service – members of staff will be able to update their own records;
- It is recommended that we review how we collect information on the protected characteristics of our service users to ensure that we have fewer instances of not ascertained. We also need to routinely collect information cross all of the protected characteristics: Scoping work around this suggests that some parts of the Trust are better at collecting protected characteristic information than others. Work on this will continue in 2017;
- Expand the provision of Staff Networks to at least include alongside the Black Asian, and Minority Ethnic (BAME): networks for disabled staff, Lesbian, Gay, Bisexual, and Transgender (LGBT) Staff and Faith: BAME Network was established in March 2016, Disabled Staff in November 2016, An LGBTQ+ Staff Network to be launched in May 2017. A group of Buddhist staff met in July 2016 to examine staff survey issues. No further need for a Faith Network has been expressed. We need to grow all of the networks. The support of staff-side in this is crucial; and
- Continue Equality and Diversity promotional activities: Campaign during anti-bullying week attracted national attention which has resulted in the Trust attending a Share and Learn event. Equality and Diversity Lead is part of an advisory group for the launch of the Workforce Disability Equality Standard. An application has been made to be NHS Employer's Diversity and Inclusion Partners for 2017. Finalist in North East Equality Awards for work on Dementia Friends.

Key Workforce Race Equality Standard actions:

1. We examine our values-based recruitment activity to ensure that it does not introduce cultural bias in any of the activities. We should also incorporate unconscious bias into equality and diversity training.

- Unconscious bias training materials have been devised and have been presented at the Equality and Diversity Group;
- BAME network will keep a watching brief on formal disciplinary process figures with a particular view to ascertaining whether there is a cultural competency base to proceedings; and
- BAME Network has received these figures. Meetings are taking place with the RCN to set up Cultural Ambassadors within the Trust. The programme will launch in May 2017 with recruits being trained in the Autumn of 2017.

2. That we work with the BAME Staff Network to understand and address the issues behind the Staff Survey components of the WRES.

- The BAME Network has received the Staff Survey results and a conversation has taken place with the network Chair about 2016 results.

Work will need to continue to address the actions identified. Analysis of 2016 Staff Survey results suggest that the role of the Staff Networks will be extremely important and that they should be formally incorporated into the governance structure for Equality and Diversity.

It has become increasingly apparent that the decision to replace an Equality and Diversity strategy with a yearly update of EDS2 has led to a detailed focus on actions, which is important, but lacks the steer that a 'bigger picture' strategy could give. For this reason during this year a strategy taking a Diversity and Inclusion approach will be developed to complement and support the Trust Strategy and the emerging associated support strategies.

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; and
- Social media.

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 Accreditation for Inpatient Mental Health Services (AIMS) Accreditation processes, Productive Ward, Leading Improvement in Patient Safety (LIPS);
- Staff and staff side representatives are consulted, where appropriate, on proposed service developments/ changes; and
- 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 Speak Easy and Be Heard approach 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; and
- 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.

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 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; and
- Dignity and Respect at Work NTW (HR)08.

During 2016/2017 specific consultations with staff have included the following:

Inpatient Services

- Craigavon – Service retraction and closure;
- Gainsborough – Ward mothballed and subsequently closed; and
- Shift Patterns – Change of shift patterns on Marsden, Roker, Woodhorn, Hauxley, Akenside, Castleside, Newton, Embleton and Warkworth (NB: this is the one which crossed the financial year boundary and it was one consultation, not individual ones by ward or site).

Community Services

- Community Pathway consultation which impacted on all community staff across working age adults, older adult and learning disability pathways;
- Carers Association South Tyneside (CAST) team, change of base from Northgate to Greenacres following transfer from the Specialist Care Group to the South Central Community Treatment Team;
- North Tyneside Memory Support Service, due to decommissioning of service March 2017, involving 3 staff;
- Sunderland learning disability services, weekend working for support workers withdrawn; and
- North Tyneside Locality Services covering delivery model, hours and locations; affecting the staff working from the Oxford Centre, Station Road, Hawkeys Lane, GB Memorial Hospital and Benton View.

Specialist Care

- Sunderland Addictions – service transformation consultation on structure and working onto new job descriptions following TUPE transfer;
- Neuro-disability services – Hepple House- Closure of Hepple House;
- Children and Young Peoples Inpatient – Alnwood – service transformation with a reduction in beds and change in shift patterns;
- Children and Young Peoples Inpatients – Ferndene – change in shift patterns to meet national quality standards;
- Autism – change in shift patterns to meet service needs in new unit;
- Forensics Learning Disability - service change a result of Transforming Learning Disabilities Care programme;
- Northumberland Addictions –service transformation as a result of re-tendering process and new requirements of the commissioners;
- Community Forensic mental Health Team – service redesign to ensure service is able to deliver against outcomes;

- Forensics Therapeutic Activity Service – service review to ensure therapeutic activities are fully embedded into the service and meet the needs of service users; and

- Forensics – Bamburgh Clinic – Change to shift patterns to meet service needs.

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 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 2016 to include the National NHS Whistleblowing Policy. It includes the recommendations from the Francis Review and also reflects the appointment of the Trust's Freedom to Speak Up Guardian and network of Champions recruited throughout 2016.

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. Our 2016 staff survey results confirms that staff know how to report concerns

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.

A brochure to promote and highlight the services provided by Team prevent and Care First has recently been launched to raise awareness of service provision.

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. The current contract ends in Nov 2017 but agreement has been reached to extend arrangements for a further 2 years.

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.

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

Commentary

Since 2010 the Trust has adopted both a census and sample approach to the Staff Survey. Whilst the results listed here are relating to the National Survey, our action planning also takes into account the findings from our census report as well themes identified from the free text comments. The Trust in the past three years and as a direct consequence of staff survey findings has been working on improving its approach to staff engagement. We have developed a schedule of listening events called Speak Easy where Senior Managers listen to the views of staff across the Trust, with a focus on empowering people to be able to take action to improve matters at a local level. The Speak Easy events take place three times a year and are helping to add to the information we receive from the Annual Staff Survey and we are also reflecting back findings from the Staff Survey through the Speak Easy events. 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 throughout the Trust. At each of these meetings views are sought on our intentions to take action on issues highlighted in the survey results. The Trust wide Staff Survey Action Plan is agreed by Trust Board and is monitored through the Trust's Organisational Development Group.

Figure 18: Summary of performance – NHS staff survey

	2016		2015		Trust improvement/ deterioration
Response rate	Trust	National Average	Trust	National Average	
	45%	49%	47%	47%	Decrease 2% points

Figure 19: Staff survey 2016 Compared to Staff Survey 2015

	2016		2015		Trust improvement/ deterioration
Top 5 ranking scores	Trust	National Average	Trust	National Average	
KF27. Percentage of staff / colleagues reporting most recent experience of harassment, bullying or abuse	70%	60%	42%	49%	28% point improvement
KF14. Staff satisfaction with resourcing and support	3.54	3.36	3.46	3.31	0.08 improvement
KF19. Organisation and management interest in and action on health and wellbeing	3.90	3.71	3.78	3.62	0.12 improvement
KF31. Staff confidence and security in reporting unsafe clinical practice	3.85	3.67	3.79	3.62	0.06 improvement
KF26. Percentage of staff experiencing harassment, bullying or abuse from staff in last 12 months	17%	22%	17%	22%	Result stable

Bottom 5 ranking scores	2016		2015		Trust improvement/ deterioration
	Trust	National Average	Trust	National Average	
KF22. Percentage of staff experiencing physical violence from patients, relatives or the public in last 12 months	25%	21%	24%	21%	1% point deterioration
KF23. Percentage of staff experiencing physical violence from staff in last 12 months	3%	3%	3%	3%	Result stable
KF7. Percentage of staff able to contribute towards improvements at work	73%	73%	74%	73%	1% point deterioration
KF4. Staff motivation at work	3.91	3.91	3.89	3.88	0.02 improvement
KF12. Quality of appraisals	3.25	3.15	3.14	3.11	0.11 improvement

Figure 20 Future priorities and targets

Issue	Proposed Action
Staff Engagement – Scores around staff motivation, and staff feeling they are able to contribute towards improvements at work are static and around the sector average	Drill down into the data to see if there are particular locations where staff are dissatisfied in these areas
Continue work to improve low scores around senior managers	Where appropriate, ensure that senior managers involve staff in important decision making processes
Ensure that staff are aware the Trust seeks feedback from them and that action is taken as a result – Communication is key	
Identify the location of spikes in both violence and harassment bullying and abuse from patients, managers and other staff	Drill down into data wherever possible
Continue to improve awareness of the need to report incidents of harassment, bullying and abuse	Continue campaigns to raise awareness about the reporting routes and processes

2016 Agreed Trust wide Actions

Where we need to continue our focus:

Violence and Aggression: We provide many specialist services and care for some acutely unwell patients. However, we have not seen the reduction in violence and aggression that we wanted and therefore, this remains a 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.

In addition staff at local levels are drawing up local plans, based on their results that have fallen below the Trust Average. We are also continuing the work that we have made good progress on from 2015 that are seeing improvements in our performance on Engagement and Involvement.

Figure 21: High paid off payroll arrangements

Off-Payroll Engagements

Number of Off-Payroll Engagements as of 31st March 2017, for more than £220 per day and that have lasted for longer than six months.

Number of existing engagements as of 31st March 2017	11
Of which.....	
No. that have existed for less than one year at time of reporting	3
No. that have existed for between one and two years at time of reporting	2
No. that have existed for between two and three years at time of reporting	2
No. that have existed for between three and four years at time of reporting	4
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 Stafflow.

Number of New Off-Payroll Engagements, or those that reached six months in duration between 1st April 2016 and 31st March 2017, 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 2016 and 31st March 2017	4
No. of the above which include contractual clauses giving the Trust right to request assurance in relation to income tax and National Insurance obligations	4
No. for whom assurance has been requested	4
Of which.....	
No. for whom assurance has been received	0
No. for whom assurance has not been received	4
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. Of the four assurances requested, two are leavers to the Trust and from April 2017, for all of these arrangements tax and NI is being deducted at source by the Trust.

Number of New Off-Payroll Engagements of Board Members or Senior Officials with significant financial responsibility between 1st April 2016 and 31st March 2017.

Number of Off-Payroll engagements of Board members or senior officials with significant financial responsibility during the year	0
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3.4 Disclosures set out in the NHS Foundation Trust code of governance (The Governance Report)

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.

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 NHS Improvement, 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; and
- 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; and
- 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 NEDs;
- Decide the remuneration and allowances, and other terms and conditions of office, of the Chair and the other NEDs;
- 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; and
- Require, if necessary, one or more directors to attend a Council of Governors meeting to obtain information about performance of the Trust's functions or the directors' performance of their duties, and to help the Council of Governors to decide whether to propose a vote on the Trust's or directors' performance.

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

The Board of Directors

The Board of Directors keeps its performance and effectiveness under on-going review. It undertakes self-assessment of effectiveness including Board 'time outs', a development programme, the review of governance arrangements, the annual review of the Board and its committees' terms of reference and the annual committees' self-assessment exercise.

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

The Trust Chair

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

The role of Chair is held by Hugh Morgan Williams. On 30th November 2016 the Charities Commission announced an investigation into a charity unrelated to the Trust, where Mr Morgan Williams is a trustee. Mr Morgan Williams voluntarily stepped aside from his role as Chair while this investigation was undertaken. Alexis Cleveland was appointed by the Council of Governors as Acting Chair on 1st December 2017. Paul McEldon has been the Trusts Vice Chair throughout 2016/17.

The Vice Chair

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

Senior Independent Non-Executive Director

Martin Cocker was appointed as Senior Independent Director on 1 March 2016 and continues in this role. 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 NEDs, who served on the Board of Directors for the period under review, 1 April 2016 to 31 March 2017, 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 the 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 2016/17 along with directors' titles and attendance at Board meetings.

Figure 22: 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	10	10
Alexis Cleveland Non-Executive Director	01.07.15	-	30.06.18	10	9
Martin Cocker Non-Executive Director /Audit Committee Chair / Senior Independent Director (from 1 March 2016)	01.01.12	-	31.12.17	10	9
Lisa Crichton-Jones Director of Workforce and Organisational Development	04.08.14	-	N/A	10	9
James Duncan Deputy Chief Executive/Director of Finance	01.12.09	-	N/A	10	8
Miriam Harte Non-Executive Director	01.01.17	-	30.12.17	3	3
Neil Hemming Non-Executive Director	01.01.15	31.12.16	-	7	4
John Lawlor Chief Executive	23.06.14	-	N/A	10	10
Paul McEldon Vice Chair	01.12.09	-	31.6.17	10	5
Dr Rajesh Nadkarni Medical Director	16.01.16	-	N/A	10	9
Gary O'Hare Director of Nursing and Operations	01.12.09	-	N/A	10	8
Lisa Quinn Director of Commissioning and Quality Assurance	01.12.09	-	N/A	10	10
Peter Studd Non-Executive Director	01.01.16	-	31.12.18	10	10
Ruth Thompson Non-Executive Director	01.04.14	-	31.03.17	10	6
Hugh Morgan Williams Trust Chair	01.11.13	-	31.10.19	7	6

The above table illustrates the date of appointment and the expiry date of the current tenure of the Chair and each NED.

The appointment of the Chair and NEDs 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 NEDs 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 NED, 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 NEDs is three years. The re-appointment of the Chair or NED 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 NEDs' appointment/reappointment process for 2016/17 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 NEDs, the Board of Directors reviews the balance of the Board and the desired qualifications, skills and experience for upcoming NEDs' vacancies. The Board of Directors believes that there is a balance of Executive and NEDs and that no individual group or individuals dominate the Board meetings.

The qualifications, skills, expertise and experience of directors as at 31 March 2017 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; and
- 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; and
- 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; and
- Significant previous 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; and
- 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; and
- Vice Chair of HFMA (Healthcare Financial Management Association) Mental Health Faculty.

Miriam Harte

Qualifications include Chartered Accountant (1985) FCA (1995) (Institute of Chartered Accountants in Ireland), BA (mod) Law – Trinity College, Dublin 1981.

Experience and skills/expertise:

- Experienced non – executive director and board member mainly in the public/not for profit sector;
- Business Experience – Finance Manager, Procter and Gamble;
- Director, Beamish Museum, Co. Durham;
- Director, Bede's World, Jarrow;
- Consultant in the Heritage and Arts sector - project management, project development, governance and fundraising;
- Business advisor at Creative United (Arts Council);
- Interim Finance Manager – Museums Galleries Scotland;
- Non - Exec Director and Board Member roles;
 - o City Hospitals Sunderland NHS Foundation Trust;
 - o Tees Valley Housing and Thirteen Group;
 - o Myslexia (Women's Magazine); and
 - o Museums Libraries and Archives Council.
- Deputy Lieutenant, Co. Durham.

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; and
- 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; and
- 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; and
- 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; and
- 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; and
- 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; and
- 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; and
- 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; and
- 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; and
- Awarded OBE for services to business in 2008.

Board 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 Board of Directors routinely review and approve changes to the Terms of Reference for the Board and 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 NHS Improvements recommendations to all foundation Trusts. No material governance concerns were identified. As part of the comprehensive inspection from the CQC the Trust governance was reviewed through the Well Led Domain, gaining an 'Outstanding' outcome in this area, as well as being outstanding overall.

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 Resource and Business Assurance Committee and the Quality and Performance Committee.

Each committee is chaired by a Non-Executive Director and has robust Non-Executive Director input along with Executive Director Membership (attendance in the case of the Audit Committee). 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 the 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 from NHS Improvement.

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 NEDs 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 NEDs. The Committee met four times during 2016/17. The table below shows the membership of the Remuneration Committee during 2016/17 along with their attendance.

Figure 23: Membership of the Remuneration Committee and Attendance

Name	Meetings	
	Total	Attended
Hugh Morgan Williams (chair)	1	1
Dr Les Boobis	4	4
Alexis Cleveland (acting chair)	4	4
Martin Cocker	4	4
Neil Hemming	1	1
Paul McEldon	4	4
Peter Studd	4	4
Ruth Thompson	3	4
Miriam Harte	3	3

Annual Report on the work of the Audit Committee 2016/17

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. 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:

Member	Meetings	
	Total	Attended
Martin Cocker	8	8
Alexis Cleveland	4	4
Peter Studd	8	6
Miriam Harte	4	4

Alexis Cleveland was appointed as Acting Chair of the Trust in December 2016 and at that time stood down from the Audit Committee. Miriam Harte was appointed as a non-executive director on January 1, 2017 and joined the Audit Committee from that date.

In addition to the non-executive directors, the Director of Finance, Executive Director of Commissioning and Quality Assurance, External Audit and Internal Audit, including Counter Fraud, were all invited to each meeting during the year. All, or suitable alternates, attended each meeting.

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

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 2016/17, this included, amongst other matters, the following activities:

- Assessed the integrity of the Trust's financial statements for the year ended March 31, 2017;
- 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:

Revaluation of the Trust's 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. As a result of the valuation as at March 31, 2017, net impairment charges of £25.9 million have been made to operating expenses and a further £0.7 million has been charged against the revaluation reserve. Of these totals, £10.6 million relates to a reduction in land values and £12.8 million to large construction schemes where the assets have been brought into use in the year. In particular, the Mitford Unit at Northgate has resulted in an £8.7 million impairment and the Cleadon scheme at Monkwearmouth has resulted in an impairment of £4.1 million.

The valuation at March 31, 2017 has also resulted in a change in lives. The combination of a reduction in land values and the changes to asset lives has resulted in a reduction in depreciation charges of £1.5m for the year. In turn, this has reduced the amount to be paid in respect of the public dividend capital by £0.3 million.

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 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, 2017 and in mapping those services onto an asset of equivalent capacity and function have not changed during the year.

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, 2017. 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 provision at 31 March 2017 was approximately £1.2 million of which £0.7 million is in respect of a receivable from NHS Mansfield and Ashfield CCG. This provision represents approximately 50% of the total outstanding from the CCG and is in respect of one service user that attended NTW.

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. In particular, the Audit Committee questioned the partial provision against the amount due from Mansfield and Ashfield CCG.

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 2017 Board meeting that the use of going concern basis for the preparation of the annual financial statements was appropriate.

Consolidated Accounts

On April 1, 2016, the Northumberland, Tyne and Wear NHS Foundation Trust Charity (the 'Charity') was established. The Charity is controlled by the Trust and so its assets, liabilities, incomes and expenditures fall to be consolidated into the balance sheet and income statement of the Trust under the provisions of International Financial Reporting Standard 10 ('IFRS 10').

However, IFRS 10 includes an over-ride to this provision on the grounds of materiality.

Management have assessed the need for the preparation of consolidated accounts to incorporate the Charity. This assessment compared both the statement of comprehensive income and the statement of financial position to provide an overall assessment of quantitative materiality.

Based on this assessment, management have concluded that the impact of the Charity for the current financial year is not material and so consolidated accounts need not be prepared.

The Audit Committee has reviewed the factors being used to make this assessment and has discussed with management's position with Mazars. After careful consideration of the factors and the responses from Mazars, the Audit Committee has concurred with the position of management.

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 currently 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 Commissioning and Quality 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 2017.

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 Audit 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 2016, 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 February 2017.

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. During the year, the Trust has conducted a review of mortalities and learning support. External Audit has assisted in that review.

The Audit Committee considered the scope of the work being requested from External Audit and the proposed fee. The Audit Committee also confirmed that the scope of the work had been subject to External Audit's own internal independence review. After careful consideration, the Audit Committee agreed that the proposed scope of work and associated fee would not impair the independence of the External Auditor.



Martin Cocker
Audit Committee Chair

Understanding the views of Governors and Members

The Board of Directors ensure that they 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;
- Joint development sessions including the full Board of Directors and Council of Governors;
- Informal opportunities to network; and
- Governors attending committees as observers, provides a further opportunity for sharing of views.

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 authority area. There are 6 public Governors, 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.

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, 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 2016 resulting in some changes from 1 December 2016. 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 2016/17, their constituencies, whether they were elected and their attendance during 2016/17.

Fiona Grant became the lead governor on 1st December 2015 and continues in this role.

During 2016/17, 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 31 March 2017, the Council of Governors had vacancies for one carer Governor, one Community and Voluntary Sector Governor and one Local Authority Governor. Three of the carer Governor posts and the medical governor post were filled on 1st April 2016 following an election process which concluded 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 24: 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		37	5	5
Julia Allison	Public Gateshead	Yes	01.12.14		28	5	3
Colin Browne	Public South Tyneside Carer OPS	Yes	01.12.13 01.12.16		36 4	5	2
Michael Butler	Public Sunderland	Yes	01.12.15		16	5	1
Lynne Caffrey	Local Authority Gateshead	No	18.11.16		4	1	0
Alasdair Cameron *	Community and Voluntary	No	01.12.12	(see note)	52	5	1
Anne Carlile	Carer Adult Services	Yes	01.04.16		12	5	4
Anne Dale	Local Authority Sunderland	No	15.06.15		22	5	1
Stuart Dexter	Community and Voluntary	No	07.04.14	13.12.16 (resigned)	33	4	2
Catherine Donovan	Local Authority Gateshead	No	24.06.14	01.05.16 (resigned)	22	5	0
Grahame Ellis	Staff Non-Clinical	Yes	01.12.12		52	5	4
Mary Foy	Local Authority Gateshead	No	20.05.16	17.11.16 (resigned)	6	3	0
Alan Gibbons	Carer Children & Young People's Service	Yes	01.12.15	16.11.16 (resigned)	12	4	0
Fiona Grant	Service User Adult Services	Yes	01.12.14		28	5	5
Margaret Hall	Local Authority North Tyneside	No	20.05.16		11	4	2
Catherine Hepburn	Public North Tyneside	Yes	01.12.16		4	1	1
George Hardy	Carer Learning Disability Services	Yes	01.12.09 01.04.16	30.11.15 (end of term)	72 12	5	3
Barry Hirst	University Newcastle University	No	01.12.09		88	5	2
Gladys Hobson	Local Authority South Tyneside	No	25.02.14	24.05.16 (resigned)	27	1	0

Governor	Constituency	Elected	Date		Period of office (months)	No. of meetings	
			Start	Left (and reason)		Total	Attended
Claire Keys **	Staff Clinical	Yes	01.12.15	(see note)	37	5	3
Karen Kilgour	Local Authority Newcastle	No	05.06.15	06.12.16 (resigned)	18	4	0
Diane Kirtley	Carer Neuro Disability Service	Yes	01.04.16		12	5	3
Christine Lumsdon	Public North Tyneside	Yes	01.04.15	30.11.16 (end of term)	20	5	5
Chris Macklin	Carer Adult Services	Yes	01.12.15		16	5	5
Steve Manchee	Public North Tyneside	Yes	01.03.14	30.11.16 (end of term)	33	4	2
Felicity Mendelson	Local Authority Newcastle	No	01.02.16		2	1	1
Graeme Miller	Local Authority	No	16.05.12		58	5	1
Marian Moore	Service Users Older Peoples Services	Yes	01.03.11		73	5	0
Peter Okey	Staff Medical	Yes	01.04.16		12	5	1
Austin O'Malley	Public Newcastle/rest of England & Wales	Yes	01.12.12		52	5	2
Pauline Pearson	University	No	01.02.13		50	5	2
Lucy Reynolds ***	Service User Neuro Disability Services	Yes	01.12.12 09.12.15	30.11.15 (see note)	52	5	3
Bill Scott	Public	Yes	01.12.14		28	5	2
Rachel Simpson	Service User Learning Disability Services	Yes	01.12.12		52	5	2
Lesley Spillard	Local Authority North Tyneside	No	12.06.15	01.05.16 (resigned)	0	0	0
Lisa Strong	Staff Clinical	Yes	01.12.15		16	5	2
David Twist	Service User Adult Services	Yes	01.12.14		28	5	2
Bob Waddell	Staff Non-Clinical	Yes	01.12.12		52	5	3
Jack Wilson	Service User Children & Young People's Service	Yes	01.12.13		40	5	3

* 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.

There have been five formal meetings of the Council of Governors during 2016/17, including the Annual Members' Meeting.

There have also been a number of training, engagement and focus sessions at the Council of Governors request, as they lead the agenda.

Figure 25: Analysis of attendance of Board members at formal Council of Governors' meetings.

Council of Governors' meetings held in public, attended by Board members		
Director	Total	Attended
Dr Les Boobis	5	1
Alexis Cleveland	5	1
Martin Cocker	5	0
Lisa Crichton-Jones	5	2
James Duncan	5	3
Neil Hemming*	4	0
John Lawlor	5	2
Paul McEldon	5	2
Dr Rajesh Nadkarni	5	1
Gary O'Hare	5	2
Miriam Harte	1	0
Lisa Quinn	5	3
Peter Studd	5	3
Ruth Thompson	5	1
Hugh Morgan Williams	5	2

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 26: Nominations Committee Membership and Attendance

Nominations Committee membership and attendance		
	Total	Attended
Margaret Adams (from 1st March 17)	1	1
Colin Browne (until 1st December 16)	3	0
Anne Carlile	6	4
Alexis Cleveland (from 1st Dec 16)	2	2
Grahame Ellis	7	6
Fiona Grant	7	7
Barry Hirst	7	5
Chris Macklin	7	6
Austin O'Malley	7	6
Hugh Morgan Williams (until Nov 19)	4	3

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 Miriam Harte as Non-Executive Directors for a period of three years from 1st January 2016 (following a shadow period). The appointment was subject to open advertising and the Nominations Committee was assisted by an external search agency. Paul McEldon was reappointed from 1 January 2016 for six months.

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. In particular this year the Council of Governors as well as service users, carers and members of the public have been fully involved in the development of the Trusts 5 year strategy.

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

NHS Improvement, formerly known as Monitor, is the Independent Regulator for NHS Foundation Trusts. They have published a Code of Governance which brings together the best practice of public and private sector corporate governance and which classifies 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. The Trust has applied all of the principles of the NHS Foundation Trust Code of Governance.

The Trust continues to keep 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. During 2016/17 the Trust was subject to a comprehensive inspection by the CQC which found the Trust to be Outstanding overall, and outstanding in the Well Led domain, which considered governance arrangements.

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 NEDs 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 the 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 the 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 2017, we have a consistent membership of around 12,000 public and 6,680 staff. (See the table below for details of numbers per constituency). During the past year we have continued to engage 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 245 6827) 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 members@ntw.nhs.uk, ftnewsletter@ntw.nhs.uk or by telephone.

The table below shows an analysis of our membership as at 31 March 2016.

Figure 27: Analysis of membership as at 31 March 2017

Constituency	31 March 2017
General Public	
Gateshead	947
Newcastle upon Tyne	2,546
Rest of England and Wales	936
Northumberland	1,355
North Tyneside	1,453
South Tyneside	762
Sunderland	2,026
Sub total	10,025
Service Users	
Adults	363
Children and young people	142
Learning disability	182
Neuro-disability	120
Older people	45
Unknown*	38
Sub total	890
Carers	
Adults	144
Children and young people	540
Learning disability	111
Neuro-disability	91
Older people	94
Sub total	980
Total All Public	11,895
Staff	
Medical	224
Other Clinical	2,640
Non Clinical	3,816
Total All Staff	6,680
Total Members	18,575

Note: *Included in total are 38 service users who have not stated which service they use and are therefore recorded as unknown

3.5 NHS Improvement's Single Oversight Framework

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

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

Based on information from these themes, providers are segmented from 1 to 4, where '4' reflects providers receiving the most support, and '1' reflects providers with maximum autonomy. A foundation Trust will only be in segments 3 or 4 where it has been found to be in breach or suspected breach of its licence. The Single Oversight Framework applied from Quarter 3 of 2016/17. Prior to this, Monitor's Risk Assessment Framework (RAF) was in place. Information for the prior year and first two quarters relating to the RAF has not been presented as the basis of accountability was different. This is in line with NHS Improvement's guidance for annual reports.

Segmentation

NHS Improvement have assessed Northumberland Tyne & Wear NHS Foundation Trust as segment 2 – targeted support. There are no enforcement actions placed upon the Trust by NHS Improvement and no actions are being taken or proposed by the organisation.

This segmentation information is the Trust's position as at 31st March 2017. Current segmentation information for NHS Trusts and foundation Trusts is published on the NHS Improvement website.

Finance and Use of Resources

The Finance and Use of Resources theme is based on the scoring of five measures from '1' to '4', where '1' reflects the strongest performance. These scores are then weighted to give an overall score. Given that finance and use of resources is only one of the five themes feeding into the Single Oversight Framework, the segmentation of the Trust disclosed above might not be the same as the overall finance score here.

Figure 28: Single oversight framework: Finance and use of Resources

Area	Metric	2016/17 Q3 score	2016/17 Q4 score
Financial sustainability	Capital service capacity	3	3
	Liquidity	1	1
Financial efficiency	I&E margin	1	1
Financial controls	Distance from financial plan	2	1
	Agency spend	2	3
Overall scoring		2	2

3.6 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
24 May 2017

3.7 Annual Governance Statement 2016 to 2017

Scope of responsibility

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of 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 2017 and up to the date of approval of the annual report and accounts

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 and its Risk Sub-Group 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.

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 early part of 2016-17 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 March 2017. All risks identified below are considered as in year and future risks relating to the Strategic Objectives pertinent to 2016-17.

Reference	Risk	Key Controls
S01.1	That we do not develop & correctly implement service model changes.	Integrated Business Plan. Business Case Tender Process. (PGN) Commissioner Involvement & Scrutiny.
S02.1	That we have significant loss of income through competition, choice and national policy, including the possibility of losing large services & localities.	Integrated Governance. Framework. Financial Strategy. Locality Partnerships. Agreed Contracts & Framework.
S02.2	That we do not manage our financial resources effectively to ensure long term financial stability (incl differential between income & inflation, impact of QIPP & the CIP.	Financial Strategy incl FDP. Standing financial instructions. Decision Making Framework. Accountability Framework.
S05.9	That the scale of change & integration agenda across the NHS could affect the sustainability of services & Trust financial position.	Stakeholder & Partner Locality Executive Leads & Reporting processes. Oversight Model. Horizon scanning and Intelligence.
S01.5	That we do not effectively develop, manage and fund the capital development programme, including generating capital & controlling expenditure, in order to deliver 1st class environments.	5 Year strategy & Operational Plan. Trust Treasury Management Policy. Development Group and RBAC. Asset realisation programme

The governance structures supporting and underpinning this are the Quality and Performance Committee, Resource and Business Assurance Committee (formerly known as; Finance, Infrastructure and Business Development Committee), and Mental Health Legislation Committee.

The Trust's governance structures are the subject of periodic review.

The Board established a new sub Group in 2015-16 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 fundamental 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 Resource and Business Assurance 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 and its Quality Sub-Group

The Trust reviews its performance against NHSI's (formerly Monitor's) published Quality Governance Framework on a twice yearly 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 2016-17 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 conducted a full comprehensive inspection during 2016 and rated the Trust as 'Outstanding'.

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.

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.

As part of CQCs comprehensive inspection during 2016 the trust governance arrangements came under further external scrutiny. The Trust achieved an 'Outstanding' rating for Well-led in addition to its overall rating.

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.

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

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

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

The 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 Adaptation Reporting requirements are complied with.

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, March 2015 and March 2016. 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 Resource and Business Assurance Committee, through the Corporate Decisions Team and through the Board of Directors. The Financial Delivery Plan is reviewed on a quarterly basis by the Resource and Business Assurance 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 Operational 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.

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 14 of the Toolkit was released in June 2016 and the Trust has met the required standard of level 2 across all key standards in the Information Governance Toolkit. The Trust has not reported any Information governance incidents in 2016/2017 which were classified at level 2 in the HSCIC Governance Incident Reporting Tool.

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. NHS Improvement (in exercise of the powers conferred on 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.

2016-17 is the 8th 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 2016-17 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 the table 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 2016-17 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.
- The Quality and Performance Committee reviews performance against Monitor's published Quality Governance Framework on a twice yearly 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.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS foundation trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on 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 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 Trustwide 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) NHS Improvement'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.

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.



John Lawlor
Chief Executive
24 May 2017

Quality Account

Northumberland, Tyne and Wear
NHS Foundation Trust

2016/17

Northumberland, Tyne and Wear NHS Foundation Trust at a glance....



Northumberland, Tyne and Wear NHS Foundation Trust 2016/17

The Year at a glance...

Trustwide:

<p>We were rated outstanding overall by CQC – becoming one of only two Mental Health & Disability Trusts in the country to receive this accolade</p>	<p>However both Childrens and Older Peoples inpatient services, while rated good overall, had areas rated as “requires improvement”</p>	
<p>We have ensured that mental health, learning disability, neuro-disability services are given sufficient priority in the local Sustainability & Transformation Plan</p>	<p>We have developed a new Trust Strategy and refreshed our Quality Goals</p>	<p>We have achieved most of our CQUIN (Commissioning for Quality & Innovation) and contract quality standards</p> 
<p>We are making progress towards the Five Year Forward View for Mental Health</p>	<p>But at times we have not achieved these in a particular locality</p>	

Service User & Carer Feedback:

<p>The overall experience score in the National Mental Health Community Patient Survey improved in 2016 to 7.2 out of 10 (7.0 in 2015), which is about the same as other similar Trusts</p>	<p>Complaints have increased by 20% in 2016/17, however the proportion of those complaints that are fully or partially upheld has decreased</p>
<p>We have increased service user and carer feedback responses via a refreshed Points of You format</p>	<p>Our Friends and Family Test Recommend Score remains lower than the national average for similar trusts</p>

Staff Feedback:

<p>We have met almost all of our training standards</p>	<p>We would like to increase the number and quality of staff appraisals conducted</p>	<p>The staff sickness absence rate continues to decrease</p>	<p>However our sickness rate remains higher than average for similar Trusts</p>
<p>The 2016 staff survey scores have improved in the year, and most are better than the national average</p>	<p>Our staff experience more violence and aggression than in other similar Trusts</p>		



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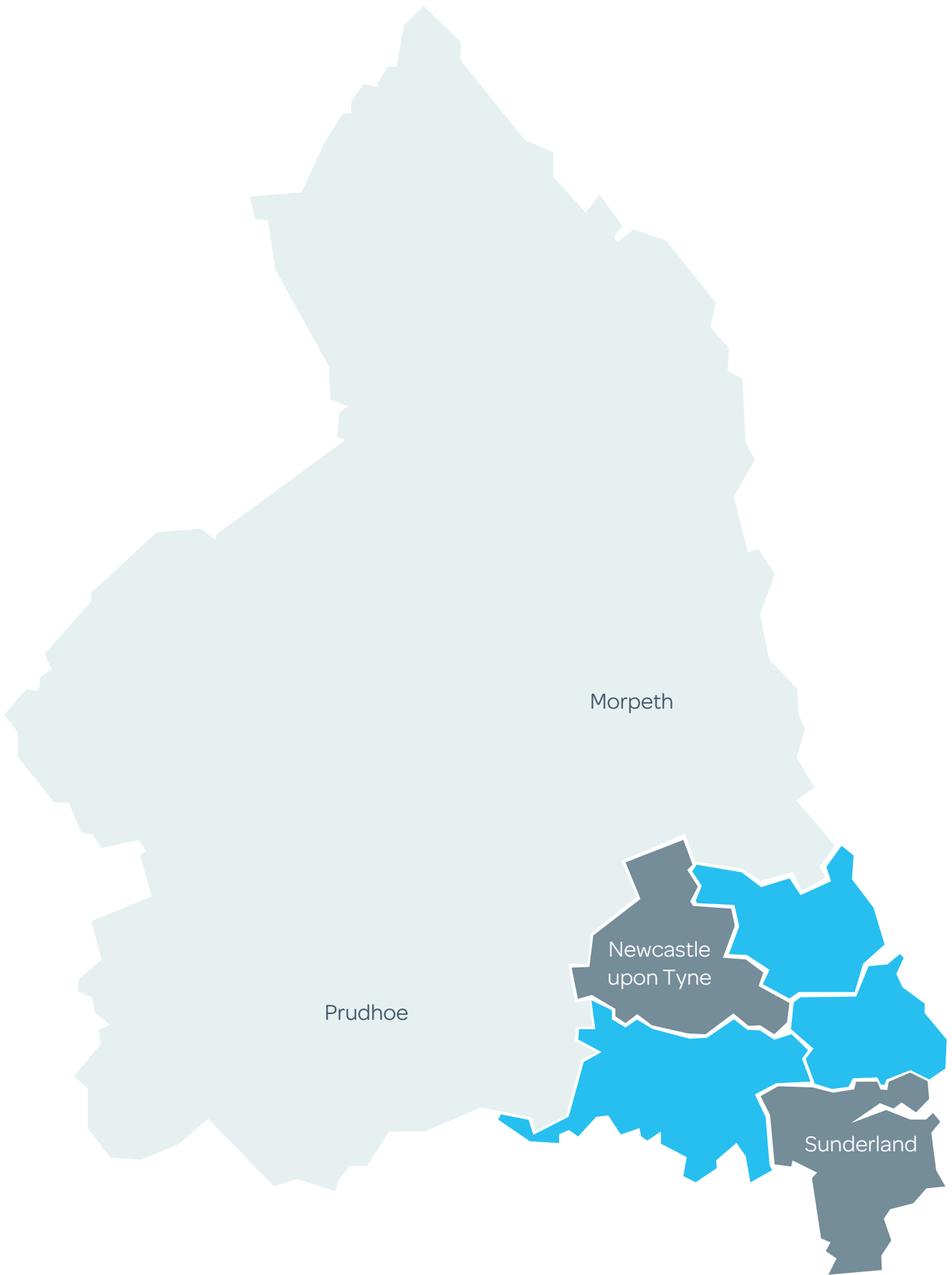
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Appendices



Part 1

Welcome and Introduction to the Quality Account

Northumberland, Tyne and Wear NHS Foundation Trust was established in 2006 and is one of the largest mental health and disability organisations in the country with an income of more than £300 million.

About the Trust

Northumberland, Tyne and Wear NHS Foundation Trust 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 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

What is a Quality Account?

All NHS healthcare providers are required to produce an annual Quality Account, to provide information on the quality of services they deliver.

Northumberland, Tyne and Wear NHS Foundation Trust welcomes the opportunity to outline how well we have performed over the course of 2016/17, taking into account the views of service users, carers, staff and the public, and comparing ourselves with other Mental Health and Disability Trusts. This Quality Account outlines the good work that has been undertaken, the progress made in improving the quality of our services and identifies areas for improvement.

To help with the reading of this document we have provided explanation boxes alongside the text.

This is an **“explanation”** box
It explains or describes a term or
abbreviation found in the report.

This is a **‘news’** box
It reports news stories from 2016/17

This is a **‘quote’** box
It quotes statements from staff,
service users and their families or carers.

Statement of Quality from the Chief Executive



Thank you for taking the time to read our Quality Account. This past year has been a particularly busy and notable one for us, and we are proud to have been rated as “outstanding” by the Care Quality Commission – becoming one of only two mental health and disability providers in the country to have received this accolade.

I’m delighted that the contribution our staff make to the lives of those we serve was recognised by the ‘Outstanding’ inspection report. I am very proud of our staff and the professional, dedicated way in which they support service users and carers. We know, however, that we don’t always get things right and we are not complacent; we listen when we get things wrong and work to ensure that improvements are made. In this document we aim to tell the story of our continuing efforts to provide services that meet the needs and wishes of those we serve. During this year, we have made pleasing progress towards our quality priorities, which were:

- To embed suicide risk training for staff
- To improve transitions between young people’s services and adulthood
- To improve transitions between inpatient and community services
- To improve waiting times for referrals to multidisciplinary teams
- To adopt Triangle of Care principles to improve engagement with carers
- To improve the recording and use of Outcome Measures
- To develop staff skills in preventing and responding to aggression.

We have set out in this Quality Account how well we have performed against local and national priorities - including how we have progressed with our Quality Priorities for 2016/17 as highlighted above. We have also set out our Quality Priorities for 2017/18, and look forward to reporting our progress against these in next year’s Quality Account.

I hope you will find the information in the document useful. To the best of my knowledge, the information in this document is accurate.

John Lawlor
Chief Executive

The Northumberland, Tyne and Wear NHS Foundation Trust is often referred to as “NTW” or “NTWFT”.

Statement from the Executive Medical Director & Executive Director of Nursing and Operations

We were proud this year to show the Care Quality Commission the services we provide at Northumberland, Tyne and Wear NHS Foundation Trust.

The inspection was truly comprehensive; involving staff, service users and carers. The inspectors visited the full range of services, including mental health, learning disabilities and neurorehabilitation, both inpatient and community, and alongside our overall "Outstanding" rating we were delighted that all of our 15 core services were rated as either "Outstanding" or "Good". The inspection also highlighted areas where we can improve, and we will ensure that we address these issues.

We continuously strive to improve the quality of our services, and below are listed just some of the other successes and developments we have achieved in the past year, when we:

- Celebrated our 10th birthday
- Continued to develop our Recovery Colleges
- Participated in research, for example into autism and psychosis
- Opened a new older peoples' unit at Monkwearmouth Hospital in Sunderland
- Opened a new autism spectrum disorder unit at Northgate Hospital in Northumberland
- Secured additional funds to expand our perinatal mental health services
- Entered into a strategic partnership with NHS Improvement to develop its mental health improvement programme.

As we move into 2017/18 we are also redesigning our leadership model so that decisions are made as close to the service user as possible, and to ensure that services meet the needs of local communities.



A handwritten signature in black ink, appearing to read 'Rajesh Nadkarni'.

Dr Rajesh Nadkarni
Executive Medical Director



A handwritten signature in black ink, appearing to read 'G O'Hare'.

Gary O'Hare
Executive Director of Nursing & Operations

Statement from Council of Governors Quality Group

The Council of Governors considers the quality of services provided by Northumberland, Tyne and Wear NHS Foundation Trust via a Quality Group who meet every two months. The group considers all aspects of quality, with a particular emphasis on the Trust's annual quality priorities.

During 2016/17 the group received a number of presentations from the Trust on varied topics such as the implementation of Triangle of Care, the Positive & Safe Strategy, the rollout of Risk of Harm to Others training, outcomes measures and the transformation of community services in Northumberland. The presentations provided Governors with a valuable opportunity to discuss quality issues with a wide range of Trust staff.

Alongside this ongoing work, representatives from our group have also continued to attend the Trust Quality and Performance Committee and we have also played a valuable part in helping to develop the 2017/18 Trust Quality Priorities.

As Chair of the Council of Governors Quality Group, in 2016 I also had the opportunity to share the work of the group with Care Quality Commission (CQC) inspectors as part of the Trust's comprehensive inspection and I was delighted that our joint efforts were recognised so positively by the CQC.



Margaret Adams
Chair, Northumberland,
Tyne and Wear NHS Foundation Trust
Council of Governors Quality Group

People receiving treatment from NTW are often referred to as "patients", "service users" or "clients". To be consistent, we will mostly use the term "service users" throughout this document.

Care Quality Commission (CQC) Findings

In June 2016, the Care Quality Commission (CQC) conducted a comprehensive inspection of our services and rated us as “Outstanding” - becoming one of only two Mental Health and Disability Trusts in the country to be rated as such.



Last rated
1 September 2016

Northumberland, Tyne and Wear NHS Foundation Trust



Are services

Safe?	Good
Effective?	Outstanding
Caring?	Outstanding
Responsive?	Outstanding
Well led?	Outstanding

The Care Quality Commission is the independent regulator of health and social care in England. You can read our inspection report at www.cqc.org.uk/provider/RX4. We would like to hear about your experience of the care you have received, whether good or bad. Call us on 03000 61 61 61, e-mail enquiries@cqc.org.uk, or go to www.cqc.org.uk/share-your-experience-finder



Last rated
1 September 2016

Northumberland, Tyne and Wear NHS Foundation Trust



	Safe	Effective	Caring	Responsive	Well led	Overall
Acute wards for adults of working age and psychiatric intensive care units	Good	Good	Good	Good	Good	Good
Child and adolescent mental health wards	Requires improvement	Good	Good	Good	Good	Good
Community mental health services for people with learning disabilities or autism	Good	Outstanding	Outstanding	Outstanding	Outstanding	Outstanding
Community-based mental health services for adults of working age	Good	Outstanding	Outstanding	Good	Good	Outstanding
Community-based mental health services for older people	Good	Good	Outstanding	Outstanding	Outstanding	Outstanding
Forensic inpatient/secure wards	Good	Good	Good	Good	Good	Good
Long stay/rehabilitation mental health wards for working age adults	Good	Good	Good	Outstanding	Outstanding	Outstanding
Mental health crisis services and health-based places of safety	Good	Good	Good	Good	Good	Good
Specialist community mental health services for children and young people	Good	Outstanding	Outstanding	Good	Good	Outstanding
Substance misuse services	Good	Good	Good	Good	Good	Good
Wards for older people with mental health problems	Good	Requires improvement	Good	Good	Good	Good
Wards for people with learning disabilities or autism	Good	Outstanding	Outstanding	Outstanding	Outstanding	Outstanding

All of our core services were rated as either “Good” or “Outstanding” overall and we aim to protect, build upon and share our outstanding practice. We are addressing all areas for improvement identified, the most significant being:

- We will ensure that care plans in wards for older people are more personalised, and
- We will reduce the use of mechanical restraint in wards for children and young people.

“We’re delighted that the contribution our staff make to the lives of those we serve has been recognised by this ‘outstanding’ inspection report. We know that we don’t always get things right. We are not complacent; we listen when we get things wrong and work to ensure that improvements are made.”

John Lawlor, Chief Executive, September 2016

NTW progress towards the Five Year Forward View for Mental Health (national priority areas)

Improving Access to Psychological Therapies (IAPT)

- We have achieved the IAPT 6 and 18 week waiting times standard.
- We have achieved the 50% recovery rate.
- We are part of a pilot to expand the provision of IAPT services in Sunderland.

Expansion of services:

- We have successfully bid for funding to expand the provision of specialist perinatal mental health community teams.
- We have been asked to provide a new specialist Transition, Intervention & Liaison Mental Health service for Veterans from April 2017.

Children and Young People's Services:

- We are preparing for the new Children and Young People's Community Eating Disorder waiting times standard of seeing urgent cases within one week of referral and all other cases within 4 weeks of referral.
- We are working with NHS England to participate in their national review of Children and Adolescent Mental Health Services (CAMHS) tier 4 specialist beds.

We have also:

- Achieved the standard for physical health checks for people with severe mental illness in community services and are working towards achieving the standard in inpatient services.
- Achieved the new Early Intervention in Psychosis waiting times standard for 50% of service users to be seen within 2 weeks of referral.
- We are working towards the 4 hour crisis care waiting times which are currently in development.

Northumberland, Tyne and Wear NHS Foundation Trust aim at all times to work in accordance with our values.

Caring and compassionate

- Put ourselves in other people's shoes
- Listen and offer hope
- Focus on recovery
- Be approachable
- Be sensitive and considerate
- Be helpful
- Go the extra mile

Respectful

- Value the skill and contribution of others
- Give respect to all people
- Respect and embrace difference
- Encourage innovation and be open to new ideas
- Work together and value our partners

Honest and transparent

- Have no secrets
- Be open and truthful
- Accept what is wrong and strive to put it right
- Share information
- Be accountable for our actions

Our Strategy for 2017 to 2022

During 2016/17 we have refreshed our strategy, working with service users and carers, staff and the Council of Governors to identify what our ambitions should be for the next five years, taking into account local and national strategies and policies that affect us. Thank you to everyone who has helped us with this important piece of work.

Part 2a

Looking Ahead – Our Quality Priorities for Improvement in 2017/18

This section of the report outlines the annual key Quality Priorities identified by the Trust to improve the quality of our services in 2017/18. We have developed our Quality Priorities in line with our long term Quality Goals (shown below), which are based on patient safety, service user and carer experience and clinical effectiveness.

Quality Goals and Quality Priorities

Figure 1: Quality Goals

Quality Goal One – **Patient Safety:**
Keeping you safe

Quality Goal Two – **Service User & Carer Experience:**
Working with you, your carers and your family to support your journey

Quality Goal Three – **Clinical Effectiveness:**
Ensuring the right services are in the right place at the right time to meet all your health and wellbeing needs



Each year we set new Quality Priorities to help us to achieve our Quality Goals. The Trust has identified these priorities in partnership with service users, carers, staff and partners from their feedback, as well as information gained from incidents, complaints and learning from Care Quality Commission findings.

Quality Priority Setting

Following the success of last year's stakeholder engagement in developing meaningful Quality Priorities to support the overarching goals, the Trust has adopted a similar quality engagement approach to develop the 2017/18 Quality Priorities.

An engagement exercise with stakeholders (including service users, carers, staff, Governors, commissioners and Healthwatch's) took place in late 2016 to gather suggestions, to consider for new Quality Priorities in 2017/18. We held a quality engagement workshop and many people also contributed their ideas via an online survey. From the quality improvement ideas

shared along with themes arising from complaints and incidents, identified areas for improvement by the CQC and service user/carer feedback we proposed three new Quality Priorities for the coming year. We approached stakeholders once again to seeking their views on the appropriateness of these three suggested new Quality Priorities. The Trust reviewed this feedback and the proposed Quality Priorities were approved by the Trust Board for implementation in 2017/18. Progress against our Quality Priorities will be monitored regularly by the Quality and Performance Committee, the Corporate Decisions Team Quality Group and the Council of Governors Quality Group.

The full list of Quality Priorities to be progressed during 2017/18, including some continuing from 2016/17 plus new Quality Priorities identified, are:

Quality Goal One – Patient Safety:

Keeping you safe

Embedding the Positive & Safe Strategy (includes Risk of Harm Training which continues from 2016/17)

Aims:

- Undertake analysis of self harm incidents reported in 2016/17
- Compare the Points of You responses for 'feeling safe' question during 2017/18 to monitor change
- For all wards to be signed up to the talk 1st programme
- Report uptake of new Prevention & Management of Violence & Aggression training

Implement principles of the Triangle of Care (continues from 2016/17)

Aims:

- For action plans to be continuously reviewed and monitored through carer champion forums
- Deliver a minimum of 10 carer awareness training sessions, and evaluate the training

Co-production and personalisation of care plans

Aims:

- Deliver care plan training to all qualified nurses working on inpatient wards using the training material developed in older people' services.
- Undertake an audit and re-audit to assess any improvements and take any remedial action

Quality Goal Two – Service User & Carer Experience:

Working with you, your carers and your family to support your journey

Improving waiting times for referrals to multidisciplinary teams (continues from 2016/17)

Aim:

- For 100% of service users waiting as at 30/06/2017 to have waited less than 18 weeks as at that date

Quality Goal Three – Clinical Effectiveness:

Ensuring the right services are in the right place at the right time to meet all your health and wellbeing needs

Use of the Mental Health Act – Reading of Rights

Aims:

- To review current practice and undertake subsequent requirements
- Develop and implement updated guidance and any additional training
- Evaluate process and identify action plans for any areas not showing an improvement

Part 2b

Looking Back – Review of Quality Goals and Quality Priorities in 2016/17

In this section we will review our progress and performance against our 2016/17 Quality Goals and Quality Priorities.

Taking each Quality Goal in turn, we will look back on the last year to assess progress against the Quality Priorities we set in 2016/17, and consider the impact on each overarching Quality Goal.

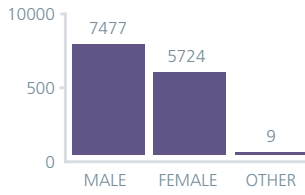
At any time the Trust is usually caring for approximately 42,000 people. Table 1 below shows the number of current service users as at 31st March 2017 by locality, with a comparison of the same figures from the last 3 years:

Table 1: Service Users by locality 2014/15 to 2016/17

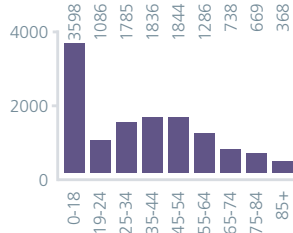
Clinical Commissioning Group (CCG)	2014/15	2015/16	2016/17
Durham Dales Easington & Sedgefield CCG	371	375	475
North Durham CCG	557	578	653
Darlington CCG	86	111	134
Hartlepool & Stockton CCG	131	137	184
Newcastle	8913	8741	8592
Gateshead	3868	4138	4618
Newcastle & Gateshead CCG (Total)	12781	12879	13210
North Tyneside CCG	4031	3996	4093
Northumberland CCG	10345	10361	9584
South Tees CCG	189	198	232
South Tyneside CCG	4336	3990	3684
Sunderland CCG	8786	9020	9443
Other areas	171	310	611
Total Service Users	41784	41955	42303

Breakdown of service users by age, gender, ethnicity (by CCG)

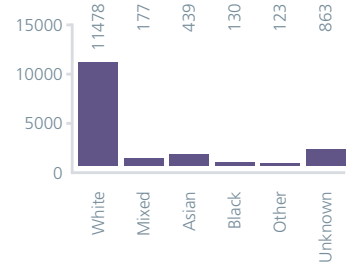
Newcastle & Gateshead CCG
Gender Breakdown



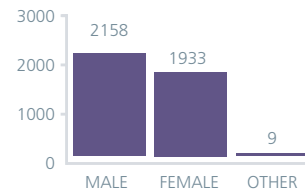
Age Breakdown



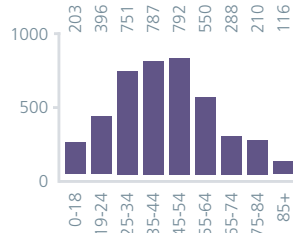
Ethnicity Breakdown



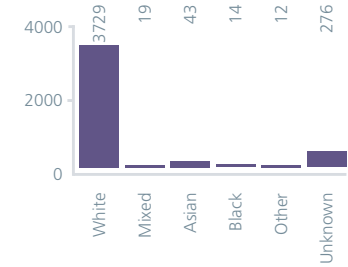
North Tyneside CCG
Gender Breakdown



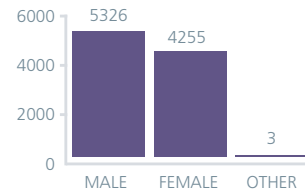
Age Breakdown



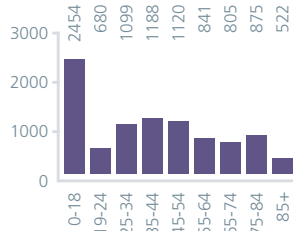
Ethnicity Breakdown



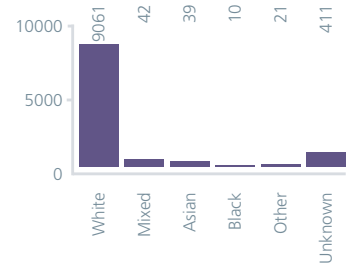
Northumberland CCG
Gender Breakdown



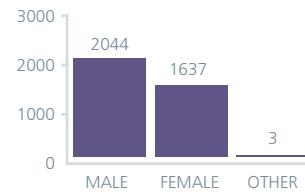
Age Breakdown



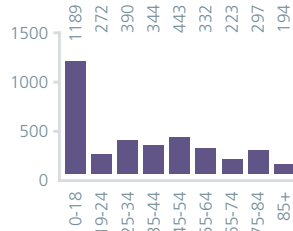
Ethnicity Breakdown



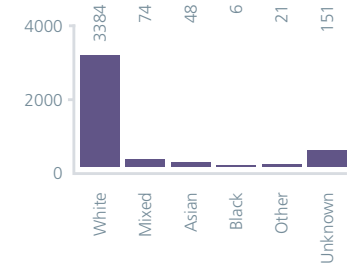
South Tyneside CCG
Gender Breakdown



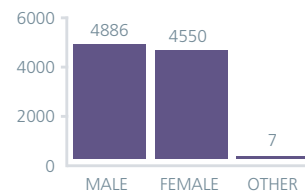
Age Breakdown



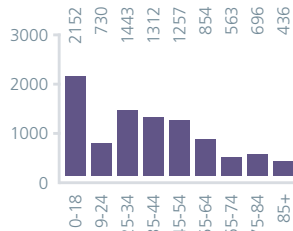
Ethnicity Breakdown



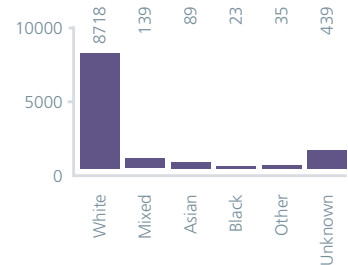
Sunderland CCG
Gender Breakdown



Age Breakdown



Ethnicity Breakdown




Quality Goal One

Patient Safety: Keeping you safe

We will demonstrate success against this goal by reducing the severity of incidents and the number of serious incidents across the Trust's services.

2016/17 Quality Priority: To embed suicide risk training for staff


Target In 2016/17 our aim was for 85% of qualified clinical staff to have completed the enhanced suicide risk training.

Progress  **Met**

As at the 31st March 2017, 87% of qualified clinical staff had completed the enhanced suicide risk training. The specific aim of this Quality Priority was met, and the Trust will ensure that this training continues with refresher training provided to staff every 3 years.

2016/17 Quality Priority: Improve the transitions between Children and Young People's services and adulthood (community services only)

Target We aim to ensure a timely and appropriate handover for service users transitioning to Adult services, and reduce the number of over 18 year olds inappropriately seen in Children and Young People's services.

Progress  **Met**

During 2016/17 there has been a 32% reduction in the number of people 18 years or older in Children and Young People's services. This reduction has been supported by the implementation and embedding of a formal meeting arrangement between Children and Young People Community Clinical Managers and Adult Community Clinical Managers to facilitate multi-disciplinary discussions and agreements needed to support the transition plan for individuals from Children and Young People's services into Adult services. A 'moving on' pack has also been developed to improve transition practice for young people with complex mental health needs and disabilities.

What is the difference between Children and Young People's services and Adult services?

The Trust's Children and Young People's services provide assessment and treatment for people up to 18 years who have mental health and learning disability needs. Our Adult services provide assessment and treatment for people 18 years and over who have mental health and learning disability needs.

2016/17 Quality Priority: Improve the transitions between inpatient and community mainstream services

Target To ensure that for service users who require an inpatient stay, positive and sustained links with their care co-ordinator and their respective community teams are maintained. For service users who are directly admitted to inpatient services without the benefit of a community based care co-ordinator appropriate arrangements are put in place prior to the planned discharge.

Progress



The delivery of this Quality Priority has been enabled by the implementation of a 'community tracker tool'. The community tracker tool monitors community contact with each individual inpatient during their stay, ensuring appropriate links are maintained in order to support transitions. It has also successfully increased collaborative care planning between staff from inpatient and community services contributing towards more effective transitions. An evaluation of service user feedback is currently on going to further evidence the positive impact, and an implementation plan for 2017/18 is being established for the work to be rolled out across all localities following the targeted work in Newcastle and Gateshead.

What is a care co-ordinator?

A care co-ordinator is responsible for the care provided to an individual.

How have the Quality Priorities in 2016/17 helped support this Quality Goal?

The aim of this Quality Goal is to reduce the impact and severity of patient safety incidents. Table 2 below shows the total number of patient safety incidents reported by the Trust over the past 3 years:

Table 2: Number of reported patient safety incidents and total incidents 2014/15 to 2016/17

Patient Safety Incidents & Total Incidents reported:	2014/15	2015/16	2016/17
Patient Safety Incidents	11,069	10,804	13,277
Total Incidents reported:	31,240	32,028	36,332

A patient safety incident is defined as 'Any unintended or unexpected incident, which could have or did lead to harm for one or more patients receiving NHS funded healthcare.' These account for roughly one third of the total incidents. Most incidents reported do not fit this definition, for example, inappropriate patient behaviour or aggression toward staff.

Throughout 2016/17 the Trust has fully embedded an electronic incident reporting process, resulting in increased reporting, improved quality and timelier reporting of patient safety incident data to the National Reporting and Learning System. In March 2017 the Trust was achieving an average national reporting timescale of 13 days against a national average of 26 days.

Most serious incidents reported are unexpected deaths in mainstream community services or substance misuse services. We are continuously developing our investigation and learning processes, regularly reporting themes from serious incidents to the Board of Directors.

The Trust has been fully engaged with Mazars LLP and worked closely to support the Care Quality Commission with their national review of deaths, and as a result we will change our processes for reviewing all deaths from April 2017. The Board of Directors has received 6 monthly updates in relation to all deaths throughout 2016/17 and the most recent report is available on our website: www.ntw.nhs.uk. Activity related to learning from deaths will be included in the Quality Account from 2018/19.

Who are Mazars LLP?

Mazars LLP is the UK firm of Mazars, an international advisory and accountancy organisation. Mazars was commissioned by NHS England to review the deaths of people with a learning disability or mental health issues.

Sign Up To Safety

The Trust has reviewed the Safety Improvement Plan in 2016/17 and the 2 main areas of development moving forward into 2017/18 will be:

- The review and learning from all deaths, and
- The full implementation of the Trust's Positive and Safe Strategy.

Progress against these will be reported regularly to the Board of Directors.

Patient Safety Incidents by impact

Table 3: Number of Patient Safety Incidents by impact 2014/15 to 2016/17:

Number of Patient Safety Incidents reported, by impact:	2014/15		2015/16		2016/17	
No Harm	4217	38%	5110	47%	7065	53%
Minor Harm	6093	55%	4987	46%	5227	39%
Moderate Harm	587	5%	602	5%	785	6%
Major Harm	55	1%	23	1%	81	1%
Catastrophic, Death	117	1%	82	1%	119	1%
Total patient safety incidents reported*	11,069	100%	10,804	100%	13,277	100%

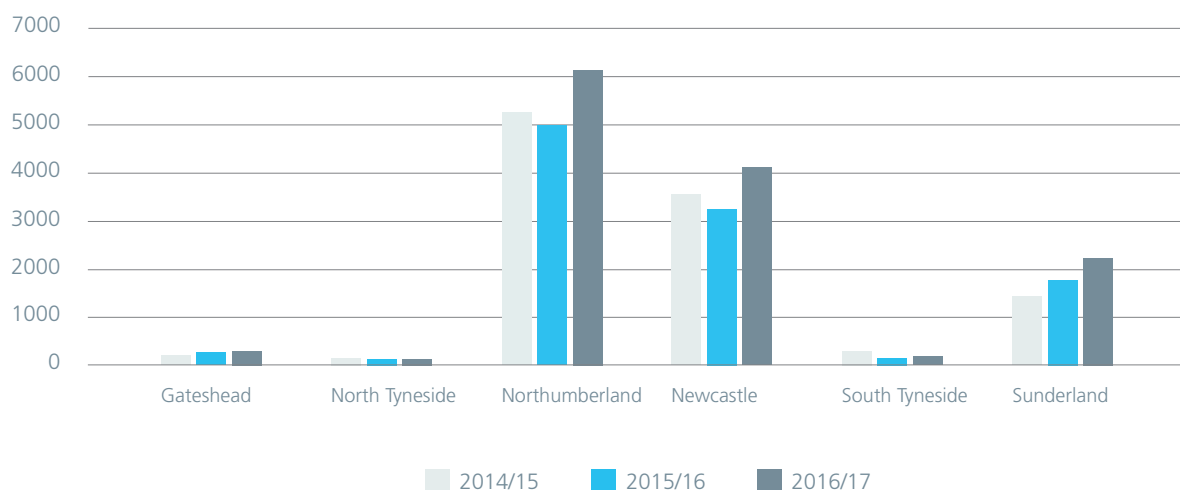
(NB Annual totals for previous years may differ from previously reported data due to on-going data quality improvement work and to reflect coroner's conclusions when known. Data is as at 7/4/17).

Quality Priority activity, along with enhancements in recording and categorisation of incidents may have contributed to the reduction in severity of incidents reported above, with the proportion of "no harm" incidents increasing steadily. Additionally, more deaths are now being reported each year, which we believe accurately reflects the activity of the Trust, when compared to the clinical record.

Patient Safety Incidents by location

Figure 2 shows patient safety incidents which have been reported over the past 3 years by location of the incident (i.e. where the incident took place, rather than where the service user is from):

Figure 2: Patient Safety Incidents by location 2014/15 to 2016/17



Services based in Newcastle and Northumberland continue to report more incidents than other areas, reflecting the location of specialist inpatient services located in those areas, supporting service users with complex needs, resulting in high numbers of incidents reported (for example, specialist inpatient services for people with autism spectrum disorder). Figure 3 overleaf shows patient safety incidents by both location and the severity of harm caused, for both community based and inpatient services.

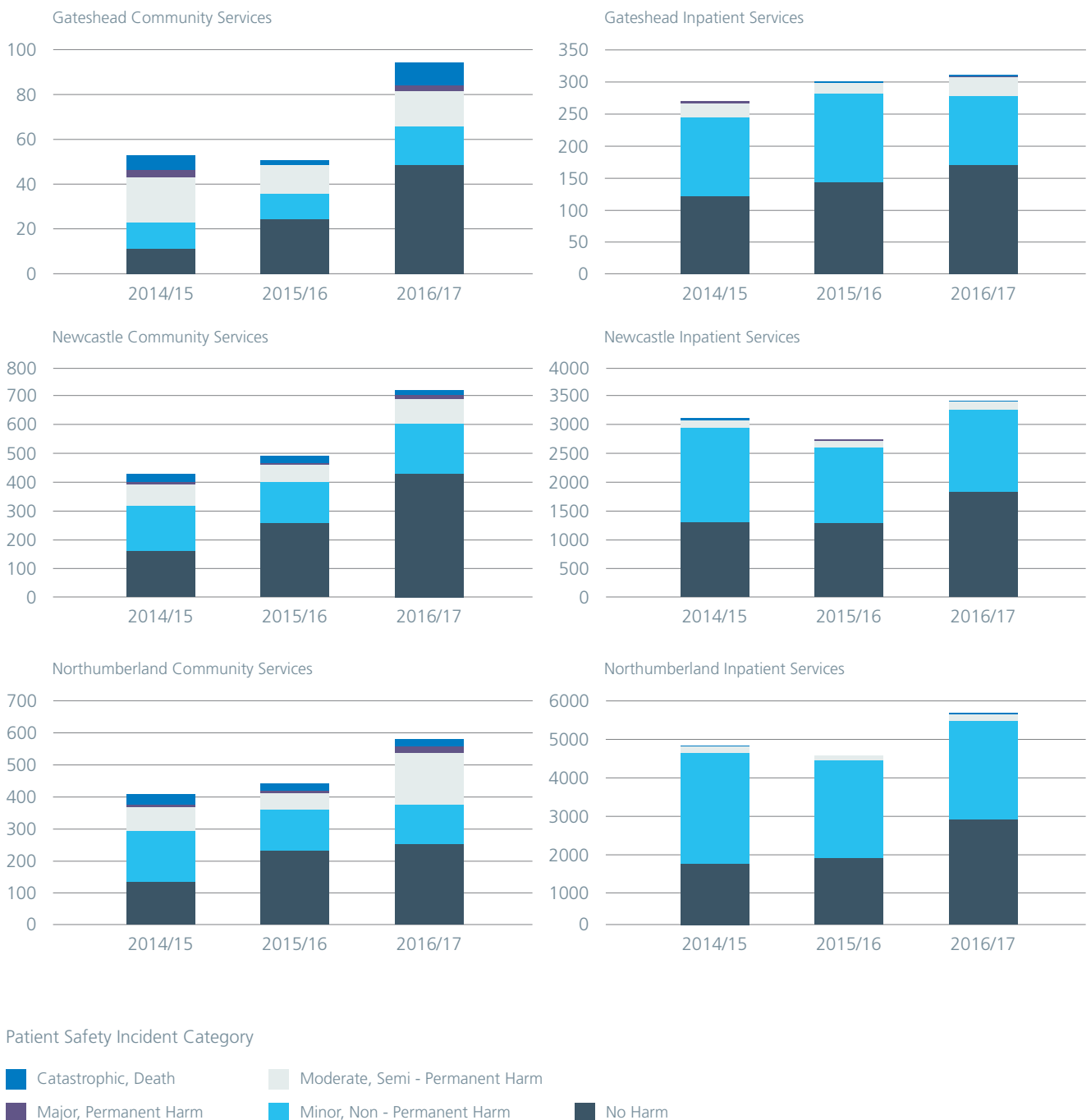
Table 4: Number of Patient Safety Incidents in Community and Inpatient Services 2014/15 to 2016/17

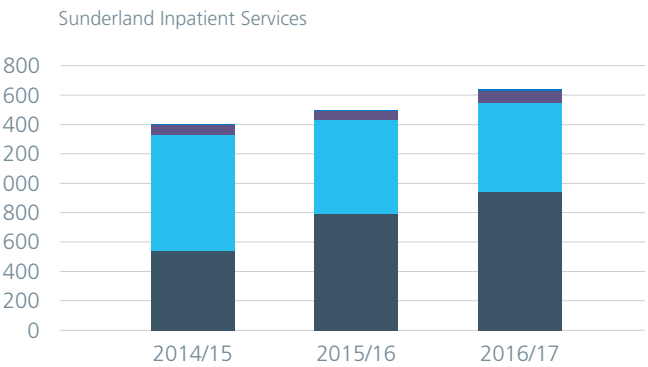
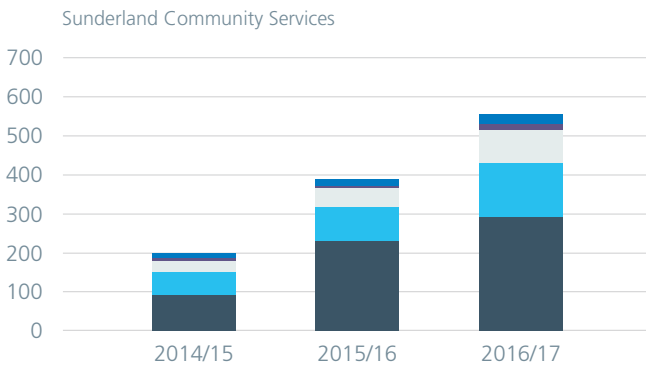
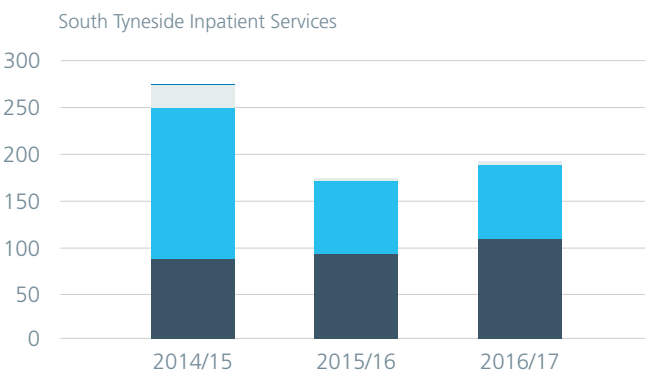
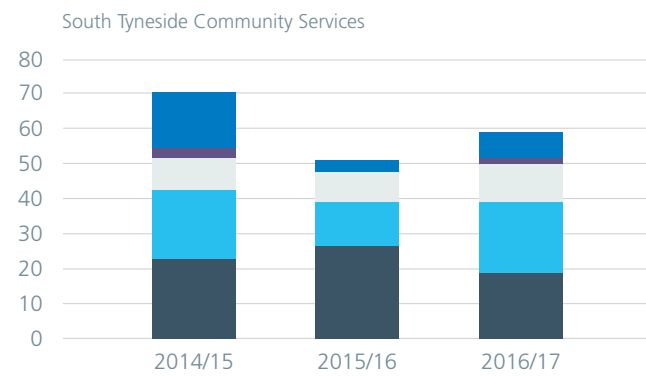
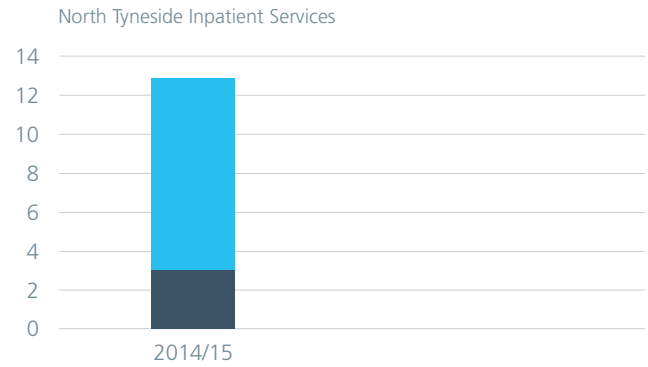
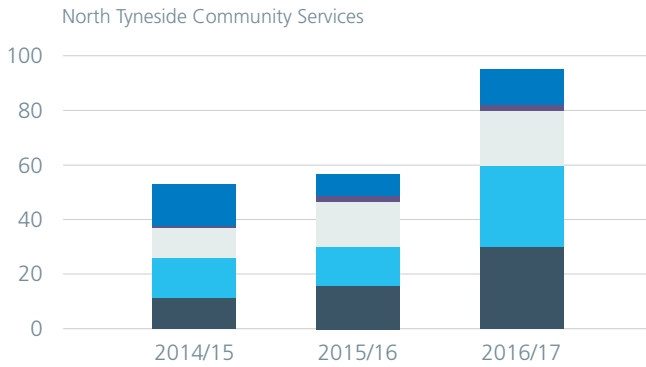
Number of Patient Safety Incidents reported	2014/15	2015/16	2016/17
Community Services	1,212	1,512	2,207
Inpatient Services	9,857	9,292	11,070
Total patient safety incidents	11,069	10,804	13,277

Patient Safety Incidents by Location and Level of Harm

Figure 3: Patient Safety Incidents by Location and Level of Harm

Note that during the year we have taken on additional community services in Gateshead and Sunderland. Many areas have seen an increase in reported incidents due to the introduction of the electronic reporting process.





Patient Safety Incident Category

- Catastrophic, Death
- Major, Permanent Harm
- Moderate, Semi - Permanent Harm
- Minor, Non - Permanent Harm
- No Harm

*NB The numbers shown relate to where the services are.
Note that the vertical scales on each graph differ to reflect variation by location.*

Incidents by Clinical Commissioning Group

With recent improvements to our incident reporting processes, the Trust can now report on incident activity by Clinical Commissioning Group (CCG).

The following table gives a summary breakdown of all incidents including patient safety incidents by local CCG.

Table 5: Incidents by local CCG of patients 2016/17

Clinical Commissioning Group (CCG)	Total
NHS GATESHEAD	2570
NHS NEWCASTLE	7004
NHS NORTH TYNESIDE CCG	2321
NHS NORTHUMBERLAND CCG	8816
NHS SOUTH TYNESIDE CCG	2326
NHS SUNDERLAND CCG	5433

NB There are also incidents relating to service users from other non-local CCG's.

National benchmarking information on our serious incident reporting (during 2014/15 to 2016/17) can be found on page 69 of this report. For further updates on patient safety incident information please access the Trust Board patient safety reports – these are published quarterly and can be found on our website.

Openness and Honesty when things go wrong: the Professional Duty of Candour

All healthcare professionals have a duty of candour which is a professional responsibility to be honest with service users and their advocates, carers and families when things go wrong. The key features of this responsibility are that:

Every healthcare professional must be open and honest with service users when something that goes wrong with their treatment or care causes, or has the potential to cause, harm or distress. This means that healthcare professionals must:

- Tell the service user (or, where appropriate, the service user's advocate, carer or family) when something has gone wrong.
- Apologise to the service user. Offer an appropriate remedy or support to put matters right (if possible).
- Explain fully to the service user the short and long term effects of what has happened.

A key requirement is for individuals and organisations to learn from events and implement change to improve the safety and quality of service user care. We have implemented the Duty of Candour, developed a process to allow thematic analysis of reported cases, raised awareness of the duty at all levels of the organisation and we are also reviewing how we can improve the way we learn and ensure that teams and individuals have the tools and opportunities to reflect on incidents and share learning with colleagues. Healthcare professionals must also be open and honest and take part in reviews and investigations when requested. All staff are aware that they should report incidents or raise concerns promptly, that they must support and encourage each other to be open and honest, and not stop anyone from raising concerns.

The Trust has reviewed its approach to Duty of Candour, in light of the recent publications on death reviews and will be applying this from April 2017.


Quality Goal Two

Patient Experience: Working with you, your carers and your family to support your journey

We will demonstrate success by improving the overall score achieved in the patient survey and by reducing the number of complaints received.

2016/17 Quality Priority: To improve the referral process and the waiting times for referrals for multi-disciplinary teams

- Target
- To ensure that 100% of service users will wait no longer than 18 weeks for their first contact with all services, with the exception of the following services:
- Children's and Young Peoples' community services - to maintain waiting times
 - Adult Attention Deficit & Hyperactivity Disorder (ADHD) and Autism Spectrum Diagnosis (ASD) services - to reduce waiting times
 - Gender Dysphoria service - to reduce waiting times.

Progress  **Not Met**

Our aim is that no-one should wait more than 18 weeks for their first contact with a community service. In line with nationally reported 18 weeks data, we measure progress against this by looking at the waiting list at the end of the year, and calculating how many of those service users waiting had been waiting for more or less than 18 weeks at that point.

Referrals which are regarded as a priority or emergency by the clinical team would not be expected to wait 18 weeks for first contact. The definitions of what constitutes a priority or emergency referral differs per service.

We encourage service users, carers and referrers to keep in touch with us while they are waiting for their first contact and to let us know if anything about their situation changes.

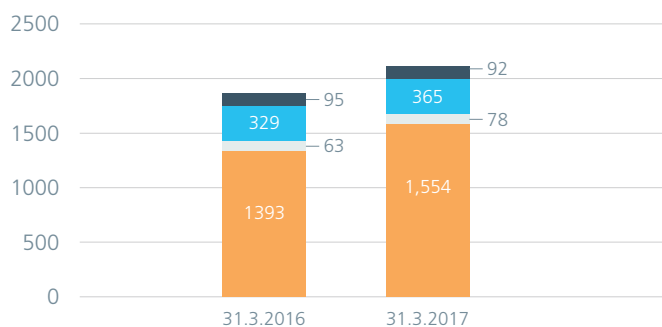
This year has been particularly challenging in terms of resources, resulting in more people waiting to access services on 31st March 2017 compared with the same day in 2016, and more of those service users had been waiting longer than 18 weeks compared with the previous year.

At 31st March 2017, there were 9,665 patients on a waiting list to access our services, which is a 5% increase compared to 31st March 2016. The following charts show this data by CCG.

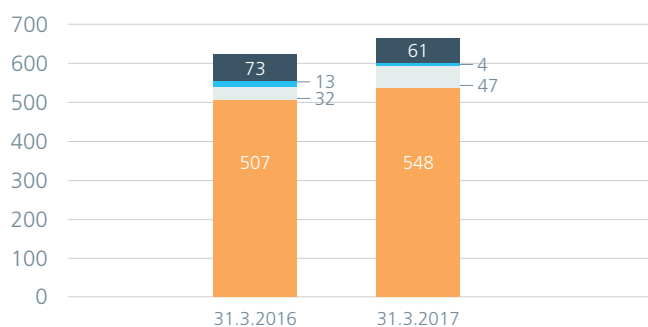
What is meant by first contact?

A first contact is the first attended appointment.

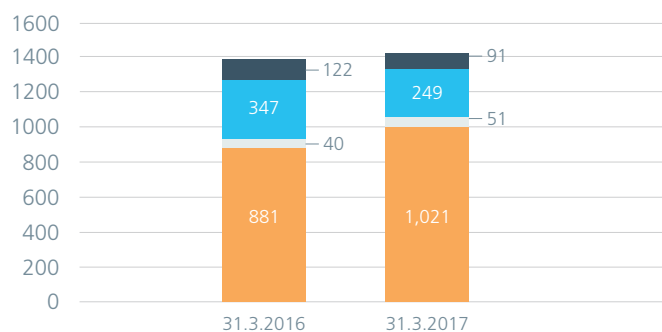
Community Waiting Lists 31.3.16 and 31.3.17 - Northumberland CCG



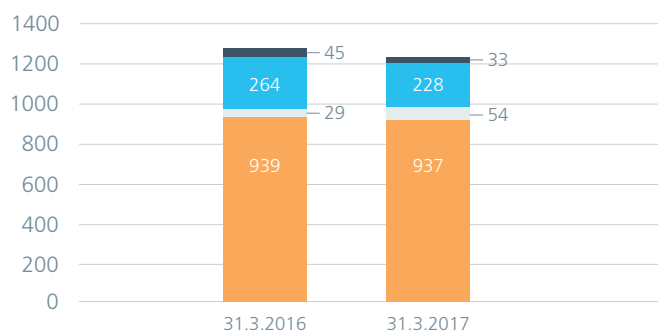
Community Waiting Lists 31.3.16 and 31.3.17 - North Tyneside CCG



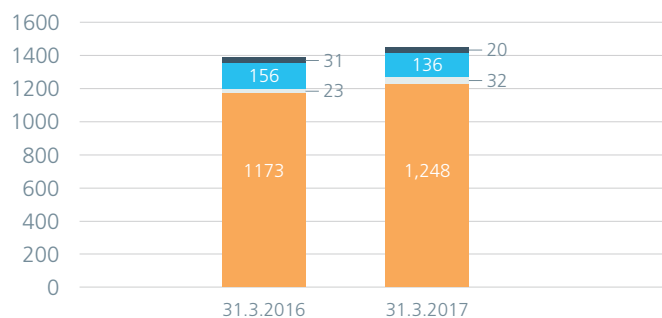
Community Waiting Lists 31.3.16 and 31.3.17 - Newcastle



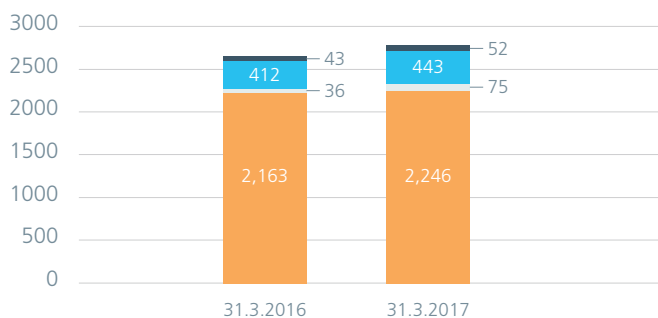
Community Waiting Lists 31.3.16 and 31.3.17 - Gateshead



Community Waiting Lists 31.3.16 and 31.3.17 - South Tyneside



Community Waiting Lists 31.3.16 and 31.3.17 - Sunderland

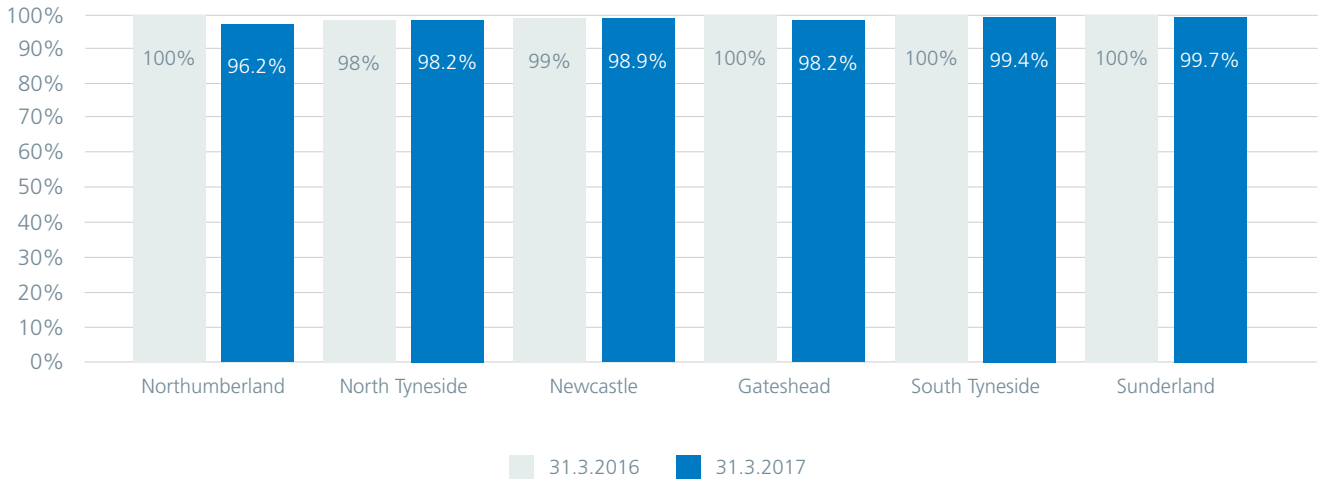


- Adult Attention Deficit & Hyperactivity Disorder Services
- Children and Young People
- Adult Autism Spectrum disorder
- All Other Services

Note: the data above measures the number of people waiting to have their first contact with a service, with the exception of Children and Young People's services, which are measured as the number of Children & Young People waiting to start treatment.

For “all other services” (i.e. all community services excluding Children and Young People’s services, Adult ADHD, Adult ASD services and Gender Dysphoria services), as at 31st March 2017, 98.5% of those waiting had been waiting less than 18 weeks (compared with 99.5% the previous year). The chart below shows this data by CCG:

All services: percentage of service users waiting less than 18 weeks 31.3.2016 vs 31.3.2017 Times



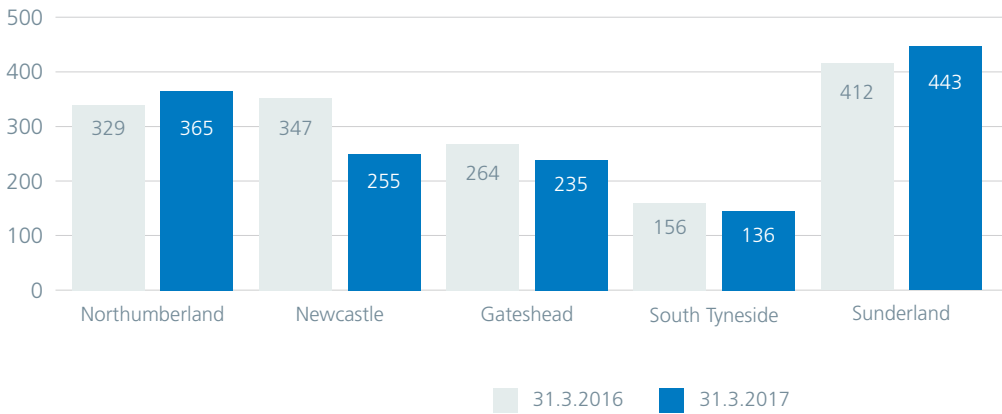
Children and Young People’s Community Services Waiting Times

Waiting times for Children’s and Young Peoples services are measured differently from the 18 weeks standard above, as they are measured from the date of referral to the start of treatment (and therefore include any assessment process).

As at 31 March 2017, there were 1,421 children and young people from local CCG’s waiting to start treatment with the Trust, which is a decrease of 6% overall from the previous year. Of these, 99% had been waiting less than 18 weeks as at that date.

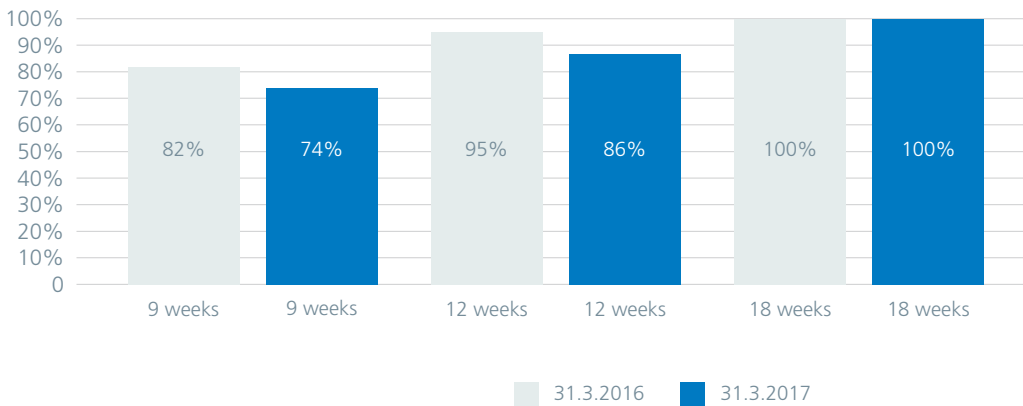
During the year, the Trust faced particular challenges within these services and, recognising the difficulty in maintaining the 2015/16 proportion of service users waiting less than 9 and 12 weeks for treatment, we made a commitment to maintain the 18 week standard (nb urgent cases are in treatment much sooner than 18 weeks). The following charts show waiting times data by CCG compared with the previous year (note that we do not provide mainstream community services to Children and Young People in North Tyneside – this service is provided by Northumbria Healthcare):

Child & Young People Community Services. Waiting List Size Comparison - 31.3.2016 and 31.3.2017



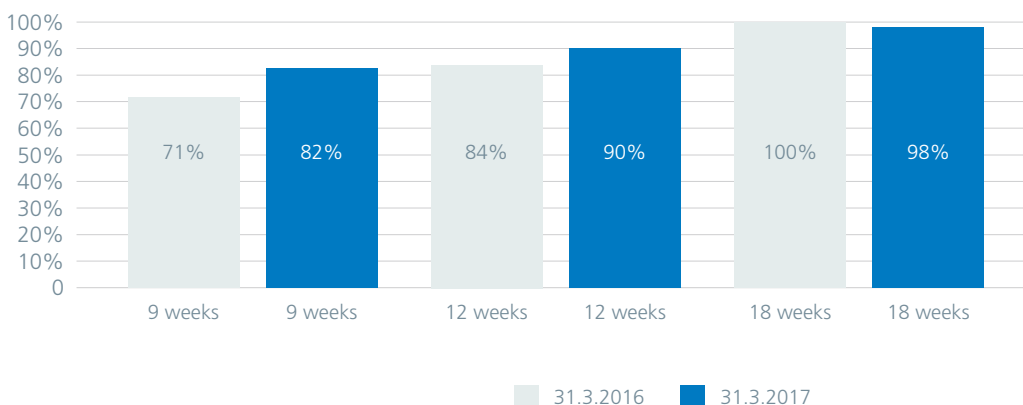
While the overall number of waiting for treatment has decreased, largely due to a significant reduction in Newcastle, in some localities there has been an increase in the size of the waiting list.

Waiting Times for Children & Young People Community Services - Northumberland CCG



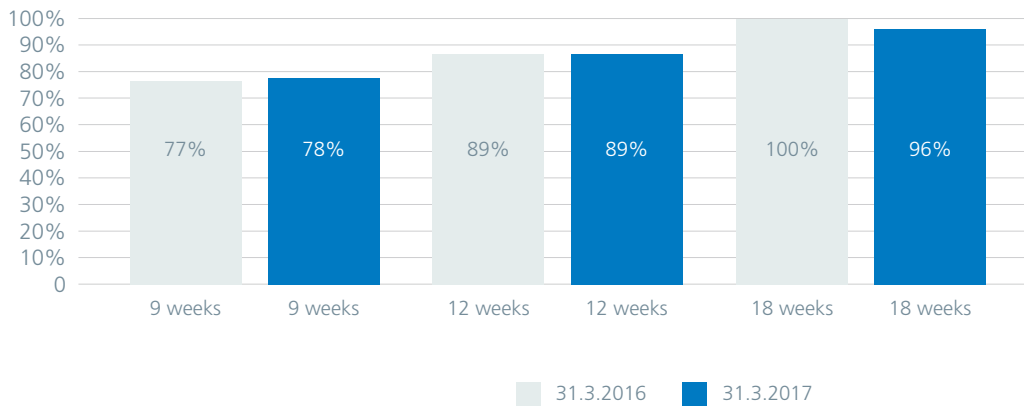
The 18 week standard has been maintained in Northumberland.

Waiting Times for Children & Young People Community Services - Gateshead



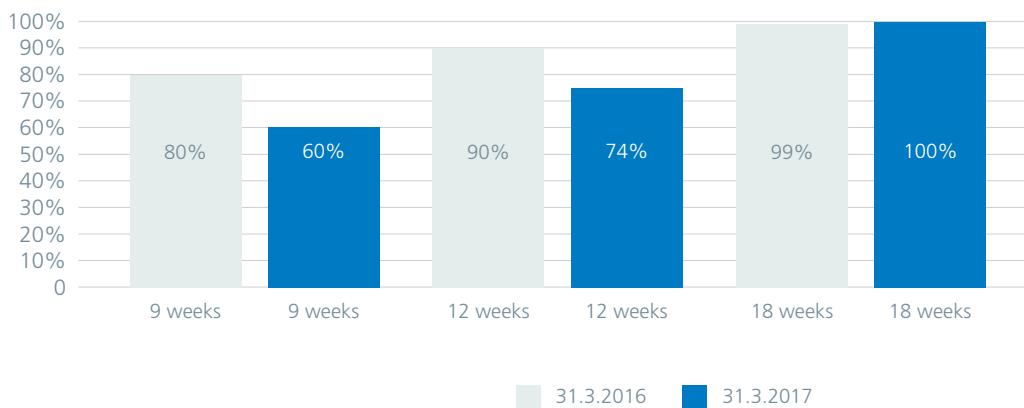
There has been improvements in the proportion of people waiting less than 9 and 12 weeks in Gateshead.

Waiting Times for Children & Young People Community Services - Newcastle



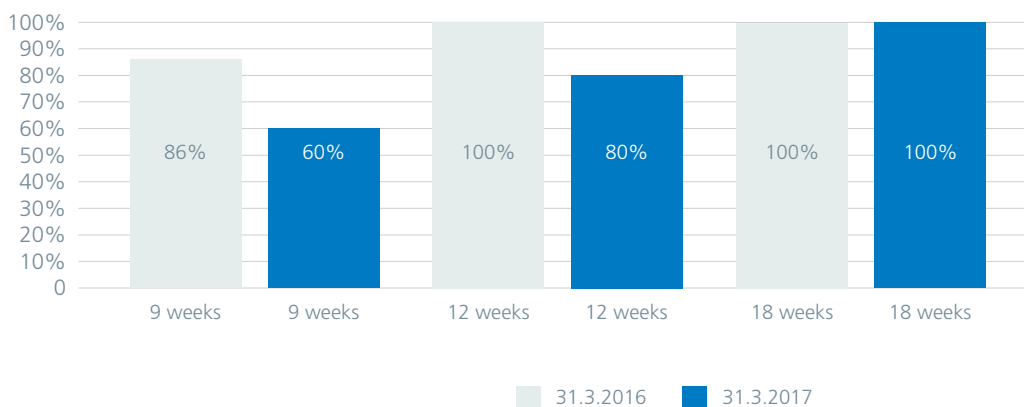
The proportion of people waiting 9 and 12 weeks in Newcastle has remained largely the same, however on 31st March 2017 there were a small number of people who had been waiting longer than 18 weeks for treatment.

Waiting Times for Children & Young People Community Services - Sunderland CCG



The 18 week standard has been achieved in Sunderland.

Waiting Times for Children & Young People Community Services - South Tyneside CCG

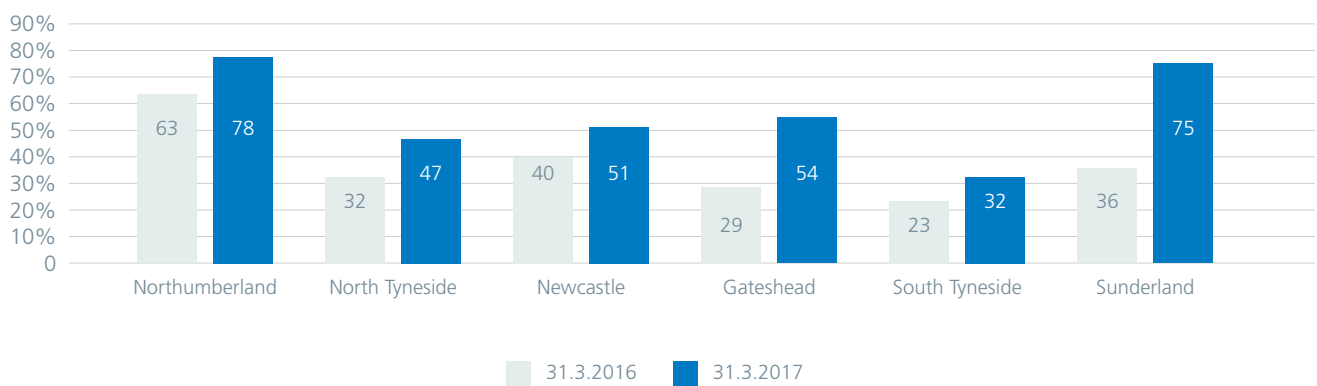


The 18 week standard has been achieved in South Tyneside.

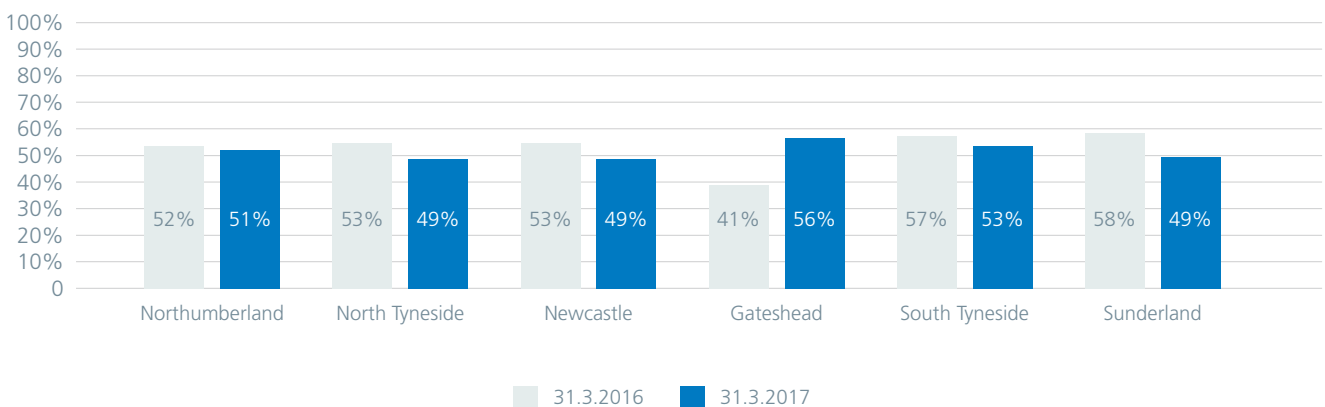
Adult Autism Spectrum Disorder Diagnostic Service (Adult ASD)

There is a significant demand for this service and during the year, the team has increased its activity. However, due to an increase in both the volume and complexity of referrals, the total waiting list has increased to 337 people at 31st March 2017 (compared with 223 people in March 2016). The 18 week standard is not yet being achieved.

Adult Autism Spectrum Disorder Service Waiting List Size Comparison - 31.3.2016 and 31.3.2017



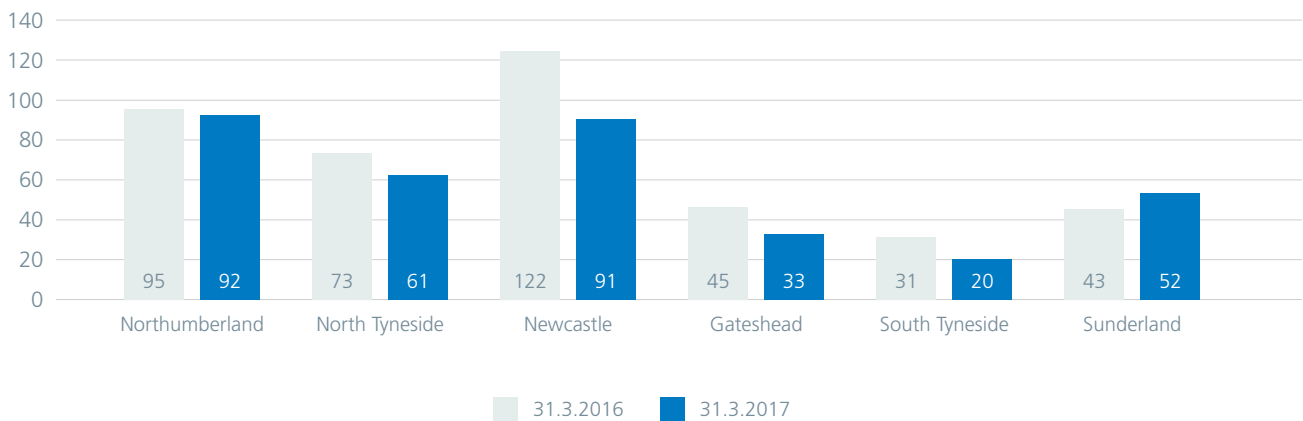
Adult Autism Spectrum Disorder Service - percentage of service users waiting less than 18 weeks 31.3.2016 vs 31.3.2017



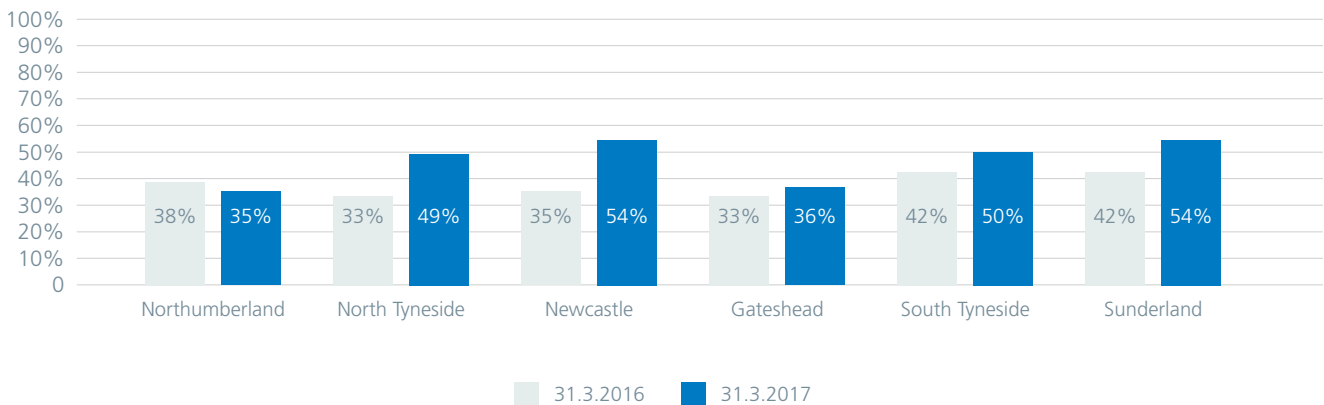
Adult Attention Deficit Hyperactivity Disorder Service (Adult ADHD)

This service has reduced the overall size of their waiting list in the year, and waiting times have improved, however the 18 week standard is not yet being achieved. The total waiting list has reduced by 15% in the year, with 350 people waiting to access the service on 31st March 2017. While the 18 week standard is not yet being achieved within this service, on 31st March 2017 there were fewer people waiting more than 18 weeks than on 31st March 2016. The graph below shows the waiting list as at 31/03/16 and 31/03/17.

Attention Hyperactivity Deficit Disorder Service
Waiting List Size Comparison - 31.3.2016 and 31.3.2017



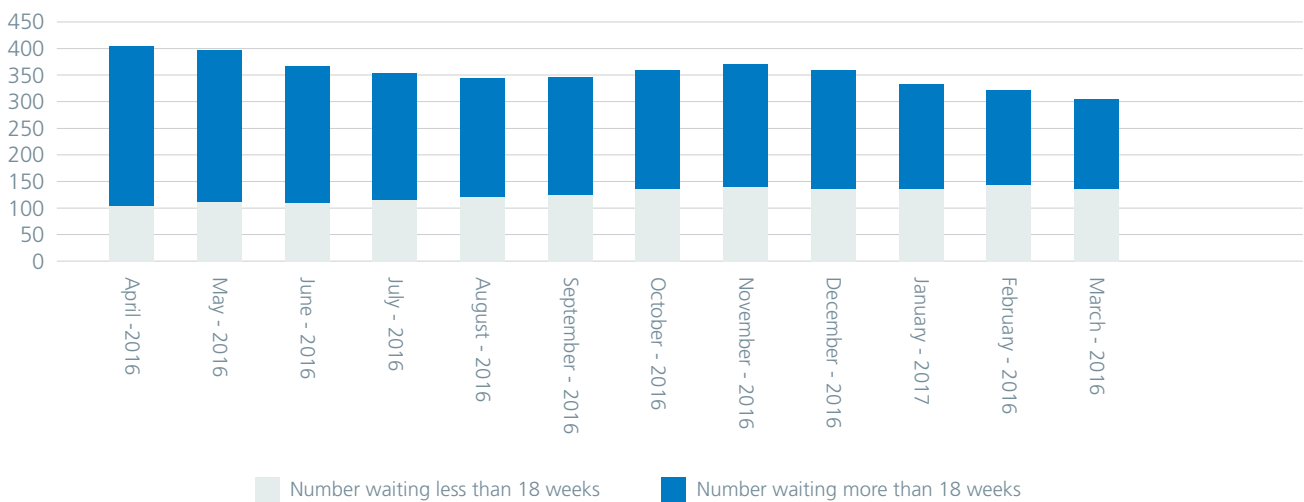
Adult Attention Deficit Hyperactivity Disorder Service - percentage of service users waiting less than 18 weeks 31.3.2016 vs 31.3.2017



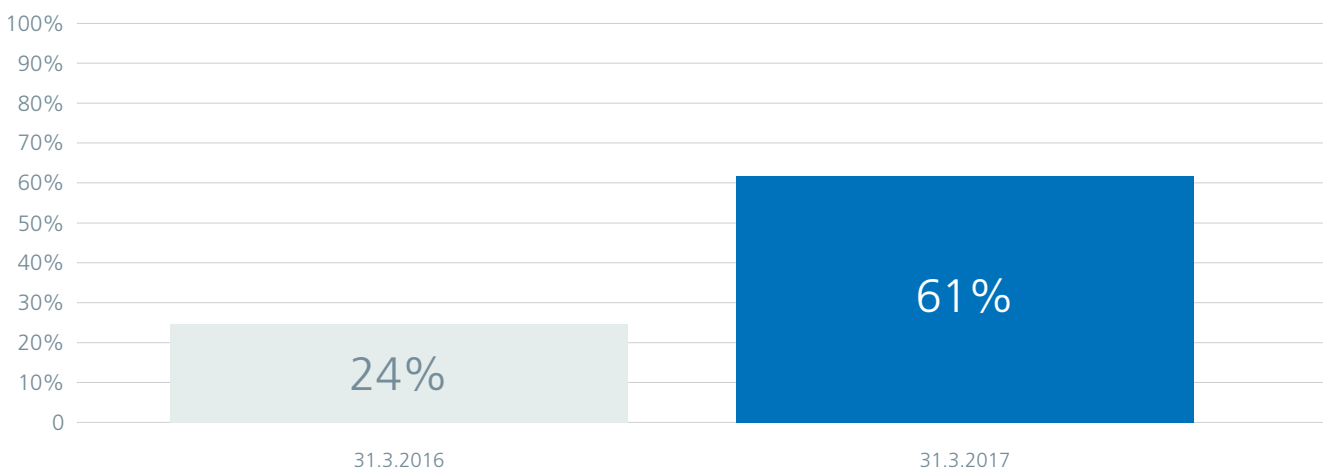
Gender Dysphoria Service

The Gender Dysphoria service, following investment by NHS England, has decreased the size of their waiting list by 25% from 400 to 300 service users during 2016/17. The service has also improved waiting times in the year and is working towards achieving the 18 week standard. (nb This data is not shown by CCG as this specialised service is commissioned by NHS England).

Gender Dysphoria waiting list 2016/17



Gender Dysphoria - percentage of service users waiting less than 18 weeks
31.3.2016 vs 31.3.2017



Gender Dysphoria Service

The Gender Dysphoria Service provides a regional specialist assessment and treatment service for people who experience persistent confusion and / or discomfort with their gender. This includes people who want to change physical aspects of their gender as well as those who do not.

2016/17 Quality Priority: Implement principles of the Triangle of Care programme

Target To improve the way we relate, communicate and engage with carers.

Progress



The Triangle of Care approach offers key principles aimed at encouraging partnership working with carers to involve them within care and support planning. All inpatient and community services have undertaken self-assessments against the key principles and developed action plans to ensure they are undertaken. Carer champions have been identified in inpatient and community services who lead on, promote and support better partnership working with carers and families. Within community services carer “train the trainers” training has been rolled out to ensure staff receive carer awareness training, making them aware of the valuable contribution carers can make to the care of the service user and of the carer’s own needs.

What are the principles of Triangle of Care?

The six key principles are:

- 1) Carers and the essential role they play are identified at first contact or as soon as possible thereafter.
- 2) Staff are ‘carer aware’ and trained in carer engagement strategies.
- 3) Policy and practice protocols re: confidentiality and sharing information, are in place.
- 4) Defined post(s) responsible for carers are in place.
- 5) A carer introduction to the service and staff is available, with a relevant range of information across the care pathway.
- 6) A range of carer support services

“The team were professional, caring and nothing was too much trouble for them, and as a family member the advice was so helpful.”

Memory Protection Service South of Tyne, 2017.



How have the 2016/17 Quality Priorities helped support this Quality Goal?

We aim to ensure that service users and carers have a positive experience of care and treatment when accessing our services and we use national surveys to find out about people's experiences of the Trusts services. During 2016/17 the Trust took part in the annual Community Mental Health Survey along with all mental health trusts in England. The survey which covers all aspects of community mental health service user care over 10 sections, was completed by 222 community service users (27% of those asked). The table below reports the NTW patient response score per section of the survey, along with the 2015 NTW score and a comparison with all other mental health trusts.

Table 6: National Mental Health Community Patient Survey Results for 2015 and 2016

Survey Section	2016 NTW Score (out of 10)	2016 NTW Lowest – Highest Score	2016 Position relative to other Mental Health Trusts	2015 NTW Score (out of 10)
1. Health and Social Care Workers	7.9	7.4 – 8.4	About the Same	7.6
2. Organising Care	8.6	7.2 – 9.9	About the Same	8.7
3. Planning Care	7.0	5.6 – 7.9	About the Same	7.3
4. Reviewing Care	7.9	7.2 – 8.4	About the Same	7.5
5. Changes in who you see	6.0	5.2 – 6.5	About the Same	*
6. Crisis Care	6.5	5.8 – 7.1	About the Same	6.5
7. Treatments	7.6	7.0 – 8.4	About the Same	7.3
8. Other Areas of Life/ Support and Wellbeing	5.3	3.5 – 7.3	About the Same	5.2
9. Overall Views of Care and Services	7.6	6.6 – 8.7	About the Same	7.3
Overall Experience	7.2			7.0

For each of the 10 sections, NTW performed 'about the same' compared to the other 58 mental health and disability providers involved.

A comparison between the 2015 and 2016 scores for NTW shows that for Overall Experience the Trust score improved from 7.0 in 2015 to 7.2 in 2016 (where 0 is poor and 10 is very good). Scores improved in another 5 sections being, Health and Social Care Workers, Reviewing Care, Treatments, Support and Wellbeing and Overall View of Care and Services. There were 2 areas where scores showed a small deterioration, these were Organising Care and Planning Care. (*Please note a comparison for change in who you see (Section 5) cannot be made between years as there have been changes to the questions and methodology in the 2016 survey).

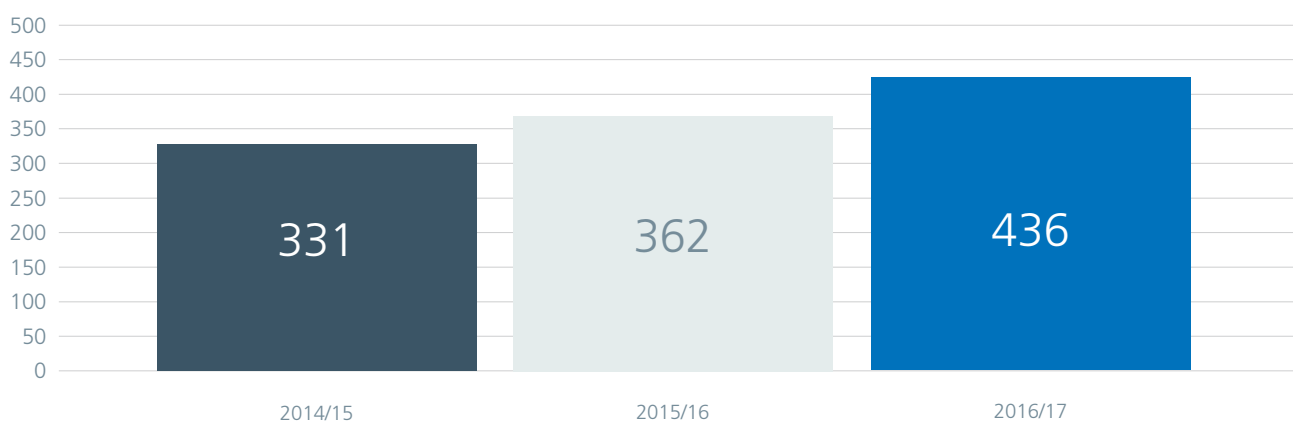
Complaints

Information gathered through our complaints process is used to inform our service improvements and ensure we provide the best possible care to our service users, their families and carers.

Complaints have increased during 2016/17 with a total of 436 received during the year (during which time we provided care and treatment for more than 81,000 people). This is an increase of 74 complaints (or 20%) from 2015/16, and the increase can be seen across many categories. Note there has been a reduction in complaints relating to restraint, which may be linked to the implementation of the Positive and Safe Strategy (see page 41).

When considering the themes arising from complaints, it is clear to see that waiting times for Children and Young Peoples' Services features within this. Also there are several complaints in relation to the new ways of working. There has also been an increase in complaints relating to facilities which often relate to the no smoking policy and parking issues around major hospital sites.

Figure 4: Number of complaints received 2014/15 to 2016/17



Complaints received 2015/16 – 2016/17

Table 7: 2015/16 – 2016/17 Number of complaints received by category:

Complaint Category Type	2015/16	2016/17	Complaint Category Type	2015/16	2016/17
Patient Care	76	124	Other	15	13
Communications	72	75	Privacy, Dignity and Wellbeing	9	12
Values and Behaviours	58	64	Access to Treatment or Drugs	9	7
Facilities	6	29	Restraint	9	4
Prescribing	24	26	Waiting Times	10	3
Admissions and Discharges	24	21	Commissioning	0	1
Appointments	22	20	Consent	1	0
Clinical Treatment	15	20	Integrated Care	1	0
Trust Admin/ Policies/ Procedures	11	17	Total	362	436

Outcomes of complaints

Within the Trust there is continuing reflection on the complaints we receive, not just on the subject of the complaint but also on the complaint outcome. Table 8 indicates the numbers of complaints and the associated outcomes for the 3 year reporting period:

Table 8: Number (%) of complaints and outcomes 2014/15 to 2016/17

Complaint Outcome	2014/15	2015/16	2016/17
Closed – Not Upheld	88 (27%)	91 (25%)	135 (31%)
Closed – Partially Upheld	99 (30%)	89 (25%)	107 (25%)
Closed - Upheld	75 (23%)	76 (21%)	87 (20%)
Complaint withdrawn	47 (14%)	29 (8%)	50 (11%)
Decision not to investigate	1 (0%)	3 (1%)	5 (1%)
Still awaiting completion	0 (0%)	51 (14%)	34 (8%)
Unable to investigate	20 (6%)	23 (6%)	17 (4%)
Total	330	362	436

Note that the proportion of complaints that were either fully or partly upheld has decreased from 53% in 2014/15 to 45% in 2016/17.

Complaints referred to the Parliamentary and Health Service Ombudsman

If a complainant is dissatisfied with the outcome of a complaint investigation they are given the option to contact the Trust again to explore issues further. However, if they choose not to do so or remain unhappy with responses provided, they are able to refer their complaint to the Parliamentary and Health Service Ombudsman (PHSO).

The role of the PHSO is to investigate complaints that individuals have been treated unfairly or have received poor service from government departments and other public organisations and the NHS in England.

As at 31st March 2017 there were 13 cases still ongoing and their current status at the time of writing this report is as follows:

Table 9: Outcome of complaints considered by the Parliamentary and Health Service Ombudsman

Closed - Upheld	1	Draft – Partially Upheld	3
Closed - Partially Upheld	1	Draft – Not Upheld	1
Closed - Not Upheld	0	Intention to investigate	6
Draft – Upheld	0	Enquiry	1
Total	13		

Friends and Family Test – Service Users and Carer

The NHS Friends and Family Test was implemented nationally in January 2015 and is an important part of the Trust's service user and carer experience feedback programme. The Friends and Family Test question asks:

“How likely are you to recommend our service to friends and family if they needed similar care or treatment?”

There are 5 possible answer options ranging from extremely likely to extremely unlikely (with an additional option of 'don't know').

Figure 5: Percentage of respondents who would/not recommend the service they received to their friends and family



Figure 6: Breakdown of the numbers per response option



During 2016/17, 4,031 responses to the Friends and Family Test question were received. There has been a significant increase in response rate compared to 2015/16 (2,001 responses received). 81% of respondents said they would recommend the service they received to their friends and family (rating of extremely likely or likely), this score has remained the same compared to 2015/16. 6% of respondents indicated that they would not recommend the service they received (ratings of extremely unlikely or unlikely) which is a small increase compared to 2015/16. Specifically the results from Quarter 4 2016/17 shows improvement, with the recommend score increasing to 84%.

During 2016/17 the Trust's service user and carer experience programme was reviewed to standardise and improve the capture of service user and carer feedback. The Trust has refreshed the existing patient experience survey – 'Points of You' – with collaboration from staff, service users and carers and this continues to embed across all Trust services. We have introduced a number of ways to seek feedback including a postal and electronic form to increase the choice for service users and carers.

We are also improving how we report experience feedback to staff, increasing the accessibility and visibility of what service users and carers are saying. We are working with our service user and carers to improve how we feedback what actions we have taken in response to what they have said. The aim of the changes have been to strengthen the focus of improving the experience of our service users and carers through listening and taking action.

The Trust also considers feedback from a number of other sources including, NHS Choices, Patient Opinion, Patient Advice and Liaison services (PALs) and Healthwatch organisations.


Quality Goal Three

Clinical Effectiveness: Ensuring the right services are in the right place at the right time to meet all your health and wellbeing needs

Underpinned by the organisation's approach to delivering the Clinical Effectiveness Strategy, we will demonstrate success by delivering demonstrable improvements in service delivery.

2016/17 Quality Priority: Improve the recording and use of Outcomes Measures

Target To work toward fully embedding a clinical outcomes culture by focusing initially on nationally mandated Clinical Reported Outcome Measures (CROMS), and Patient Reported Outcome Measures (PROMS) within two adult community mental health teams.

Progress  **Met**

During 2016/17 an 'attitudes to outcomes' survey was undertaken and repeated within the specified teams to understand the views of, and utilisation of outcomes measures. The findings from the survey were encouraging – clinicians expressed positivity to the use of outcome measures. Despite this, the survey highlighted areas where improvements can be made, for example in the perceived value of outcome measures, which has been and remains a focus of the development work (RPIW & Task & Finish Groups).

In early 2017, a Rapid Process Improvement Workshop (RPIW) was undertaken with a focus on strengthening the clinical meaningfulness of the Trusts current outcome measures for both staff and service users / carers. The attendees were from a range of service areas to ensure that we were able to draw on experience from areas where there are well-embedded outcome cultures (i.e. IAPT services). From the RPIW a number of recommendations have been made and an action plan developed which will be undertaken within the Task and Finish Groups, and overseen by the Trusts Outcomes Steering Group. Collaboration with service users/ carers has been established through involvement with the NTW Service User and Carer Reference Group and Quality Group.

2016/17 Quality Priority: Develop staff and their skills to prevent and respond to violence and aggression, through implementing the Positive and Safe Strategy

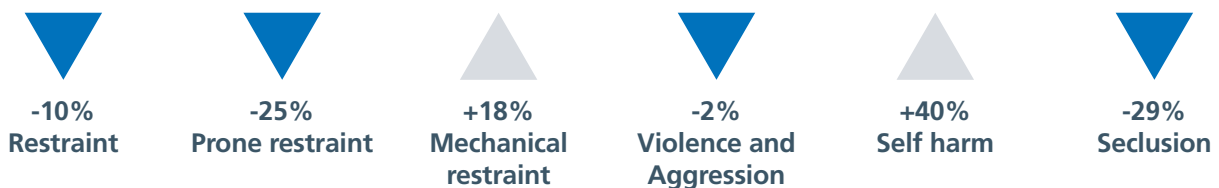
Target To up skill staff, providing them with enhanced tools and techniques to prevent and respond to violence and aggression, through implementing the Positive and Safe Strategy. For 85% of qualified clinical staff to have completed the Assessing and Managing Risk of Harm to Others Training.

Progress  **Partially Met**

During 2016/17, we have been implementing the Positive and Safe Strategy, which is our approach to reducing instances of violence and aggression across the organisation. As part of this strategy implementation, we have:

- Collaborated with others to inform national best practice and linked into local networks
- Updated our Prevention & Management of Violence & Aggression training
- Implemented restraint reduction strategies
- Helped teams to share good practice and promoted innovative practice
- Inducted all inpatient wards into the “talk first” programme
- Inducted all inpatient wards into the “safe wards” programme
- Developed an online dashboard for clinicians showing relevant patient level data

During 2016/17 we have started to see the impact of this strategy when comparing with 2015/16 data in:



The increase in the use of mechanical restraint and self harm are linked to a very small number of very complex patients treated in our highly specialist inpatient services during the year. Note that the increase in self harm relates to instances with minor or no impact, which may at times reflect an agreement that has been made in conjunction with the service user as part of their care plan. Eleven patients account for almost half of the total self harm reported for the year.

We clearly have more work to do however, as high numbers of staff continue to report their experience of violence via the staff survey and this important work continues as a Quality Priority into 2017/18.

A further element of this Quality Priority was for 85% of clinically qualified staff to have completed the Assessing and Managing Risk of Harm to Others Training. Progress has been made during 2016/17 to attain the trained target however, due to the competing Suicide Risk Training Quality Priority the 85% trained target was not reached. As at the 31st March 2017 nearly 40% of applicable staff were trained. Trainers are planning regular events to ensure staff across all relevant clinical areas are able to access the training. This target will continue as part of the Positive & Safe Strategy Quality Priority into 2017/18.

How have the 2016/17 Quality Priorities helped support this Quality Goal?

Service Improvement and Developments throughout 2016/17

These are some of the key service improvements and developments that the Trust has made during 2016/17:

Trustwide:

The Development of the Integration Agenda and “Place Based Services”

As a Trust we have embraced the identification that new models of care are needed, that integrate services designed around the needs of the population to replace the existing institutional based models. Overall progress across the Trust's six localities has been positive but the differing approaches and priorities have resulted in a differential impact on the Trust across the localities. The Trust has continued to be an active partner in the discussions and decisions during 2016/17 as we are fully committed to developing integrated models of care which are designed around the whole needs of our local populations. We 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.

We recognise that the different models developing across the different health and social care economies that we cover require us to align our models of care delivery and organisational structure to ensure that the Trust can be an active and flexible partner. Within this integration agenda, we see that it is critical that equal focus is given to ensuring that the mental health needs of the population are met, and we will continue to advocate strongly to ensure that this is a clear part of each of the developing local models.

We also aim to ensure that Children's and Young People's Services are given equal focus and see this as a critical part of the wider agenda to support early intervention and prevention, particularly in addressing the early stages of development of long term conditions, supporting recovery and hope and enabling young people and their families to understand and manage their health and care needs more effectively. We have continued our strategy for improving care delivery across our community based services and look to work with partners to ensure sustainability of the wider care pathway. Significant strain continue to exist across each of our localities in terms of growth of demand for services and management of gaps in the care and support pathway. We will work with partners to continue to address these pressures and seek to ensure the sustainability of services for children and young people going forward.

New National Inpatient Service for Adults with Autism Spectrum Disorder

The Trust's new highly specialist Mitford Unit at Northgate Hospital was opened in November 2016, providing world class support to adults with Autism Spectrum Disorder. The £10 million state of the art unit has been purpose-built to allow for highly individual environmental adaptations to help reduce anxiety and positively impact on the behaviours of the people we support. The service provides bespoke support for people from across the North East and other regions in the UK.

Perinatal Mental Health Community Services

Expansion of Perinatal Mental Health Community Services across the whole NTW footprint has been commissioned following a successful bid to NHS England for development funding.

Transforming Care for People with Learning Disability Programme

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

NTW fully supports Transforming Care and its aspirations that people with learning disabilities should have access to the required support to enable them to achieve a valued life close to their community and the people who are important to them. If and when they require help with their mental health, or support for their behaviours that challenge, they should have access to appropriate services and evidence based interventions by skilled and compassionate staff in safe environments. In line with the requirements of transforming care NTW have been reducing the number of in-patient beds and supporting the patients move to more appropriate locally based community services. To support this there have been a number of initiatives & developments which include; programmes to help adults with learning disabilities learn skills in mindfulness; development of Positive behavioural support ; Resilience training programme for care staff and the development of a Community Forensic Transitions team to prevent hospital admissions.

Newcastle / Gateshead

Developing New Models for Inpatient Care Programme – “Deciding Together”

The Trust, in collaboration with partners, has considered a range of options to determine the most appropriate future configuration of services and hospital sites for Newcastle and Gateshead residents with serious mental health conditions. This work has concluded and a proposal made to reinstate adult inpatient services for Newcastle and Gateshead within Newcastle was confirmed following the extensive ‘Deciding Together’ listening, engagement and consultation process. A further process of listening and engagement will commence in 2017 to identify methods of ‘Delivering Together’ the outcome of the consultation.

Sunderland

New Inpatient Service for Older People

Northumberland, Tyne and Wear NHS Foundation Trust's objective, to provide first class care in first class environments, took another huge step forward with the opening of Cleadon Ward in October 2016 at Monkwearmouth Hospital. The £4.6 million purpose-build inpatient ward provides treatment and assessment for older people who have mental health conditions such as anxiety, depression and psychosis. Patients and staff have played a central role in making sure the ward meets their specific needs.

Northumberland

The Trust has successfully retained the Northumberland Drug and Alcohol services following a competitive tendering process. The Trust will continue to work in partnership with Changing Lives to deliver the service from April 2017 for a period of a further 3 years. There has been some additional investment in community staff to prevent admissions to Older People's Mental Health Services.

South Tyneside

We are working in partnership with South Tyneside CCG and South Tyneside Foundation Trust to embed the Tier 2 Lifespan Service Single Point of Access.

North Tyneside

The existing perinatal community team are working towards expanding and sharing their good practice after successfully bidding for additional funding to provide services in other localities.

New Services

During 2016/17 the Trust successfully tendered for a number of new services and service improvements, including

- Sunderland Integrated Substance Misuse and Harm Reduction Service in partnership with DISC and Changing Lives, (from 1st July 2016).
- Transition, Intervention and Liaison Veterans Mental Health Service (from 1.4.17)
- Learning Disability Community Services in Gateshead
- Expansion of Community Perinatal Mental Health Teams
- Secure Outreach Transitions Team (SOTT)
- Children's Secure Forensic In-reach Service
- Provision of Counselling Services into Prisons

NTW Clinical Effectiveness Strategy

In April 2014 the Trust developed The Trust's Clinical Effectiveness Strategy to ensure that NTW provides safer, better quality care that enables patients to live better for longer. The strategy is currently being updated to ensure alignment with the refreshed Trust strategy and other developments. The five central themes of this strategy are:

1. All service users and carers will have the outcomes that are important to them measured, reported and tracked over time.
2. There is evidence that the culture of the organisation is supporting staff in delivering clinically effective care.
3. Routine measurements demonstrate that evidence-based guidelines, including but not limited to NICE quality standards, will inform care that is given to all service users.
4. There is evidence that the infrastructure of NTW NHS FT will support staff to deliver clinically effective care
5. Routine measurements demonstrate that the physical health care needs of our service users are consistently recognised, monitored, managed, promoted and improved.

NICE Guidance Assessments Completed 2016/17

The National Institute for Health and Care Excellence (NICE) provides national guidance and advice to improve health and social care. During 2016/17 the Trust undertook the following assessments against appropriate guidance to further improve quality of service provided.

Ref	Topic Details / Objective	Compliance Status/ main actions
QS 89	Pressure Sores	Partial Compliance. Trust Policy is fully compliant and compliance is improving through training and awareness
NG 15	Antimicrobial Stewardship	Partial Compliance. Update of policy is complete, monitoring of prescribing and awareness ongoing
QS 90	Urinary Infection in Adults	Partial Compliance after undertaking actions New policy is ratified – Only training remains outstanding to close action plan
QS 108	Multiple sclerosis	Partial Compliance. Mindfulness training, MS Rehabilitation nurse role and improving patient information ongoing
QS 92	Smoking- Harm Reduction	Full Compliance after undertaking actions
QS 82	Smoking- Reducing Tobacco Use	Full Compliance after undertaking actions

Ref	Topic Details / Objective	Compliance Status/ main actions
QS 01	Dementia	Partial Compliance. Access for patients and training almost complete
CG 42	Dementia	Partial Compliance. Access for patients and training almost complete
QS 113	Healthcare-associated Infections	Full Compliance after undertaking actions
CG92	Venous Thromboembolism - Reducing the risk for patient in hospital	Partial Compliance. Trust Policy is fully compliant and compliance is improving through training and awareness
QS116	Domestic violence and abuse	Full Compliance after undertaking actions
QS101	Learning disabilities: challenging behaviour	Partial Compliance. Trustwide focus groups
CG155	Psychosis and Schizophrenia in Children and Young People	Partial Compliance. Improvements made via Physical monitoring clinic/ checks and ward standard operating procedures
QS39	Attention Deficit Hyperactivity Disorder	Partial Compliance. Improvements made via Physical monitoring clinic/ checks and ward standard operating procedures
QS59	Antisocial Behaviour and conduct disorders in Children and Young People	Partial Compliance. Improvements made via Physical monitoring clinic/ checks and ward standard operating procedures
QS108	Multiple sclerosis	Partial Compliance. To develop comprehensive patient review / relapse protocol and cognitive behavioural therapy for fatigue
NG 31	Care of Dying Adults in the last days of life	Full Compliance
NG43	Transition from children's to adults' services for young people using health or social care services	Partial Compliance. Develop bespoke transition pack and policies updates
QS 80	Psychosis and Schizophrenia in Adults	Partial Compliance. Cognitive behavioural therapy for psychosis (CBTp) and Clozapine prescribing / Family therapy
NG46	Controlled Drugs	Full Compliance after undertaking actions
QS 111	Obesity in adults: prevention and lifestyle weight management programmes	Full Compliance
QS 53	Anxiety	Partial Compliance. To investigate further benzodiazepine prescribing for anxiety diagnosis
QS 120	Medicines Optimisation	Partial Compliance. Support to Community teams, patient information/choices. Complete roll-out of Academic Health Sciences Network supported Pharmoutcomes project
QS94	Obesity in children and young people: prevention and lifestyle weight management programmes	Full Compliance
CG 183	Drug allergy: diagnosis and management of drug allergy in adults, children and young people	Full Compliance after undertaking actions



Part 2c

Mandatory Statements relating to the Quality of NHS Services Provided

Review of Services

During 2016/17 the Northumberland, Tyne and Wear NHS Foundation Trust provided and/or sub-contracted 185 NHS Services. The Northumberland, Tyne and Wear NHS Foundation Trust have reviewed all the data available to them on the quality of care in all 185 of these relevant health services. The income generated by the relevant health services reviewed in 2016/17 represents 100 per cent of the total income generated from the provision of relevant health services by the Northumberland, Tyne and Wear NHS Foundation Trust for 2016/17.

Participation in clinical audits

During 2016/17, 9 national clinical audits and 1 national confidential enquiries covered relevant health services that Northumberland, Tyne and Wear NHS Foundation Trust provides.

During that period Northumberland, Tyne and Wear NHS Foundation Trust participated in 100% national clinical audits and 100% national confidential enquiries of the national clinical audits and national confidential enquiries which it was eligible to participate in.

The national clinical audits and national confidential enquiries that Northumberland, Tyne and Wear NHS Foundation Trust was eligible to participate in during 2016/17 are as follows:

Table 10: National Clinical Audits 2016/17 and National Confidential Enquiries 2016/17

National Clinical Audits 2016/17
1. Early Intervention in Psychosis
2. Prescribing Observatory for Mental Health (POMH) Topic 15a – Use of Sodium Valproate
3. Prescribing Observatory for Mental Health (POMH) Topic 13b – Prescribing for ADHD in children, adolescents and adults
4. Prescribing Observatory for Mental Health (POMH) Topic 14b – Prescribing for Substance Misuse for Alcohol Detoxification
5. Prescribing Observatory for Mental Health (POMH) Topic 16a – Rapid Tranquillisation or Prescribing for Depression
6. Prescribing Observatory for Mental Health (POMH) Topic 7e – Monitoring of Patients Prescribed Lithium
7. Prescribing Observatory for Mental Health (POMH) Topic 11c – Prescribing Antipsychotic Medication for People with Dementia
8. Specialist Rehabilitation for Patients with Complex Needs Following Major Injury
9. Prescribing Observatory for Mental Health (POMH) Topic 1g & 3d – Prescribing High Dose and Combined Antipsychotics
National Confidential Enquiries 2016/17
1. National Confidential Enquiry (NCI) into Suicide and Homicide by People with Mental Illness (NCISH)

The national clinical audits and national confidential enquiries that Northumberland, Tyne and Wear NHS Foundation Trust participated in, and for which data collection was completed during 2016/17, are listed below alongside the number of cases submitted to each audit or enquiry as a percentage of the number of registered cases required by the terms of that audit or enquiry.

Table 11: National Clinical Audits 2016/17 and National Confidential Enquiries 2016/17

National Clinical Audits 2016/17	Cases submitted	Cases required	%
Early Intervention in Psychosis	63 cases submitted. Final report and action plan submitted and approved in September 2016.	No more than 100	100%
Prescribing Observatory for Mental Health (POMH) Topic 15a – Use of Sodium Valproate	151 cases submitted. Final report and action plan submitted and approved November 2016	No minimum requirement	–
Prescribing Observatory for Mental Health (POMH) Topic 13b – Prescribing for ADHD in children, adolescents and adults	80 cases submitted. Final report and action plan submitted and approved July 2016	No minimum requirement	–
Prescribing Observatory for Mental Health (POMH) Topic 14b – Prescribing for Substance Misuse for Alcohol Detoxification	17 cases submitted. Final report and action plan submitted and approved November 2016	No minimum requirement	–
National Confidential Enquiries 2016/17	Cases submitted	Cases required	%
National Confidential Enquiry (NCI) into Suicide and Homicide by People with Mental Illness (NCISH)	Reported directly to NCI	n/a	98%

The reports of 4 national clinical audits were reviewed by the provider in 2016/17, and Northumberland, Tyne and Wear NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided:

Table 12: Actions to be taken in response to national clinical audits

Project	Actions
<p>Early Intervention in Psychosis</p> <p>[CA-15-0070]</p>	<p>The new access and waiting time target for EIP requires that 50% of new first episode of psychosis cases will be seen within 2 weeks and will receive a NICE concordant care package.</p> <p>An action plan is in place to ensure the Trust meets the required standards, monitored by the EIP Steering Group.</p>
<p>Prescribing Observatory for Mental Health (POMH) Topic 15a – Use of Sodium Valproate</p> <p>[CA-15-0075]</p>	<p>The local action plan specified the following main developments:</p> <ul style="list-style-type: none"> • Develop a Trust Practice Guidance Note for prescribing and monitoring valproate. This will include the physical health monitoring requirements for the initiation and long term use of valproate. • Source and make available a patient information leaflet about the use of valproate specifically for treating bipolar disorder. <p>Both points are monitored by the Medicines Management Committee and drafts have been produced for a pilot.</p>
<p>Prescribing Observatory for Mental Health (POMH) Topic 13b – Prescribing for ADHD in children, adolescents and adults</p> <p>[CA-15-0113]</p>	<p>The main action points were:</p> <ul style="list-style-type: none"> • Discuss results with CYPS ADHD teams and consider the improved use of standardised forms, including electronic forms on RiO. • Standardise ongoing monitoring checks including frequency and how rating scales are used at review appointments.
<p>Prescribing Observatory for Mental Health (POMH) Topic 14b – Prescribing for Substance Misuse for Alcohol Detoxification</p> <p>[CA-15-0115]</p>	<p>The local Trust action plan contained the following key action points:</p> <ul style="list-style-type: none"> • Raise awareness in general services about how to contact specialist services for advice on assessment and referral including introduction of a key card on service referral and useful contacts. • Reminders for those providing training for doctors to include advice on assessment and management of alcohol detoxification. • Consideration of relapse prevention medication and referral for alcohol continued management and support included on alcohol detoxification chart.

The reports of 99 local clinical audits were reviewed by the provider in 2016/17 and Northumberland, Tyne and Wear NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided: We will continue to monitor the progress of local clinical audits and action plans arising from these via our clinical groups.

The local clinical audits are listed at Appendix 3 of this report.

Research

Participation in clinical research

The number of patients receiving relevant health services provided or sub-contracted by Northumberland, Tyne and Wear NHS Foundation Trust in 2016/17 that were recruited during that period to participate in research approved by a research ethics committee was 1,364.

Increased participation in clinical research demonstrates Northumberland, Tyne and Wear NHS Foundation Trust's commitment to improving the quality of care we offer and to making our contribution to wider health improvement. The Trust was involved in 92 clinical research studies in mental health, learning disability and neuro-rehabilitation related topics during 2016/17, 50 of which were large-scale nationally-funded studies.

Staff participation in research increased during 2016/17 with 63 clinical staff participating in ethics committee approved research employed by the Trust. We have continued to work closely with the NIHR Clinical Research Networks North East and North Cumbria Local Clinical Research Network to support national portfolio research and have achieved continued success with applications for large-scale research funding in collaboration with Newcastle and Northumbria Universities.

Goals agreed with commissioners

Use of the Commissioning for Quality & Innovation (CQUIN) framework

The CQUIN framework aims to embed quality improvement and innovation at the heart of service provision and commissioner-provider discussions. It also ensures that local quality improvement priorities are discussed and agreed at board level in all organisations. It enables commissioners to reward excellence by linking a proportion of English healthcare providers' income to the achievement of local quality improvement goals.

A proportion of Northumberland, Tyne and Wear NHS Foundation Trust income in 2016/17 was conditional on achieving quality improvement and innovation goals agreed between Northumberland, Tyne and Wear NHS Foundation Trust and any person or body they entered into a contract, agreement or arrangement with for the provision of relevant health services, through the Commissioning for Quality and Innovation payment framework. Further details of the agreed goals for 2016/17 and for the following 12 month period are available electronically at www.ntw.nhs.uk.

For 2016/17, £6.4m of Northumberland, Tyne and Wear NHS Foundation Trust's contracted income was conditional on the achievement of these CQUIN indicators (£6.4m in 2015/16).

CQUIN Indicators

All CQUIN requirements for 2016/17 are fully delivered for quarters 1 to 3 and pending agreement for quarter 4. A summary of the agreed CQUIN indicators for 2016/17 and the new indicators for 2017/18 are shown in Tables 13 to 15 below. The tick marks show which financial year the indicator applies to:

Table 13: CQUIN Indicators to improve Safety

CQUIN Indicators to improve Safety	2016/17	2017/18
Reducing Restrictive Practices within adult low and medium secure inpatient services	√	√
Safety reducing avoidable repeat detentions under the Mental Health Act	√	
Improving Staff Health & Wellbeing		√
Improving physical healthcare to reduce premature mortality in people with Severe Mental Illness		√
Preventing ill health by risky behaviours – alcohol and tobacco		√

Table 14: CQUIN Indicators to improve Patient Experience

CQUIN Indicators to improve Service User & Carer Experience	2016/17	2017/18
Involvement & engagement with service users and carers: -support for young carers -support for service users & carers accessing crisis services	√	
Perinatal inpatient services involvement and support for partners/ significant others	√	
Improving inpatient CAMHS Care Pathway Journeys by enhancing the experience of the family/carer	√	
Health & Justice – Patient Experience		√

Table 15: CQUIN Indicators to improve Clinical Effectiveness

CQUIN Indicators to improve Clinical Effectiveness	2016/17	2017/18
Mental Health & Deafness recovery and outcomes	√	
Development of Recovery Colleges for adult medium and low secure inpatients	√	√
Embedding Clinical Outcomes: - Adult mental health community teams - People with learning disabilities - Community Children and Young Peoples' services	√ √ √	
Transitions out of Children and Young People's Community Mental Health Services		√
Children and Young People's Inpatient Transitions		√
Specialised Services Discharge & Resettlement		√
Improving services for people with mental health needs who present to A&E		√

Note that the CQUIN indicators are either mandated or developed in collaboration with NHS England and local Clinical Commissioning Groups (CCG's). The range of CQUIN indicators can vary by commissioner, reflecting the differing needs and priorities of different populations.

Statements from the Care Quality Commission (CQC)

Northumberland, Tyne and Wear NHS Foundation Trust is required to register with the Care Quality Commission and its current registration status is registered without conditions and therefore licensed to provide services. The Care Quality Commission has not taken enforcement action against Northumberland, Tyne and Wear NHS Foundation Trust during 2016/17.

Northumberland, Tyne and Wear NHS Foundation Trust has not participated in any special reviews or investigations by the Care Quality Commission during the reporting period. The Care Quality Commission conducted a comprehensive inspection in June 2016 and rated the Trust as "Outstanding" (see page 12).

Northumberland, Tyne and Wear NHS Foundation Trust intends to take the following actions to address the conclusions or requirements reported by the CQC:

- We will ensure that care plans in wards for older people are more personalised, and
- We will reduce the use of mechanical restraint in wards for children and young people.

Northumberland, Tyne and Wear NHS Foundation Trust

Overall
rating

Inadequate

Requires
improvement

Good

Outstanding



	Safe	Effective	Caring	Responsive	Well led	Overall
Acute wards for adults of working age and psychiatric intensive care units	Good	Good	Good	Good	Good	Good
Child and adolescent mental health wards	Requires improvement	Good	Good	Good	Good	Good
Community mental health services for people with learning disabilities or autism	Good	Outstanding ☆	Outstanding ☆	Outstanding ☆	Outstanding ☆	Outstanding ☆
Community-based mental health services for adults of working age	Good	Outstanding ☆	Outstanding ☆	Good	Good	Outstanding ☆
Community-based mental health services for older people	Good	Good	Outstanding ☆	Outstanding ☆	Outstanding ☆	Outstanding ☆
Forensic inpatient/secure wards	Good	Good	Good	Good	Good	Good
Long stay/rehabilitation mental health wards for working age adults	Good	Good	Good	Outstanding ☆	Outstanding ☆	Outstanding ☆
Mental health crisis services and health-based places of safety	Good	Good	Good	Good	Good	Good
Specialist community mental health services for children and young people	Good	Outstanding ☆	Outstanding ☆	Good	Good	Outstanding ☆
Substance misuse services	Good	Good	Good	Good	Good	Good
Wards for older people with mental health problems	Good	Requires improvement	Good	Good	Good	Good
Wards for people with learning disabilities or autism	Good	Outstanding ☆	Outstanding ☆	Outstanding ☆	Outstanding ☆	Outstanding ☆

External Accreditations

The Trust has gained national accreditation for the quality of services provided in many wards and teams.

- 82% of adult and older people’s mental health wards have achieved the Accreditation for Inpatient Mental Health Services (AIMS).
- 64% of the adult forensic medium and low secure wards have been accredited by the Quality Network for Forensic Mental Health Services.
- 100% of the children’s wards in the Ferndene unit have been accredited by the Quality Network for Inpatient Children and Adolescent Mental Health Services (CAMHS).

Table 16 provides a breakdown of current clinical accreditations as at March 2017.

Table 16: Current clinical external accreditations (March 2017)

External Accreditation	Ward/Department	Location
Accreditation for Inpatient Mental Health Services (AIMS)	Beckfield (PICU)	Hopewood Park
	Collingwood Court	Campus for Ageing and Vitality
	Embleton	St George’s Park
	Alnmouth	St George’s Park
	Fellside Ward	Queen Elizabeth Hospital
	Lamesley Ward	Queen Elizabeth Hospital
	Lowry Ward	Campus for Ageing and Vitality
	Warkworth Ward	St George’s Park
	Longview	Hopewood Park
	Shoredrift	Hopewood Park
	Springrise	Hopewood Park
	Akenside (OP)	Centre for Ageing and Vitality
	Hauxley (OP)	St George’s Park
	Castleside Ward (OP)	Campus for Ageing and Vitality
	Mowbray Ward (OP)	Monkwearmouth Hospital
	Roker Ward (OP)	Monkwearmouth Hospital
	Bluebell Court (Rehab)	St George’s Park
	Kinnersley Ward (Rehab)	St George’s Park
	Newton Ward (Rehab)	St George’s Park
	Clearbrooke (Rehab)	Hopewood Park
Brooke House (Rehab)	Houghton Le Spring	
Elm House (Rehab)	Bensham	
Bridgewell (Rehab)	Hopewood Park	
Quality Network for Forensic Mental Health Services	Bamburgh Clinic	St Nicholas Hospital
	Bede Ward	St Nicholas Hospital
	Kenneth Day Unit	Northgate Hospital

External Accreditation	Ward/Department	Location
Quality Network for Inpatient CAMHS	Stephenson	Ferndene
	Fraser	Ferndene
	Riding	Ferndene
	Redburn	Ferndene
	Alnwood	St Nicholas Hospital
Quality Network for Community CAMHS	Northumberland CYPs	Villa 9, Northgate Hospital
	Newcastle & Gateshead CYPs	Benton House
	South Tyneside & Sunderland CYPs	Monkwearmouth Hospital
ECT Accreditation Service	Hadrian Clinic	Campus for Ageing and Vitality
	Treatment Centre	St George's Park
Psychiatric Liaison Accreditation Network	Psychiatric Liaison Team Sunderland Royal Hospital	Sunderland
	Northumberland Psychiatric Liaison and Self Harm Team	Northumberland
	Newcastle Integrated Liaison Psychiatric Service, RVI	Newcastle
Memory Service National Accreditation Programme	Newcastle Memory Assessment and Management Service	Newcastle
	Monkwearmouth Memory Protection Services	South Tyneside
Quality Network for Perinatal Mental Health Services	Beadnell Mother and Baby Unit	St George's Park
	Newcastle & North Tyneside Perinatal Community Team	Northumberland (based alongside the inpatient unit)
Home Treatment Accreditation Scheme	Crisis Assessment & Home Based Treatment Service Newcastle	Newcastle

Data Quality

Good quality information underpins the effective delivery of patient care and is essential if improvements in quality of care are to be made. The Trust has already made extensive improvements in data quality. During 2017/18 the Trust will build upon the actions taken to ensure that we continually improve the quality of information we provide.

Northumberland, Tyne and Wear NHS Foundation Trust will be taking the following actions to improve data quality:

Table 17: Actions to be taken to improve data quality

Clinical Record Keeping	<p>We will continue to monitor the use of the RIO clinical record system, learning from feedback and incidents, measuring adherence to the Clinical Records Keeping Guidance and highlighting the impact of good practice on data quality and on quality assurance recording.</p> <p>We will develop the RIO clinical record system following an upgrade in 2017.</p>
NTW Dashboard development	<p>We will review the content and format of the existing NTW dashboards, to reflect current priorities and the new organisational management structure.</p> <p>We will continue to develop the Talk First and Points of You dashboards.</p>
Data Quality Kite Marks	<p>We will continue to develop the use of data quality kitemarks in quality assurance reports.</p>
Mental Health Services Dataset (MHSDS)	<p>We will implement version 2 of this national dataset, understanding data quality issues and improving the use of national benchmarking data. We will seek to gain greater understanding of the key quality metric data shared between MHSDS, NHS Improvement and the Care Quality Commission.</p>
Consent recording	<p>We will redesign the consent recording process in line with national guidance and improve the recorded consent status rates.</p>
ICD10 Diagnosis Recording	<p>We will increase the level of ICD10 diagnosis recording across community services.</p>
Mental Health Clustering	<p>We will increase the numbers of clinicians trained in the use of the Mental Health Clustering Tool and improve data quality and data completeness, focusing on issues such as cluster waiting times analysis, casemix analysis, national benchmarking and four factor analysis to support the consistent implementation of outcomes approaches in mental health.</p>
Contract and national information requirements	<p>We will continue to develop quality assurance reporting to commissioners and national bodies in line with their requirements.</p>
Outcome Measures	<p>We will enhance the current analysis of outcome measures focusing on implementing a system for reporting information back to clinical teams.</p> <p>We will also focus on IAPT outcomes to ensure preparedness for the introduction of IAPT outcomes based payment in 2017/18.</p>

North East Quality Observatory (NEQOS) Benchmarking of 2015/16 Quality Account Indicators

The North East Quality Observatory System (NEQOS) provides expert clinical quality measurement services to most NHS organisations in the North East.

During 2016 NTW once again commissioned NEQOS to undertake a benchmarking exercise, comparing the Trust's Quality Account 2015/16 with those of 56 other NHS Mental Health and disability organisations. A summary of the top 10 indicators found in all Quality Accounts has been provided in Table 18 below.

Table 18: Top 10 Quality Account Indicators

Top 10 Quality Account Indicators	Target	Average	NTW	Number of Trusts
National Clinical Audit participation (%)	100%	94.2	100.0	56
National Confidential Enquiry participation (%)	100%	94.4	100.0	56
Staff who would recommend the trust to their family/friends (%)	-	3.63	3.71	56
Admissions to adult urgent care wards gatekept by CRT (%)	95%	98.2	100.0	54
Inpatients receiving follow up contact within 7 days of discharge (%)	95%	97.2	98.6	54
Incidents for severe harm/death (%)	-	1.1	1.3	54
Delayed transfer of care	7.5%	3.7	2.4	44
CPA formal review within 12 months	95%	96.2	97.2	41
Re-admissions in 28 days (%) 16+	-	7.9	7.3	40
EIP 2 week wait March 2016	50%	62.7	74.7	14

The Trust performed better than average on all of the 10 indicators when compared to the 56 other Mental Health providers.

NHS Number and General Medical Practice Code Validity

Northumberland, Tyne and Wear NHS Foundation Trust submitted records during 2016/17 to the Secondary Uses service for inclusion in the Hospital Episode Statistics which are included in the latest published data.

The percentage of records in the published data which included the patient's valid NHS number was:

***99.4% for admitted patient care; and
99.6% for outpatient care.***

The percentage of records in the published data which included the patient's valid General Medical Practice Code was:

***99.7% for admitted patient care; and
99.6% for outpatient care.***

Information Governance Toolkit attainment

The Northumberland, Tyne and Wear NHS Foundation Trust Information Governance Assessment Report overall score for 2016/17 was 76% and was graded green.

Clinical Coding error rate

Northumberland, Tyne and Wear NHS Foundation Trust was not subject to the Payment by Results clinical coding audit during 2016/17 by the Audit Commission.

Performance against mandated core indicators

The mandated indicators applicable to Northumberland, Tyne and Wear NHS Foundation Trust are as follows:

1. The percentage of patients on Care Programme Approach (CPA) who were followed up within 7 days after discharge from psychiatric inpatient care during the reporting period (data governed by a national definition)

The Northumberland, Tyne and Wear NHS Foundation Trust considers that this data is as described for the following reason - we have established, robust reporting systems in place through our electronic patient record system (RiO) and adopt a systematic approach to data quality improvement.

The Northumberland, Tyne and Wear NHS Foundation Trust has taken the following actions to improve this percentage, and so the quality of its services by ensuring clinicians are aware of their responsibilities to complete these reviews.

Table 19: 7 day follow up data 2014/15 to 2016/17

7 day follow up	2014/15				2015/16				2016/17			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
NTW %	98.3%	95.8%	98.2%	98.4%	99.1%	98.5%	98.7%	98.0%	97.3%	97.1%	97.3%	97.6%
National Average %	97.0%	97.3%	97.3%	97.2%	97.0%	96.8%	96.9%	97.2%	96.2%	96.8%	96.7%	96.7%
Highest national %	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	99.4%
Lowest national %	95.0%	91.5%	90.0%	93.1%	88.9%	83.4%	50.0%	80.0%	28.6%	76.9%	73.3%	84.6%

(higher scores are better)

2. The percentage of admissions to acute wards for which the Crisis Home Treatment Team acted as a gatekeeper during the reporting period (data governed by a national definition)

The Northumberland, Tyne and Wear NHS Foundation Trust considers that this data is as described for the following reasons - we have established, robust reporting systems in place through our electronic patient record system (RiO) and adopt a systematic approach to data quality improvement.

The Northumberland, Tyne and Wear NHS Foundation Trust intends to take the following actions to improve this percentage, and so the quality of its services by closely monitoring this requirement and quickly alerting professionals to any deterioration in performance.

Table 20: Gatekeeping data 2014/15 to 2016/17

Gate-keeping	2014/15				2015/16				2016/17			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
NTW %	100%	100%	99.7%	100%	100%	100%	100%	100%	100%	99.8%	100%	99.5%
National Average %	98.0%	98.5%	97.8%	98.1%	96.3%	97.0%	97.4%	98.2%	98.1%	98.4%	98.7%	98.8%
Highest national %	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Lowest national %	33.3%	93.0%	73.0%	59.5%	18.3%	48.5%	61.9%	84.3%	78.9%	76.0%	88.3%	90.0%

(higher scores are better)

3. The score from staff employed by, or under contract to, the trust during the reporting period who would recommend the trust as a provider of care to their family or friends

The Northumberland, Tyne and Wear NHS Foundation Trust consider that this data is as described for the following reasons – this is an externally commissioned survey.

The Northumberland, Tyne and Wear NHS Foundation Trust has taken the following actions to improve this score, and so the quality of its services by continuing to hold multidisciplinary staff engagement sessions at Trust and local levels regarding the results of the staff survey and identifying actions for improvement.

Figure 7: Staff recommendation data 2014 to 2016

Staff recommendation of the organisation as a place to work or receive treatment:

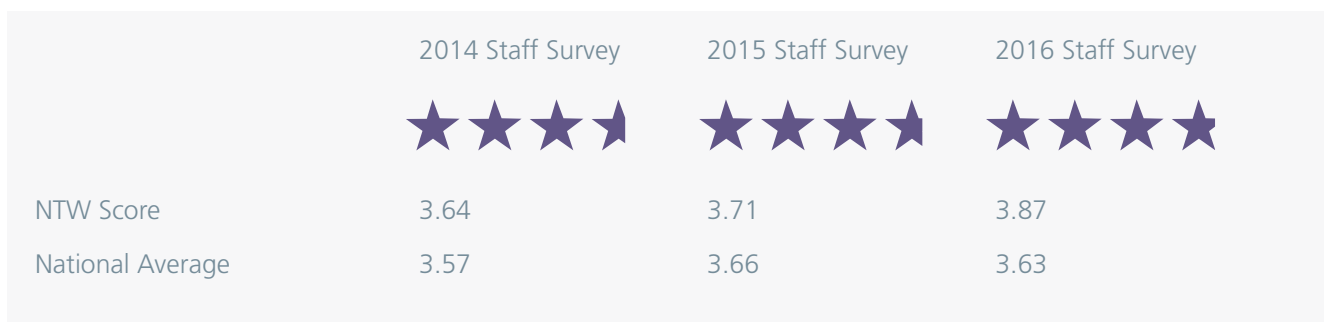


Figure 7 shows that the Trust scored above (better than) the national average.

4. 'Patient experience of community mental health services' indicator score with regard to a patients experience of contact with a health or social care worker during the reporting period

The Northumberland, Tyne and Wear NHS Foundation Trust considers that this data is as described for the following reasons – this is an externally commissioned survey.

The Northumberland, Tyne and Wear NHS Foundation Trust has taken the following actions to improve this score, and so the quality of its services by constantly engaging with service users and carers to ensure we are responsive to their needs and continually improve our services.

Table 21: Patient experience of community mental health indicator scores 2014 to 2015

Patient experience of community mental health indicator scores - Health and Social Care Workers	2014	2015	2016
NTW	8.1	7.6	7.9
Compared with other Trusts	About the Same	About the Same	About the Same

(higher scores are better)

Please see page 35 for the results from the National Community Mental Health Patient Survey for 2015 and 2016.

5. The number and , where available the rate of patient safety incidents reported within the trust during the reporting period, and the number and percentage of such patient safety incidents that resulted in severe harm or death (data governed by a national definition)

The Northumberland, Tyne and Wear NHS Foundation Trust considers that this data is as described for the following reasons – this is data we have uploaded to the National Learning and Reporting System (NRLS). The Northumberland, Tyne and Wear NHS Foundation Trust has taken the following actions to improve this rate/number/percentage, and so the quality of its services by ensuring all serious Patient Safety Incidents are robustly investigated and lessons shared throughout the organisation (including the early identification of any themes or trends).

Table 22: Patient Safety Incident (PSI) data April 2014 – March 2017. This is the most recent data released by the NRLS.

Indicator	Performance	2014/15 Q1-Q2	2014/15 Q3-Q4	2015/16 Q1-Q2	2015/16 Q3-Q4	2016/17 Q1-Q2	2016/17 Q3-Q4
Number of PSI reported (per 1000 beddays)	NTW	39.3	36.3	38.6	37.2	Awaiting national data	
	National average	35.6	31.1	38.6	37.5		
	Highest national	90.4	92.5	83.7			
	Lowest national*	0%	0%	0%			
Severe PSI (% of incidents reported)	NTW	0.5%	0.6%	0.4%	0.7%		
	National average	0.3%	0.4%	0.3%	0.3%		
	Highest national	2.9%	2.1%	2.5%			
	Lowest national*	0%	0%	0%			
PSI Deaths (% of incidents reported)	NTW	1.0%	1.2%	0.9%	1.2%		
	National average	0.7%	0.7%	0.8%	0.7%		
	Highest national	3.0%	3.7%	3.2%			
	Lowest national*	0%	0%	0%			

(lower scores are better). *nb some organisations report zero patient safety incidents.

Part 3

Review of Quality Performance

In this section we will report on the quality of the services we provide, by reviewing progress against indicators for quality improvement, and feedback from sources such as service user and staff surveys.

We have included three key measures for each of the quality domains (safety, patient experience and clinical effectiveness) that we know are meaningful to our staff, our Council of Governors, commissioners and partners.

Review of Quality Performance – Patient Safety Quality Indicators Performance 2016/17

*7 Day Follow Up contacts

Why did we choose this measure? –

Seven day follow up is the requirement to visit or contact a service user within seven days of their discharge from inpatient care, to reduce the overall rate of death by suicide. This is a Monitor and CQC requirement. (Data source: RiO).

Performance in 2016/17 –

During 2016/17, 1,721 service users (97.3% of those discharged from inpatient care in the year) were followed up within seven days of discharge.

During 2015-16, 1,654 service users (98.6% of those discharged from inpatient care in the year) were followed up within seven days of discharge.

Note: the target for this indicator is 95% and applies to adult service users on CPA. Further analysis by locality is as follows:

Newcastle Gateshead CCG: 97.2%

North Tyneside CCG: 98.1%

Northumberland CCG: 98.2%

South Tyneside CCG: 98.5%

Sunderland CCG: 95.1%

Same Sex Accommodation Requirements

Why did we choose this measure? –

Reducing mixed sex accommodation is a national priority and Department of Health requirement. (Data source: Safeguard).

Performance in 2016/17 (2015/16 comparison in brackets) –

There have been no breaches of same sex accommodation requirements during 2016/17 (also none in 2015/16).

*Patients on CPA have a formal review every 12 months

Why did we choose this measure? –

Monitor Compliance Framework requirement.
(Data source: RiO).

Performance in 2016/17 (2015/16 comparison in brackets) –

As at the end of March 2017, 96.5% of applicable service users had a CPA review in the last 12 months, meeting the Monitor target of 95% (97.2% March 2016).

Review of Quality Performance – Patient Experience Quality Indicators Performance 2016/17

Friends and Family Test (FFT) – Service User, Carers and Staff

Why did we choose this measure? –

The Friends and Family Test (FFT) is a nationally mandated tool (implemented in January 2015) which allows service users, carers and staff to give their feedback on NHS services (Data source: NHS Staff Survey 2016).

Performance in 2016/17 (2015/16 comparison included)

i) Service User and Carer FFT

Service User recommendation to family and friends “How likely are you to recommend our team or ward to friends and family if they needed similar care or treatment?”

Would Recommend		Would Not Recommend	
2016/17	2015/16	2016/17	2015/16
81%	81%	6%	4%

The Trust has been working hard to embed the test into practice.

ii) Staff FFT

Northumberland, Tyne and Wear NHS Foundation Trust 2015 Annual Staff Survey Q21d “If a friend or relative needed treatment, I would be happy with the standard of care provided by this organisation”

	NTW 2016	Average (median) for mental health	NTW 2015
Recommendation rate	72%	59%	65%

The staff survey is available via the following website: www.nhsstaffsurveys.com

Patient Led Assessment of the Care Environment (PLACE)

Why did we choose this measure? –
Department of Health and the NHS Commissioning Board annual requirement.

Performance in 2016/16 (2015/16 comparison in brackets) –
Between March and May 2016 a total of 70 NTW locations were visited at 13 locations and the results are summarised in the table below (NTW overall organisation score set against the national average for each of the five domains).

	NTW Average Score	National Average Score
Cleanliness	99.26% (99.15%)	98.06%
Food & Hydration	89.52% (88.90%)	88.24%
Privacy, Dignity & Wellbeing	94.00% (88.64%)	84.16%
Condition & Appearance	95.55% (88.57%)	93.37%
Dementia	82.49% (82.89%)	75.28%

*Delayed transfers of care

Why did we choose this measure? –
Monitor and CQC requirement to minimise the number of patients in hospital who are ready for discharge.
(Data source: RiO).

Performance in 2016/17 (2015/16 comparison in brackets) –
During March 2017, 2.4% of total inpatient bed days were classed as delayed transfers of care, thus meeting the target to have no more than 7.5% of inpatient bed days delayed (2.4% in March 2016).

Review of Quality Performance – Clinical Effectiveness Quality Indicators Performance 2016/17

Emergency re-admission rates

Why did we choose this measure? –

Emergency readmission rates are an important tool in the planning of mental health services and the reviewing of quality of those services. (Data source: RiO).

Performance in 2016/17 –

In 2016/17, 187 mental health inpatients (7.6%) were readmitted within 28 days of discharge and 9 learning disability patients (14.5%) were readmitted within 90 days of discharge.

In 2015/16, 181 mental health inpatients (7.3%) were readmitted within 28 days of discharge and 10 learning disability patients (12.3%) were readmitted within 90 days of discharge.

*CRHT Gatekept Admissions

Why did we choose this measure? –

Both Monitor and CQC require us to demonstrate that certain inpatients have been assessed by a CHRT prior to admission. (Data source: RiO).

Performance in 2016/17 (2015/16 comparison in brackets) –

A Crisis Resolution Home Treatment Team provides intensive support for people in mental health crisis in their own home. It is designed to prevent hospital admissions.

In 2016/17, 99.6% of the North East CCG admissions to adult urgent care wards were gatekept by a CRHT prior to admission, thus exceeding the target of 95% (100% 2015/16).

*Patient outcomes – numbers of patients in settled accommodation

Why did we choose this measure? –

This is an outcome measure. (Data source: RiO).

Performance in 2016/17 (2015/16 comparison in brackets) –

At the end of March 2017, the number of English service users recorded as living in settled accommodation was 76.5% (73.5% in 2015/16).

*data for this indicator governed by a national definition

Statutory and Mandatory Training for 2016/17

It is important that our staff receive the training they need in order to carry out their roles safely.

Table 23: Training Position as at 31.03.2017

Training	Trust Standard	Position as at 31.03.2017
Fire Training	85%	88.3%
Health and Safety Training	85%	92.2%
Moving and Handling Training	85%	93.4%
Clinical Risk Training	85%	91.3%
Clinical Supervision Training	85%	82.3%
Safeguarding Children Training	85%	95.3%
Safeguarding Adults Training	85%	92.9%
Equality and Diversity Introduction	85%	94.0%
Hand Hygiene Training	85%	92.4%
Medicines Management Training	85%	89.9%
Rapid Tranquilisation Training	85%	86.7%
MHCT Clustering Training	85%	87.8%
Mental Capacity Act / Mental Health Act / DOLS Combined Training	85%	82.8%
Seclusion Training (Priority Areas)	85%	94.5%
Dual Diagnosis Training (80% Target)	80%	88.3%
PMVA Basic Training	85%	76.4%
PMVA Breakaway Training	85%	92.3%
Information Governance Training	95%	92.5%
Records and Record Keeping Training	85%	98.6%

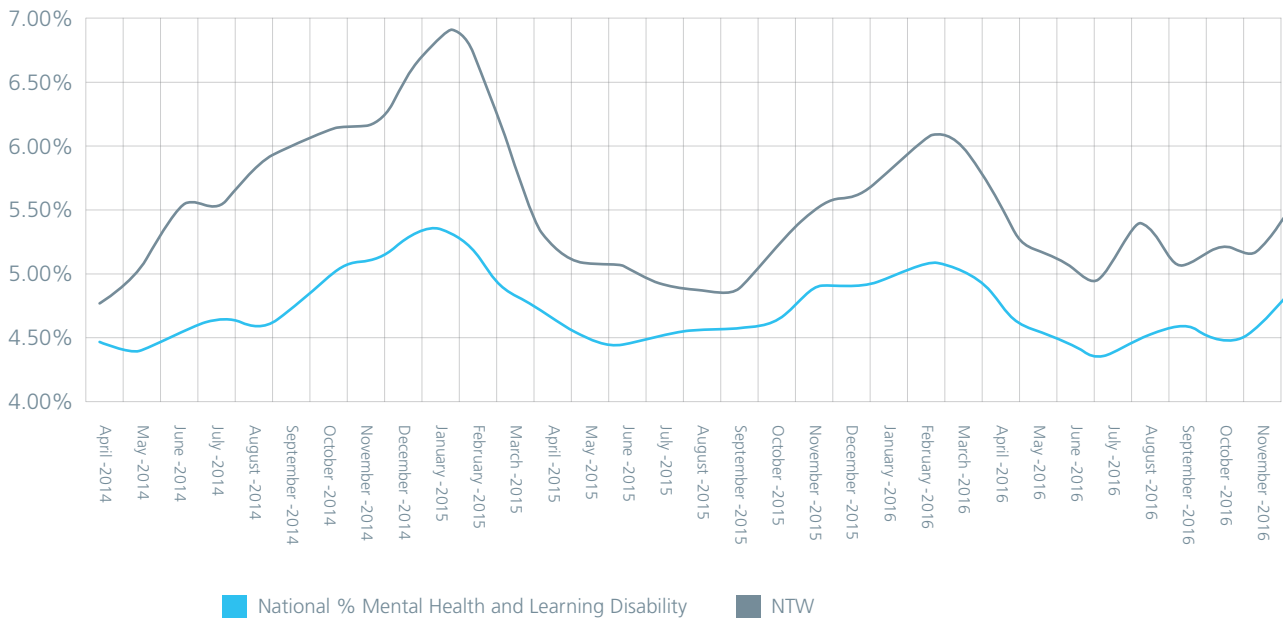
■	Performance at or above target
■	Performance within 5% of target
■	Under Performance greater than 5%

Staff Absence through Sickness Rate

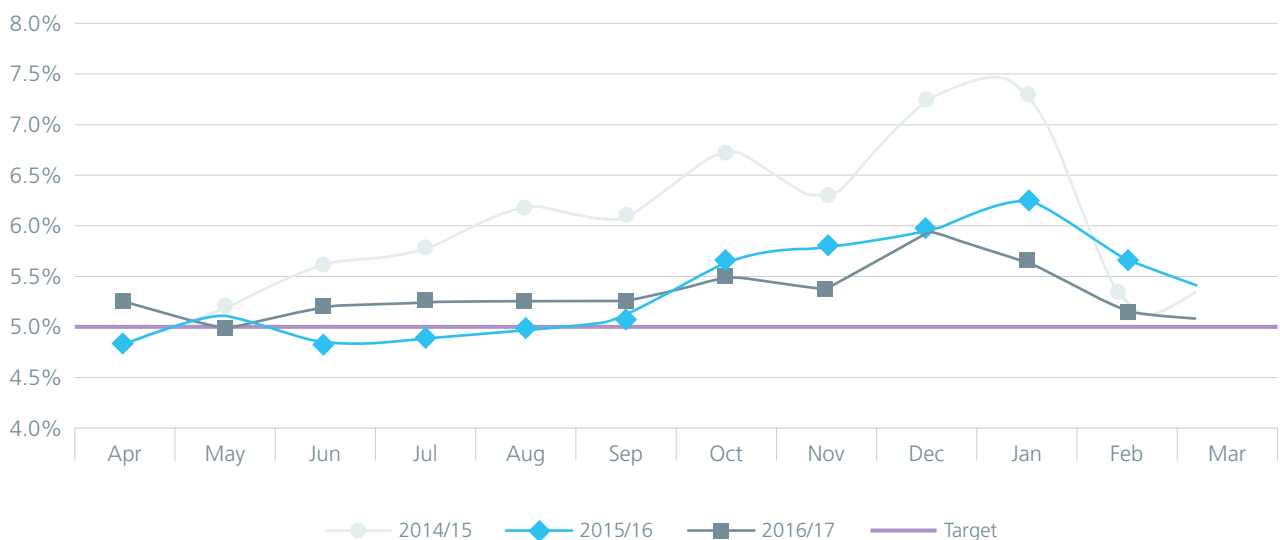
High levels of staff sickness impact on patient care: therefore the Trust monitors sickness absence levels carefully. (Data source: ESR).

Figure 8: Staff Sickness Absence Rates (April 14 to November 2016 - which is the most recently published national comparative data)

Average Staff Sickness Absence Rate



NTW Sickness (in Month) 2014/15 to 2016/17



There continues to be a narrowing gap between the national sickness rate for Mental Health and Learning Disability Trusts and NTW. Please note that the peaks represent usual patterns of increased sickness during winter months.

Performance against contracts with local commissioners

During 2016/17 the Trust had a number of contractual targets to meet with local commissioners (CCG's). Table 24 below highlights the targets and the performance of each CCG against them for quarter four 2016/17 (1.1.17-31.3.17).

Table 24: Contract Performance Targets 2016/17 Quarter 4:

*N/A = those services are not commissioned in the CCG areas

CCG Contract performance targets Quarter 4 2016/17 (target in brackets)	Newcastle Gateshead CCG	Northumberland CCG	North Tyneside CCG	Sunderland CCG	South Tyneside CCG
CPA Service Users reviewed in the last 12 months (95%)	95.6%	97.1%	95.7%	98.2%	98.4%
CPA Service Users with a risk assessment undertaken/reviewed in the last 12 months (95%)	97.0%	98.1%	97.6%	98.0%	98.9%
CPA Service Users with identified risks who have at least a 12 monthly crisis and contingency plan (95%)	95.2%	96.0%	95.8%	97.1%	97.2%
Number of inpatient discharges from adult mental health illness specialties followed up within 7 days (95%)	98.7%	98.1%	98.1%	94.4%	97.7%
Current delayed transfers of care -including social care (<7.5%)	3.2%	3.0%	0.0%	0.0%	3.8%
Referral to Treatment percentage of incomplete (unseen) referrals waiting less than 18 weeks (92%)	96.9%	100%	100%	100%	100%
Current service users aged 18 and over with a valid NHS Number (99%)	99.9%	99.9%	99.9%	99.8%	99.0%
Current service users aged 18 and over with valid Ethnicity completed (90%)	91.1%	94.4%	91.2%	94.4%	93.4%
The number of people who have completed IAPT treatment during the reporting period (50%)	n/a	n/a	n/a	52.9%	n/a

There was one area of underachievement above within Sunderland CCG relating to the timely follow up of service users discharged from inpatient care, this is being addressed with the service. The Trust also has specific contractual targets for specialised services with NHS England for which the majority of quality standards were achieved in 2016/17.

Staff Survey 2016

The NHS Staff Survey ensures that the views of staff working in the NHS inform local improvements and input in to local and national assessments of quality, safety, and delivery of the NHS Constitution. The 2016 staff survey questions were structured around the following issues:

Job Health and Wellbeing Organisation Leadership and Career Development	Managers Personal Development Values Patient Experience
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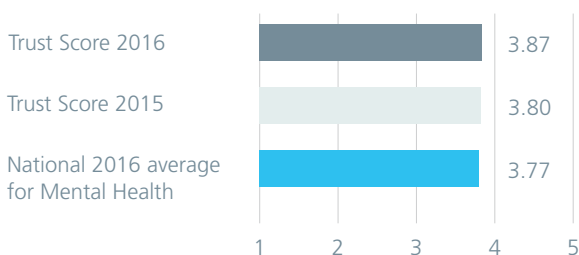
The Trust's 2016 Staff Survey scores, when compared with all mental health providers in 2016, are above (better than) average for most questions. Most scores have seen small positive movement since the previous year.

The Trust's 2016 Overall Staff Engagement score is above average for the sector. (1 is poorly engaged staff and 5 is highly engaged staff).

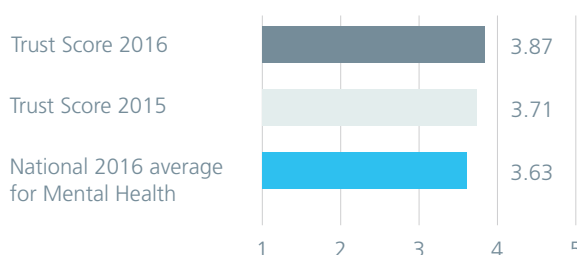
The Trust's 2016 score for (KF1) Staff recommendation of the organisation as a place to work or receive treatment is above average for the sector. (1 is unlikely to recommend – 5 is likely to recommend).

Figure 9: Staff Engagement and Recommend Scores 2015 and 2016

Staff Engagement Score



Staff Recommended Score



Top 5 Ranking Scores

The five Key Findings for which the Trust compares most favourably with other mental health providers in England are:

KF27. 70% of staff / colleagues reported most recent experience of harassment, bullying or abuse compared with national average of 60%. (the higher the score the better).

KF14. Staff scored the level of satisfaction with resourcing and support as 3.54 out of 5 (1 being unsatisfactory resourcing/ support and 5 being highly satisfactory resourcing/ support), compared to the national average of 3.36 out of 5.

KF19: Staff scored the organisation and management interest in and action on health and wellbeing as 3.90 out of 5 (1 being low interest in health and 5 being high interest in health), compared to the national average of 3.71 out of 5.

KF31. Staff scored the level of confidence and security in reporting unsafe clinical practice as 3.85 out of 5 (1 being not confident/ secure and 5 being confident and secure), compared to the national average of 3.67 out of 5.

KF26. 17% of staff experiencing harassment, bullying or abuse from staff in last 12 months compared to the national average of 22%. (the lower the score the better).

Bottom 5 Ranking Scores

The five Key Findings for which the Trust compares least favourably with other mental health providers in England are:

KF22. 25% of staff experiencing physical violence from patients, relatives or the public in last 12 months compared with the national average of 21%. (the lower the score the better).

KF7. 73% of staff reported that they were able to contribute towards improvements at work compared to the national average of 73%. (the higher the score the better).

KF23. 3% of staff experiencing physical violence from staff in last 12 months compared with the national average of 3%. (the lower the score the better).

KF4. Staff scored their level of motivation at work as 3.91 out of 5 (1 being not enthusiastic /absorbed and 5 being enthusiastic/ absorbed), compared with the national average of 3.91 out of 5.

KF12. Staff scored the quality of appraisals as 3.25 out of 5 (1 being low-quality and 5 being high quality), compared with the national average of 3.15 out of 5.

Other highlights include:

Job

Staff saying they are able to meet all the conflicting demands on their time at work (question Q4e) has seen a 4% improvement (53%, up from 49% last year) and is significantly better than the sector score of 43%. Staff saying they are satisfied with the extent to which the organisation values their work (question Q5f) has seen a significant improvement and is also significantly higher than the sector score (51%, compared to 44%).

Health and Wellbeing

Staff who said they experienced harassment, bullying and abuse (HBA) from patients, relatives or the public in the last 12 months (KF25) has slightly increased (31% this year, compared to 30% last year). The percentage for staff experiencing HBA from staff in the last 12 months (KF26) has remained static at 17%.

Personal Development

The number of staff agreeing that the training they received helped them do their job more effectively (question Q18b) has significantly improved by 4% (84%, up from 80%). 93% of staff believe that the organisation provides equal opportunities for career progression or promotion (KF21), this is an improvement of 3% compared to the previous year's score and above the national 2016 average for mental health providers at 87%.

Actions

As a result of our staff survey findings we will:

- continue our work on addressing bullying and harassment, physical violence and quality of appraisals
- engage with staff to determine and shape further actions to look at themes such as
 - o Presenteeism
 - o Work-related stress
 - o Communication between Senior Managers and Staff

Statements from lead Clinical Commissioning Groups (CCG) and local Healthwatch

We have invited our partners from all localities covered by Trust Services to comment on our Quality Account.

Corroborative statement from Northumberland, North Tyneside, Newcastle Gateshead, Sunderland, South Tyneside and Durham Dales, Easington and Sedgefield Clinical Commissioning Groups for Northumberland Tyne and Wear NHS Foundation Trust Quality Account 2016/17

The CCGs welcome the opportunity to review and comment on the Trust Quality Account for 2016/17 and would like to offer the following commentary.

Northumberland, North Tyneside, Newcastle Gateshead, Sunderland and South Tyneside Clinical Commissioning Groups (CCGs) are committed to commissioning high quality services from Northumberland Tyne and Wear NHS Foundation Trust (NTWFT) and take seriously their responsibility to ensure that patient needs are met by the provision of safe, effective services and that the views and expectations of patients and the public are listened to and acted upon.

The CCGs would like to take the opportunity to congratulate the Trust on its CQC rating of Outstanding, making the Trust one of only two Mental Health & Disability Trusts in the country to achieve this rating.

The CCG would also like to congratulate the Trust on their strong consistent performance throughout the year in achieving the Early Intervention in Psychosis target, as well as in achieving the standard for physical health checks. The CCGs also recognise the improvements that the Trust is making in reducing sickness absence and note their improving performance towards the national average.

In the section on progress towards the Five Year Forward View, the CCGs note that the provision of perinatal mental health community teams is not included as a priority area and would request that this is reconsidered. The CCGs commend the Trust for the improvements that are demonstrated in the report, particularly the achievement of its goals relating to patient safety. The CCGs note that the enhanced suicide risk training, which has remained a priority for a number of years, has been met with 87% of qualified clinical staff completing the training. Improvements in the timely and appropriate handover of service users transitioning to Adult services, as well as reducing the number of over 18s being inappropriately seen in Children and Young People's Services by 32%, were also achieved.

A new feedback process and mechanism has been introduced to evaluate views from service users and carers and the CCGs note the significant increase in responses. This has enabled the Trust to identify the teams and services that feedback is related to, and the CCGs look forward to seeing future quality priorities and identified service improvements for those specific teams. The CCGs commend the Trust on adopting an approach to developing the process that has been inclusive of service user opinions.

The Friends and Family Test (FFT) response rate increase was noted, however the percentage recommended rate continues to be below the national standard. The CCGs feel it would be useful to also include comparisons to similar Trusts as well as any work that is underway to improve the FFT score.

The Trust was not able to fully meet all of its quality goals for patient experience and clinical effectiveness and it would be useful to include whether these goals are being carried over to 2017/18. Although a 10% reduction in restraint was reported in 2016/17, the Trust failed to fully meet the target of ensuring that 85% of clinically qualified staff have completed the Assessing and Managing Risk of Harm to Others training. The CCGs will continue to monitor the impacts of the positive and safe strategy on restraints and violence and aggression. It was disappointing to see that the Trust's ambition for improving the referral process and waiting times for multi-disciplinary teams was not met. It would be useful to include what the waiting times deficit was, however the CCGs have been kept informed of the actions being taken to address performance in this area and meet the increase in activity. Also, in relation to improvement in waiting times for both ADHD and ASD, it would be useful to include some targets.

It was positive to note that the Trust acknowledged that access for service users is an important subject for all partners and that the Trust continues to work to improve in this area. In particular, waiting times for Children's and Young Peoples' services has been challenging during 2016/17. Although the year end performance improved, the in-year performance at times had been poor which can cause quality issues and risks. The CCGs would like to see this shortfall acknowledged in the report as well as highlighting the achievements in reaching the 100% target by the end of March 2017.

The CCGs would also like to see information included in the Quality Account around the additional support that is being provided to service users during waits for access to services. The Trust should be explicit about the links between waiting times and incidents, which will enable the Trust to celebrate how well the triage system is working, as well as highlighting any interventions taken.

Implementation of the National Guidance on Learning from Deaths is a priority and must do for all NHS Trust and Foundation Trusts, and this is a key action to improve service quality and patient outcomes. This should be included in the Quality Account as part of a goal for 2017/18.

An engagement exercise was undertaken with stakeholders to gather suggestions for the new quality indicators and the CCGs commend the Trust on using this approach and are supportive of the Trust's quality priorities for improvement in 2017/18.

In so far as we have been able to check the factual details, the CCG's view is that the Quality Account is materially accurate. It is clearly presented in the format required by NHS England and the information it contains accurately represents the Trust's quality profile. Finally, the CCGs would like to offer congratulations to the Trust on the achievements outlined in this report which we believe accurately reflects the Trust commitment to delivering high quality, patient centred services. The CCGs look forward to continuing to work in partnership with the Trust to assure the quality of services commissioned in 2017/18.

Annie Topping

Director of Quality & Patient Safety
Northumberland CCG

Chris Piercy

Director of Nursing
Newcastle Gateshead CCG

Jeanette Scott-Thomas

Director of Nursing, Quality & Safety
NHS South Tyneside CCG

Lesley Young Murphy

Exec. Director of Nursing & Transformation
NHS North Tyneside CCG

Ann Fox

Director of Nursing, Quality & Safety
NHS Sunderland CCG & NHS South Tyneside CCG

Gillian Findley

Director of Nursing/Nurse Advisor
NHS Durham Dales, Easington & Sedgfield CCG

Healthwatch Newcastle's statement:

Healthwatch Newcastle was pleased to read the Northumberland, Tyne and Wear NHS Foundation Trust's (NTW) quality account for 2016/17. It is an interesting and informative read and it is clear the Trust has endeavoured to make improvements against the priorities it set itself.

Quality goal 1: Patient Safety

We are pleased to read that all of last year's quality priorities associated with this goal have been met. We also welcome the new goal – Embedding the Positive & Safe Strategy that will include an analysis of self-harm incidents.

Quality goal 2: Service User and Carer experience

We are happy to see that the priority target related to the implementation of the Triangle of Care principles has been met.

It is unfortunate that the target relating to waiting times has again not been met, indeed the number of people waiting more than the target 18 weeks has increased by 5%. Whilst we appreciate the difficult financial circumstances which have contributed to this situation, we are concerned about this increase and we feel it is essential that this is kept as a priority goal for 17/18. However, we note that waiting times for children and young people has decreased over the past year and this is a very welcome improvement.

It is good to see the new target around the co-production and personalisation of Care Plans for older people. Having recently completed a piece of working looking at how older people are involved in decisions about their care we appreciate the benefits, for all parties, of getting this right.

Quality goal 3: Clinical Effectiveness

We note that the priority target relating to the implementation of the Positive and Safe strategy has been only partially met. We understand that the trust set itself very demanding targets around staff training linked to this target and are pleased that elements of this goal have now moved to the Patient Safety category for this coming year.

We welcome the new goal related to the use of the Mental Health Act as we understand this was an identified area for improvement in the Trust's recent CQC inspection

The Trust's new and continuing priorities for 2016/17 are reasonable and comprehensive. We wish NTW continued success and look forward to receiving updates on progress.

Newcastle Overview and Scrutiny

Committee's statement:

As Chair of the Health Scrutiny Committee, I welcome the opportunity to comment on your draft Quality Account for 2016/17. Members discussed the document at their meeting in May 2017 and this letter provides a summary of the committee's response.

As you know we have discussed the provision of mental health services over a number of years and we have contributed to the recent reviews of both adult and children and adolescents mental health services. We note the considerable demand on these services currently and hope that proposed changes will help to address this. In the meantime, we recognise the pressure your services are under currently.

We welcome the recent CQC overall 'good' rating and note the two areas for improvement in relation to care plans in wards for older people and reducing the use of mechanical restraint in the medium secure unit for adolescents, which as you will be aware we have discussed previously and we may come back to during the coming year.

In relation to progress against the 2016/17 targets:

- We welcome the early introduction of transition work in preparation for service users moving to adult services.
- We note the high waiting times for some services and, although we recognise the level of demand on the service, we are still concerned about the impact this could have on individuals who are waiting to be seen. We would welcome a review of the position in six months time.
- We support Healthwatch Newcastle's recommendation that the trust captures information on average waiting times, which will provide clearer information on services that have waiting times significantly above the 18 week target, where there could be cause for concern.
- We note the increase in complaints to 346 during the year and, although it was suggested that this could be viewed as a positive position, we would like to review this in six months time to understand more about the nature of complaints and how this intelligence is used by the trust to understand the quality of services provided and to encourage improvement.
- When you present the 2017/18 Quality Account next year, we would like feedback on how successful the Positive and Safe Strategy has been in relation to:-
 - 1) Reducing restraint and episodes of exclusion.
 - 2) The trust's response to the recent increase in incidents of self-harm.
- We welcome the expansion of the service to provide a new specialist transition, intervention and liaison mental health service for veterans, which was highlighted as an area of concern by the Regional Health Scrutiny Committee some years ago.

Overall we found the Quality Account document to be clear and informative and we were pleased to hear the progress being made against the priorities identified for 2016/17. We would like to echo the comments of Healthwatch Newcastle in highlighting the positive and proactive action taken to engage on the development of priorities, which has no doubt led to a greater understanding of its content.

In relation to the proposed 2017/18 priorities, we recognise all proposed priorities as being of high importance to local residents.

Finally, I would like to welcome the ongoing open dialogue that the trust has established with us during the year and hope that this will continue.

Healthwatch Northumberland's statement:

We welcome the opportunity to respond to the draft quality account of Northumberland, Tyne and Wear NHS Foundation Trust and would like to congratulate the Trust on some good results but in particular the "Outstanding" rating from the CQC. Healthwatch Northumberland is looking forward to continued working in collaboration with the Trust.

We have identified below areas where we believe the Trust has performed well –

- Improved response rate to the 'Friends and Family' test result with 81% of responders saying that they would recommend the service.
- Reduction in the number of young people over 18 in the Children and Young People's Service.
- Achieving the 85% target for clinical staff training to have completed the enhanced suicide training. Although we note the impact this has had on the Assessing and Managing Risk of Harm to Others training.
- The improvements in the coordination of care planning and support between inpatient and community services and the roll out beyond the initial target areas. We look forward to seeing the evaluation of service user feedback.
- The Triangle of Care initiative, but this would benefit from some metrics as well as the narrative describing progress.
- The Transforming Care for People with Learning Disabilities Programme. We would look for opportunities to engage with service to users to understand their experience and views.

We have identified below areas for improvements –

- Complaints – these have increased by 20% compared to 2015/2016
- We note that whilst Patient Safety Incidents for Northumberland reflect the location of specialist inpatient services, the community services also show an increase overall and in particular the proportion of 'moderate harm' safety incidences.
- Ongoing issues in relation to waiting times for services. Of particular concern are the waits experienced for the Children's and Young People's services and the worsening position of people in Northumberland waiting at least 18 weeks for other services.

Regarding the Trust's priorities for 2017/18, the plans to improve performance for 2017/18 appear positive and achievable. We agree with the Trust's priorities /Quality Goals for 2017/18. Overall we considered that the report gives a fair reflection of the service provided by the Trust. We felt that the document despite being very detailed is in general, easy to read and understand. We found the glossary to be useful and the report, on the whole, to be clear and concise.

We look forward to working with NTW in the coming year and continuing to build on the positive working relationship we have established.

Northumberland County Council's Care and Wellbeing Overview and Scrutiny Committee's statement:

Members of the Care and Wellbeing Overview and Scrutiny Committee welcome the opportunity to examine and scrutinise the information you have provided over the course of the past year, and to submit a commentary for inclusion in the Northumberland, Tyne and Wear NHS Foundation Trust's Quality Account.

We have continued our ongoing engagement with the Trust and mental health issues featured prominently in our work programme for 2016/17. NTW reports to the committee were:

- 17 May 2016 Proposed Closure of Belsay Unit at Northgate Hospital - update
- 19 July 2016 Local Transformation Plan for Learning Disabilities (joint update presentation with the County Council and CCG).

At our 28 March 2017 meeting we received a presentation on your draft Quality Account for 2016/17 and your priorities for 2017/18. At that meeting we also received presentations from the Northumbria Healthcare and North East Ambulance Service NHS Foundation Trusts on their own quality accounts; hearing three presentations in one meeting from the three Trusts we believe provides a good joined up picture of the many NHS services in Northumberland. Members responded favourably to the information you presented, with reference to the highly valued staff and clinical support provided.

Members would like to continue to be kept closely informed about the major changes taking place as part of the "transformation" programme for people with learning disabilities or autism, as they develop. The Committee gives high priority to ensuring that the community services being put in place are sufficient to provide the support required by people with complex needs who have previously been accommodated in hospitals.

From the information you have provided, including the presentation given on 28 March 2017 and the draft document of the Quality Account which we received at the launch event on 13 April 2017, for which we thank you for the invite and hosting, our members believe that the document is a fair reflection of the services provided by the Trust and reflects the priorities of the community. Members also support your planned priorities for improvement in 2017/18.

We also would be very grateful if I could get in contact with you again soon to discuss possible agenda items for the Care and Wellbeing Overview and Scrutiny Committee to consider about the Trust's services during the next council year from 24 May 2017 onwards.

Healthwatch North Tyneside's statement:

Based on Healthwatch North Tyneside's (HWNT) intelligence gathered during 2016-2017 regarding local resident's experience of using the services of the Trust, we feel able to comment as follows:

Quality Goal 1- Patient safety

We continue to hear concerns from local people about difficulties getting access to services in a crisis. This was something that we flagged up in our response to last year's Quality Account. We suggested that this issue was reflected in the relatively high percentage of Catastrophic, Major and Moderate harm PSI rating reported in community services for North Tyneside in comparison to other areas. It is therefore very disappointing to see that Patient Safety Incidents in North Tyneside Community Services have increased significantly in 2016/17 – apparently almost doubling. The Trust should review how this service performs under the relevant NICE Guidelines and then take the necessary action to reduce the number of PSIs. This should be shown in the Quality Priorities for 2017/18.

We have received several reports during the year from patients complaining that they were bullied and intimidated when receiving in-patient care. The complaints concerned both other patients and staff.

Quality Goal 2- Patient experience

The Quality Account doesn't address a basic concern we have heard, namely that people have difficulty in knowing where to go for help. Entering services is a real concern for people in North Tyneside who reported that they find it difficult to find the right service to access, in particular if they have specific needs such as personality disorder, learning disabilities, are survivors of sexual abuse or users of drugs or alcohol.

The length of time that people have to wait to start being supported by services continues to be highlighted as a concern for local people. It is disappointing, therefore, to see that the targets set by the Trust have not been met, although we recognise there has been improvement in some areas e.g. Gender Dysphoria. Given that the waiting time target was not met last year, how will the Trust try to ensure that the same target is not missed again in 2017/18? People waiting for services tell us they would benefit from some other kind of support whilst waiting for services.

We also hear from people who believe it is getting more difficult to meet the criteria for services and therefore harder to get support. This particularly applies to people with mild to moderate mental health problems

We welcome the Trust's continued recognition of the need to improve the way that it involves and works with carers and its commitment to co-production going forward. However, we have had reports that some carers continue to experience problems getting a carer's assessment which suggest that there is still a need to improve practice in this area.

We also continue to get feedback from local people who report poor experiences when being discharged from care. Issues include being discharged too soon and poor communication between the Trust and other services such as A&E and primary care. The Trust needs to continue to focus on improving the process of discharge, involvement in decision making of service users and the development of robust discharge plans.

Finally on this issue we heard from service users with concerns about breaches of confidentiality, both their own but also other people's.

Quality Goal 3- Clinical effectiveness

We have received large numbers of reports from people who have had a positive experience of services. However, the feedback also indicates some continuing issues around involvement in decision making and reviewing of care and treatment

Patients have also raised issues with us relating to medication, for example being left without medication for several days and medication being changed with negative consequences. Incidents such as these emphasise the importance of good communication between service users and professional staff. In some cases people think medication reviews do not take place often enough.

Overall response

Overall we acknowledge that the Trust provides good quality services as recognised by the Care Quality Commission's assessment. However there is room for improvement and we would highlight in particular the need to improve in the following areas:

- Access to services in a crisis
- Reducing waiting times, and
- Reducing the number of PSIs in North Tyneside Community Services.

The Trust should set specific and realistic targets for these areas in its Quality Priorities for 2017/18.

Finally, we urge the Trust to be constantly aware of the need to work with people to improve and develop its services. It is not just about training staff, important though this is, but also about creating the right structures and opportunities for users and staff to develop ideas together.

Healthwatch Gateshead's statement:

Thank you for giving Healthwatch Gateshead (HWG) the opportunity to respond to Northumberland, Tyne and Wear (NTW) NHS Foundation Trust's quality account for 2016/17.

It is clear the Trust has worked hard making improvements based on progress against the priorities from 2016/17 and we are happy that the trust has been rated as outstanding by the Care Quality Commission (CQC)

We would like to comment on the following:

Quality Goal 1 Improving Patient Safety

We are encouraged that the quality priority of enhanced suicide training of qualified staff has been now been met and will be refreshed every 3 years.

Multi-disciplinary team approach

We are disappointed that waiting times for multi-disciplinary teams generally has again not been met but we welcome the 32% reduction of people waiting over 18 weeks, in young people's community services. We recognise the increase in demand for services and the challenge of resources, however, we would again, seek continuous monitoring for improvement in 2017-18.

Quality Goal 2 Patient Experience: Improve the way we relate to patients and carers

We have noted that the priority around the Triangle of Care has been met and action plans have been developed to ensure the principles are implemented.

Quality Goal 3 Clinical Effectiveness

We note that the Positive and Safe Strategy implementation was partially met, and welcome the continuation of the quality goal for 2017/18 under the Patient safety category.

Looking Ahead – Quality for improvements in 2017/18

We are encouraged that the trust continues to strive to meet its quality goals around patient safety and service user and carer experience. We welcome the new goal related to the Mental Health Act as we understand this was an identified area in the Trust's recent CQC inspection.

Developing New models for Inpatient Care Programme - Deciding together

We are aware of the proposals to relocate adult inpatient services for Newcastle and Gateshead within Newcastle. We would like assurance that there will be an extensive and comprehensive engagement programme in 2017, that will ensure the voices of Gateshead service users and carers are clearly heard, as the most affected community of interest. Overall our view is that the draft Quality Account demonstrates NTW's commitment to continuous improvement for service users and carers. We wish NTW continued success and look forward to receiving updates on progress.

Gateshead Council Overview and Scrutiny Committee's statement:

Based on Gateshead Care, Health and Wellbeing OSC's knowledge of the work of the Trust during 2016-17 we feel able to comment as follows:-

2016-17 Quality Priority – To embed suicide risk training for staff

The OSC previously noted that the Trust had still not met this target which had commenced in 2014-15 and been advised that there had been a 31 % increase in the numbers of staff trained in 2015-16 compared to the previous year. The OSC had received assurances that the matter was a priority for 2016-17. The OSC was pleased to note that the trust has now met this target and 87% of staff had now been trained and that there will be refresher training every three years.

Waiting Times

The OSC has previously raised concerns about the waiting times for Children and Young People's community services and was pleased to note that there have been improvements in the proportion of children and young people waiting less than 9 and 12 weeks for treatment. However, the OSC still considered that waiting times of 12 weeks were too long. The OSC was also pleased to note that the trust had taken on board its earlier comments in relation to clarifying the wording in relation to these targets.

The OSC is supportive of the Quality Account overall and is pleased to note that there are no compliance issues in regard to the Trust.

Healthwatch South Tyneside's Statement:

Healthwatch South Tyneside (HWST) was pleased to note that The Northumberland, Tyne and Wear NHS Foundation Trust (the Trust) was rated as 'Outstanding' by The Care Quality Commission in their recent inspection.

HWST is pleased that the Trust is working towards the 4 hour crisis care waiting times and hopes to see progress on this over the coming year as this will make a positive difference for mental health service users (and their carers) who are in crisis.

HWST appreciates the Quality Goals and Priorities for the coming year, particularly Quality Goal Two around Service User and Carer Experience in terms of waiting times, Triangle of Care and co-production.

HWST notes that numbers of service users in South Tyneside accessing the Trust's services have decreased and is unclear what lies behind this.

HWST is pleased to note the progress made in patient safety; and that there has been a 32% reduction of people 18 years or older in Children and Young People's Services but again it seems unclear about how many over 18 year olds have not transitioned out of these services.

HWST commends the Trust in its improvement in their reporting timescale for patient safety incidents this now being half the national average. HWST acknowledges that the explanation for the rise in incident numbers relates to the new electronic reporting process; but has concerns in the rise of "catastrophic death" incident numbers in South Tyneside community services from 15/16 to 17/18.

HWST is disappointed to note that the priority to improve the referral process and the waiting times for adult referrals to multi-disciplinary teams has not been met; a wait of 18 weeks or more for first contact is not acceptable. HWST is concerned that this number has increased in South Tyneside from 1227 in 15/16 to 1400 in 16/17 and looks to improvement in 17/18. However HWST is pleased to note that the Trust achieved 100% of Children and Young People in South Tyneside meeting the 18 week start of treatment target.

HWST commends the progress in implementing the principles of the Triangle of Care and is pleased to note that the Trust has improved in its Overall Experience rating from 7.0 in 2015 to 7.2 in 2016.

HWST has noted the increase in complaints particularly around facilities ie no smoking and parking but is pleased to note the reduction in complaints around waiting times.

HWST commends the Trust for refreshing the "Points of You" method of capturing patient experience, particularly with input from service users and carers but is disappointed in the 2% increase in the "would not recommend" category.

HWST is pleased that the Trust will be doing more work around the partially met priority in relation to staff development and up skilling to prevent and respond to violence and aggression through implementing the Positive and Safe Strategy.

HWST is looking forward to hearing about the impact of the new specialist Mitford Unit for adults with Autism Spectrum Disorder and their experience of this.

HWST will continue to observe the Lifespan Single Point of Access in South Tyneside and would like to hear more about people's experiences of this service.

HWST notes that the staff recommendation of the Trust as a place to work or receive treatment is above the national average. However it would have been useful in the other experiences for example patient experience of community mental health indicator scores if the comparison with other trusts provided a figure rather than “about the same”. It is disappointing that for the Trust the patient experience of community mental health indicator scores figure has reduced from 2014, although it has increased from 2015 the 2014 level remains higher.

HWST is pleased to note that for adult service users on CPA 98.5% of service users in South Tyneside receive a follow up, visit or contact, within seven days of their discharge from inpatient care. This is the highest in the Trust region.

In terms of Friends and Family Test (FFT) it is interesting that 81% service users would recommend versus 72% of staff and HWST wonders if this relates to service user versus staff aspirations in terms of care. It is also of interest that the PLACE scores are higher than the national average across the board.

More quality work to be done in 2017/18, but all in all a positive Quality Account as would be expected from a trust that was recently rated ‘Outstanding’ by CQC.

South Tyneside Council Overview and Scrutiny Committee’s statement:

Thank you for giving us the opportunity to include comments in your 16/17 Quality Report.

We have not undertaken any specific scrutiny reviews on Mental Health or Learning Disabilities this year, as both our OSC and People Select Committee have been very busy looking at Primary Care and the service implications of the Alliance between City Hospitals Sunderland NHS Foundation Trust and South Tyneside NHS Foundation Trust. For this reason we cannot make any informed comments about performance during 2016/17.

However we do intend to do some scrutiny work on LD Transformation and Dementia Services during the next municipal year.

Sunderland City Council Overview and Scrutiny Committee’s statement:

We are pleased to be able to comment on your 2016/17 Quality Account, which provides an accurate account of services, the performance of the trust during the year and the areas identified for improvement over the coming year. The Children, Education and Skills Scrutiny Committee continued to look at the Children’s and Young Peoples’ Community Services throughout the year and is satisfied with the direction of the service as well as the continued identification of service improvements. This is an area that the committee will continue to monitor during the course of its on-going work programme.

It was particularly pleasing to note that the Care Quality Commission’s recent inspection rated all core services as ‘Good’ or ‘Outstanding’ which provides a solid assurance for stakeholders and partners on the services provided by the Trust. The Scrutiny Committees in Sunderland have always had a positive relationship with the Foundation Trust and will continue to work with the Trust over the coming year on a number of key issues.

Sunderland City Council’s Overview and Scrutiny Function are therefore happy to endorse the draft quality account for 2016/17 and look forward to a continued dialogue with Northumberland, Tyne and Wear NHS Foundation Trust in the future.

Appendix 1

NHS Improvement Single Oversight Framework / Risk Assessment Framework

The NHS Improvement Single Oversight Framework came into effect from 1 October 2016, replacing the Monitor 'Risk Assessment Framework'. The Framework identifies NHS providers' potential support needs across five themes:

- quality of care
- finance and use of resources
- operational performance
- strategic change
- leadership and improvement capability

Individual trusts are "segmented" by NHS Improvement according to the level of support each trust needs. Since the implementation of this framework, NTW has been assigned a segment of "2 – targeted support" due to in year financial variances from plan.

Self-assessment against NHS Improvement Risk Assessment Framework 2016-17

NHS Improvement Risk Assessment Framework Dashboard													
Key Indicators:	Standard	Q1 2016-17			Q2 2016-17			Q3 2016-17			Q4 2016-17		
		Apr	May QTD	Q1	July	Aug QTD	Q2	Oct	Nov QTD	Q3	Jan	Feb QTD	Q4
Governance Risk Rating													
Financial Sustainability Risk Rating		3	3	2	2	2	3	2	2	2	2	2	2
7 day follow up	95%	95.7%	97.2%	97.4%	96.8%	97.1%	97.2%	96.0%	96.9%	97.0%	97.4%	96.8%	97.7%
Service users on CPA 12 month review	95%	97.1%	95.9%	96.2%	95.8%	96.6%	96.9%	96.6%	96.4%	97.0%	96.1%	95.3%	96.5%
Gatekeeping admissions by CRHT teams	95%	100.0%	100.0%	100.0%	100.0%	100.0%	99.8%	100.0%	100.0%	100.0%	100.0%	99.6%	99.5%
EIP 2 week wait	50%	90.3%	88.8%	87.4%	91.7%	85.2%	82.3%	70.6%	75.7%	72.1%	75.6%	76.4%	79.4%
IAPT 6 week wait	75%	99.6%	99.0%	98.7%	98.0%	98.5%	98.6%	98.6%	99.4%	99.6%	99.6%	99.8%	99.6%
IAPT 18 week wait	95%	100.0%	99.8%	99.9%	99.6%	99.8%	99.9%	99.5%	99.8%	99.9%	100.0%	100.0%	100.0%
RTT waiting times (incomplete)	92%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	99.2%	99.6%	99.2%	99.1%	98.7%
Clostridium Difficile objective													
Delayed Transfers of care	7.5%	2.4%	2.0%	1.8%	2.0%	2.0%	1.8%	3.0%	2.7%	2.7%	2.6%	2.6%	2.4%
Data Quality : Outcomes	50%	93.4%	93.1%	92.5%	92.7%	92.9%	92.5%	92.2%	92.2%	92.4%	92.0%	91.0%	91.5%
Data Quality: completeness	97%	99.8%	99.8%	99.8%	99.8%	99.8%	99.9%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%
LD access requirements													
Risk/failure to deliver Commissioner Requested Services		No	No	No	No	No	No	No	No	No	No	No	No
CQC Compliance action outstanding		No	No	No	No	No	No	No	No	No	No	No	No
CQC enforcement action in the last 12 months		No	No	No	No	No	No	No	No	No	No	No	No
CQC enforcement action in effect		No	No	No	No	No	No	No	No	No	No	No	No
Moderate CQC concerns		No	No	No	No	No	No	No	No	No	No	No	No
Major CQC concerns		No	No	No	No	No	No	No	No	No	No	No	No
Non compliance with CQC registration		No	No	No	No	No	No	No	No	No	No	No	No

Self-assessment against Single Oversight Framework as at March 2017

Metrics: (nb concerns will be triggered by failure to achieve standard in more than 2 consecutive months)	Frequency	Source	Standard	Quarter 4 self assessment
Maximum time of 18 weeks from point of referral to treatment (RTT) in aggregate - patients on an incomplete pathway	Monthly	UNIFY2 and MHSDS	92%	99%
Patients requiring acute care who received a gatekeeping assessment by a crisis resolution and home treatment team in line with best practice standards	Quarterly	UNIFY2 and MHSDS	95%	99.5%
People with a first episode of psychosis begin treatment with a NICE-recommended package of care within 2 weeks of referral	Quarterly	UNIFY2 and MHSDS	50%	79.4%
Ensure that cardio-metabolic assessment and treatment for people with psychosis is delivered routinely in the following service areas:				
a) inpatient wards	Quarterly	Provider return / CQUIN audit	90%	85%
b) early intervention in psychosis services	Quarterly	Provider return / CQUIN audit	90%	97%
c) community mental health services (people on Care Programme Approach)	Quarterly	Provider return / CQUIN audit	65%	83%
Complete and valid submissions of metrics in the monthly Mental Health Services Data Set submissions to NHS Digital:				
- identifier metrics:				
NHS Number	Monthly	MHSDS	95%	99.9%
Date of Birth	Monthly	MHSDS	95%	100.0%
Postcode	Monthly	MHSDS	95%	99.9%
Current Gender	Monthly	MHSDS	95%	99.9%
GP code	Monthly	MHSDS	95%	99.8%
CCG code	Monthly	MHSDS	95%	99.4%
- priority metrics:				
ethnicity	Monthly	MHSDS	85% by 16/17 year end	92.3%
Employment status recorded	Monthly	MHSDS	85% by 16/17 year end	94.1%
Proportion of patients in employment	Monthly	MHSDS		7.0%
Accommodation status recorded	Monthly	MHSDS	85% by 16/17 year end- unclear if standard applies to recording status or proportion	93.9%
Proportion of patients in settled accommodation	Monthly	MHSDS		76.9%
Improving Access to Psychological Therapies (IAPT)/talking therapies				
- proportion of people completing treatment who move to recovery	Quarterly	IAPT minimum dataset	50%	53.5%
- waiting time to begin treatment :				
- within 6 weeks	Quarterly	IAPT minimum dataset	75%	99.6%
- within 18 weeks	Quarterly	IAPT minimum dataset	95%	100.0%

Appendix 2

CQC Registered Locations

The following table outlines the Trust's primary locations for healthcare services as at 31st March 2017.

Locations	Regulated Activities			Service Types							
	Treatment of Disease, Disorder or Injury	Diagnostic and Screening Procedures	Assessment or medical treatment for persons	CHC	LDC	LTC	MHC	MLS	PHS	RHS	SMC
Brooke House	•	•	•							•	
Craigavon Short Break Respite Unit *	•	•	•					•			
Elm House	•	•	•					•			
Ferndene	•	•	•			•		•		•	
Hopewood Park	•	•	•			•		•		•	
Monkwearmouth Hospital	•	•	•			•		•		•	
Campus for Ageing and Vitality	•	•	•					•		•	
Northgate Hospital	•	•	•			•		•		•	
Queen Elizabeth Hospital	•	•	•					•			
Rose Lodge	•	•	•					•			
Royal Victoria Infirmary	•	•	•					•			
St George's Park	•	•	•			•		•		•	
St Nicholas Hospital	•	•	•	•	•	•	•	•	•	•	•
Walkergate Park	•	•	•					•		•	

CQC Registered Locations, Regulated Activities and Service Types - Social and Residential

Registered Home/Service	Regulated Activity	Service Type
	Accommodation for persons who require nursing or personal care	Care home service without nursing
Easterfield Court	•	•

* note this unit was formally closed in April 2017.

Key
CHC – Community health care services
LDC – Community based services for people with a learning disability
LTC – Long-term conditions services
MHC – Community based services for people with mental health needs
MLS – Hospital services for people with mental health needs, and/or learning disabilities, and/or problems with substance misuse
PHS – Prison healthcare services
RHS – Rehabilitation services
SMC – Community based services for people who misuse substances

Appendix 3

Local Clinical Audits

Project (Local Clinical Audits)		
Board Assurance (6)		
1	CA-15-0018	Medicines Management: Prescribing, Administration & Prescribing Clinical Checking Standards – Take 5 Audit
2	CA-15-0019	Medicines Management: Safe & Secure Medicines Handling (MMRA)
3	CA-15-0023	Care Co-Ordination: Community Services Group
4	CA-16-0026	Seclusion 15-16 within NTW (C) 10 Seclusion Policy
5	CA-16-0036	Medicines Management: Prescribing, Administration & Prescribing Clinical Checking Standards – Take 5 Audit
6	CA-16-0047	Nutrition
Trust Programme (7)		
7	CA-15-0001	Audit of MDT Formulation in Stepped Care Units
8	CA-15-0051	An Audit of S136 suites and acute hospital emergency department psychiatric interview rooms within NTW area against quality and safety standards
9	CA-15-0054	Audit of NTW (O) 27 Nutrition Policy
10	CA-16-0011	Dual Diagnosis (Re-Audit of CA-14-0062)
11	CA-16-0016	Safeguarding Process
12	CA-16-0017	Triage system for safeguarding and public protection
13	CA-16-0035	Are serious incidents reports and action plans formulated in line with current NHSE guidance?
NICE Priorities (3)		
14	CA-14-0006	NICE (Implementation) CG26: PTSD Post-Baseline Audit
15	CA-14-0121	NICE (Baseline) CG103: Audit of clinical practice against quality delirium standards
16	CA-15-0052	NICE (Baseline) CG78: Audit of a Case Series of Inpatient Admissions of People with Emotionally Unstable Personality Disorder (EUPD)
Inpatient Care Group Programme (18)		
17	CA-13-0031	Monitoring of informed consent in the current prescribing practice in urgent care inpatients
18	CA-14-0069	Audit of the physical health monitoring of in-patients on the Complex Care wards (Mill Cottage and Bridgewell)
19	CA-15-0012	Are 72 hour meetings completed within the recommended time limit and does this effect patient care?
20	CA-15-0061	Are we following HDAT monitoring requirements?
21	CA-15-0064	Re-audit of admission documentation processes in 4 in-patient care sites
22	CA-15-0076	Current documentation practice of consultant psychiatrist on first patient review after admission, and to assess whether these comply with current good practice standards of documentation (Re-audit of CA-14-0107)

Project (Local Clinical Audits)		
23	CA-15-0080	Assessment capacity in informal admissions to working age adult in-patient wards at St George's Hospital
24	CA-15-0081	Audit of T3 forms for in-patients on Mowbray and Roker Ward
25	CA-15-0095	Audit to monitor, evaluate and improve prescribing standards for all patients on Newton Ward
26	CA-15-0104	An audit to review acute in-patient admissions of 5 days and under – were the discharges safe and could admission have been avoided?
27	CA-15-0105	Audit of high antipsychotic prescribing and monitoring according to Trust policy
28	CA-15-0108	A retrospective assessment of the quality of completion of physical health monitoring records for patients in acute mental health services at Hopewood Park (Re-audit of CA-14-0108)
29	CA-15-0119	The provision of equipment for physical health assessment and monitoring on adult psychiatry wards, Tranwell Unit, QEH
30	CA-16-0005	Awareness into the definitions of nature and degree of a mental disorder, as explained in Mental Health Act 1983: Code of Practice
31	CA-16-0012	Clinical audit of medical record keeping on acute adult in-patient wards in Gateshead
32	CA-16-0024	NICE CG 192: Assessment of compliance with standards of physical health monitoring: pregnancy as a crucial aspect of physical health monitoring amongst women of reproductive age group (15-44) in an in-patient psychiatry session
33	CA-16-0028	Are 72 hour meetings completed within the recommended time limit and does this effect patient care?
34	CA-16-0067	Physical Health: an audit of prolactin measurements taken during in-patient admissions
Medicines Management Programme (5)		
35	CA-14-0061	Botulinum Toxin
36	CA-14-0080	Medicines Reconciliation
37	CA-15-0024	Controlled Drugs
38	CA-15-0116	Audit of therapeutic drug monitoring of clozapine plasma levels
39	CA-16-0009	Medical Gas Storage
Community Services Group Programme (26)		
40	CA-13-0120	NICE CG42: Compliance with NICE Dementia guidelines: Dementia Services Community Teams
41	CA-14-0049	Progress Note Audit
42	CA-14-0066	Prescribing practice of depot prescription cards at depot clinic
43	CA-14-0094	The use of psychological treatments in patients with a diagnosis of schizophrenia in the North East CMHT
44	CA-14-0125	Driving in Dementia: how good are we at addressing driving in dementia?
45	CA-14-0150	An audit comparing YPDT against national guidelines
46	CA-15-0004	Audit to determine if patients diagnosed with EUPD under the care of Hexham CMHT are being prescribed medications according to NICE guidelines
47	CA-15-0025	Standards of HDAT monitoring
48	CA-15-0040	Audit of physical health monitoring in patients on anti-psychotic medication (excluding Clozapine) referred to the Newcastle West CMHT physical health monitoring clinic

Project (Local Clinical Audits)		
49	CA-15-0043	Audit of NICE guidance on written and verbal information given to people newly diagnosed with dementia
50	CA-15-0047	Advance statements / advance directives record keeping
51	CA-15-0048	Is the MPS prescribing cognitive enhancing drugs in line with current NICE guidance (Re-audit of 1046)
52	CA-15-0050	NICE TA 217 Audit of cognitive enhancer prescribing in NTW in relation to NICE guidance
53	CA-15-0065	Management of depression adherence to NICE Guideline CG 91
54	CA-15-0068	Audit of pharmacological management of bipolar disorder in Adults in the care of the North Tyneside CMHT, Longbenton Patch
55	CA-15-0072	Audit of benzodiazepine Z-drug prescribing in Gateshead CRHT
56	CA-15-0077	Audit of documentation of medical reviews undertaken within CRHT Northumberland caseload
57	CA-15-0078	Response time to A+E referrals by mental health services in Newcastle Royal Victoria Infirmary
58	CA-15-0088	Audit of care plan recording on RiO in the Sunderland Psychotherapy Service (Re-audit of CA-14-0138)
59	CA-15-0093	How well are prolactin levels recorded for patients starting treatment with atypical antipsychotics and how are patients physically affected by any resulting hyperprolactinaemia?
60	CA-15-0101	Use of CRHT prescription chart within the Sunderland Crisis Team: Does it comply with Trust Policies?
61	CA-15-0103	Audit into the efficacy of information sharing with patients following interaction with Liaison Psychiatry Team at the RVI
62	CA-15-0118	An audit to review the time between the implementation of NBSC care plans and discharge from the service
63	CA-16-0007	An audit of new referrals to the community learning disability team
64	CA-16-0043	Re-audit of antipsychotic initiation and physical parameter check
65	CA-16-0050	Review letters by Consultant Psychiatrist in Sunderland CTT
Specialist Care Group Programme (34)		
66	CA-14-0059	An Audit to determine our use of psychotropic medication to treat agitation/aggression in patients with head injury
67	CA-15-0003	Clinical Supervision Audit
68	CA-15-0007	Assuring the Appropriateness of Unplanned Admissions to Tier 4 CAMHS
69	CA-15-0015	CYPS Referrals Audit: Are we managing referrals according to Trust Policy
70	CA-15-0029	Re Audit: Audit & Evaluation of Standard Directions in the Newcastle Crown Court Service, Mental Health Liaison Team
71	CA-15-0036	Do patients in the Mental Health & Deafness Service have Care Co-ordinators / Lead Professionals in Secondary Care? (Re-Audit of CA-13-0025)
72	CA-15-0038	Audit of Departmental Clinical Professional Development (CPD) Activities 2015
73	CA-15-0044	Taking a Spiritual History in Choice (First) Assessment of Child & Family in Tier 3 CYPS & at Initial Assessment in Redburn Ward

Project (Local Clinical Audits)		
74	CA-15-0046	Re-Audit on Interventions Provided by Plummer Court for Moderate and Severe Alcohol Dependence after Successful Detoxification
75	CA-15-0055	Clinical Supervision (Forensic Services)
76	CA-15-0057	NICE CG009 Eating Disorders: Audit of the use of Junior MARSIPAN guidelines in the assessment and management of patients with an Eating Disorder within EDICT South of Tyne
77	CA-15-0059	Endocrine screening after acquired brain injury - are we following trust guidelines?
78	CA-15-0069	Audit of Proposed Referral Guidelines in the Forensic Liaison (CMHT) Service of NTW (Re-Audit of CA-14-0060)
79	CA-15-0073	Audit of referral process to CAMHS Learning Disability in patient service
80	CA-15-0083	Audit on Physical Health Monitoring Baseline checks for Patients accepted by ABS between 1st Jan to 1st Nov
81	CA-15-0084	Blood Pressure and Pulse monitoring in children with ADHD on medication in adherence with NICE guidance
82	CA-15-0086	Urine drug screen compliance for newly admitted patients to Redburn Inpatient unit, Fern Dene Hospital.
83	CA-15-0087	Melatonin prescribing practices in a Tier 3 CAMHS service
84	CA-15-0089	Audit of Complex Neurodevelopment Disorders Service (CNDS) Case Manager Pathway
85	CA-15-0097	Are patients with traumatic brain injury being advised about DVLA guidance on driving?
86	CA-15-0107	Audit of compliance of prescribing Thiamine and Forceval (a multi-nutrient, multivitamin medication) to patients with severe anorexia nervosa at risk of re-feeding syndrome.
87	CA-15-0109	To audit practice in the administration and prescribing of medication in Kylee House Secure Unit and Aycliff Secure Unit in reference to Local policy and Trust policy
88	CA-16-0001	A re-audit of referral guidelines in the Forensic Learning Disability Services Northgate Hospital
89	CA-16-0003	NICE CG72: Adherence to NICE Guidance for ADHD in the Adult ADHD Service
90	CA-16-0010	An audit on the use of screening methods for sleep disorders in Walkergate Park inpatients presenting with traumatic brain injury (TBI)
91	CA-16-0015	5-a-Day: Are you people with a learning disability supported to meet this target? A re-audit following improvements
92	CA-16-0020	NICE CG72: Audit of Shared Care Agreement for Children & Young People prescribed medication for ADHD
93	CA-16-0022	An audit of positive behaviour support plans within the neurobehavioural service.
94	CA-16-0038	An audit of outcome measures in the Oswin Forensic PD (Medium Secure) Unit, Bamburgh Clinic
95	CA-16-0044	Do we provide copies of section 17 leave forms to young people and carers?
96	CA-16-0057	Audit of practice in Adult ADHD patients with comorbid substance use disorders against relevant NICE guidelines and BAP guidelines.
97	CA-16-0059	Audit of ADHD Medication Height & Weight Monitoring on Growth Charts in CAMHS Inpatients
98	CA-16-0078	Re- Audit of the time of assessment by a doctor when admitted to NTW Mother and Baby Unit, St Georges Park Hospital (Re-audit of CA-15-0085)
99	CA-16-0080	Are NICE Guidelines for Challenging Behaviours in Learning Disabilities being met?

Appendix 4

Statement of Directors' Responsibilities in respect of the Quality Report

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations to prepare Quality Accounts for each financial year.

NHS Improvement has issued guidance to NHS foundation trust boards on the form and content of annual quality reports (which incorporate the above legal requirements) and on the arrangements that foundation trust boards should put in place to support the data quality for the preparation of the quality report.

In preparing the Quality Report, directors are required to take steps to satisfy themselves that:

- the content of the Quality Report meets the requirements set out in the NHS Foundation Trust Annual Reporting Manual 2016-17 and supporting guidance
- the content of the Quality Report is not inconsistent with internal and external sources of information including:
 - o Board minutes and papers for the period April 2016 to May 2017
 - o papers relating to quality reported to the Board over the period April 2016 to May 2017
 - o feedback from Commissioners dated May 2017
 - o feedback from governors dated May 2017
 - o feedback from Local Healthwatch organisations dated May 2017
 - o feedback from Overview and Scrutiny Committees dated May 2017
 - o the Trusts complaints information presented to the Board that has not yet been published under regulation 18 of the Local Authority, Social Services and NHS Complaints Regulations 2009, dated May 2017
 - o the 2016 national patient survey

- o the 2016 national staff survey

- o the Head of Internal Audit's annual opinion over the trust's control environment dated May 2017

- o CQC inspection report dated 1 September 2016

- the Quality Report presents a balanced picture of the NHS foundation trust's performance over the period covered;
- the performance information in the Quality Report is reliable and accurate;
- there are proper internal controls over the collection and reporting of the measures of performance included in the Quality Report; and these controls are subject to review to confirm that they are working effectively in practice;
- the data underpinning the measures of performance reported in the Quality Report is robust and reliable, conforms to specified data quality standards and prescribed definitions, is subject to appropriate scrutiny and review; and
- the Quality Report has been prepared in accordance with NHS Improvement's annual reporting manual and supporting guidance (which incorporates the Quality Accounts Regulations) as well as the standards to support data quality for the preparation of the Quality Report.

The directors confirm to the best of their knowledge and belief that they have complied with the above requirements in preparing the Quality Report.

By order of the Board

24th May 2017 Alexis Cleveland

Acting Chair



24th May 2017 John Lawlor

Chief Executive



Appendix 5

Limited Assurance Report on the content of the Quality Report

We have been engaged by the Council of Governors of Northumberland, Tyne and Wear NHS Foundation Trust to perform an independent assurance engagement in respect of Northumberland, Tyne and Wear NHS Foundation Trust's Quality Report for the year ended 31 March 2017 (the Quality Report") and certain performance indicators contained therein.

Scope and subject matter

The indicators for the year ended 31 March 2017 subject to limited assurance consist of the national priority indicators as mandated by NHS Improvement:

- 100% enhanced Care Programme Approach (CPA) patients receiving follow-up contact within seven days of discharge from hospital; and
- Admissions to inpatient services had access to crisis resolution home treatment teams. We refer to these national priority indicators collectively as the indicators".

Respective responsibilities of the Directors and auditors

The Directors are responsible for the content and the preparation of the Quality Report in accordance with the criteria set out in the NHS Foundation Trust Annual Reporting Manual issued by NHS Improvement.

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that:

- the Quality Report is not prepared in all material respects in line with the criteria set out in the NHS Foundation Trust Annual Reporting Manual and supporting guidance;
- the Quality Report is not consistent in all material respects with the sources specified in NHS Improvement's Detailed Requirements for External Assurance on Quality Reports for Foundation Trusts 2016/17; and
- the indicators in the Quality Report identified as having been the subject of limited assurance in the Quality Report are not reasonably stated in all material respects in accordance with the NHS Foundation Trust

Annual Reporting Manual and supporting guidance and the six dimensions of data quality set out in the Detailed Requirements for External Assurance on Quality Reports for Foundation Trusts 2016/17. We read the Quality Report and consider whether it addresses the content requirements of the NHS Foundation Trust Annual Reporting Manual and supporting guidance, and consider the implications for our report if we became aware of any material omissions.

We read the other information contained in the Quality Report and consider whether it is materially inconsistent with:

- Board minutes for the period April 2016 to April 2017;
- Papers relating to quality reported to the Board over the period April 2016 to April 2017;
- Feedback from Commissioners; Northumberland, North Tyneside, Newcastle Gateshead, Sunderland, South Tyneside and Durham Dales, Easington and Sedgefield Clinical Commissioning Groups;
- Feedback from Governors;
- Feedback from local Healthwatch organisations; Healthwatch Newcastle, Healthwatch Northumberland, Healthwatch North Tyneside, Healthwatch Gateshead and Healthwatch South Tyneside;
- Feedback from Overview and scrutiny committee, Newcastle Council, Northumberland Council, Gateshead Council, South Tyneside Council and Sunderland City Council;
- The trust's complaints information that will inform its report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009;
- The 2016 national patient survey;
- The 2016 national NHS staff survey;
- Care Quality Commission inspection, dated September 2016;

- The Head of Internal Audit's annual opinion over the trust's control environment for the period April 2016 to March 2017; and
- Any other information included in our review.

We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with those documents (collectively the "documents"). Our responsibilities do not extend to any other information.

We are in compliance with the applicable independence and competency requirements of the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics . Our team comprised assurance practitioners and relevant subject matter experts.

This report, including the conclusion, has been prepared solely for the Council of Governors of Northumberland, Tyne and Wear NHS Foundation Trust as a body, to assist them in reporting Northumberland, Tyne and Wear NHS Foundation Trust's quality agenda, performance and activities . We permit the disclosure of this report within the Annual Report for the year ended 31 March 2017, to enable the Council of Governors to demonstrate that it has discharged their governance responsibilities by commissioning an independent assurance report in connection with the indicators. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors as a body and Northumberland, Tyne and Wear NHS Foundation Trust for our work or this report, except where terms are expressly agreed and with our prior consent in writing.

Assurance work performed

We conducted this limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised)- 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ('ISAE 3000'). Our limited assurance procedures included:

- evaluating the design and implementation of the key processes and controls for managing and reporting the indicators;
- making enquiries of management;
- testing key management controls;
- limited testing, on a selective basis, of the data used to calculate the indicator back to supporting documentation;
- comparing the content requirements of the NHS Foundation Trust Annual Reporting Manual to the categories reported in the Quality Report; and
- reading the documents.

A limited assurance engagement is smaller in scope than a reasonable assurance engagement. The nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. The precision of different measurement techniques may also vary . Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision of these criteria , may change over time. It is important to read the Quality Report in the context of the criteria set out in the NHS Foundation Trust Annual Reporting Manual and supporting guidance.

The scope of our assurance work has not included governance over quality or non-mandated indicators which have been determined locally by Northumberland, Tyne and Wear NHS Foundation Trust.

Conclusion

Based on the results of our procedures, nothing has come to our attention that causes us to believe that, for the year ended 31 March 2017:

- the Quality Report is not prepared in all material respects in line with the criteria set out in the NHS Foundation Trust Annual Reporting Manual and supporting guidance;
- the Quality Report is not consistent in all material respects with the sources specified in NHS Improvement's Detailed Requirements for External Assurance on Quality Reports for Foundation Trusts 2016/17; and
- the indicators in the Quality Report subject to limited assurance have not been reasonably stated in all material respects in accordance with the NHS Foundation Trust Annual Reporting Manual and supporting guidance.

Signed:



Date: 24 May 2017

Cameron Waddell,

Engagement Lead, for and on behalf of Mazars LLP Chartered Accountants and Statutory Auditor

Salvus House, Aykley Heads, Durham, DH1 5TS

Appendix 6

Glossary of Terms

AIMS	Accreditation for inpatient mental health services
Care Co-ordinator	A named person to co-ordinate the services a patient receives where their needs are numerous or complex, or where someone needs a range of different services.
Care Packages and Pathways	A project to redesign care pathways that truly focus on value and quality for the patient.
Commissioners	Members of Primary Care Trusts (PCT's), regional and national commissioning groups responsible for purchasing health and social care services from NHS Trusts.
CQUIN	Commissioning for Quality and Innovation – a scheme whereby part of our income is dependent upon improving quality
CMHT	Community Mental Health Team
CRHT	Crisis Resolution Home Treatment – a service provided to service users in crisis.
Clinician	A clinician is a health professional. Clinicians come from a number of different healthcare professions such as psychiatrists, psychologists, nurses, occupational therapists etc.
Clusters	Clusters are used to describe groups of service users with similar types of characteristics.
CQC	Care Quality Commission – the independent regulator of health and adult social care in England. The CQC registers (licenses) providers of care services if they meet essential standards of quality and safety and monitor them to make sure they continue to meet those standards.
CPA	Care Programme Approach. CPA is a term for describing the process of how mental health services service users' needs, plan ways to meet them and check that they are being met.
CYPS	Children and Young Peoples Services – also known as CAMHS
Dashboard	An electronic system that presents relevant information to staff, service users and the public
Dual Diagnosis	Service users who have a mental health need combined with alcohol or drug usage
Forensic	Forensic teams provide services to service users who have committed serious offences or who may be at risk of doing so
HoNOS/HoNOS 4 factor model	Health of the Nation Outcome Scales. A clinical outcome measuring tool.

IAPT	Improving Access to Psychological Therapies – a national programme to implement National Institute for Health and Clinical Excellence (NICE) guidelines for people suffering from depression and anxiety disorders.
LD	Learning Disabilities
Lead Professional	A named person to co-ordinate the service a patient receives if their needs are not complex.
Leave	A planned period of absence from an inpatient unit which can range from 30 minutes to several days.
MHA	Mental Health Act
MHMDS	Mental Health minimum data set – a standard set of information sent from mental health providers to the Information Centre.
NHS Improvement	The independent regulator of NHS Foundation Trusts, ensuring they are well led and financially robust.
Single Oversight Framework	An NHS Improvement framework for assessing the performance of NHS Foundation Trusts (replacing the Monitor Risk Assessment Framework)
Multi- Disciplinary Team	Multi-disciplinary teams are groups of professionals from diverse disciplines who come together to provide care – i.e. Psychiatrists, Clinical Psychologists, Community Psychiatric Nurses, Occupational Therapists etc.
Next Steps	A group of projects to ensure that the organisation is fit for the future and provides services that match the best in the world.
NEQOS	North East Quality Observatory System – an organisation that helps NHS Trusts to improve quality through data measurement.
NHS Safety Thermometer	The NHS Safety Thermometer provides a quick and simple method of surveying patients harms and analysing results so that you can measure and monitor local improvement.
NICE	National Institute for Health and Clinical Excellence – a group who produce best practice guidance for clinicians.
NIHR	National Institute of Health Research – an NHS organisation undertaking healthcare related research.
NPSA	National Patient Safety Agency
NTW	Northumberland, Tyne and Wear NHS Foundation Trust
Out of area placements	Service users who are cared for out of the North East area or service users from outside of the North East area being cared for in the North East.

PCP	Principle Care Pathways
Pathways of care	Service user journey through the Trust – may come into contact with many different services.
PCT	Primary Care Trust – a type of NHS Trust that commissions primary, community and secondary care from providers.
Points of You	NTW service user/carer feedback processes allowing us to evaluate the quality of services provided.
Productive Ward	The Productive Ward focuses on improving ward processes and environments to help nurses and therapists spend more time on patient care thereby improving safety and efficiency.
RIO	Electronic patient record
Shared Care	A partnership between two different healthcare organisations involved in an individual's care, i.e. between the Trust and the patient's GP.
SMART	Specific, Measurable, Achievable, Realistic, Timely – a way of setting objectives to make sure they are achievable.
Serious Incident	Serious incident - an incident resulting in death, serious injury or harm to service users, staff or the public, significant loss or damage to property or the environment, or otherwise likely to be of significant public concern. This includes 'near misses' or low impact incidents which have the potential to cause serious harm.
SWEMWEBS	Short Warwick-Edinburgh Mental Wellbeing Scale – a clinical outcome measuring tool.
Transformation	The redesigning of how something is done. This term is often used to describe the redesign of clinical services.
Transition	When a service user moves from one service to another i.e. from an inpatient unit to being cared for by a community team at home.



For other versions telephone 0191 246 6962 or email qualityassurance@ntw.nhs.uk.

Copies of this Quality Account can be obtained from our website (www.ntw.nhs.uk) and the NHS Choices website (www.nhs.uk). If you have any feedback or suggestions on how we could improve our quality account, please do let us know by emailing qualityassurance@ntw.nhs.uk or calling 0191 246 6962.

Printed copies can be obtained by contacting:

Commissioning and Quality Assurance Department
St Nicholas Hospital
Jubilee Road, Gosforth
Newcastle upon Tyne
NE3 3XT

Tel: 0191 246 6962





Annual Accounts

Northumberland, Tyne and Wear
NHS Foundation Trust

2016/17

5. Annual Accounts

Northumberland, Tyne and Wear NHS Foundation Trust - Accounts for the Period 1st April 2016 to 31st March 2017

Foreword to the Accounts
Northumberland, Tyne and Wear NHS Foundation Trust

These accounts for the period ended 31st March 2017 have been prepared by the Northumberland, Tyne and Wear NHS Foundation Trust under Schedule 7 of the National Health Service Act 2006, paragraphs 24 and 25 and in accordance with directions given by NHS Improvement, the Independent Regulator of Foundation Trusts, and have been prepared on a going concern basis.



John Lawlor
Chief Executive
24 May 2017

Statement of Comprehensive Income

	Note	2016/17 £000	Restated 2015/16 £000
Operating income from patient care activities		291,058	286,647
Other operating income		25,484	19,550
Operating income from continuing operations	3	316,542	306,197
Operating expenses from continuing operations	4	(327,369)	(288,365)
Operating (deficit)/surplus		(10,827)	17,832
Finance costs			
Finance income	10	64	116
Finance expense - financial liabilities	11	(5,437)	(5,694)
Finance expense - unwinding of discount on provisions		(17)	(84)
PDC dividends payable		(406)	(339)
Net finance costs		(5,796)	(6,001)
Losses on disposal of assets		(7)	(107)
Share of surplus/(deficit) from joint ventures		39	(8)
(Deficit)/surplus for the year		(16,591)	11,716
Other comprehensive income			
Impairments		(1,944)	(88)
Revaluations		1,291	859
Other reserve movements		0	2
Total comprehensive (expense)/income for the year		(17,244)	12,489

The 2015/16 comparatives have been restated in relation to reversals of impairments which are now credited to expenditure, and gains/(losses) of disposal of assets, which are now separately reported within the Statement of Comprehensive Income

Statement of Financial Position

	Note	2016/17 £000	2015/16 £000
Non-current assets			
Intangible assets	13	589	561
Property, plant and equipment	14	121,660	140,186
Investments in associates and joint ventures	15	0	38
Trade and other receivables	20	476	366
Total non-current assets		122,725	141,151
Current assets			
Inventories	19	359	303
Trade and other receivables	20	19,920	13,441
Non-current assets for sale and assets in disposal groups	16	0	0
Cash and cash equivalents	21	17,470	27,433
Total current assets		37,749	41,177
Current liabilities			
Trade and other payables	22	(20,249)	(24,511)
Borrowings	23	(6,166)	(5,858)
Provisions	26	(1,171)	(978)
Other liabilities	24	(567)	(1,192)
Total current liabilities		(28,153)	(32,539)
Total assets less current liabilities		132,321	149,789
Non-current liabilities			
Borrowings	23	(96,136)	(96,973)
Provisions	26	(6,704)	(6,046)
Other liabilities	24	(256)	(301)
Total non-current liabilities		(103,096)	(103,320)
Total assets employed		29,225	46,469
Financed by Taxpayers' equity:			
Public Dividend Capital		202,611	202,611
Revaluation reserve	28	2,215	2,982
Income and expenditure reserve		(175,601)	(159,124)
Total taxpayers' equity		29,225	46,469

The financial statements were approved by the Board on 24 May 2017 and signed on its behalf by:



John Lawlor
Chief Executive
24 May 2017

Statement of Changes in Taxpayers' Equity: 1st April 2016 to 31st March 2017

Taxpayers' Equity	Total £000	Public Dividend Capital Reserve £000	Revaluation Reserve £000	Income & Expenditure Reserve £000
Others' and Taxpayers' equity at 1st April 2016	46,469	202,611	2,982	(159,124)
Deficit for the year	(16,591)	0	0	(16,591)
Transfer between reserves	0	0	0	0
Impairments	(1,944)	0	(1,944)	0
Revaluations - property, plant and equipment	1,291	0	1,291	0
Transfer to retained earnings on disposal of assets	0	0	(114)	114
Other reserves movements	0	0	0	0
Public Dividend Capital repaid	0	0	0	0
Others' and Taxpayers' equity at 31st March 2017	29,225	202,611	2,215	(175,601)

Statement of Changes in Taxpayers' Equity: 1st April 2015 to 31st March 2016

Taxpayers' Equity	Total £000	Public Dividend Capital £000	Revaluation Reserve £000	Income & Expenditure Reserve £000
Others' and Taxpayers' equity at 1st April 2015	34,680	203,311	2,298	(170,929)
Surplus for the year	11,716	0	0	11,716
Transfer between reserves	0	0	0	0
Impairments	(88)	0	(88)	0
Revaluations - property, plant and equipment	859	0	859	0
Transfer to retained earnings on disposal of assets	0	0	(88)	88
Other reserves movements	2	0	1	1
Public dividend Capital repaid	(700)	(700)	0	0
Others' and Taxpayers' equity at 31st March 2016	46,469	202,611	2,982	(159,124)

Statement of Cash Flows

	Note	2016/17 £000	Restated 2015/16 £000
Cash flows from operating activities:			
Operating (deficit)/surplus from continuing operations		(10,827)	17,832
Operating surplus/(deficit)		(10,827)	17,832
Non-cash income and expense:			
Depreciation and amortisation		4,615	6,007
Net impairments		25,864	(7,586)
(Increase)/decrease in trade and other receivables		(6,295)	6,925
(Increase)/decrease in inventories		(56)	9
(Decrease) in trade and other payables		(1,855)	(564)
(Decrease)/increase in other liabilities		(670)	193
Increase/(decrease) in provisions		834	(248)
Other movements in operating cash flows		77	(6,976)
Net cash generated from operations		11,687	15,592
Cash flows from investing activities:			
Interest received		64	118
Purchase of intangible assets		(83)	(154)
Purchase of Property, Plant and Equipment and Investment Property		(14,918)	(15,615)
Sales of Property, Plant and Equipment and Investment Property		1	9,290
Net cash (used in) investing activities		(14,936)	(6,361)
Cash flows from financing activities:			
Public dividend capital repaid		0	(700)
Loans received from the Department of Health		5,500	10,400
Loans repaid to the Department of Health		(5,262)	(4,590)
Capital element of finance lease rental payments		(60)	(60)
Capital element of PFI, LIFT and other service concession payments		(707)	(1,505)
Interest paid		(1,382)	(1,291)
Interest element of finance lease		(40)	(42)
Interest element of PFI, LIFT and other service concession obligations		(4,024)	(4,345)
PDC dividend paid		(739)	(231)
Net cash (used in) financing activities		(6,714)	(2,364)
(Decrease)/increase in cash and cash equivalents		(9,963)	6,867
Cash and cash equivalents at 1st April		27,433	20,566
Cash and cash equivalents at 31st March	21	17,470	27,433

The 2015/16 comparatives have been restated in relation to reversals of impairments which are now credited to expenditure and gains/(losses) of disposal of assets which are now reported within the Statement of Comprehensive Income.

Notes to the Accounts

1. Accounting Policies and other Information

NHS Improvement, in exercising the statutory functions conferred on Monitor, is responsible for issuing an accounts direction to NHS Foundation Trusts under the NHS Act 2006. NHS Improvement has directed that the financial statements of NHS Foundation Trusts shall meet the accounting requirements of the Department of Health Group Accounting Manual (DH GAM) which shall be agreed with the Secretary of State. Consequently, the following financial statements have been prepared in accordance with the Department of Health Group Accounting Manual 2016/17 issued by the Department of Health. The accounting policies contained in that manual follow International Financial Reporting Standards and HM Treasury's Financial Reporting Manual (FRM) to the extent that they are meaningful and appropriate to NHS Foundation Trusts. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

1.1.1 Going Concern

These accounts have been prepared on a going concern basis following an assessment by the Trust of the historical, current and future performance of the Trust and an assessment of the risk to the continuity of services.

1.2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying

assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

1.2.1 Critical judgements in applying accounting policies

The following are critical judgements, apart from those involving estimations (see 1.2.2) that management has made in the process of applying the Trust's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

The Trust has made critical judgements, based on accounting standards, in the classification of leases and arrangements containing a lease.

The Trust has made critical judgements in relation to the Modern Equivalent Asset (MEA) revaluation as at the 31st March 2017. Cushman & Wakefield as the Trust's valuer carries out a professional valuation of the modern equivalent asset required to have the same productive capacity and service potential as existing Trust assets. Judgements have been made by the Trust in relation to floor space, bed space, garden space, car parking areas and all areas associated with the capacity required to deliver the Trust's services as at 31st March 2017.

1.2.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Under International Accounting Standard (IAS) 37, significant provisions totalling £816,000 were made for probable transfers of economic benefits in respect of employee claims, legal costs and redundancy provisions. Legal claims are based on professional assessments, which are uncertain to the extent that they are an estimate of the probable outcome of individual cases. Also, under IAS 19, accruals have been made for the value of carried forward annual leave owed totalling £773,000 and £22,000 receivable for leave taken in advance.

The Trust's revaluations of land and buildings are based on professional valuations provided by Cushman & Wakefield on a Modern Equivalent Asset basis as per note 1.6. Impairments are recognised on the basis of these valuations.

Notes to the Accounts (continued)

1.3 Income

Income in respect of services provided is recognised when, and to the extent that, performance occurs and is measured at the fair value of the consideration receivable. The main source of income for the Trust is contracts with Commissioners in respect of health care services.

Where income is received for a specific activity which is to be delivered in a subsequent financial year, that income is deferred.

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

1.4 Expenditure on Employee Benefits

Short-term Employee Benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

Pension Costs: NHS Pension Scheme

Past and present employees are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. It is not possible for the NHS Foundation Trust to identify its share of the underlying scheme liabilities. Therefore, the scheme is accounted for as a defined contribution scheme.

Employer's pension cost contributions are charged to operating expenses as and when they become due.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the Trust commits itself to the retirement, regardless of the method of payment.

1.5 Expenditure on other Goods and Services

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

1.6 Property, Plant and Equipment

1.6.1 Recognition

Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential be provided to, the Trust;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has cost at least £5,000; or
- collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, e.g. plant and equipment, then these components are treated as separate assets and depreciated over their own useful economic lives.

1.6.2 Measurement

Valuation

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

All assets are measured subsequently at fair value. An item of property, plant and equipment which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 of IFRS 5. An item of property, plant and equipment which is surplus with a clear plan to bring it back into use, is valued at current value in existing use.

(a) Property Assets

Land and buildings used for the Trust's services or for administrative purposes are stated in the statement of financial position at their re-valued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost

For non-operational properties including surplus land, the valuations are carried out at open market value.

HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. The Trust has applied the modern equivalent asset approach to valuations since 1 April 2009. The Trust's appointed professionally qualified valuer is Cushman & Wakefield Newcastle Office. IAS 16 requires that the carrying value of property is not materially different to fair value at the balance sheet date. To reflect changes in the property market and building cost indexation since the last valuation as at 31 March 2016 by the District Valuer, a review of the values of land and buildings was undertaken as at 31st March 2017.

Additional alternative valuations of open market value or value in existing use have been obtained for non-operational assets held for sale or operational properties where disposal is planned and imminent.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are re-valued and depreciation commences when they are brought into operational use.

(b) Non-property Assets

NHS bodies may elect to adopt a depreciated historical cost basis as a proxy for fair value for assets that have short useful lives or low values (or both). For depreciated historical cost to be considered as a proxy for fair value, the useful life must be a realistic reflection of the life of the asset and the depreciation method used must provide a realistic reflection of the consumption of that asset class.

Assets that are not covered by the above paragraph should be carried at fair value and should be valued using the most appropriate valuation methodology available.

Until 31st March 2008, fixtures and equipment were carried at replacement cost, as assessed by indexation and depreciation of historic cost. From 1st April 2008 indexation has ceased. The carrying value of existing assets at that date will be written off over their remaining useful lives and new fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

Notes to the Accounts (continued)

Subsequent Expenditure

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably.

Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Depreciation

Items of property, plant and equipment are depreciated over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated.

Property, plant and equipment, which has been reclassified as 'held for sale' ceases to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the Trust, respectively.

Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as assessed by the Trust's professional valuers. Leaseholds are depreciated over the primary lease term.

Equipment is depreciated on current cost evenly over the estimated life. The Trust adheres to standard lives for equipment assets except where it is clear that the standard lives are materially inappropriate. Standard equipment lives are:

- Short life engineering plant and equipment 5 years
- Medium life engineering plant and equipment 10 years
- Long life engineering plant and equipment 15 years
- Vehicles 7 years
- Furniture 10 years
- Office and IT equipment 5 years
- Soft furnishings 7 years

Revaluation Gains and Losses

Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised in operating income.

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

Impairments

In accordance with the Department of Health Group Accounting Manual 2016-17, impairments that arise from a clear consumption of economic benefits or of service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

De-recognition

Assets intended for disposal are reclassified as 'Held for Sale' once all of the following criteria are met:

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable i.e.:
 - management are committed to a plan to sell the asset;
 - an active programme has begun to find a buyer and complete the sale;
 - the asset is being actively marketed at a reasonable price;
 - the sale is expected to be completed within 12 months of the date of classification as 'Held for Sale'; and
 - the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'Held for Sale' and instead is retained as an operational asset and the asset's economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

The revaluation surplus included in equity in respect of an item of property, plant and equipment is transferred in full to retained earnings at the point in time when an asset is derecognised. This applies when an asset is sold or when an asset is retired or disposed of.

Donated, government grant and other grant funded assets

Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

Private Finance Initiative (PFI) Transactions

PFI transactions which meet the International Financial Reporting Interpretations Committee (IFRIC) 12 definition of a service concession, as interpreted in HM Treasury's FReM, are accounted for as 'on-Statement of Financial Position' by the Trust.

The underlying assets are recognised as Property, Plant and Equipment at their fair value. An equivalent financial liability is recognised in accordance with IAS 17.

The annual contract payments are apportioned between the repayment of the liability, a finance cost and the charges for the services. The finance cost is calculated using the implicit interest rate for the scheme, which is in accordance with guidance issued by the Department of Health: 'Accounting for PFI under IFRS'.

The service charge is recognised in operating expenses and the finance cost is charged to Finance Costs in the Statement of Comprehensive Income.

For each year of the contract, an element of unitary payment is allocated to lifecycle replacement based on the capital costs that the operator expect, at financial close, to incur for that year. Life-cycle expenditure is capitalised in accordance with IAS 16 when the expenditure meets the Trust's recognition criteria as detailed above to the extent that the capital is funded by the unitary payment. Where all or part of the capital cost is unanticipated, or the cost of the asset is greater than planned, the Trust treats it as a free asset. Where the operator replaces lifecycle components earlier or later than planned but the cost of the replacement was anticipated in the operator's model, this is recognised as a temporary liability or temporary prepayment.

Notes to the Accounts (continued)

1.7 Intangible Assets

Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Trust's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the Trust and where the cost of the asset can be measured reliably and where the cost is at least £5,000.

Internally Generated Intangible Assets Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets

Expenditure on research is not capitalised.

Expenditure on development is capitalised only where all of the following can be demonstrated:

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use;
- the Trust intends to complete the asset and sell or use it;
- the Trust has the ability to sell or use the asset;
- how the intangible asset will generate probable future economic or service delivery benefits e.g. the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- adequate financial, technical and other resources are available to the Trust to complete the development and sell or use
- the asset; and
- the Trust can measure reliably the expenses attributable to the asset during development.

Software

Software which is integral to the operation of hardware e.g. an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware e.g. application software, is capitalised as an intangible asset.

Measurement

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for Property, Plant and Equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 of IFRS 5.

Intangible assets held for sale are measured at the lower of their carrying amount or 'fair value less costs to sell'.

Amortisation

Intangible assets are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

Software is amortised on current cost evenly over the estimated life. The Trust adheres to standard lives for software assets except where it is clear that the standard lives are materially inappropriate. The asset lives for standard software is 5 years.

1.8 Government Grants

Government grants are grants from Government bodies other than income from Commissioners or NHS Trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure.

1.9 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO) basis. This is considered to be a reasonable approximation to fair value due to the high turnover of inventories.

1.10 Cash and cash equivalents

Cash and cash equivalents include cash held in the Government Banking Service, cash with commercial banks and cash in hand. Cash and bank balances are recorded at the current values of these balances in the Trust's cash book. Interest earned on bank accounts is recorded as finance income in the period to which it relates. Bank charges are recorded as operating expenditure in the periods to which they relate.

As the Trust has no bank overdrafts, there is no difference between the amounts disclosed as cash and cash equivalents in the Statement of Financial Position and in the Statement of Cash Flows.

1.11 Financial Instruments and Financial Liabilities

Recognition

Financial assets and financial liabilities which arise from contracts for the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust's normal purchase, sale or usage requirements, are recognised when, and to the extent which, performance occurs i.e. when receipt or delivery of the goods or services is made.

Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described in note 1.12.

All other financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

De-recognition

All financial assets are de-recognised when the rights to receive cash flows from the assets have expired or the Trust has transferred substantially all of the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

Classification and Measurement

Financial assets are categorised as 'Fair Value through Income and Expenditure', Loans and receivables or 'Available-for-sale financial assets'.

Financial liabilities are classified as 'Fair Value through Income and expenditure' or as 'Other Financial Liabilities'.

Financial assets and financial liabilities at 'Fair Value through Income and Expenditure'

Financial assets and financial liabilities at 'Fair Value through Income and Expenditure' are financial assets or financial liabilities held for trading. A financial asset or financial liability is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Derivatives which are embedded in other contracts but which are not 'closely-related' to those contracts are separated-out from those contracts and measured in this category. Assets and liabilities in this category are classified as current assets and current liabilities.

These financial assets and financial liabilities are recognised initially at fair value, with transaction costs expensed in the income and expenditure account. Subsequent movements in the fair value are recognised as gains or losses in the Statement of Comprehensive Income.

Notes to the Accounts (continued)

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets.

The Trust's loans and receivables comprise: current investments, cash and cash equivalents, NHS receivables, accrued income and 'other receivables'.

Loans and receivables are recognised initially at fair value, net of transactions costs, and are measured subsequently at amortised cost, using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

Interest on loans and receivables is calculated using the effective interest method and credited to the Statement of Comprehensive Income.

Available for Sale Financial Assets

Available for sale financial assets are non-derivative financial assets which are either designated in this category or not classified in any of the other categories. They are included in long-term assets unless the Trust intends to dispose of them within 12 months of the Statement of Financial Position date.

Available for sale financial assets are recognised initially at fair value, including transaction costs, and measured subsequently at fair value, with gains or losses recognised in reserves and reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'. When items classified as 'available-for-sale' are sold or impaired, the accumulated fair value adjustments recognised are transferred from reserves and recognised in 'Finance Costs' in the Statement of Comprehensive Income.

Other Financial Liabilities

All other financial liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount of the financial liability.

They are included in current liabilities except for amounts payable more than 12 months after the Statement of Financial Position date, which are classified as long-term liabilities.

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to Finance Costs. Interest on financial liabilities taken out to finance Property, Plant and Equipment or intangible assets is not capitalised as part of the cost of those assets.

Determination of Fair Value

For financial assets and financial liabilities carried at fair value, the carrying amounts are determined from quoted market prices, independent appraisals, discounted cash flow analysis or other appropriate methods.

Impairment of Financial Assets

At the Statement of Financial Position date, the Trust assesses whether any financial assets, other than those held at 'fair value through income and expenditure' are impaired. Financial assets are impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the Statement of Comprehensive Income and the carrying amount of the asset is reduced through the use of a provision for irrecoverable debt. Irrecoverable debt provisions are made when debts are over 3 months old, unless there is a reason not to make the provision, such as an agreement to pay. In the case of disputes, provisions are made for debts less than 3 months old.

1.12 Leases

1.12.1 Trust as Lessee

Finance Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Trust, the asset is recorded as Property, Plant and Equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease.

The asset and liability are recognised at the commencement of the lease. Thereafter, the asset is accounted for as an item of property, plant and equipment.

The annual rental is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income. The lease liability is de-recognised when the liability is discharged, cancelled or expires.

Operating Leases

Other leases are regarded as operating leases and the rentals are charged to operating expenses on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to operating expenses over the life of the lease.

Contingent rentals are recognised in the period in which they are incurred.

Leases of Land and Buildings

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately.

1.12.2 Trust as Lessor

Finance Leases

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Trust's net investment in the lease. Income is allocated to accounting periods so as to reflect a constant periodic rate of return.

Operating Leases

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.12.3 Disclosures

In accordance with IAS 17 the Trust will disclose a description of significant leasing arrangements including;

- (i) the basis on which contingent rent is determined;
- (ii) the existence and terms of renewal, purchase options and escalation clauses; and
- (iii) any restrictions imposed by lease arrangements.

1.13 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount for which it is probable that there will be a future outflow of cash or other resources and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the discount rates published and mandated by HM Treasury.

Clinical Negligence Costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the Trust pays an annual contribution to the NHSLA, which, in return, settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Trust is disclosed in note 26.2 but is not recognised in the Trust's accounts.

Notes to the Accounts (continued)

Non-clinical Risk Pooling

The Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Trust pays an annual contribution to the NHS Litigation Authority and in return receives assistance with the costs of claims arising. The annual membership contributions and any 'excesses' payable in respect of particular claims are charged to operating expenses when the liability arises.

1.14 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 27 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 27, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

1.15 Public Dividend Capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS Trust. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

A charge, reflecting the cost of capital utilised by the Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for (i) donated assets, (ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, (iii) any PDC dividend balance receivable or

payable and (iv) Sustainability and Transformation Fund Incentive and Bonus balance receivable. In accordance with the requirements laid down by the Department of Health (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the 'pre-audit' version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result of the audit of the annual accounts.

1.16 Value Added Tax

Most of the activities of the Trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.17 Corporation Tax

Foundation Trusts are exempt from corporation tax on their principle health care income under section 519A Income and Corporation Taxes Act 1988. In determining whether other income may be taxable, a full review of the Trust's activities has been carried out in accordance with guidance published by HM Revenue and Customs to establish any activities that are subject to Corporation Tax. Based on this review there is no corporation tax liability in the period ended 31st March 2017.

1.18 Foreign Exchange

The functional and presentational currencies of the Trust are sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Where the Trust has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

- monetary items (other than financial instruments measured at 'fair value through income and expenditure') are translated at the spot exchange rate on 31 March;
- non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction; and

- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the Statement of Financial Position date) are recognised in income or expense in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

1.19 Third Party Assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's FReM.

1.20 Losses and Special Payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had NHS Foundation Trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

However, the losses and special payments note is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses.

1.21 Transfers of Functions

For functions that have been transferred to the Trust from another NHS or Local Government body, the assets and liabilities transferred are recognised in the accounts as at the date of transfer. The assets and liabilities are not adjusted to fair value prior to recognition. The net gain/loss corresponding to the net assets/ liabilities transferred is recognised within income/expenses, but not within operating activities.

For property plant and equipment assets and intangible assets, the Cost and Accumulated Depreciation / Amortisation balances from the transferring entity's accounts are preserved on recognition in the Trust's accounts. Where the transferring body recognised revaluation reserve balances attributable to the assets, the Trust makes a transfer from its income and expenditure reserve to its revaluation reserve to maintain transparency within public sector accounts.

For functions that the Trust has transferred to another NHS/Local Government body, the assets and liabilities transferred are de-recognised from the accounts as at the date of transfer. The net loss/gain corresponding to the net assets/liabilities transferred is recognised within expenses/income, but not within operating activities. Any revaluation reserve balances attributable to assets de-recognised are transferred to the income and expenditure reserve.

Adjustments to align the acquired function to the Foundation Trust's accounting policies are applied after initial recognition and are adjusted directly in taxpayers' equity.

1.22 Standards, amendments and interpretations in issue but not yet effective or adopted

The standards or amendments which have been released but which are not mandatory in the 2016/17 accounts are set out below:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases
- IFRIC 22 Foreign Currency Transactions and Advance Consideration

The Department of Health Government Accounting Manual 2016/17 does not require these Standards and interpretations to be applied in 2016/17. These standards are still subject to HM Treasury FReM adoption, with IFRS 9 and IFRS 15 being for implementation in 2018/19. The government implementation date for IFRS 16 is subject to HM Treasury Consideration.

The Trust expects that there will be no material impact on the Financial Statements as a result of the adoption of IFRS 9, IFRS 15 and IFRIC 22. IFRS 16 - Leases may have a significant impact. The standard includes that for lessees, there is no distinction between finance and operating leases and all leases will be on balance sheet.

Notes to the Accounts (continued)

1.23 Accounting Standards issued that have been adopted early

No new accounting standards or revisions to existing standards have been early adopted in 2016/17.

1.24 Investments in Associates and Joint Arrangements

An entity is an associate of an NHS Foundation Trust where the Trust has significant influence over it and yet the entity is not a subsidiary or a joint arrangement. Where an associate exists, the Trust must recognise its activities through the equity accounting method in accordance with IAS 28.

Joint arrangements apply where two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is either a joint operation or a joint venture.

Joint Operations

Joint operations are arrangements in which the Trust has joint control with one or more other parties. Joint arrangements generally operate without the establishment of a separate formal entity and the Trust therefore has the rights to the assets, and obligations for the liabilities, relating to the arrangement. The Trust includes within its financial statements its share of the assets, liabilities, income and expenses for joint operations.

The Trust has a joint operation with South Tees Foundation Trust for the provision of North East Quality Observatory System.

Joint Ventures

Joint ventures are arrangements in which the Trust has joint control with one or more other parties, and where it has the rights to the net assets of the arrangement. Accounting as a joint venture generally applies where arrangements are structured through a separate vehicle which confers a separation between the parties and the vehicle and as a result, the assets, liabilities, revenues and expenses held are those of the separate vehicle and the Trust only has an investment in the net assets of the vehicle. Joint ventures and investments in associates are accounted for using the equity method and reported in its separate financial statements in accordance with IAS 27. The joint venture is initially recognised at cost. It is increased or decreased subsequently to reflect the Trust's share of the entity's profit or loss or other gains and losses. It is also reduced when any distribution, e.g. share dividends, are received by the Trust from the joint venture.

The Trust has a 50% share in a limited liability partnership with independent healthcare providers Insight Ltd (formerly MHCO) which is a Joint Venture. The Newcastle Talking Therapies LLP has been commissioned by NHS Newcastle Gateshead CCG to deliver a service aimed at 'Improving Access to Psychological Therapies - IAPT' for the people of Newcastle.

1.25 Consolidation of NHS Charitable Funds

Prior to 2013/14, the FT Annual Reporting Manual permitted NHS Foundation Trusts not to produce consolidated accounts that included NHS charitable funds. From 2013/14, where the NHS Foundation Trust is the corporate trustee of the charitable funds and where the fund balances held are material, Foundation Trusts are required to assess their relationship to the charitable funds and account for the funds as a subsidiary where the Trust has the power to govern the financial and operating policies of the charitable fund.

For 2015/16 the Trust benefited from charitable funds held by the Newcastle Healthcare Charity as Special Trustee. For 2015/16, the Trust was not a Corporate Trustee of the charitable funds and did not have the power to govern the financial and operating policies of the charitable funds held on behalf of the Trust. Consolidation was therefore not appropriate. From 1st April 2016, the Trust is the Corporate Trustee of the Northumberland, Tyne and Wear NHS Foundation Trust Charity (charity number 1165788) which now holds these charitable funds. Under IFRS 10 and where the criteria related to control of the Charity applies, subject to materiality, charitable funds related to the NHS Foundation Trusts should be consolidated. An assessment has been undertaken and the fund balances held have been determined as immaterial. For 2016/17, consolidated accounts will not apply and separate charity accounts apply to the Northumberland, Tyne and Wear NHS Foundation Trust Charity (charity number 1165788).

From 2017/18, consolidated accounts will apply to include the subsidiary company, NTW Solutions Ltd formed by the Trust on 2nd November 2016. The subsidiary commenced trading on 1st April 2017. Consolidated Group accounts will apply to both the subsidiary company and will include the Charity from 2017/18.

1.26 Gifts

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life and the sale or lease of assets at below market value.

2. Segmental Analysis

The Trust is solely involved in health care activities and does not consider that its clinical services represent distinct operating segments.

Of the total income reported during the financial year, £273,476,000, 87% of total income, was received from Clinical Commissioning Groups (CCGs) and NHS England (2015/16: £268,912,000 and 88%). As CCGs and NHS England are under common control they are classed as a single customer for this purpose.

3. Income

The Trust is solely involved in health care activities and does not consider that its clinical services represent distinct operating segments.

Of the total income reported during the financial year, £273,476,000, 87% of total income, was received from Clinical Commissioning Groups (CCGs) and NHS England (2015/16: £268,912,000 and 88%). As CCGs and NHS England are under common control they are classed as a single customer for this purpose.

3.1 Operating Income (by nature)

	2016/17 £000	Restated 2015/16 £000
Income from activities		
Cost and volume contract income	36,863	36,190
Block contract income	254,185	249,614
Additional income for delivery of healthcare services	0	700
Private patient income	10	143
Total income from activities	291,058	286,647
Other operating income		
Research and development	2,730	2,352
Education and training	8,790	8,472
Cash donations received from other bodies	0	0
Non-patient care services to other bodies	1,726	1,676
Sustainability and Transformation Fund income	4,151	0
Other*	5,422	4,021
Rental revenue from operating leases - minimum lease receipts	210	199
Income in respect of staff costs where accounted on gross basis	2,455	2,830
Total other operating income	25,484	19,550
Total operating income	316,542	306,197
of which:		
Related to Continuing Operations	316,542	306,197
Related to Discontinued Operations	0	0
* Other operating income - Other is analysed in note 3.4		

The 2015/16 comparatives have been restated in relation to reversals of impairments which are now credited to expenditure and gains/(losses) of disposal of assets which are now reported separately within the Statement of Comprehensive Income

3. Income (continued)

3.2 Private Patient Income

	2016/17 £000	2015/16 £000
Private patient income	10	143
Total patient related income	291,058	286,647
Proportion (as percentage)	0.00%	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.

3.3 Operating Lease Income

The Trust leases land and buildings to a number of external bodies, mainly other NHS bodies.

	2016/17 £000	2015/16 £000
Operating lease income		
Rental revenue from operating leases - minimum lease receipts	210	199
Total operating lease income	210	199
Future minimum lease payments due:		
on leases of land expiring		
- not later than one year;	1	1
- later than one year and not later than five years;	4	4
- later than five years.	86	86
sub total	91	91
on leases of buildings expiring		
- not later than one year;	142	156
- later than one year and not later than five years;	524	523
- later than five years.	347	347
sub total	1,013	1,026
Total future minimum lease payments due	1,104	1,117

3. Income (continued)

3.4 Operating Income (by source)

	2016/17 £000	Restated 2015/16 £000
Income from activities		
NHS Foundation Trusts	1,060	602
NHS Trusts	3	0
CCGs and NHS England	273,476	268,912
Local Authorities	10,109	9,315
Non-NHS: private patients	10	144
NHS injury scheme (was RTA)	46	26
Non NHS: other	6,354	6,948
Additional income for delivery of healthcare services	0	700
Total income from activities	291,058	286,647
Other operating income		
Research and development	2,730	2,352
Education and training	8,790	8,472
Non-patient care services to other bodies	1,726	1,676
Sustainability and Transformation Fund income	4,151	0
Other*	5,422	4,021
Rental revenue from operating leases - minimum lease receipts	210	199
Income in respect of staff costs where accounted on gross basis	2,455	2,830
Total Other Operating Income	25,484	19,550
Total Operating Income	316,542	306,197

The 2015/16 comparatives have been restated in relation to reversals of impairments which are now credited to expenditure and gains/(losses) of disposal of assets which are now reported separately within the Statement of Comprehensive Income.

*Analysis of "Other operating income - Other"

Car parking	61	60
Estates recharges	124	151
IT recharges	104	68
Pharmacy sales	7	1
Clinical tests	92	79
Clinical excellence awards	259	366
Catering	878	995
Grossing up consortium arrangements	3,256	2,058
Other	641	243
Total	5,422	4,021

3.5 Analysis of Income from activities arising from Commissioner Requested Services and all other Services

	2016/17 £000	2015/16 £000
Commissioner Requested Services	290,376	285,102
Non-Commissioner Requested Services	682	1,545
Total income from activities	291,058	286,647

4. Operating Expenses

	2016/17 £000	Restated 2015/16 £000
Services from NHS Foundation Trusts	583	1,063
Services from NHS Trusts	0	1
Services from CCGs and NHS England	(12)	28
Purchase of healthcare from non NHS bodies	5,675	5,953
Employee expenses - Executive directors	901	968
Employee expenses - Non-executive directors	172	169
Employee expenses - Staff	241,351	234,172
Supplies and services - clinical (excluding drug costs)	3,674	3,708
Supplies and services - general	3,816	3,942
Establishment	3,132	3,570
Research and development - (not included in employee expenses)	798	710
Research and development - (included in employee expenses)	1,418	1,402
Transport (business travel only)	2,442	2,631
Transport (other)	2,045	1,824
Premises - business rates payable to local authorities	1,324	822
Premises other	11,657	11,964
Increase/(decrease) in provision for impairment of receivables	597	44
Change in provisions discount rates	901	(54)
Inventories written down (net, including inventory drugs)	11	17
Drug costs (non-inventory drugs only)	1,340	1,274
Drug inventories consumed	3,487	3,562
Rentals under operating leases - minimum lease receipts	5,984	5,481
Rentals under operating leases - contingent rent	103	96
Rentals under operating leases - sublease payments	(13)	(13)
Depreciation on property, plant and equipment	4,560	5,961
Amortisation on intangible assets	55	46
Net impairments of property, plant and equipment	25,864	(7,586)
Audit services - Statutory audit	41	48
Other auditor remuneration - external auditor	13	0
Clinical negligence	349	298
Legal fees	854	696
Consultancy costs	694	815
Internal audit costs (not included in employee expenses)	35	40
Internal audit costs (included in employee expenses)	150	190
Training, courses and conferences	1,124	1,401
Patient travel	414	421
Redundancy - (Not included in employee expenses)	585	1,229
Early retirements - (Not included in employee expenses)	152	33
Hospitality	16	22
Insurance	559	512
Losses, ex gratia & special payments - (Not included in employee expenses)	2	35
Other	516	870
Total	327,369	288,365
of which:		
Related to Continuing Operations	327,369	288,365
Related to Discontinued Operations	0	0

The 2015/16 comparatives have been restated in relation to reversals of impairments which are now credited to expenditure and gains/(losses) of disposal of assets which are now reported within the Statement of Comprehensive Income

5. Exit Packages

5.1 Exit Packages 2016/17

Exit package 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 Payments Number	Special Payments £000
< £10,000	0	0	2	14	2	14	0	0
£10,001 to £25,000	0	0	4	68	4	68	0	0
£25,001 to £50,000	0	0	3	114	3	114	0	0
£50,001 to £100,000	0	0	2	129	2	129	0	0
£100,001 to £150,000	0	0	0	0	0	0	0	0
£150,001 to £200,000	0	0	0	0	0	0	0	0
> £200,001	0	0	0	0	0	0	0	0
Total	0	0	11	325	11	325	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.

5.2 Exit Packages 2015/16

Exit package 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 Payments Number	Special Payments £000
< £10,000	0	0	6	30	6	30	0	0
£10,001 to £25,000	0	0	0	0	0	0	0	0
£25,001 to £50,000	0	0	3	105	3	105	0	0
£50,001 to £100,000	0	0	7	482	7	482	0	0
£100,001 to £150,000	0	0	2	269	2	269	0	0
£150,001 to £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.

6. Employee Expenses

6.1 Employee Expenses

	Total Permanently 2016/17 £000	Employed 2016/17 £000	Other 2016/17 £000	Total 2015/16 £000	Permanently Employed 2015/16 £000	Other 2015/16 £000
Salaries and wages	190,105	188,872	1,233	186,112	184,823	1,289
Social security costs	17,762	17,762	0	13,525	13,525	0
Pension cost - defined contribution plans:						
Employer's contributions to NHS Pensions	25,087	25,087	0	24,048	24,048	0
Pension cost - other contributions	0	0	0	0	0	0
Termination benefits	0	0	0	0	0	0
Agency/contract staff	11,311	0	11,311	13,616	0	13,616
Total staff costs	244,265	231,721	12,544	237,301	222,396	14,905
included within:						
Costs capitalised as part of assets Analysed into operating expenditure	445	445	0	569	569	0
Employee expenses - Staff	241,351	228,807	12,544	234,172	219,304	14,868
Employee expenses - Executive Directors	901	901	0	968	968	0
Research & Development	1,418	1,418	0	1,402	1,400	2
Internal audit costs	150	150	0	190	155	35
Total employee benefits excluding capitalised costs	243,820	231,276	12,544	236,732	221,827	14,905

6.2 Average Number of Employees (whole time equivalent basis)

	Total Permanently 2016/17 £000	Employed 2016/17 £000	Other 2016/17 £000	Restated Total 2015/16 £000	Permanently Employed 2015/16 £000	Other 2015/16 £000
Medical and dental	333	311	22	331	303	28
Administration and estates	1,290	1,214	76	1,236	1,162	74
Healthcare assistants and other support staff	269	269	0	296	251	45
Nursing, midwifery and health visiting staff	3,393	3,318	75	3,458	3,291	167
Scientific, therapeutic and technical staff	409	380	29	391	375	16
Healthcare science staff	374	374	0	334	334	0
Bank staff	251	0	251	264	0	264
Other	0	0	0	0	0	0
Total average numbers	6,319	5,866	453	6,310	5,716	594
of which:						
Number of employees (WTE) engaged on capital projects	10	10	0	14	14	0

The 2015/16 comparatives have been restated due to bank staff being reported from 2016/17.

6.3 Exit Packages: other (non-compulsory) departure payments

	Payments Agreed 2016/17 Number	Total Value of Agreements 2016/17 £000	Payments Agreed 2015/16 Number	Total Value of Agreements 2015/16 £000
Voluntary redundancies including early retirement contractual costs	11	325	18	886
Total Exit packages	11	325	18	886

6.4 Employee Benefits

The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period. There were no other employee benefits during the year (2015/16: £nil).

6.5 Early Retirements due to Ill Health

During the year there were 11 early retirements (2015/16 : 10) from the Trust agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £731,000 (2015/16 : £588,000). The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

7. Operating Miscellaneous

7.1 Operating Leases

The Trust has operating lease arrangements for the use of land, buildings, vehicles and equipment. Within some of these arrangements contingent rent is paid based on an annual uplift for future price indices (RPI).

	2016/17 £000	2015/16 £000
Minimum lease payments	5,984	5,481
Contingent rents	103	96
Less sublease payments received	(13)	(13)
Total	6,074	5,564
Future minimum lease payments due:		
- not later than one year;	6,031	5,870
- later than one year and not later than five years;	7,192	5,740
- later than five years.	3,639	2,041
Total	16,862	13,651
Total of future minimum sublease lease payments to be received	(13)	(13)

7.2 Limitations on Auditor's Liability

There is no specified limitation on the auditor's liability for the year (2015/16 : no specified limitation).

7.3 The Late Payment of Commercial Debts (Interest) Act 1998

The Trust had no interest on late payment of commercial debts or compensation paid to cover debt recovery costs as at 31st March 2017 (31st March 2016 : £nil).

7.4 Audit Remuneration

The Trust had other audit remuneration of £13,000 for audit of the Quality Accounts and clinical workshop sessions as at 31st March 2017 (31st March 2016 : £nil). Auditor remuneration for the statutory audit is shown in note 4.

8. Discontinued Operations

The Trust had no discontinued operations as at 31st March 2017 (31st March 2016: £nil).

9. Corporation Tax

Foundation Trusts are exempt from Corporation Tax on their principle health care income under section 519A Income and Corporation Taxes Act 1988.

A full review of the Trust's activities has been carried out in accordance with guidance published by HM Revenue & Customs to establish any activities that are subject to Corporation Tax. Based on this review there is no Corporation Tax Liability in the year ended 31st March 2017 (31st March 2016: £nil).

10. Finance Income

	2016/17 £000	2015/16 £000
Interest on bank accounts	64	116
Interest on loans and receivables	0	0
Total	64	116

11. Finance Costs

	2016/17 £000	2015/16 £000
Interest expense:		
Capital loans from the Department of Health	1,373	1,307
Finance leases	40	42
Finance Costs on PFI and other service concession arrangements (excluding LIFT)		
Main finance costs	2,827	2,921
Contingent finance costs	1,197	1,424
Total	5,437	5,694

12. Impairment of Assets

During the year, the Trust recognised net impairments of £25,864,000 charged to operating expenses made up of impairments of £44,875,000 and reversal of impairments of (£19,011,000) and impairments totalling £1,944,000 being charged to the revaluation reserve utilising positive reserve balances.

The impairments recognised during the year are predominantly due a newly constructed autism unit and extension scheme which resulted in impairments when brought into operational use within the year of £12,811,000. There is also a change in the valuations of land and buildings in the modern equivalent asset valuations carried out by Cushman & Wakefield out at 31st March 2017 as alternative sites have been used.

13. Intangible Assets

13.1 Intangible Assets 2016/17

	Total 2016/17 £000	Software Licences purchased 2016/17 £000	Intangible Assets under Construction 2016/17 £000	2015/16 £000
Valuation/gross cost at 1st April 2016	633	277	356	479
Additions - purchased	83	76	7	154
Valuation/gross cost at 31st March 2017	716	353	363	633
Amortisation at 1st April 2016	72	72	0	26
Provided during the year	55	55	0	46
Amortisation at 31st March 2017	127	127	0	72
Net book value by ownership: NBV - purchased at 31st March	589	226	363	561

13.2 Economic Life of Intangible Assets

	Minimum Life Years	Maximum Life Years
Additions - purchased	2	5

14. Property, Plant and Equipment

14.1 Property, Plant and Equipment 2016/17

	Total £000	Land £000	Buildings exc. Dwellings £000	Dwellings £000	Assets under Construction £000	Plant & Machinery £000	Transport Equipment £000	Information Technology £000	Furniture & Fittings £000
Valuation/gross cost at 1st April 2016	148,880	16,448	100,966	90	13,142	4,809	72	9,310	4,043
Additions - purchased	12,559	0	9,020	0	1,138	151	0	1,881	369
Additions - leased	0	0	0	0	0	0	0	0	0
Impairments charged to the revaluation reserve	(1,944)	(470)	(1,474)	0	0	0	0	0	0
Reclassifications	0	0	12,160	0	(12,160)	0	0	0	0
Revaluations	(26,477)	(10,587)	(15,654)	15	(251)	0	0	0	0
Transfers to/from assets held for sale & assets in disposal groups	0	0	0	0	0	0	0	0	0
Disposals	(3,217)	0	0	0	0	(832)	0	(1,442)	(943)
Valuation/gross cost at 31st March 2017	129,801	5,391	105,018	105	1,869	4,128	72	9,749	3,469
Accumulated depreciation at 1st April 2016	8,694	0	0	0	0	2,503	72	4,096	2,023
Provided during the year	4,560	0	1,902	2	0	438	0	1,858	360
Impairments charged to operating expenses	44,875	10,606	34,018	0	251	0	0	0	0
Reversal of impairments credited to operating expenses	(19,011)	(19)	(18,975)	(17)	0	0	0	0	0
Revaluations	(27,768)	(10,587)	(16,945)	15	(251)	0	0	0	0
Disposals	(3,209)	0	0	0	0	(832)	0	(1,442)	(935)
Accumulated depreciation at 31st March 2017	8,141	0	0	0	0	2,109	72	4,512	1,448
Net book value by ownership:									
Owned	92,443	5,341	75,851	105	1,869	2,019	0	5,237	2,021
Finance leased	603	50	553	0	0	0	0	0	0
On-Statement of Financial Position PFI contracts	28,581	0	28,581	0	0	0	0	0	0
Government granted	33	0	33	0	0	0	0	0	0
Donated	0	0	0	0	0	0	0	0	0
Net book value by ownership total at 31st March 2017	121,660	5,391	105,018	105	1,869	2,019	0	5,237	2,021

To ensure that asset values at 31st March 2017 reflect current market conditions valuations were carried out by Cushman & Wakefield.

Of the totals at 31 March 2017, £3,280,000 related to land, £96,996,000 related to buildings valued on a Modern Equivalent Asset alternative site basis.

Of the totals at 31 March 2017, £50,000 related to land, £3,627,000 related to buildings valued on a Modern Equivalent Asset no alternative site basis in relation to tenants improvements. Of the totals at 31 March 2017, £1,482,000 related to land, £3,548,000 related to buildings and £105,000 related to dwellings valued on a Market Value in Existing Use basis.

Of the totals at 31 March 2017, £579,000 related to land, £847,000 related to buildings valued on a fair value basis. These relate to surplus non-operational assets.

Of the totals at 31st March 2017, plant and machinery, transport equipment, information technology and furniture and fittings are all valued on the basis of depreciated replacement cost.

14.2 Property, Plant and Equipment 2015/16

	Total £000	Land £000	Buildings exc. Dwellings £000	Dwellings £000	Assets under Construction £000	Plant & Machinery £000	Transport Equipment £000	Information Technology £000	Furniture & Fittings £000
Valuation/gross cost at 1st April 2015	130,509	16,671	92,695	90	4,101	4,142	81	8,657	4,072
Additions - purchased	15,594	150	2,040	0	11,140	123	0	1,896	245
Additions - leased	15	0	15	0	0	0	0	0	0
Impairments charged to the revaluation reserve	(88)	0	(88)	0	0	0	0	0	0
Reclassifications	0	0	1,449	0	(2,099)	599	0	51	0
Revaluations	5,154	(105)	5,259	0	0	0	0	0	0
Transfers to/from assets held for sale & assets in disposal groups	5,259	(268)	(404)	0	0	0	0	0	0
Disposals	(1,632)	0	0	0	0	(55)	(9)	(1,294)	(274)
Valuation/gross cost at 31st March 2016	148,880	16,448	100,966	90	13,142	4,809	72	9,310	4,043
Accumulated depreciation at 1st April 2015	7,557	0	0	0	0	2,097	77	3,597	1,786
Provided during the year	5,961	0	3,288	3	0	450	4	1,793	423
Impairments charged to operating expenses	3,364	118	3,246	0	0	0	0	0	0
Reversal of impairments credited to operating expenses	(10,950)	(11)	(10,936)	(3)	0	0	0	0	0
Revaluations	4,295	(107)	4,402	0	0	0	0	0	0
Disposals	1,533	0	0	0	0	(44)	(9)	(1,294)	(186)
Accumulated depreciation at 31st March 2016	8,694	0	0	0	0	2,503	72	4,096	2,023
Net book value by ownership:									
Owned	113,489	16,398	74,319	90	13,142	2,306	0	5,214	2,020
Finance leased	822	50	772	0	0	0	0	0	0
On-Statement of Financial Position PFI contracts	25,842	0	25,842	0	0	0	0	0	0
Government granted	33	0	33	0	0	0	0	0	0
Donated	0	0	0	0	0	0	0	0	0
Net book value by ownership total at 31st March 2016	140,186	16,448	100,966	90	13,142	2,306	0	5,214	2,020

To ensure that asset values at 31st March 2016 reflect current market conditions valuations were carried out by the District Valuer.

Of the totals at 31 March 2016, £12,495,000 related to land, £92,458,000 related to buildings valued on a Modern Equivalent Asset alternative site basis.

Of the totals at 31 March 2016, £50,000 related to land, £3,214,000 related to buildings valued on a Modern Equivalent Asset no alternative site basis in relation to tenants improvements.

Of the totals at 31 March 2016, £2,556,000 related to land, £4,060,000 related to buildings and £90,000 related to dwellings valued on a Market Value in Existing Use basis.

Of the totals at 31 March 2016, £1,347,000 related to land, £1,234,000 related to buildings valued on a fair value basis. These relate to surplus non-operational assets

Of the totals at 31st March 2016, plant and machinery, transport equipment, information technology and furniture and fittings are all valued on the basis of depreciated replacement cost.

14. Property, Plant and Equipment (continued)

14.3 Economic Life of Property, Plant and Equipment

	Minimum Life Years	Maximum Life Years
Land	18	100
Buildings excluding dwellings	1	90
Dwellings	52	52
Plant & machinery	0	14
Transport equipment	0	0
Information technology	0	5
Furniture & fittings	0	10

Note 14 (c)

15. Investments

15.1 Investments

	2016/17 Investments in associates and joint ventures £000	2015/16 Investments in associates and joint ventures £000
Carrying value at 1st April	38	50
Share of profit	39	37
Disbursements/dividends received	77	(49)
Carrying value at 31st March	0	38

The Trust has a 50% share in a Limited Liability Partnership (LLP) established on 1st March 2011 with independent healthcare providers Insight Ltd (formerly MHCO). The Newcastle Talking Therapies LLP has been commissioned by NHS Newcastle Gateshead CCG to deliver a new service aimed at 'Improving Access to Psychological Therapies - IAPT' for the people of Newcastle.

15.2 Fair value of investments in associates and joint ventures

	Value £000	Interest Held %
As at 31st March 2017		
Insight Ltd / NTW LLP	0	50%
As at 31st March 2016		
Insight Ltd / NTW LLP	38	50%

16. Non-current Assets for Sale and Assets in Disposal Groups

16.1 Non-current Assets for Sale and Assets in Disposal Groups 2016/17

	Total £000	Property, Plant & Equipment: Land £000	Property, Plant & Equipment: Buildings £000
Net book value at 1st April 2016	0	0	0
Plus assets classified as available for sale in the year	0	0	0
Less assets sold in year	0	0	0
Less Impairment of assets held for sale	0	0	0
Net book value at 31st March 2017	0	0	0

Note 14 (c)

16.2 Non-current Assets for Sale and Assets in Disposal Groups 2015/16

	Total £000	Property, Plant & Equipment: Land £000	Property, Plant & Equipment: Buildings £000
Net book value at 1st April 2015	1,645	651	994
Plus assets classified as available for sale in the year	672	268	404
Less assets sold in year	(2,317)	(919)	(1,398)
Less Impairment of assets held for sale	0	0	0
Net book value at 31st March 2016	0	0	0

At 1st April 2015 the Trust held for sale 11 buildings with associated land (£1,645,000). These buildings and associated land were sold during 2015/16. During the year, 1 property was reclassified as held for sale and was sold in 2015/16.

16.3 Liabilities in Disposal Groups

The Trust has no liabilities in disposal groups as at 31st March 2017; (31st March 2016 : £nil).

17. Other Assets

The Trust has no other assets as at 31st March 2017; (31st March 2016 : £nil).

18. Other Financial Assets

The Trust has no other financial assets as at 31st March 2017; (31st March 2016 : £nil).

Note 14 (c)

19. Inventory

19.1 Inventory 2016/17

	Total £000	Drugs £000	Consumables £000	Energy £000	Other £000
Carrying Value at 1st April 2016	303	251	7	9	36
Additions	3,756	3,516	47	1	192
Inventories consumed (recognised in expenses)	3,689	(3,488)	(50)	3	(155)
Write down of inventories recognised as an expense	(11)	(8)	0	0	(3)
Carrying Value at 31st March 2017	359	271	4	13	70

19.2 Inventory 2015/16

	Total £000	Drugs £000	Consumables £000	Energy £000	Other £000
Carrying Value at 1st April 2015	312	245	12	12	43
Additions	3,892	3,581	79	2	230
Inventories consumed (recognised in expenses)	(3,884)	(3,562)	(84)	(5)	(233)
Write down of inventories recognised as an expense	(17)	(13)	0	0	(4)
Carrying Value at 31st March 2016	303	251	7	9	36

20. Trade Receivables and Other Receivables

20.1 Trade Receivables and Other Receivables

	31st March 2017 £000	31st March 2016 £000
Current		
NHS receivables - revenue	10,814	6,666
Receivables due from NHS charities - revenue	9	24
Other receivables with related parties - revenue	1,168	761
Provision for impaired receivables	(1,221)	(687)
Deposits and advances	2	0
Prepayments (non-PFI)	3,569	3,356
Accrued income	2,942	368
Interest receivable	1	1
Operating lease receivables	1	1
PDC dividend receivable	294	0
VAT receivable	558	1,068
Other receivables - revenue	1,783	1,883
Total current trade and other receivables	19,920	13,441
Non-current		
Prepayments (non-PFI)	476	366
Total non-current trade and other receivables	476	366

20.2 Provision for Impairment of Receivables

	2016/17 £000	2015/16 £000
Current		
At 1st April	687	674
Increase in provision	1,131	819
Amounts utilised	(63)	(31)
Unused amounts reversed	(534)	(775)
At 31st March	1,221	687

20.3 Analysis of Impaired Financial Assets

	Trade and Other Receivables 31st March 2017 £000	Investments and Other Financial assets 31st March 2017 £000	Trade and Other Receivables 31st March 2016 £000	Investments and Other Financial assets 31st March 2016 £000
Ageing of impaired financial assets:				
0 to 30 days	256	0	166	0
30 to 60 days	39	0	38	0
60 to 90 days	31	0	12	0
90 to 180 days	177	0	235	0
over 180 days	718	0	236	0
Total	1,221	0	687	0
Ageing of non-impaired financial assets past their due date:				
0 to 30 days	3,258	0	27	0
30 to 60 days	583	0	201	0
60 to 90 days	220	0	662	0
90 to 180 days	797	0	(89)	0
over 180 days	875	0	183	0
Total	5,733	0	984	0

20.3 Analysis of Impaired Financial Assets

The Trust had no finance lease receivables at 31st March 2017 (31st March 2016 : £nil).

21. Cash and Cash Equivalents

	2016/17 Cash and cash equivalents £000	2015/16 Cash and cash equivalents £000
At 1st April	27,433	20,566
Net change in year	(9,963)	6,867
At 31st March	17,470	27,433
Broken down into:		
Cash at commercial banks and in hand	376	217
Cash with the Government Banking Service (GBS)	594	216
Deposits with the National Loans Fund	16,500	27,000
Other current investments	0	0
Cash and cash equivalents as per the Statement of Financial Position	17,470	27,433
Bank overdrafts - (GBS and commercial banks)	0	0
Drawdown in committed facility	0	0
Cash and cash equivalents as per the Statement of Cash Flows	17,470	27,433

The Trust held £1,355,000 cash and cash equivalents at 31st March 2017 (31st March 2016 : £1,650,000) which relates to monies held on behalf of patients. This has been excluded from the cash and cash equivalents figure reported in the accounts.

22. Trade and Other Payables

22.1 Trade and Other Payables

	31st March 2017 £000	31st March 2016 £000
Current		
NHS payables - revenue	685	412
Amounts due to other related parties - revenue	38	9
Other trade payables - capital	939	3,298
Other trade payables - revenue	2,297	1,951
Social Security costs	2,667	2,160
Other taxes payable	2,388	2,432
Other payables	5,468	5,574
Accruals	5,767	8,636
PDC dividend payable	0	39
Total current trade and other payables	20,249	24,511

The Trust had £nil non-current trade and other payables at 31st March 2017 (31st March 2016 : £nil).

22.2 Early Retirements included in NHS Payables above

The Trust has £nil liabilities for early retirements payable over 5 years (31st March 2016 : £nil).

Note 20 (b), 21 & 22)

23. Borrowings

	31st March 2017 £000	31st March 2016 £000
Current		
Capital loans from Department of Health	5,315	5,091
Obligations under finance leases	60	60
Obligations under PFI contracts (excl. lifecycle)	791	707
Total current borrowings	6,166	5,858
Non-current		
Capital loans from Department of Health	56,082	56,068
Obligations under finance leases	1,013	1,073
Obligations under Private Finance Initiative contracts	39,041	39,832
Total non-current borrowings	96,136	96,973

Note 23

24. Other Liabilities

	31st March 2017 £000	31st March 2016 £000
Current		
Other Deferred income	567	1,192
Total current other liabilities	567	1,192
Non-current		
Other Deferred income	256	301
Total non-current other liabilities	256	301

25. Other Financial Liabilities

The Trust had £nil other financial liabilities at 31st March 2017 (31st March 2016 : £nil).

26. Provisions for Liabilities and Charges

26.1 Provisions for Liabilities and Charges

	Current 31st March 2017 £000	Current 31st March 2016 £000	Non-current 31st March 2017 £000	Non-current 31st March 2016 £000
Pensions - early departure costs	116	116	1,346	1,308
Other legal claims	147	228	0	0
Equal pay	0	0	0	0
Redundancy	567	396	0	0
Other	341	238	5,358	4,738
Total	1,171	978	6,704	6,046

Note 24, 25 & 26 (a)

26.2 Provisions for Liabilities and Charges Analysis

	Total £000	Pensions - early departure costs £000	Other Legal Claims £000	Redundancy £000	Other £000
At 1st April 2016	7,024	1,424	228	396	4,976
Change in the discount rate	901	120	0	0	781
Arising during the year	889	45	108	567	169
Utilised during the year - accruals	(90)	(30)	0	0	(60)
Utilised during the year - cash	(617)	(89)	(81)	(267)	(180)
Reversed unused	(249)	(12)	(108)	(129)	0
Unwinding of discount	17	4	0	0	13
At 31st March 2017	7,875	1,462	147	567	5,699
Expected timing of cashflows:					
- not later than one year;	1,171	116	147	567	341
- later than one year and not later than five years;	1,405	457	0	0	948
- later than five years.	5,299	889	0	0	4,410
Total	7,875	1,462	147	567	5,699

The total value of clinical negligence provisions carried by the NHS Litigation Authority on behalf of the Trust is £5,099,000 at 31st March 2017 (31st March 2016 : £3,648,000) and these liabilities are not recognised in the Trust's accounts.

Pensions

The pension provisions are based on pension payments and average life expectancies of former employees. The value and timing of the provision would therefore not be expected to vary significantly.

Legal Claims

There are 35 provisions for employers and public liability claims against the Trust. Information regarding the probability of success, values and timings of these claims has been provided by the NHS Litigation Authority. All of the cases are subject to future change, in particular they may take longer to settle, due to the nature of legal cases.

Other

This represents provisions by the Trust for the following:

- future payments in respect of injury benefit claims. This provision is based on actual injury benefit payments and average life expectancies. The value and timing of the provision would therefore not be expected to vary significantly. This provision relates to 22 people and the value is based on current life expectancy data.
- provisions for employee litigation cases.

The Treasury Pension rate applied to the Pensions and Injury Benefits provision has changed to 0.24% (previously 1.37%).

Note 26 (b)

27. Contingencies

	31st March 2017 £000	31st March 2016 £000
Value of contingent liabilities:		
NHS Litigation Authority Legal Cases	(165)	(197)
Employment tribunal and employee related litigation cases	0	0
Other	0	0
Gross value of contingent liabilities	(165)	(197)
Amounts recoverable against liabilities	0	0
Net value of contingent liabilities	(165)	(197)
Net value of contingent assets	0	0

Contingent liabilities include:

- estimates provided by the NHSLA for public liability and employer liability cases.
- estimates provided by the Trusts legal advisor for employee litigation cases.

The Trust has a possibility of future liabilities or future assets in relation to the Northgate Land sale which completed in 2014/15. The asset sale relates to a sale of land to Taylor Wimpey for the purpose of the construction of a housing development and was based on a sale value of £17m less an estimate for costs of £3.1m. Within the contract, it is agreed to review the costs on an ongoing basis throughout the construction and sewerage works and also to undertake overage reviews at each stage of the construction to assess if more monies are owed to the Trust due to an increase in property values.

28. Revaluation Reserve

28.1 Revaluation Reserve 2016/17

	Total £000	Property, Plant & Equipment £000	Assets Held for Sale £000
Revaluation reserve at 1st April 2016	2,982	2,982	0
Impairments	(1,944)	(1,944)	0
Revaluations	1,291	1,291	0
Asset disposals	(114)	(114)	0
Other reserve movements	0	0	0
Revaluation reserve at 31st March 2017	2,215	2,215	0

28.2 Revaluation Reserve 2015/16

	Total £000	Property, Plant & Equipment £000	Assets Held for Sale £000
Revaluation reserve at 1st April 2015	2,298	2,213	85
Impairments	(88)	(88)	0
Revaluations	859	859	0
Asset disposals	(88)	(3)	(85)
Other reserve movements	1	1	0
Revaluation reserve at 31st March 2016	2,982	2,982	0

Note 27 & 28

29. Related Parties

29.1 Related Party Transactions 2016/17

	Income £000	Expenditure £000
Transactions with board members:		
Alexis Cleveland, Acting Chairman		
- Vice Chair and Trustee : Durham University Council and Chair: University College Council Durham University. The Trust has raised and paid invoices in relation to training	60	4
- Trustee : Barnado's Children's Charity and Barnado's Pension Fund. The Trust has raised invoices in relation to funding and paid invoices in relation to training	19	4
Dr Les Boobis, Non-Executive Director		
- Daughter is Research and Evaluation Lead for Changing Lives. The Trust has raised and paid invoices in relation to a course and the Oaktrees recovery centre in relation to accommodation charges and counselling and care services for addictions	1	1,067
Paul McEldon, Non-Executive Director		
- Governor : City of Sunderland College. The Trust has paid purchase invoices in relation to tuition fees		10
James Duncan, Executive Director of Finance and Deputy Chief Executive		
- brother in law is a partner at Bond Dickinson LLP. The Trust has paid/accrued for purchase invoices in respect of legal fees.		27
- Vice Chair of the HFMA Mental Health Faculty. The Trust has paid/accrued for purchase invoices in respect of fees.		7
Gary O'Hare, Executive Director of Nursing and Operations		
- wife is engaged by the Trust through a limited company JOH Associates to manage the return of Trust patients who have been in long-term out of area placements. The Trust has paid purchase invoices in relation to fees.		35
Value of transactions with board members	80	1,154
Value of transactions with key staff members	0	0
Value of transactions with other related parties:		
Department of Health	1,022	0
Other Department of Health Group bodies	294,896	8,203
Charitable Funds	0	0
Subsidiaries / Associates / Joint Ventures	209	0
Other	12,552	43,569
Total value of transactions with related parties in 2016/17	308,759	52,926

Note 27 & 28

29. Related Parties (continued)

29.2 Related Party Transactions 2015/16

	Income £000	Expenditure £000
Transactions with board members:		
Hugh Morgan Williams, Chairman		
- Council Member : University of Durham. The Trust has raised and paid invoices in relation to training	45	1
Ruth Thompson, Non-Executive Director		
- Governor : University of Sunderland. The Trust has raised and paid invoices in relation to training.	5	3
Paul McEldon - Non-Executive Director		
- Director of North East of England Business and Innovation Centre Ltd. The Trust has paid purchase invoices.		1
- Governor : City of Sunderland College. The Trust has paid purchase invoices.		2
James Duncan, Executive Director of Finance and Deputy Chief Executive		
- brother in law is a partner at Bond Dickinson LLP. The Trust has paid/accrued for purchase invoices in respect of legal fees.		21
- Vice Chair of the HFMA Mental Health Faculty. The Trust has paid/accrued for purchase invoices in respect of fees.		8
Chris Watson, Non-Executive Director		
- Head of Asset Planning, Northumbrian Water Ltd. The Trust has paid invoices in respect of Gary O'Hare, Executive Director of Nursing and Operations.		399
Gary O'Hare, Executive Director of Nursing and Operations		
- wife is engaged by the North of England Mental Health Development Unit which has been commissioned to support work to repatriate out of area placements and invoices have been paid in respect of professional services.		62
Value of transactions with board members	50	497
Value of transactions with key staff members	0	0
Value of transactions with other related parties:		
Department of Health	1,721	0
Other Department of Health Group bodies	284,007	8,392
Charitable Funds	0	0
Subsidiaries / Associates / Joint Ventures	226	0
Other	11,881	38,881
Total value of transactions with related parties in 2015/16	297,885	47,770

29. Related Parties (continued)

29.3 Related Party Balances at 31st March 2017

	Receivables £000	Payables £000
Balances (other than salary) with board members:		
Alexis Cleveland, Acting Chairman		
- Vice Chair and Trustee : Durham University Council and Chair : University College Council Durham University. The Trust has raised invoices in relation to training	11	
Dr Les Boobis, Non-Executive Director		
- Daughter is Research and Evaluation Lead for Changing Lives. The Trust has raised and paid invoices in relation to a course and the Oaktrees recovery centre in relation to accommodation charges and counselling and care services for addictions		5
Paul McEldon, Non-Executive Director		
- Governor : City of Sunderland College. The Trust has paid purchase invoices in relation to tuition fees.		2
James Duncan, Executive Director of Finance and Deputy Chief Executive		
- brother in law is a partner at Bond Dickinson LLP. The Trust has paid/accrued for purchase invoices in respect of legal fees.		17
- Vice Chair of the HFMA Mental Health Faculty. The Trust has paid/accrued for purchase invoices in respect of fees.		1
Gary O'Hare, Executive Director of Nursing and Operations		
- wife is engaged by the Trust through a limited company JOH Associates to manage the return of Trust patients who have been in long-term out of area placements. The Trust has paid purchase invoices in relation to fees.		15
Value of balances (other than salary) with board members	11	40
Value of balances (other than salary) with key staff members	0	0
Value of balances (other than salary) with related parties in relation to doubtful debts	0	0
Value of balances (other than salary) with related parties in respect of doubtful debts written off in year	0	0
Value of balances with other related parties:		
Department of Health	365	0
Other Department of Health Group bodies	12,398	3,515
Charitable Funds	9	0
Subsidiaries / Associates / Joint Ventures	11	0
Other	18,497	8,655
Total balances with related parties at 31st March 2017	31,291	12,210

Note 29 (c)

29. Related Parties (continued)

29.4 Related Party Balances at 31st March 2016

	Receivables £000	Payables £000
Balances (other than salary) with board members:		
Chris Watson, Non-Executive Director		
- Head of Asset Planning at Northumbrian Water. The Trust held purchase invoices and accrued for invoices payable for water rates.		47
James Duncan, Executive Director of Finance and Deputy Chief Executive		
- brother in law is a partner at Bond Dickinson LLP. The Trust has paid/accrued for purchase invoices in respect of legal fees.		1
Hugh Morgan Williams, Chairman		
- Council Member : University of Durham. The Trust has an outstanding receivable due.	43	
Gary O'Hare, Executive Director of Nursing and Operations		
- Wife is employed by the North of England Mental Health Development Unit, which has been commissioned by the Trust to support work to repatriate out of area placements. The Trust has an accrual in relation to a charge due.		8
Value of balances (other than salary) with board members	43	56
Value of balances (other than salary) with key staff members	0	0
Value of balances (other than salary) with related parties in relation to doubtful debts	0	0
Value of balances (other than salary) with related parties in respect of doubtful debts written off in year	0	0
Value of balances with other related parties:		
Department of Health	0	39
Other Department of Health Group bodies	6,190	4,304
Charitable Funds	0	0
Subsidiaries / Associates / Joint Ventures	20	0
Other	29,149	8,117
Total balances with related parties at 31st March 2017	35,402	12,516

29. Related Parties (continued)

29.5 Related Party Balances at 31st March 2017

The Department of Health is regarded as a related party. During the period the Trust has had a significant number of material transactions with the department, and with other entities for which the department is regarded as the parent organisation. Details of collectively significant transactions and balances:

	Income 2016/17 £000	Expenditure 2016/17 £000	Receivables 31st March 2017 £000	Payables 31st March 2016 £000
NHS Foundation Trusts:				
Gateshead Health NHS Foundation Trust	1,395	-	-	1,108
Newcastle upon Tyne Hospitals NHS Foundation Trust	2,166	1,552	-	-
Northumbria Healthcare NHS Foundation Trust	-	1,371	-	-
NHS CCGs, NHS England, Department of Health and Other Special Health Bodies:				
NHS Durham Dales, Easington and Sedgefield CCG	1,104	-	-	-
NHS Newcastle Gateshead CCG	63,321	-	-	-
NHS North Durham CCG	1,234	-	-	-
NHS North Tyneside CCG	20,716	-	1,533	-
NHS Northumberland CCG	48,254	-	-	-
NHS South Tees CCG	1,260	-	-	-
NHS South Tyneside CCG	22,362	-	-	-
NHS Sunderland CCG	53,073	-	1,247	-
NHS England	62,975	-	4,692	-
Health Education England	8,674	-	-	-
Department of Health	1,022	-	-	-
Local Government bodies:				
Newcastle upon Tyne City Council	2,286	-	-	-
North Tyneside Metropolitan Borough Council	1,952	-	-	-
Northumberland Unitary Authority	2,970	-	-	-
Sunderland City Metropolitan Borough Council	2,536	-	-	-
Central Government bodies:				
HM Revenue & Customs - Other taxes and duties	-	17,762	-	5,055
NHS Pension Scheme (Own staff E'ers and E'ees payable contributions)	-	25,087	-	3,250
National Loans Fund	-	-	16,500	-
Belfast Health and Social Care Trust - Northern Ireland	1,095	-	-	-

In addition, the Trust has had other material transactions (under £1,000,000) with other related parties including: City Hospitals Sunderland NHS Foundation Trust, South Tyneside NHS Foundation Trust, North Tees and Hartlepool NHS Foundation Trust, Tees Esk and Wear Valleys NHS Foundation Trust, NHS Cumbria CCG, NHS Darlington CCG, NHS Mansfield and Ashfield CCG, NHS North Lincolnshire CCG, NHS Rotherham CCG, NHS Litigation Authority, NHS Property Services, Newcastle upon Tyne City Council, Leeds City Council, Department for Transport and South Eastern Health and Social Care Trust - Northern Ireland.

The Trust has had transactions with Insight Ltd as part of the Trust's joint venture. The Trust has also received payments from the Northumberland, Tyne and Wear NHS Foundation Trust Charity.

Note 29 (e)

30. Commitments

30.1 Contractual Capital Commitments

	31st March 2017 £000	31st March 2016 £000
Commitments in respect of capital expenditure at 31st March:		
Property, plant and equipment	686	6,653
Total	686	6,653

30.2 Other Financial Commitments

	31st March 2017 £000	Restated 31st March 2016 £000
The Trust is committed to making the following annual payments under non-cancellable contracts (which are not leases, PFI contracts or other service concession arrangements) at 31 March 2017 as follows, analysed by the period during which the payment is made:		
not later than 1 year	4,310	4,205
after 1 year and not later than 5 years	353	1,822
paid thereafter	0	77
Total	4,663	6,104

The 2015/16 comparatives have been restated due to a review of the 2015/16 disclosures.

31. Finance Lease Obligations:

	31st March 2017 £000	31st March 2016 £000
Gross lease liabilities	1,428	61
of which liabilities are due		
- not later than one year;	98	100
- later than one year and not later than five years;	369	377
- later than five years.	961	1,050
Finance charges allocated to future periods	355	(394)
Net lease liabilities	1,073	1,133
- not later than one year;	60	60
- later than one year and not later than five years;	240	240
- later than five years.	773	833

Note 30 & 31

32. Private Finance Initiative (PFI) Obligations deemed to be on the Statement of Financial Position

The Trust has two PFI schemes deemed to be on-Statement of Financial Position.

St Georges Park

(hospital accommodation for the provision of mental health services):

Estimated Capital Value:

£27.5m

Total Length of Project:

30 years

Contract Start Date:

10 May 2004

Number of Years to End of Project:

17 years

Walkergate Park

(hospital accommodation providing specialised services for people with neurological and neuropsychiatric conditions):

Estimated Capital Value:

£23.7m

Total Length of Project:

32 years

Contract Start Date:

21 July 2005

Number of Years to End of Project:

20 years

Both contracts contain payment mechanisms providing for deductions in the unitary payment made by the Trust for poor performance and unavailability.

The unitary charge for both schemes is subject to an annual uplift for future price indices (RPI).

The operators are responsible for providing a full service for the length of each contract, after such time these responsibilities revert to the Trust.

During the reporting period there were no changes to the contractual arrangements of either scheme. However, the Trust signed a contract variation in respect of buildings works at St Georges Park which came into effect during 2012/13 and results in a increase to the Unitary Charge going forward.

Both schemes are treated as an asset of the Trust and the substance of each contract is that the Trust has a finance lease. Payments comprise two elements; imputed finance lease charges and service charges.

32.1 Total Obligations for On-SoFP PFI obligations on the Statement of Financial Position

	31st March 2017 £000	31st March 2016 £000
Gross lease liabilities	72,505	76,039
of which liabilities are due		
- not later than one year;	3,572	3,534
- later than one year and not later than five years;	15,191	14,540
- later than five years.	53,742	57,965
Finance charges allocated to future periods	(32,673)	(35,500)
Net PFI liabilities	39,832	40,539
- not later than one year;	791	707
- later than one year and not later than five years;	4,645	3,735
- later than five years.	34,396	36,097

Note 32 (a)

32.2 Total On-SoFP PFI Commitments

	31st March 2017 £000	31st March 2016 £000
Total future payments committed in respect of PFI arrangements	182,444	188,865
of which liabilities are due		
- not later than one year;	7,962	7,713
- later than one year and not later than five years;	33,890	32,829
- later than five years.	140,592	148,323
Total	182,444	188,865

32.3 On-Statement of Financial Position PFI Commitments (service element)

	31st March 2017 £000	31st March 2016 £000
Commitments in respect of the service element of the PFI:		
- not later than one year;	3,025	2,982
- later than one year and not later than five years;	11,509	12,103
- later than five years.	41,911	43,943
Total	56,445	59,028

The commitments disclosed include future estimated indexation applied to service charges.

Analysis of amounts payable to service concession operator

	31st March 2017 £000	31st March 2016 £000
Unitary payment payable to service concession operator	7,211	7,615
Consisting of:		
- interest charge	2,827	2,921
- repayment of finance lease liability	707	1,505
- service element	2,480	1,765
- contingent rent	1,197	1,424
Total	7,211	7,615

Analysis of amounts payable to service concession operator

There are no events after the reporting period to disclose which have not already been included in the accounts as adjusting events (31st March 2016 : £nil). On 2nd November 2016, the Trust established a subsidiary company, NTW Solutions Ltd. NTW Solutions Ltd commenced trading on 1st April 2017 providing estates, facilities and transactional services. As consolidated Group accounts will apply from 2017/18, there are no significant financial impacts from this transaction.

34. Financial Instruments

IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Due to the continuing service provider relationship that the Trust has with Clinical Commissioning Groups (CCGs) and NHS England and the way those NHS organisations are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply.

The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's Standing Financial Instructions and policies agreed by the board of directors. Treasury activity is subject to review by the Trust's internal auditors.

Currency Risk

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations and therefore has low exposure to currency rate fluctuations.

Credit Risk

The Trust can borrow within affordable limits and Monitor will assess the affordability of material borrowing. The Trust can invest surplus funds in accordance with Monitor's guidance on Managing Operating Cash. This includes strict criteria on permitted institutions, including credit ratings from recognised agencies. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to manage the risks facing the Trust in undertaking its activities.

Liquidity Risk

The Trust's net operating income is received under legally binding contracts with local Clinical Commissioning Groups (CCGs) and NHS England, which are financed from resources voted annually by Parliament. The Trust has financed capital expenditure from internally generated resources, and net borrowing of £56,082,000 which is within its affordable limits. The Trust is not, therefore, exposed to significant liquidity risks.

Market Risk

The main potential market risk to the Trust is interest rate risk. The Trust's financial liabilities carry nil or fixed rates of interest. Cash balances are held in interest bearing accounts for which the interest rate is linked to bank base rates and changes are notified to the Trust in advance. The Trust is not, therefore, exposed to significant interest-rate risk.

34.1 Financial Assets by Category

	Total £000	Loans & Receivables £000
Assets as per the Statement of Financial Position at 31st March 2017:		
Trade and other receivables excluding non financial assets	15,497	15,497
Other investments	0	0
Cash and cash equivalents at bank and in hand	17,470	17,470
Total at 31st March 2017	32,967	32,967
Assets as per the Statement of Financial Position at 31st March 2016:		
Trade and other receivables excluding non financial assets	9,017	9,017
Other investments	38	38
Cash and cash equivalents at bank and in hand	27,433	27,433
Total at 31st March 2016	36,488	36,488

Note 33 & 34 (a)

34.2 Financial Liabilities by Category

	Total £000	Other Financial Liabilities £000
Liabilities as per the Statement of Financial Position at 31st March 2017:		
Borrowings excluding finance lease and PFI liabilities	61,397	61,397
Obligations under finance leases	1,073	1,073
Obligations under Private Finance Initiative contracts	39,832	39,832
NHS trade and other payables excluding non-financial liabilities	15,194	15,194
Total at 31st March 2017	117,496	117,496
Liabilities as per the Statement of Financial Position at 31st March 2016:		
Borrowings excluding finance lease and PFI liabilities	61,159	61,159
Obligations under finance leases	1,133	1,133
Obligations under Private Finance Initiative contracts	40,539	40,539
NHS trade and other payables excluding non-financial liabilities	19,879	19,879
Total at 31st March 2016	122,710	122,710

34.3 Maturity of Financial Liabilities

	Total £000	Loans & Receivables £000
In one year or less	21,360	25,738
In more than one year but not more than two years	6,309	5,953
In more than two years but not more than five years	12,924	14,219
In more than five years	76,903	76,800
Total at 31st March 2017	117,496	122,710

34.4 Fair Values of Financial Assets at 31st March 2017

	Book Value £000	Fair Value £000
Non-current trade and other receivables excluding non-financial assets	0	0
Total	0	0

34.4 Fair Values of Financial Assets at 31st March 2017

	Book Value £000	Fair Value £000
Non-current trade and other receivables excluding non-financial assets	0	0
Total	0	0

34.5 Fair Values of Financial Liabilities at 31st March 2017

	Book Value £000	Fair Value £000
Loans	56,082	56,082
Total	56,082	56,082

Note 34 (b)

35. Pensions

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2017, is based on valuation data as 31 March 2016, updated to 31 March 2017 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

(b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account their recent demographic experience), and to recommend contribution rates payable by employees and employers.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012.

The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The next actuarial valuation is to be carried out as at 31 March 2016. This will set the employer contribution rate payable from April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this 'employer cost cap' assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

Note 35

36.1 Losses

	Total number of cases 2016/17 Number	Total value of cases 2016/17 £000	Total number of cases 2015/16 Number	Total value of cases 2015/16 £000
Losses of cash due to:				
- theft, fraud etc	7	0	5	0
- overpayment of salaries	15	9	32	20
Fruitless payments and constructive losses	48	14	41	17
Bad debts and claims abandoned	13	55	31	15
Total losses	85	89	111	69

Special Payments	Total number of cases 2016/17 Number	Total value of cases 2016/17 £000	Total number of cases 2015/16 Number	Total value of cases 2015/16 £000
Ex gratia payments in respect of:				
- loss of personal effects	52	5	52	12
- clinical negligence with advice	1	1	0	0
- personal injury with advice	16	86	22	100
Total Special Payments	69	92	74	112
Total losses	154	181	185	181

These amounts are reported on an accruals basis but exclude provisions for future losses.

36.2 Recovered Losses

The Trust received no compensation payments in relation to losses as at 31st March 2017 (31st March 2016 : £nil).

37. Gifts

The Trust received no gifts in 2016/17 (2015/16 : £nil).

Note 36 & 37

Independent Auditor's Report to the Council of Governors of Northumberland, Tyne and Wear NHS Foundation Trust

We have audited the financial statements of Northumberland, Tyne and Wear NHS Foundation Trust for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014. The financial statements comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union, and as interpreted and adapted by the Government Financial Reporting Manual 2016-17 as contained in the Department of Health Group Accounting Manual 2016-17, and the Accounts Direction issued under section 25(2) of Schedule 7 of the National Health Service Act 2006.

We have also audited the information in the Remuneration and Staff Report that is subject to audit, being:

- the table of salaries and allowances of senior managers and related narrative notes;
- the table of pension benefits of senior managers and related narrative notes;
- the table of exit packages and related notes;
- analysis of staff numbers; and
- the table of pay multiples and related narrative notes.

This report is made solely to the Council of Governors of Northumberland, Tyne and Wear NHS Foundation Trust, as a body, in accordance with section 24(5) of Schedule 7 of the National Health Service Act 2006 and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors of the Trust, as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of the accounting officer and the auditor

As described more fully in the Statement of Accounting Officer's Responsibilities, the accounting officer is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice's Board's Ethical Standards for Auditors.

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

We are required under section 1 of Schedule 10 of the National Health Service Act 2006, to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Our assessment of the risks of material misstatement

During the course of the audit we identified the following risks that had the greatest effect on our overall audit strategy:

- income and expenditure recognition;
- property valuation; and
- the risk of management override of controls. The ISAs mandate that this risk is deemed to be significant on all audits.

Our assessment and application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on the financial statements and our audit. Materiality is used so we can plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. The level of materiality we set is based on our assessment of the magnitude of misstatements that individually or in aggregate, could reasonably be expected to have influence on the economic decisions the users of the financial statements may take based on the information included in the financial statements. The overall materiality level we set for the Northumberland, Tyne and Wear NHS Foundation Trust's financial statements was £3.273 million, which is approximately 1% of operating expenses from continuing operations. Operating expenses from continuing operations was chosen as the appropriate benchmark for overall materiality as this is a key measure of financial performance for users of the financial statements.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.098 million, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the accounting officer and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

We scoped our audit approach in response to the risks outlined above as follows:

Risk

Management override of controls

In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits

Audit approach

Our approach involved:

- testing the appropriateness of journal entries and other adjustments made in preparing the financial statements;
- reviewing the key areas within the financial statements where management has used judgement and applied estimation techniques; and
- reviewing significant transactions outside the normal course of business or that otherwise appear to be highly unusual.

Risk

Revenue and expenditure recognition

There is a risk of fraud in the financial reporting relating to revenue and expenditure recognition due to the potential to inappropriately record revenue and expenditure in the wrong period. Due to there being a risk of fraud in revenue and expenditure recognition we consider it to be a significant risk.

Audit approach

Our approach involved:

Our approach involved a range of substantive procedures including:

- testing of income and expenditure including tests to ensure transactions are recognised in the correct year;
- testing year end receivables, payables, accruals and provisions;
- reviewing intra-NHS reconciliations and data matches;
- reviewing management oversight of material accounting estimates and any changes to accounting policies;
- reviewing judgements about whether the criteria for recognising provisions were satisfied; and
- testing of adjustment journals.

Property valuation

Land and buildings are the Trust's highest value assets. Management engage an expert, to assist in determining the value of property to be included in the financial statements. Changes in the value of property may impact on the Statement of Comprehensive Income depending on the circumstances and the specific accounting requirements of the Group Accounting Manual.

Our approach involved:

- updating our understanding on the approach taken by the Trust in its valuation of land and buildings;
- reviewing the scope and terms of the engagement with the valuer and how management used the valuation report to value land and buildings in the financial statements;
- obtaining information on the methodology and the valuer's procedures to ensure objectivity and quality;
- testing the valuation of assets and valuation movements in the year; and
- considering evidence of regional valuation trends.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice prepared by the Comptroller and Auditor General (C&AG), having regard to the guidance on the specified criterion issued by the C&AG in November 2016, as to whether the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The C&AG determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Trust had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We scoped our audit approach in response to the risks outlined above as follows:

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of Northumberland, Tyne and Wear NHS Foundation Trust's affairs as at 31 March 2017 and of its income and expenditure for the year then ended;
- have been prepared properly in accordance with the Department of Health Group Accounting Manual 2016-17; and
- have been properly prepared in accordance with the requirements of the National Health Service Act 2006.

Opinion on other matters

In our opinion:

- the part of the Remuneration and Staff Report subject to audit has been prepared properly in accordance with the requirements of the NHS Foundation Trust Annual Reporting Manual 2016-17; and
- the information given in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the Annual Governance Statement does not comply with the NHS Foundation Trust Annual Reporting Manual 2016-17;
- we refer a matter to the Secretary of State under section 30 of the Local Audit and Accountability Act 2014 because we have a reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency;
- we issue a report in the public interest under Schedule 7 of the Local Audit and Accountability Act 2014; or
- the Trust has not put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

In particular we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

We are also required to report to you if, in our opinion, the Annual Governance Statement is misleading or is not consistent with our knowledge of the Trust and other information of which we are aware from our audit of the financial statements. We are not required to assess, nor have we assessed, whether all risks and controls have been addressed by the governance statement or that risks are satisfactorily addressed by internal controls. We have nothing to report in these respects.

Certificate

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



Cameron Waddell CPFA

For and on behalf of Mazars LLP

Salvus House
Aykley Heads
Durham
DH1 5TS

24 May 2017

6. Modern slavery act statement

Introduction

Slavery and human trafficking remains a hidden blight on our global society. We all have a responsibility to be alert to the risks, however small, in our business and in the wider supply chain. Staff are expected to report concerns and management are expected to act upon them.

Organisation's Structure and Principal Activities

Northumberland, Tyne and Wear NHS Foundation Trust is a specialist provider of mental health and learning disability services within the UK

Our Supply Chains

Our supply chains includes the sourcing of all products and services necessary for the provision of high quality care to our service users

Our Policies on Slavery and Human Trafficking

We are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business.

Due Diligence Processes for Slavery and Human Trafficking

With regards to national or international supply chains, our point of contact is preferably with a UK company and we expect these entities to have suitable anti-slavery and human trafficking policies and processes.

Most of our purchases are against existing supply contracts or frameworks which have been negotiated under the NHS Standard Terms and Conditions of Contract which have the requirement for suppliers to have suitable anti-slavery and human trafficking policies and processes to be in place

We expect each entity in the supply chain to, at least, adopt 'one-up' due diligence on the next link in the chain. It is not practical for us (and every other participant in the chain) to have a direct relationship with all links in the supply chain.

Supplier Adherence to Our Values

We have zero tolerance to slavery and human trafficking. We expect all those in our supply chain and contractors comply with our values. The Trust will not support or deal with any business knowingly involved in slavery or human trafficking.

Training

Our Procurement & Logistics Manager is duly qualified as a Fellow of the Chartered Institute of Procurement & Supply and has passed the Ethical Procurement & Supply Final Test attached to this Professional Registration. This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our Organisation's slavery and human trafficking statement for the current financial year.





**This report is available on request in other formats;
we will do our best to provide a version of this
report in a format that meets your needs.**

**For other versions telephone 0191 246 6977
or email us at qualityassurance@ntw.nhs.uk.**

Copies of the Annual Report can be obtained from our website
(www.ntw.nhs.uk) and the NHS Choices website (www.nhs.uk).

If you have any feedback or suggestions on how we could
improve our Annual Report, please do let us know by emailing
communications@ntw.nhs.uk or calling 0191 245 6877.

Copies can be obtained by contacting:

Communications Department
St Nicholas Hospital
Jubilee Road, Gosforth
Newcastle upon Tyne
NE3 3XT

Tel: 0191 245 6877

