



**Cumbria, Northumberland,  
Tyne and Wear**  
NHS Foundation Trust

**Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust**

**Annual Report and Accounts 2019/20**



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



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## 1. Chair and Chief Executive's Introduction

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Welcome to the 2019/20 Annual Report and Accounts, the first under our new name of Cumbria, Northumberland Tyne and Wear NHS Foundation Trust (CNTW).

Until March 2020 CNTW and the NHS as a whole continued to face uncertainty, both clinically and financially. Some of the issues facing the NHS continued to be the effects of a long period of austerity, growing concern about workforce and recruitment, the changing landscape of the NHS, challenges in terms of governance and integration, and increased demand for care, particularly mental health and disability services.

Prior to October 2019, we were known as Northumberland, Tyne and Wear NHS Foundation Trust. Following the transfer of Mental Health and Learning Disability services from the former Cumbria Partnership NHS Foundation Trust, we became **Cumbria**, Northumberland, Tyne and Wear NHS Foundation.

We were proud to welcome nearly 1000 colleagues into our new North Cumbria locality. We spent a significant amount of time prior to the transfer of services working with our colleagues in Cumbria so that we could learn from each other and more importantly, plan together to continue to deliver high quality, safe care and improve our services across the whole Trust for our service users in the future.

We have continued to contribute to the wider work on the North East and North Cumbria Integrated Care System including making sure that mental health and disability services are firmly on the agenda. Having said that, there is still a long way to go to make sure that mental health receives the same parity of esteem as physical health and we will continue to champion this cause. A key area for us at CNTW is to continually challenge the stigma associated with mental illness and disabilities and help build our own, and others' understanding so that we are better able to listen, to accept, and to help in any way we can.

We are presenting this report while going through undoubtedly the most challenging time the world has seen in recent times. The COVID-19 pandemic has had a profound impact on the world and has changed how we live, how we shop and travel, how we work, how we socialise and care for one another. People have never before had to think about their personal finances, wellbeing, physical health, the wider economy, climate change, and job security in such a difficult context.

Having said that, COVID-19 has also brought about things we never thought we could do, or ever thought we would do. The way we think about others, the way we communicate and appreciate just 'seeing the face of a loved one' – albeit virtually. We have changed the way we work to alleviate the pressures on ourselves to travel with the spin off benefit of a positive impact on the climate crisis. We have learned: how resilient we can be; how to look after ourselves including exercise; how to use technology in new ways and how to appreciate the things that until now we may have taken for granted.

The NHS has never been more loved, appreciated or respected and we would like express our profound gratitude to our staff, volunteers, partners and Governors.

Finally, we would like to thank our service users and their carers who have helped us to respond to COVID-19 by adhering to the Government's call to stay at home, maintain social distancing and changing how you live so the NHS can continue to save lives.

We thank you all.

A handwritten signature in black ink, appearing to read 'Ken Jarrold', with a stylized flourish at the end.

**Ken Jarrold**  
**Chairman**  
**23 June 2020**

A handwritten signature in black ink, appearing to read 'John Lawlor', with a stylized flourish at the end.

**John Lawlor**  
**Chief Executive**  
**23 June 2020**



## 2. The Performance Report

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### 2.1 Overview of Performance

This report has been prepared on a 'group' basis and will refer to Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust Group as 'CNTW' or 'the Group'. The CNTW 'group' includes NTW Solutions Limited, our wholly owned subsidiary company.

Sections of this report that is relevant to the NHS services provided by Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust will be referred to as 'the Trust'.

This overview will provide an understanding of the CNTW Group, including the services we provide, our organisational vision and values, strategic direction and potential risks as well as a summary of our performance during 2019/20.

### Our History

Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust (CNTW) was formed on 1 October 2019 following the transfer of mental health and learning disability services from North Cumbria to Northumberland, Tyne and Wear NHS Foundation Trust.

Northumberland, Tyne and Wear NHS Trust (NTW) was established on 1 April 2006 following the merger of three Trusts: Newcastle, North Tyneside and Northumberland Mental Health NHS Trust, South of Tyne and Wearsides Mental Health NHS Trust and Northgate and Prudhoe NHS Trust. The Trust achieved authorisation as an NHS Foundation Trust on 1 December 2009.

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

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

### Our Services

CNTW provides a wide range of mental health, learning disability and neuro-rehabilitation services to a population of 1.7 million people across North Cumbria and the North East of England as well as providing specialist services nationally. We are one of the largest mental health and disability organisations in the country with an income of approximately £380 million. We employ over 7,000 staff, operate from over 70 sites and provide a range of services including many regional and national services.

We support people in the communities of North Cumbria, 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:

- Carleton Clinic, Carlisle
- 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.

## Chief Executive's Statement on the Performance of the Trust

2019/20 was another successful, if at times challenging, year for the Trust. We broadly delivered on all aspects of performance, achieved our financial objectives for the year, played a significant role in developing partnerships across health and social care, and welcomed services in North Cumbria into the Trust.

But we also recognise areas of challenge and areas where we have more to do. These include; tackling unacceptably high waiting times for Children and Young People, supporting people with Learning Disabilities in a system that has been rocked by closures and disruption arising out of the distressing and disturbing events at Whorlton Hall; supporting Children and Young people who need in-patient care, as a number of units across the country have been required to close due to CQC action; ensuring that we eliminate restrictive practices and minimise use of restraint; and ensuring that we continue our journey to being a truly person-centred organisation.

Over the years we have achieved a great deal of stability, have achieved and retained our CQC 'Outstanding' status, and gained a strong reputation as a leader in change. We recognise that we need to use this solid grounding to go further, to push for better, and especially now, as I write in the shadow of COVID-19, use this to re-imagine the future so that we can better support the people and communities that we serve.

During the year, the Trust has continued to move forward with the major change programmes of work which significantly underpin our strategic ambitions. These are:

- **Care Environment Development and Re-provision Programme (CEDAR)**  
During the year we gained national approval for our Outline Business case for this significant capital business case, which will provide state of the art secure in-patient facilities for both Adults and Children and Young People, and adult acute in-patient facilities for the people of Newcastle and Gateshead. This was a significant step forward and through the year we have made very positive progress towards developing our Full Business Case (FBC) and continue to plan for final FBC approval by October 2020, enabling the new facilities to be completed and operational by March 2024
- **Transforming Services for people with a learning disability**  
We continue to work closely with partners in taking this programme forward, and continue to seek to ensure that this is truly person-centred in its approach. During the year the scandal at Whorlton Hall, and its knock on effect on other institutions, saw increasing demand for our in-patient services for people with a learning disability and/or autism. Our services responded magnificently to this, supporting the system to ensure that people's care and support was disrupted as little as possible, and where necessary supporting people in their response to traumatic experiences. This has meant that we have not reduced beds this year as previously planned, but we continue to be committed to delivering the programme over the coming years.

- Supporting and enabling the development of integrated care**  
 We continue to work as a key partner in each of the localities we work into, and are committed to working with others to develop a truly integrated response, that joins and wraps services around the needs of our local populations. This has seen us, for example, take on a lead provider role in the development of Children's Services across a number of localities, develop an active role in a range of partnership agreements supporting integrated care, and continue to play a leading role in the Mental Health Workstream of the North East and North Cumbria Integrated Care System. We are committed to the development of integrated community mental health care, as set out in the long term plan, and continue to work with Primary Care Networks and other partners across the Trust geography to take forward this work
- Welcome to North Cumbria**  
 The Trust completed the transfer of mental health and learning disability services from Cumbria Partnership NHS Foundation Trust on 1<sup>st</sup> October 2019. It was great to welcome into the Trust a great and committed team across North Cumbria and to be given the opportunity to build on the excellent partnership work already in place. As a Trust we recognise the challenges faced in delivering services within North Cumbria, but we strongly believe with the benefits of a larger Trust we can support and enable a great team of staff to move forward in tackling these challenges. We have made good progress in the first six months and already these services are part of our fully integrated wider CNTW team.

## **Trust Business Model and Structure**

The Trust structures its operational services geographically into 'Locality Care Groups' this is to support a collective leadership approach, and to ensure a devolved decision making model where decisions are made as close to the patient as possible.

The Trust's operational services are arranged across four locality clinical groups:

North - Northumberland and North Tyneside  
 Central – Newcastle and Gateshead  
 South – South Tyneside and Sunderland  
 North Cumbria

Each Clinical Group is led by a Group Director, Group Nurse Director and Group Medical Director who are jointly and severally responsible for the performance of local services, known as the 'triumvirate'.

Each locality consists of four clinical business units or CBUs with the exception of North Cumbria which consists of two (14 CBUs in total across the Trust). Each CBU is led by a collective leadership team including an Associate Director, Associate Nurse Director, Associate Medical Director, Associate Director for Allied Health Professionals and Associate Director for Psychological Services.

A full list of services, with descriptions and contact details can be found on our website <https://www.cntw.nhs.uk/services/>

## **Wholly Owned Subsidiary Company**

The Trust established NTW Solutions Limited as a wholly owned subsidiary company, which became operational in April 2017. Wholly owned subsidiary companies are an organisational and governance form that NHS Foundation Trusts can legally establish to manage part of their organisation. Wholly owned subsidiary companies are separate legal entities. NTW Solutions Limited is part of the “CNTW Group”, sharing the vision and values of the Trust in carrying out its activities, with the Trust holding 100% of the Company’s shares.

NTW Solutions provides our estates and facilities management services and a range of other services including workforce recruitment; staff records; procurement; materials management; some financial services; car leasing and other staff benefit schemes; digital dictation; and outpatient pharmacy dispensing. It employed 629 staff (physical number of staff not full time equivalents) at the end of 2019/20, the large majority of whom were transferred from the Trust to the company under TUPE regulations, thereby protecting many of their NHS terms and conditions. New company staff appointed since April 2017 are employed on company terms and conditions of service.

## **AuditOne**

AuditOne, is a not-for-profit provider of internal audit, technology risk and counter fraud services which is hosted by CNTW. AuditOne was originally formed from four NHS consortia and delivers independent assurance and advice to public sector clients on a wide range of topics including; financial management; governance, major IT programmes, data quality, cost reduction, integrated assurance and forensic investigations.

## **CNTW Charity**

The Trust’s charity was established on the 26 February 2016 in which the Trust is the sole Corporate Trustee. The charity holds funds to be used for any charitable purpose relating to the general or specific purposes of the Trust or purposes relating to the NHS. Typically funds are used to support current and former service users of the Trust by providing items of comfort or therapeutic activities beyond the normal levels expected for patient welfare and amenities. The Charity has one general fund which is called the Shine Fund and other specific funds which are relevant to individual wards and departments.

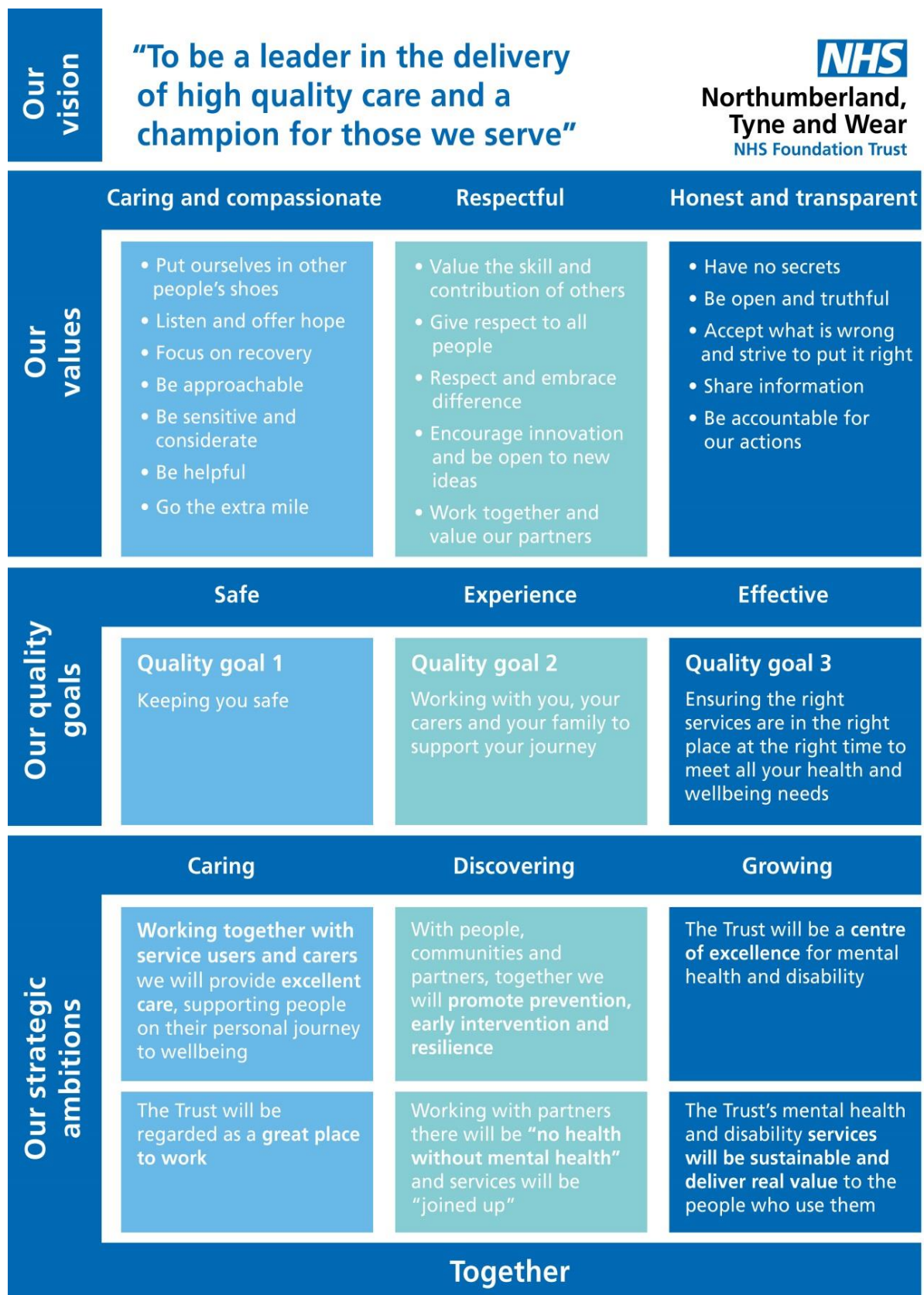
## **Our Vision, Values, Quality Goals and Strategic Objectives**

The Trust implemented the 'Caring, Discovering, Growing: Together' strategy in April 2017 following an engagement process that sought the views of service users, carers, staff, Governors and other stakeholders on the Trust's vision, values and strategy. The Trust's values, that were originally established in 2013 were reaffirmed as part of this process and continue as the core values of the Trust.

The CNTW strategy sets out 6 strategic ambitions which underpin our work across the trust.

The diagram in figure 1 sets out the Trust vision, values, quality goals and strategic ambitions.

Figure 1: Our Vision, Values, Quality Goals and Strategic Objectives



Caring | Discovering | Growing | **Together**

## **The key issues and risks to the delivery of the Trust's Strategy**

The Group faces a number of risks to the delivery of its Strategy. A full analysis of the principal strategic risks, together with the controls and mitigation, are included in our Board Assurance Framework. The Group's principal risks are set out within the Annual Governance Statement (Section 3.8).

## **NTW Solutions Strategy**

NTW Solutions has its own strategic aims. These are "Supporting our partners to deliver better care by:

- providing and growing strong, sustainable services
- providing better value services every day
- being an exemplar provider of support services
- being innovative, and
- being a great place to work"

## **Going Concern Disclosure**

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Group continues to adopt the going concern basis in preparing the accounts.

## **Summary of Performance 2019/20**

Over the course of the last financial year we have achieved much in the landscape of mental health, learning disability and neurological care. These are just some examples of the work undertaken throughout the course of the year.

In April it was announced in the press that mental health and disability services in North Cumbria would transfer and plans were underway to ensure that the transfer of services was undertaken safely and effectively with a target day of 1 October agreed by the Board.

In May a short film entitled 'Hope' was launched to coincide with Mental Health Awareness Week – the film, which is produced and starred peers, captures the brave stories of those who have experienced losing hope, or who have cared for a loved one who has lost hope, but gone on to find hope again. The film was made with the aspiration that viewers will share the hope and possibility of recovery.

In June we worked with our police colleagues to host 'cuppa with a copper' and 'natter with a nurse' to bring the local community, healthcare staff and police together to discuss policing and mental health in an informal setting.



In July we celebrated being listed in the top three mental health trusts across the country for recruitment to research studies and we also opened our doors to the public for our Annual Members Meeting where we showcased our services with the many stalls on show. We also launched the 'Hope' video at our Annual Members' Meeting where our Peer Workers bravely shared their stories.

In August almost £4,000 was donated to local foodbanks. Following our CQC 'Outstanding' rating a number of staff selected the option to donate their £10 to a foodbank and a total of £3,820 was divided across six foodbanks across our geographical area, making a real difference to families in the region.

September was a time of recognition and we celebrated with Peter Haddow, Nursing Assistant at Ferndene who was honoured as a health hero and two of our self-help guides were recognised at the British Medical Association Awards.

In October, after months of preparation, we welcomed our colleagues from North Cumbria and officially became Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust. We also held our first ever World Mental Health Day event which also coincided with the 150th birthday of St Nicholas Hospital.

As part of the transfer of these services, NTW Solutions also increased its service provision to the Trust, including managing the agreement with the Cumbria Partnership NHS FT to provide estates services in north Cumbria.

In November we were celebrating again as the Children's Learning Disability Service in Cumbria won a prestigious Nursing Times Award. We celebrated again in December when the South of Tyne Pathway Support Team were highly commended in the Patient Safety Category of the Health Business Awards.

In December, Gillian Thomson, an Advanced Occupational Therapist at Walkergate Park was appointed to sit on a national forum which will help shape legislation and share knowledge that will benefit other occupational therapists and service users. Gillian is now a committee member of the Royal College of Occupational Therapists' Long Term Conditions Forum. We also held a number of celebratory events across the Trust to celebrate 100 years of learning disability nursing as well as case studies being shared showcasing the centenary.

In January over 300 staff members from across all of our sites donned their walking boots and took part in the launch of guided walks, the walks, organised by A Weight off Your Mind are designed to improve physical and mental wellbeing.

In January we signed the TUC's Dying to Work Charter which aims to help employees who become terminally ill at work so staff can be secure in the knowledge that if they ever face a terminal diagnosis they will be supported every step of the way and provided with security of work, peace of mind and the right to choose the best course of action for themselves and their families.

In February a group of Allied Health Professionals in Cumbria took part in a 'Big Sleep' to raise money for older people struggling to stay warm raising money for Cumbria Community Foundation's winter warmth appeal.

February also saw the Trust's first art fair displaying patient artwork and raised over £1,000 for the Arts Therapy Project. The two-day art fair received an overwhelming response with a wide range of visitors and lots of responses to the artwork. Such was the success of the event there are now plans in place to make this an annual event.

As well as artwork being displayed in our own organisation, a joint project between the Trust's children's services and the BALTIC Centre for Contemporary Art also took place. The project entitled 'Artway' involved children aged 12-18 across Newcastle, Gateshead and Northumberland to express themselves through art. The works ranged from pencil drawings to paintings and prints and were all created by using mental health services in the community.

To mark Children's Mental Health Week from 3-9 February the Children and Young People Services team in Sunderland handed out handmade teddies, created by a local craft group, to the young people they support. The initiative provided 'transitional teddies' for children with emotional difficulties.

In March it was announced that a 10 month project helping North Tyneside residents with mental health difficulties to get on top of their finances helped to save them thousands of pounds. The Trust and North Tyneside Citizens Advice (NTCA) worked together on a project evaluating the impact of early debt management support on mental health and wellbeing which aimed to improve access to early intervention advice. The project helped 26 people gain and increase their benefits and helped people deal with over £40,000 in debt. Thanks to the success of the pilot, this will now be rolled out across the region.

The Trust also declared a climate and ecological emergency in the acknowledgement of climate and ecological change and committed to reducing our carbon emissions to net zero by 2040, training our clinical staff in the health and psychological impact of climate change, making the most of our green spaces, minimising waste, ensuring we consider the social and environmental impact in any of our decisions, work with our partner organisations to ensure a co-ordinated regional response to the impact of climate change and use our influence to support national and international policy makers to respond positively to challenges.

Then in March the world as we knew it changed, not only for all of us at CNTW but all who use our services, their families and carers. We have had to adapt and change due to the COVID-19 pandemic. We have embraced technology, we have pulled together, we have been innovative and resourceful so we can continue to be there for those who need us.

## **2.2 Performance Analysis**

### **Performance relating to the quality of NHS services provided**

The CNTW Quality Account provides comprehensive information on performance in terms of the provision of quality services, including performance against mandated Core Indicators, Quality Indicators and the Trust's Quality Goals. Copies of the Quality Account can be obtained from the Trust's website [www.cntw.nhs.uk](http://www.cntw.nhs.uk) or the NHS website [www.nhs.uk](http://www.nhs.uk).

### **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 2019/2020.

In 2018, the Care Quality Commission (CQC) conducted an inspection of our services and once again rated us as "Outstanding". We are one of only six Mental Health and Disability Trusts in the country to be rated as such, as at 1 April 2019.

All of our core services are rated overall as either "Good" or "Outstanding", and we aim to protect, build upon and share our outstanding practice. We are also addressing all identified areas for improvement, which included:

- Reducing blanket restrictive practices,
- Availability of nurse call systems on inpatient wards, and
- Recording of physical health observations following the use of rapid tranquillisation.

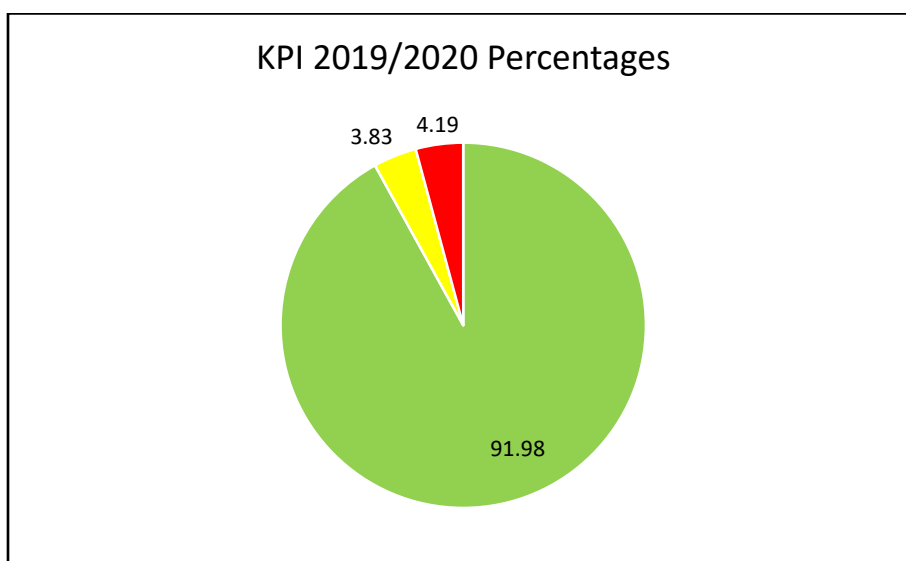
Mental health and learning disability services from North Cumbria transferred to the Trust on 1st October 2019 and with those services accepted 38 areas of improvement that had been identified by CQC at previous inspections which we are looking to address. CQC have notified the Trust that ratings will not be aggregated for a period of 2 years.

## NTW Solutions Performance

The Trust's subsidiary company, NTW Solutions Limited, performed well against its financial targets during 2019/20. It had a profit target of £1.5 million and was on course to achieve or exceed this at the end of February 2020. In view of the COVID-19 pandemic however, the completion of the company's annual accounts has been deferred to the end of June 2020 with formal sign off planned for July 2020. All profits generated by NTW Solutions are retained by the Trust as part of the CNTW Group.

Within the Group we monitor with NTW Solutions Limited, on a monthly basis, its service and financial performance. Service performance is monitored through a range of Service Level Agreements (SLAs), paying particular attention to agreed Key Performance Indicators (KPIs). At the end of 2019/20 we had 100 KPIs in place (an increase from 95 last year). Any KPIs reported as "amber" or "red" i.e. not meeting agreed target levels, require an explanation or action plan to demonstrate how these are being addressed by NTW Solutions. This enables the Trust, as sole shareholder of the Company, to hold it to account for the services provided.

Across the full year NTW Solutions reported on 1097\* KPI measurements, with 92% of these meeting the agreed targets. This is the same level of achievement as last year despite the increase in the number of KPIs being monitored – up from 1013 last year).



*\* Data includes 11 months of information due to KPI monitoring suspension for March 2020 data due to the coronavirus pandemic.*

NTW Solutions also measure and report to the Trust on two additional KPIs where service performance is largely managed by the Trust. These relate to food waste on wards and shortlisting by managers for vacancies within the Group.

The Group also has a set of "reverse" SLAs and KPIs in place for services which the Trust provides to NTW Solutions, and for which the Trust receives payment. These include services from IT, training, risk management advice, communications and others. These are also monitored jointly on a monthly basis.

# Sustainability Report

## Introduction

As an NHS organisation, and as a spender of public funds, we have an obligation to work in a way that has a positive effect on the communities we serve. Sustainability means spending public money well, the smart and efficient use of natural resources and building healthy, resilient communities. By making the most of social, environmental and economic assets we can improve health both in the immediate and long term even in the context of rising cost of natural resources.

CNTW recognises the impact climate change is having on the world. Climate change is seen as the greatest threat to health in the 21st century according to The Lancet medical journal. A range of health conditions related to heat, cold, extreme weather and air pollution will increase and they will have an impact on mental wellbeing. The Trust acknowledges the threat of climate change and we want to do as much as we can to tackle it with our staff, with those who use our services and within our communities.

We know the NHS uses huge amounts of energy, food, water, medicine and equipment – all of which contribute to our carbon footprint. The UK Government's 2050 net zero target is one of the most ambitious in the world and was recommended by the Committee on Climate Change (the UK's independent climate advisory body). The healthcare sector as a whole is required to help deliver the target and this commitment was reinforced by the inclusion of specific carbon reduction targets in the NHS Long Term Plan. As a part of the NHS, public health and social care system, it is our duty to contribute towards the ambition of becoming carbon neutral and we aim to achieve this by 2040. Carbon neutrality in this instance refers to scope 1 and 2 emissions, plus grey fleet (where staff use their own cars for business use). Scope 1 emissions are direct emissions from those activities owned or controlled by CNTW, and Scope 2 emissions are indirect emissions associated with the consumption of electricity.

## Policies

In order to embed sustainability within our business it is important to explain where in our process and procedures sustainability features. One of the ways in which an organisation can embed sustainability is through the use of a Sustainable Development Management Plan (SDMP) or "Green Plan". The key requirements of a Green Plan are:

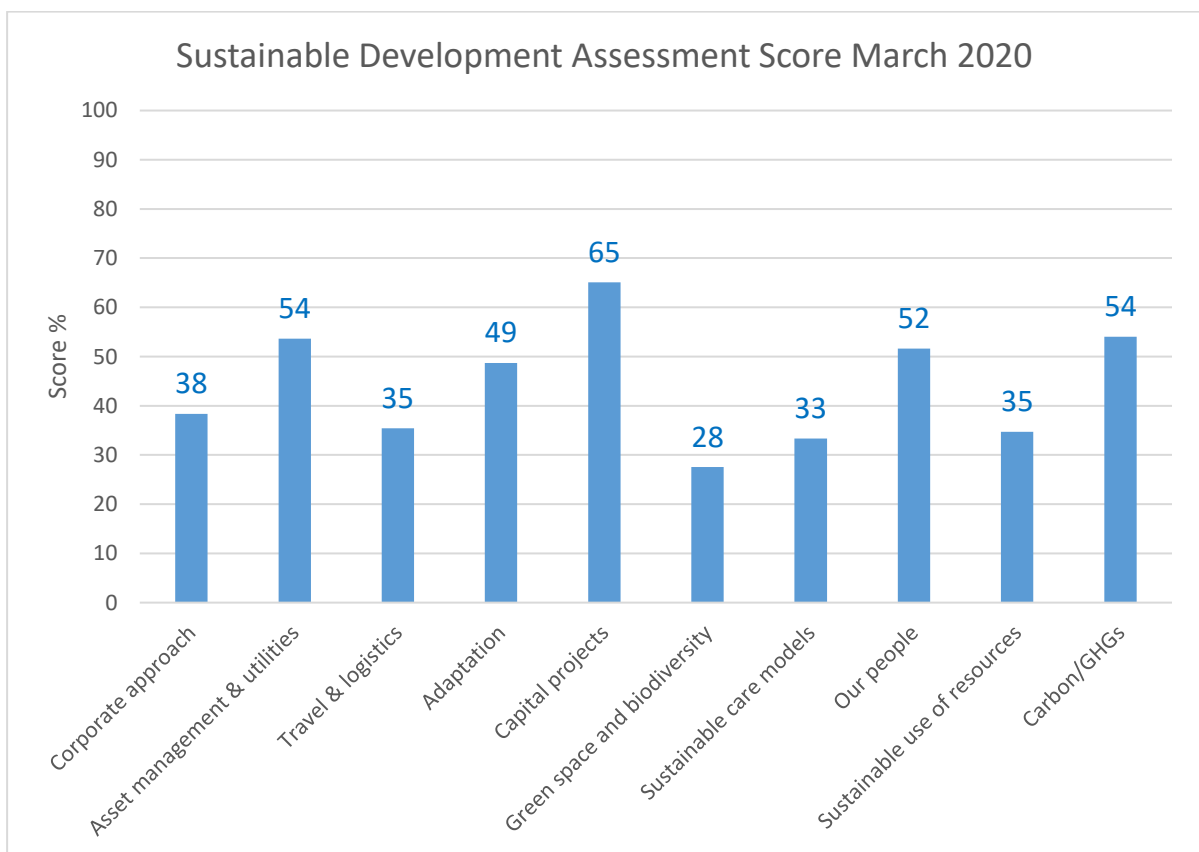
- a. Reduce carbon, waste and water
- b. Improve air quality
- c. Reduce the use of avoidable single use plastics
- d. Adapt to a range of scenarios to prepare for future climates
- e. The plan should be reported upon annually to Board and stakeholders

Our SDMP was approved by the Board in the last 12 months but work is underway to develop this into a Green Plan for the period 2020 to 2025.

Climate change brings new challenges to our business both in direct effects to the healthcare estates, but also to patient health. Examples of recent years include the effects of heat waves, extreme temperatures and prolonged periods of cold, floods, droughts etc.

Our board approved plans address the potential need to adapt the delivery of the organisation's activities and infrastructure to climate change and adverse weather events and we have started to monitor weather related incidents.

One of the ways in which we measure our impact as an organisation on corporate social responsibility is through the use of the [Sustainable Development Assessment Tool](#) (SDAT) tool. The last time we used the SDAT self-assessment was in March 2020 scoring 44% - an increase from 41% the previous year. The breakdown of scores across the 10 modules is shown in the chart below:



This year we have focussed on our corporate approach and begun to shape our vision of how we will meet the challenge of achieving net zero carbon emissions by 2040. We have been engaging with staff to find out what is important to them and our CNTW Climate Health engagement programme was developed in response to this. We recognise that at present, we do not have detailed plans to reduce carbon emissions to net zero, but we are exploring opportunities to work with our system partners to develop these plans. The Committee on Climate Change, who advise the UK Government on preparing for climate change, recommends a strategy of “take a pragmatic approach, begin now and learn by doing”.

Our organisation is contributing to the following Sustainable Development Goals (SDGs).



Our organisation is *clearly* contributing to the following Sustainable Development Goals (SDGs).



## Partnerships

The NHS policy framework already sets the scene for commissioners and providers to operate in a sustainable manner. Crucially for us as a provider, evidence of this commitment will need to be provided in part through contracting mechanisms.

We are exploring opportunities for developing strategic partnerships on sustainability and are engaging with our system partners within the Integrated Care System and with local authority partners.

For commissioned services here is the sustainability comparator for our CCGs; *please note this is published a year in arrears:*

Organisation Name	Green Plan	SDAT	SD Reporting score
NHS Durham Dales, Easington and Sedgfield CCG	No	No	Good
NHS North Durham CCG	No	No	Minimum
NHS Darlington CCG	No	No	Good
NHS Hartlepool and Stockton-On-Tees CCG	No	No	Excellent
NHS Newcastle Gateshead CCG	No	No	Good
NHS North Tyneside CCG	No	No	Good
NHS Northumberland CCG	No	No	Minimum
NHS South Tees CCG	Yes	No	Minimum
NHS South Tyneside CCG	No	No	Good
NHS Sunderland CCG	Yes	No	Excellent
NHS North Cumbria CCG	No	n/a	Minimum

## Performance

Since the 2007/08 baseline year, the NHS has undergone a significant restructuring process and one which is still on-going. Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust was formed in 2019 when the mental health and learning disability services in North Cumbria were transferred to Northumberland, Tyne and Wear NHS Foundation Trust. From 1st October 2019, both the number of staff and the size of our estate has increased. Therefore in order to provide some organisational context, the following table may help explain how both the organisation and its performance on sustainability has changed over time.

Context info	2016/17	2017/18	2018/19	2019/20
Floor Space (m <sup>2</sup> )	167,854	158,255	158,542	173,787
Number of Staff (WTE)	6,319	6,286	6,259	6,815

The 2014-2020 Sustainable Development Strategy outlined an ambition to reduce the carbon footprint of the NHS by 28% (from a 2013 baseline) by 2020. It was our aim to exceed this target by reducing our carbon emissions by 34% using 2007 as the baseline year and we have supported this ambition as follows:



## Energy

CNTW has spent £2.3 million on energy in 2019-20, which is a 12% increase from the previous year. Following the transfer of several sites in North Cumbria into the Trust from 1<sup>st</sup> October 2019, the overall size of the estate, associated building energy use and costs have increased significantly. This has resulted in an overall increase in carbon emissions from building energy use from the previous year but is a 42% reduction from the 2007 baseline year.

Resource		2016/17	2017/18	2018/19	2019/20
Gas	Use (kWh)	35,318,989	35,405,231	32,101,906	35,231,918
	tCO <sub>2</sub> e	6,499	6,508	5,895	6,465
Oil	Use (kWh)	22,243	5,130	57,285	57,000
	tCO <sub>2</sub> e	7	1.4	15.8	15
Coal	Use (kWh)	0	0	0	0
	tCO <sub>2</sub> e	0	0	0	0
Electricity	Use (kWh)	13,580,045	13,411,075	12,880,340	13,810,558
	tCO <sub>2</sub> e	6,102	5,116	3,926	3,799
Green Electricity	Use (kWh)	187,919	286,152	297,094	279,332
	tCO <sub>2</sub> e	0	0	0	0
Total Energy CO <sub>2</sub> e		12,608	11,626	9,837	10,300

Renewable and low carbon technologies are specified in all our major capital projects and a combination of energy reduction measures, estates rationalisation and decarbonisation of grid electricity has resulted in a 42% reduction in total carbon emissions for building energy use between 2007 and 2020. This exceeds the 34% by 2020 target for this area of the carbon footprint but work will continue towards our challenging long term target of achieving net zero carbon emissions by 2040.

## Travel

We recognise that a Healthy Transport Plan is a foundational part of our Travel Policy and we will be putting that in place as soon as possible.

We can improve local air quality and improve the health of our community by promoting active travel to our staff and to the patients and public that use our services. The Trust operates an annual travel pass scheme which allows staff to buy discounted annual travel passes for public transport under a salary sacrifice arrangement and a cycle to work scheme which allows staff to spread the cost of a bicycle and accessories used for travelling to work.

We support a culture for active travel to improve staff wellbeing and reduce sickness. Air pollution, accidents and noise all cause health problems for our local population, patients, staff and visitors and are caused by cars, as well as other

forms of transport. The table below shows our progress on carbon emissions from travel:

Category	Mode	2016/17	2017/18	2018/19	2019/20
Business miles - Road	miles	-	4,929,626	5,137,685	8,136,993
	tCO <sub>2</sub> e	-	1,136	1,159	1,633
Business miles - Rail	miles	-	149,208	212,541	836,698
	tCO <sub>2</sub> e	-	13	16	56
Business miles - Air	miles	-	161,763	141,662	169,306
	tCO <sub>2</sub> e	-	64	60	61
Total	miles	-	5,240,597	5,491,888	9,142,997
	tCO <sub>2</sub> e	-	1,213	1,235	1,750

The total cost of business travel for the Trust in 2019/20 was £3.1 million. Other transport and travel costs for 2019/20 totalled £2.3m including patient travel costs. Total carbon emissions from transport were 1,750 tonnes CO<sub>2</sub> with the greatest carbon impact arising from grey fleet travel (where staff use their own car for business purposes) and lease vehicles. The addition of staff in North Cumbria from the 1<sup>st</sup> October 2019 and the large geographical area that they cover in their work activities has added significantly to the road business miles for this year. To try to mitigate this increase, we've started to look at our business use only fleet of pool cars and vans to see where we can make improvements in order to meet the targets set out in the NHS Long Term Plan. The pharmacy team based at St. Nicholas Hospital has taken delivery of an electric vehicle for business journeys and we are looking at further opportunities for introducing electric vehicles into our fleet. We currently have 18 electric vehicle charging points across 5 main hospital sites for staff to use. We do not currently calculate carbon emissions from our staff commute or patient and visitor travel.

## Waste management

The Waste (England and Wales) Regulations 2011 require that the waste hierarchy is implemented throughout the waste stream when disposing of waste products.



The Trust takes reasonable measures to apply the waste hierarchy to waste disposal and operates a dry mixed recycling scheme on main hospital sites and a furniture and equipment re-use scheme. The recycling scheme is being extended and will be rolled out to community sites in the coming months. A key work stream to look at reducing single use plastics in our catering operations is underway and the Trust has signed up to the NHS Plastics Reduction pledge.

Performance on waste is shown below:

<b>Waste (tonnes)</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
Recycled	-	297	157	178
Other recovery	-	370	1,079	738
Incineration	-	21	19	27
Landfill	-	730	185	178
Total Waste (tonnes)	-	1,418	1,440	1,121

The way we calculate and report on waste quantities has changed in recent years but waste definitions have now been clarified and are not expected to change significantly for future years.

## Re-use

The re-use of goods and surplus equipment in the NHS has several key co-benefits; reducing cost to the NHS and reducing emissions from the procurement and delivery of new goods. The Trust operates a furniture and surplus equipment re-use system called Warp it which is designed to make it easy for staff in NTW to give surplus items to other staff. Furthermore, we're looking to link up with local charities to donate items that can't be used within the Trust. This year, our staff members have saved over £143,000 in avoided purchasing and waste disposal costs, 25 tonnes of waste and 67 tonnes of CO<sub>2</sub>.

<b>Category</b>		<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
Internal reuse of durable goods	£	18,637	33,500	55,985	143,381
External reuse of durable goods	£	0	0	0	0

## Finite resource use - Water

Water use has shown an increase in the past year due mainly to the increase in the size of the estate following the transfer of services from North Cumbria in October 2019. Performance over time is as shown below:

Water		2016/17	2017/18	2018/19	2019/20
Mains Water	m <sup>3</sup>	151,221	144,675	142,386	165,214
	tCO <sub>2</sub> e	138	132	130	174
Water & Sewage Spend	£	384,120	366,000	363,476	497,093

## Procurement

In 2019/20 the Trust spent over £51 million on procurement of goods and services (excluding energy and transport) with an associated carbon impact of 17,908 tonnes CO<sub>2</sub>e. This is a significant increase on the previous year as it now includes non-pay spend incurred by our operations in North Cumbria from 1<sup>st</sup> October 2019. Work will continue to look in more detail at the categories of spend with the highest carbon impact and identify opportunities for reducing carbon.

Procurement category	£ 000	tonnes CO <sub>2</sub>
Business services	20,845	5,191
Construction	0	0
Food and catering	2,498	2,401
Freight transport	0	0
Information and communication technology	5,230	1,516
Manufactured fuels, chemicals and gases	57	44
Medical instruments/equipment	1,662	498
Other manufactured products	1,548	731
Other procurement	2,423	874
Paper products	924	483
Pharmaceuticals	6,609	2,842
Business travel and fleet	0	0
Commissioned health and social care services	9,784	3,326
<b>Total</b>	<b>51,568</b>	<b>17,908</b>

## Carbon emissions progress

### Overall Trust Carbon Footprint

Progress towards the targets in each area is detailed below:

Area of footprint	2007/08	2018/19	2019/20	% change
Building energy use	17,609	9,837	10,300	-42
Travel	1,809	1,235	1,750	-3
Procurement	21,849	15,467	17,908	-18
<b>Total (tonnes CO<sub>2</sub>)</b>	<b>41,267</b>	<b>26,539</b>	<b>29,958</b>	<b>-27</b>

Total carbon reduction across all areas is currently at 27%. This is below the 34% by 2020 reduction target calculated from a 2007/08 baseline but is a direct result of the increase in staff numbers and estate following the transfer of mental health and learning disability services from North Cumbria into Northumberland, Tyne and Wear NHS Foundation Trust. Carbon emissions in the areas of building energy use and staff travel have shown significant reductions from the baseline year despite the increase to the size of the estate and staff numbers this year. We will continue to develop work plans to ensure that we meet NHS carbon reduction targets with the aim of achieving net zero emissions by 2040. The areas of building energy use and staff business travel are the ones with the most potential for the Trust to act upon and carbon reduction plans will be developed in the coming year. The procurement carbon footprint is currently based on high level spend only and is therefore difficult to influence at a local level.

### Social Value

Collectively as an organisation we recognise the contribution that commissioning and procurement can have in delivering sustainability and social value, and our duty under the Public Services Value Act. We aim to consider the social impacts of all our business decisions alongside environmental and financial considerations to achieve a balanced outcome.

We have not currently issued a statement on meeting the requirements of the Public Services (Social Value) Act.

### Adaptation

Climate change brings new challenges to our business both in direct effects to the healthcare estates, but also to patient health. Examples of recent years include the effects of heat waves, extreme temperatures and prolonged periods of cold, floods, etc. Our board approved plans address the potential need to adapt the delivery of the organisation's activities and infrastructure to climate change and adverse weather events. Formal emergency planning procedures are in place to deal with any adverse circumstances which would include current and future climate change risks.

## **Biodiversity**

Currently the organisation does not have a formal approach to unlock the opportunity and benefits of natural capital within a healthcare environment in supporting the health and wellbeing of patients, staff and the community and to protect biodiversity but we do recognise the importance of our green spaces for improving mental health. We will develop a Biodiversity Strategy encompassing the main hospital sites with the aim of protecting and enhancing our green space for the use of patients, staff and the community. We are looking to develop models of care which promote the links between connecting with nature and green space and good mental health.

## **Social, Community, anti-bribery and Human Rights 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. CNTW 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.

The Trust has 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. Four standards are measured which include, respecting and protecting rights, inclusion and engagement, workforce and learning disability services standard (aimed solely at specialist mental health trusts providing care to people with learning disabilities, autism or both). To support the improvement and consistency of care in these areas, the Trust re-launched the Green Light Toolkit at the Nursing Conference in April 2018 with a Trust-wide Group and action plan, training and resources. The 4 standards, that we measure against were also included within the learning disability ambitions in the NHS Long Term Plan and included in the NHS standard contract 2019/20.

The Trust has been a host for Project Choice since June 2017. Project Choice is a supported internship programme for people aged 16-25 with learning disabilities, difficulties or autism. NHS Health Education England supports the programme nationally, which focuses on preparing people to be ready for work and matching their skills to employment. The young learners spend a year within their internships which involves three placements with the Trust, each lasting 10-12 weeks. During this time the learner is very much part of the team and the Project Choice staff and the mentors work with the learner to develop their skill, abilities and confidence.

The Trust also supports Stopping over medication of people with a learning disability, autism or both (STOMP). It is a national project involving many different organisations which are helping to stop the over use of psychotropic medicines. STOMP is about helping people to stay well and have a good quality of life.

The Trust has a Declarations of Interest policy, aligned to NHS England requirements that all CNTW Staff must comply with to ensure the Trust is transparent in all business conduct. To support compliance with the policy, the

Trust developed an online reporting system to enable all staff to easily declare any interests or potential interests they may have. The policy has been successful in providing clarity that it is the responsibility of all staff to declare interests to ensure they are impartial and honest in the conduct of their official duties. To ensure the Trust is transparent in all business conduct the declarations can be viewed on the Trust website. <https://www.cntw.nhs.uk/results/?for=Declarations> or can be accessed on request by contacting Jennifer Cribbes, Corporate Affairs Manager, Chief Executive's Office, St. Nicholas Hospital, Jubilee Road, Gosforth, Newcastle upon Tyne, NE3 3XT. ([Jennifer.Cribbes@cntw.nhs.uk](mailto:Jennifer.Cribbes@cntw.nhs.uk)).

### **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 2019/20.

### **Overseas Operations**

The Trust does not engage in any commercial overseas operations.



**John Lawlor**  
**Chief Executive**  
**23 June 2020**

### **3. Accountability Report**

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#### **3.1 Directors report 2019/20**

##### **The Board of Directors**

The Trust's Board of Directors keeps its performance and effectiveness under constant review and undertakes an annual self-assessment of effectiveness. The Board also have 'away day' meetings, a development programme and regularly review governance arrangements. A review of the terms of reference and an annual self-assessment exercise is also conducted on all committees'. The Board also uses the outcome of the annual Care Quality Commission Well Led Review as a means to measure Board effectiveness, and identify areas for further development.

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.

NTW Solutions has its own Board of Directors. In accordance with the company's Articles of Association, all proposed director appointments require the approval of the Trust's Chief Executive or his nominated representative, on behalf of the Trust's Board of Directors as shareholder of the Company.

##### **Chair and Non-Executive Director (NED) appointments**

A term of office for the Trust Chair and NED is three years. The Trust takes into account the need for progressive refreshing of the Board of Directors. Therefore, the re-appointment of the Chair or a NED after their first term is subject to a strengthened appraisal of their performance. Any term beyond six years (i.e. two terms) is only made in exceptional circumstances and is subject to an annual re-appointment process which includes a rigorous interview of performance and satisfactory appraisal. The Chair and all NEDs also undertake an annual appraisal of their performance and report the outcomes to the Governors' Nomination Committee.

The Council of Governors Nominations Committee is responsible for managing the process for the appointment and removal of a Trust Chair or NED. Circumstances that may lead to the removal of a Chair or NED include, but are not limited to, gross misconduct, 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.

##### **The Trust Chair**

The role of Chair of the Board of Directors and Council of Governors is held by Ken Jarrold, who commenced his role with the Trust on 1 February 2018. 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 relationships between



Governors and Directors. The Chair leads the performance appraisals of the Council of Governors, NEDs and the Chief Executive.

### **The Trust Vice Chair**

Alexis Cleveland was appointed as Vice Chair from 1 February 2017 and continues in this role.

### **The Trust Senior Independent Non-Executive Director**

Alexis Cleveland was appointed as the Senior Independent Director from 1 January 2019 and continues in this role. The Senior Independent Director leads the performance appraisal of the Chair.

### **The Chief Executive**

The role of Chief Executive has been held by John Lawlor since 23 June 2014. 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 Board of Directors and 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.

### **Directors' skills, expertise and experience – CNTW Group**

The Board of Directors believes the Trust is led by an effective Board. 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. As a result of the work of the Nominations Committee in 2016/17 (and subsequently the Council of Governors) relating to the Chair and NED appointment/ reappointment process, the Trust formally acknowledged and accepted the recommendation that future appointments to the Board should seek to, if possible, to redress the gender and ethnic minority imbalance with the Board of Directors. The Trust is committed to this recommendation and during the Non-Executive Director advertising process in May 2019 a statement was added to the advert to encourage applications from women, people from black and minority ethnic communities, and disabled people who we know are under-represented in non-executive roles.

In advance of the two NED appointments in October 2019, the Board of Directors reviewed the balance of the Board, the desired qualifications, skills and experience for the NED 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, and thereby functions as a unitary Board.

**The qualifications, skills, expertise and experience of the Trust's directors as at 31 March 2020 are shown below.**

**Ken Jarrold CBE, Chair**

**Cumbria, Northumberland Tyne and Wear NHS Foundation Trust**

Qualifications include BA [Hons] in History from Cambridge University, Diploma of the Institute of Health Services Management and an Honorary Doctorate from the Open University.

Experience and skills/expertise:

- 36 years as an NHS Manager including 20 years as a Chief Executive and 3 years at national level as Director of Human Resources and Deputy to the Chief Executive of the NHS in England
- Chair of the North Staffordshire Combined Healthcare NHS Trust
- Chair of Brighter Futures Housing Association of Stoke on Trent
- Patron of the NHS Retirement Fellowship and of the Cavell Nurses' Trust
- President of the Institute of Health Services Management
- Chair of the County Durham Economic Partnership
- Board member of the Serious Organised Crime Agency [SOCA] and of the Child Exploitation on line Protection Centre [CEOP]
- Co-Chair of the National Institute of Mental Health Development Board for the North East and Yorkshire
- Chair of the Pharmacy Regulation Oversight Group [PRLOG] and of the Rebalancing Board for Medicines Legislation and Pharmacy Regulation
- Honorary Professor of the Universities of Durham, Salford and York
- President of the Cambridge Union Society

**David Arthur, Non-Executive Director**

**Cumbria, Northumberland Tyne and Wear NHS Foundation Trust**

Qualifications include Chartered Accountant (1977), Fellow of the Institute of Chartered Accountants in England and Wales (1982).

Experience and skills/expertise:

- 40 years as a partner in Tait Walker LLP, Chartered Accountants;
- National head of Forensic Services of MHA, Chartered Accountants network;
- Vice Chair of Percy Hedley Foundation, Chair of Finance Committee and previously Chair of Audit Committee;
- Trustee of Mental Health Concern, Chair of Finance Committee and Member of Governance Committee;
- Governor of Dame Allan's Schools;
- Director and founder member of North East Fraud Forum;
- ICAEW representative on National Business Crime Forum;
- Member of North East Bank of England Panel;
- Chair of Bulman Property Limited;
- President of Northern Society of Chartered Accountants;
- Member of Business Engagement & Advisory Board Newcastle University.

### **Darren Best, Non-Executive Director**

#### **Cumbria, Northumberland Tyne and Wear NHS Foundation Trust**

Experience and skills / expertise:

- 30 years as a Police Officer with over a decade working in senior police leadership roles that included;
- Head of Professional Standards, Area Commander and Head of Criminal Investigation Department, Cleveland Police;
- Temporary Assistant Chief Constable, Durham Constabulary;
- Assistant Chief Constable and Deputy Chief Constable, Northumbria Police;
- Experienced and Accredited Commander in Firearms, Public Safety / Order and Multi Agency Gold Incident Command;
- Experienced and Accredited Senior Investigating Officer.

### **Dr Les Boobis, Non-Executive Director**

#### **Cumbria, Northumberland Tyne and Wear NHS Foundation Trust**

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 including Medical Director of large NHS Acute Trust and laterally four years as NED for CNTW;
- More than 46 years' experience of working in the NHS, 29 of which were as a Consultant Surgeon;
- Eight years' experience as a Medical Director;
- Eight years' experience as the Director of Infection Prevention and Control;
- Ten years' experience as a Trust's Caldicott Guardian;
- Four years' experience as a GMC Responsible Officer;
- Ten years' experience as a 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;
- Four years' experience working as a Physician Consultant for US company Meditech, providers of integrated electronic patient record system.

**Paula Breen, Non-Executive Director**  
**Cumbria, Northumberland Tyne and Wear NHS Foundation Trust**

Qualifications include MA (Strategic Human Resource Management); Chartered Institute of Personnel and Development (CIPD); BA Business Management & Finance; Institute of Leadership and Management (ILAM); Post Graduate Diploma in Education Leadership.

Experience and skills/expertise:

25 years Business Leadership in medium sized public and private organisations in both Executive and Non-Executive roles such as:

- Chair Eden PCN, Primary Care, Cumbria (current);
- General Manager Primary Care, Cumbria (current);
- Chief Operating Officer Cumbria Education Trust;
- Elected Member and Cabinet Resources Portfolio Holder, Eden District Council;
- Founding Director (NED) Heart of Cumbria Ltd;
- Governor and Chair of Finance, Ullswater Community College;
- Director (NED) Eden Valley Hospice;
- Director of Finance & Resources and Company Secretary, Education;
- Group Chairman (NED) Coast & Country Housing Ltd, previous roles include: Chair of Finance, Chair of Remuneration, Chair of Standards, Chair of Performance Review;
- Director of Business Management, Norcare Ltd;
- Business Leadership Member, North East Region School Leaders Forum;
- Chair, North East Academies Forum;
- Board Member Darlington College.

**Alexis Cleveland, Non-Executive Director**  
**Cumbria, Northumberland Tyne and Wear NHS Foundation Trust**

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; Department for Work and Pensions;
- Chief Executive Benefits Agency, Department for Work and Pensions;
- Head of Analytical Services Division Department for Social Security;
- Experience at Board level in both executive and non-executive roles with major government departments/agencies, non-departmental public bodies and in the voluntary sector;
- Currently serves as Trustee of Barnardos Staff Pension Scheme;
- Deputy Chair and Trustee of Durham University Council.

**Michael Robinson, Non-Executive Director  
Cumbria, Northumberland Tyne and Wear NHS Foundation Trust**

Qualifications include BA [Hons] in Law from Oxford University. Qualified Solicitor (now retired).

Experience and skills / expertise:

- Experienced non-executive director and board member;
- Former partner in the corporate department of a large UK-based law firm;
- Company Secretary and Group Legal Director at the Sage Group plc for 14 years.

**Peter Studd, Non-Executive Director,  
Cumbria, Northumberland Tyne and Wear NHS Foundation Trust and;  
Chair, NTW Solutions**

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

Experience and skills/expertise:

- Governor at Middlesbrough College;
- Independent Board Member at Dale and Valley Homes;
- Member Group Audit and Risk Committee at County Durham Housing Group;
- Director UK Skills & Education at A4e;
- Group Board Director at Newcastle College Group (NCG);
- Divisional Board Director at Mouchel Group plc;
- Board Director at HBS Business Services Ltd;
- Operating Board Director at Capita plc;
- Director on the Board of Cumbria Inward Investment Agency (CIIA);
- Worked in partnership with both central and local government overseeing change programmes delivering service improvement and efficiencies on a variety of £multi-million public private partnerships;
- Project Management Consultant at IBM.

**John Lawlor OBE, Chief Executive  
Cumbria, Northumberland Tyne and Wear NHS Foundation Trust**

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:

- NHS Top Leaders' Programme participant;
- 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.

Current national roles:

- Chair of NHS England independent panel to investigate inpatient children and adolescent mental health, LD and autism services

**James Duncan, Executive Director of Finance and Deputy Chief Executive  
Cumbria, Northumberland Tyne and Wear NHS Foundation Trust**

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.

**Dr Rajesh Nadkarni, Executive Medical Director  
Cumbria, Northumberland Tyne and Wear NHS Foundation Trust**

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:

- 20 years' experience as a Consultant Forensic Psychiatrist;
- Extensive expertise in the clinical assessment and management of mentally disordered offenders and (provide clinical expertise to the Newcastle Crown Court Mental Health Team). Significant experience of service development in the area of offender health;
- Specialist expertise in management of offenders presenting with stalking behaviour having contributed to national and international conferences and influenced training policy 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.

Current National Roles;

- Invited member of CASS Business School Advisory Group involved in the development of Masters in Medical Leadership, City University of London;
- Invited Member of the Mental Health Economics Collaborative, Mental Health Confederation;
- Invited member of the National Health and Justice Clinical Reference Group.

**Gary O'Hare, Executive Director of Nursing and Chief Operating Officer  
Cumbria, Northumberland Tyne and Wear NHS Foundation Trust**

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 National Mental Health Nurse Directors Forum
- Strong academic links with local universities.
- Executive Reviewer for CQC Well Led Inspections.
- Member of the NHSI Clinical Forum

**Lisa Quinn, Executive Director of Commissioning and Quality Assurance  
Cumbria, Northumberland Tyne and Wear NHS Foundation Trust**

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

Experience and skills/expertise:

- Executive Director since 2009;
- Worked in the NHS for over 30 years gaining extensive NHS quality assurance, governance and financial experience;
- Extensive experience of contract negotiation and management;
- Partnership working and Trust Executive lead for Sunderland, South Tyneside and Cumbria;
- Executive lead for the Development of New Care Models;
- Nominated CQC Executive Lead for the Trust;
- Trust SIRO and Data and Cyber Security Executive Lead;
- Executive Reviewer for the Care Quality Commission.

**Lisa Crichton-Jones, Executive Director of Workforce and Organisational Development  
Cumbria, Northumberland Tyne and Wear NHS Foundation Trust**

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 workforce, organisational development and transformation experience across mental health and disability services;
- Currently working in the Integrated Care System, leading and coordinating the regional workforce transformation programme;
- First Executive Sponsor of North East regional Streamlining Programme, establishing the workstreams and contributing to national developments;
- Management Chair for Social Partnership Forums; across both the Northern region and the North East ;
- Board Governor East Durham College and Trustee at Museums North;
- Deputy Director of Workforce and Organisational Development, Northumberland, Tyne and Wear NHS Foundation Trust.



**Lynne Shaw, Acting Executive Director of Workforce and Organisational Development**  
**Cumbria, Northumberland Tyne and Wear NHS Foundation Trust**

Qualifications include; MA in Human Resource Management, Post Graduate Certificate in Strategic Workforce Planning, and BA (Hons) in Business Management.

Experience and skills/expertise:

- Member of Chartered Institute of Personnel and Development (CIPD);
- 30 years' experience in the field of HR, including nearly 20 years in the NHS;
- Extensive experience of generalist HR, change management, transformational leadership, workforce development, training, transactional HR processes;
- Executive Sponsor for the Regional Great Place to Work Programme;
- National NHS Aspirant HR Director's Programme;
- Governor of local college.

**Number of meetings and attendance**

The Trust's Board of Directors met in public nine times during 2019/20. The table below (Figure 2) shows the members of the Board of Directors including their titles, attendance at Board meetings, the date of appointment and the expiry date of the current tenure of the Chair and each NED.

**Figure 2: Membership of the Board of Directors and Attendance**

Name Title	Date of:		Current expiry of term	Meetings	
	Appointment	Cessation		Total	Attended
<b>Ken Jarrold</b> Chairman	01.02.18	-	31.01.21	9	9
<b>David Arthur</b> Non-Executive Director Audit Committee Chair (from 14.01.19)	14.01.19	-	13.01.22	9	9
<b>Darren Best</b> Non-Executive Director	01.10.19		30.09.22	4	4
<b>Dr Les Boobis</b> Non-Executive Director	01.07.15	-	30.06.21	9	9
<b>Paula Breen</b> Non-Executive Director	01.10.19		30.09.22	4	4
<b>Alexis Cleveland</b> Non-Executive Director Vice Chair (from 01.02.17) Quality Committee Chair (from 01.01.19) Senior Independent Director (from 01.01.19)	01.07.15	-	30.06.21	9	8
<b>Michael Robinson</b> Non-Executive Director Mental Health Legislation Committee Chair (from 16.01.19)	16.01.19		15.01.22	9	8
<b>Peter Studd</b> Non-Executive Director Resource and Business Assurance Committee Chair	01.01.16	-	31.12.21	9	7
<b>John Lawlor</b> Chief Executive	23.06.14	-	N/A	9	9
<b>* Lisa Crichton-Jones</b> Executive Director of Workforce and Organisational Development	04.08.14	-	N/A	N/A	N/A
<b>James Duncan</b> Deputy Chief Executive/ Executive Director of Finance	01.12.09	-	N/A	9	8
<b>Dr Rajesh Nadkarni</b> Executive Medical Director	16.01.16	-	N/A	9	9
<b>Gary O'Hare</b> Executive Director of Nursing and Chief Operating Officer	01.12.09	-	N/A	9	8
<b>Lisa Quinn</b> Executive Director of Commissioning and Quality Assurance	01.12.09	-	N/A	9	9
<b>Lynne Shaw</b> Acting Executive Director of Workforce and Organisational Development	01.06.18		N/A	9	9

\*Lisa Crichton-Jones was on secondment during 2019/20

## **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 2019 to 31 March 2020, 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 was taken into account in arriving at their view. This was reinforced through the appointments/re-appointments process applied by the Nominations Committee.

### **NTW Solutions Limited – Board of Directors**

The qualifications, skills, expertise and experience of NTW Solutions Limited directors as at 31 March 2020 are shown below.

#### **Malcolm Aiston, Managing Director NTW Solutions**

Qualifications include Chartered Engineer with an Honours Degree in Engineering. Experience and skills/expertise:

- 40 years' experience in NHS estates and facilities services
- Over 19 years as professional lead for these services in CNTW and its predecessor organisations
- Developing and leading implementation of strategic change, including overseeing major award winning capital projects
- Experience in leading organisational change
- Membership of national estates forums
- Chair of Northern and Yorkshire NHS Apprenticeship Training Scheme for over 10 years

#### **Tracey Sopp, Director of Finance and Deputy Managing Director NTW Solutions**

Qualifications include membership of the Chartered Institute of Public Finance Accountants (CIPFA). Experience and skills/expertise:

- 28 years' experience in NHS financial services including extensive experience in production of annual accounts, taxation, cash management, transactional processing and financial governance and systems;
- Leading business transformation projects and delivering efficiency and process improvements;
- Experience of leading a range of other business support services.

**Peter Studd, Chair**  
**NTW Solutions**

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

Experience and skills/expertise:

- Governor at Middlesbrough College;
- Independent Board Member at Dale and Valley Homes;
- Member Group Audit and Risk Committee at County Durham Housing Group;
- Director UK Skills & Education at A4e;
- Group Board Director at Newcastle College Group (NCG);
- Divisional Board Director at Mouchel Group plc;
- Board Director at HBS Business Services Ltd;
- Operating Board Director at Capita plc;
- Director on the Board of Cumbria Inward Investment Agency (CIIA);
- Worked in partnership with both central and local government overseeing change programmes delivering service improvement and efficiencies on a variety of £multi-million public private partnerships;
- Project Management Consultant at IBM.

**Andrew Buckley, Non-Executive Director**  
**NTW Solutions**

Qualifications include B.A in Modern Languages, Masters in Business Administration and Graduate Member of the Institute of Export.

Experience and skills/expertise:

- 30 years commercial experience in marketing, sales, communications, business development and customer services;
- Experience in leading organisational change;
- Held senior level posts with Stanley Tools, Britvic, Seagram, The Sage Group, FTSE and Make UK;
- Latterly Chief Executive with RTC North, a consultancy company helping businesses to innovate, compete and grow;
- Currently Interim Director of Marketing and Communications at University of Durham;
- Chair of the Ouseburn Trust.

**James Duncan, Non-Executive Director  
NTW Solutions**

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.

**Paul McCabe, Director of Estates and Facilities  
NTW Solutions**

Qualifications include being a Chartered Engineer.

Experience and skills/expertise:

- 30 years' experience in the NHS in estates and facilities operational, capital development and strategic management roles.
- Former Secretary of the North East Committee of the Institute of Building Services Engineers
- Secretary and Chair of the Northern and Yorkshire Energy and Environmental Group, promoting effective implementation of energy management and sustainability in the NHS

The NTW Solutions Board of Directors met ten times in the year. The table below (Figure 3) shows the members of the Board during 2019/20, date of appointment and attendance at Board meetings.

**Figure 3: Membership of NTW Solutions Board of Directors and Attendance**

Name and Title	Date of Appointment	Meetings 2019/20	
		Total	Attendance
Malcolm Aiston Managing Director	01.04.2017	10	9
Andrew Buckley Non-Executive Director	01.03.2019	10	10
James Duncan Non-Executive Director	01.04.2017	10	7
Paul McCabe Director of Estates and Facilities	01.04.2019	10	8
Tracey Sopp Director of Finance and Deputy MD	01.04.2017	10	9
Peter Studd Non-Executive Director (Chair)	01.04.2017	10	10

## **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 annually reviews 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 rated as 'Outstanding' overall in both 2016 and 2018 following the CQC Well Led review and comprehensive review of services.

In addition to the Remuneration Committee and Audit Committee reporting to the Board, there are also four other standing committees delivering a statutory and assurance function. These are, the Mental Health Legislation Committee, the Resource and Business Assurance Committee, the Quality and Performance Committee and the CEDAR Board.

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.

In relation to NTW Solutions Board Committees, a Scheme of Reservation and Delegation between the Trust and NTW Solutions reserves the company's audit and director remuneration functions to be overseen by the Trust's Audit Committee and Remuneration Committee. This includes the reporting of the company's risk management arrangements to the Trust's Audit Committee.

NTW Solutions has established one Board committee, the Health, Safety and Security Committee, which is chaired by the Managing Director. The committee self-assesses its effectiveness annually and the NTW Solutions board of directors reviews and approves any changes to its terms of reference.

## **Register of Directors' Interests**

The Trust maintains a formal Register of Directors' Interests. The Register is available for inspection on the internet at [www.cntw.nhs.uk](http://www.cntw.nhs.uk) or on request, from Jennifer Cribbes, Corporate Affairs Manager, Chief Executive's Office, St. Nicholas Hospital, Jubilee Road, Gosforth, Newcastle upon Tyne, NE3 3XT.  
([Jennifer.Cribbes@cntw.nhs.uk](mailto:Jennifer.Cribbes@cntw.nhs.uk))

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

NTW Solutions Ltd maintains a formal Register of Directors' Interests. The Register is available on request to Grahame Ellis, Company Board Secretary, Arran House, St Nicholas Hospital, Jubilee Road, Gosforth, Newcastle Upon Tyne, NE3 3XT.

### **HM Treasury, cost allocation and charging guidance**

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

### **Political Donations**

The Group and Trust did not make any political donations during 2019/20.

### **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 4 below.

**Figure 4: Payment of Trade Invoices (Group)**

<b>Better Payment Practice Code</b>	<b>2019/20 Number of invoices paid within target</b>	<b>2019/20 Value of invoices paid within target</b>	<b>2018/19 Number of invoices paid within target</b>	<b>2018/19 Value of invoices paid within target</b>
Non-NHS Trade Invoices	94.9%	97.5%	94.6%	97.0%
NHS Trade Invoices	97.5%	99.8%	97.1%	99.9%

The Group and Trust had no interest on late payment of commercial debts or compensation paid to cover debt recovery costs as at 31st March 2020 (31st March 2019 : £nil).



## **NHS Improvement's well-led framework**

The Trust's Annual Governance Statement 2019/20 (section 3.8), outlines how the Trust has regard to NHS Improvements well-led framework, in arriving at its overall evaluation of the organisation's performance, internal control and Board assurance framework.

The CQC undertook a well led review and inspection of core services in April 2018, and found the Trust to be 'Outstanding' overall, and in the Well Led, Responsive, Caring and Effective domains and 'Good' in the Safe domain.

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

The Trust confirms that there are no material inconsistencies between:

- The Annual Governance Statement;
- The Corporate Governance Statement, and Annual Report; and
- Reports arising from Care Quality Commission planned and responsive reviews of the NHS Foundation Trust and any consequent action plans developed by the NHS Foundation Trust,

Information relating to the Trust's patient care activities is outlined throughout this Annual Report, including in the Annual Governance Statement.

## **Service User and Carer 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, service user/carers feedback work and specific engagement/involvement in initiatives together with formal consultation on the Trust's plans, including formal public consultation on specific proposals where appropriate.

During 2019/20 service users and carers were involved in the following:

- Shaping our quality priorities for 2020/21 –During 2019/20 the Trust undertook an engagement process commencing with a Quality Priorities Stakeholder event in November 2019. During this time, Governors, Healthwatch members, service users, carers, commissioners and other stakeholders as well as non-executive directors of the Trust were involved in considering the development of a quality priority in relation to Human Rights. This involved considering the following 2 questions to gather information on how our work affects different groups so that we can identify and remove barriers that prevent people we serve from being treated equally:-

- What is important to you with regard to fairness, respect, equality, dignity and autonomy?
- Any other areas of concern for consideration as a quality priority?
- Ongoing involvement via the service user and carer Reference Groups, and Carers Forums;
- Deciding together, Delivering Together Programme;
- Ongoing involvement with Recovery Colleges; and
- Involvement in recruitment and selection process.

## **Service user Feedback**

Service user feedback is actively sought and reviewed through a number of initiatives which are supported through the Trust's dedicated Service user 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 Service user Advice and Liaison Service (PALS) Reports;
- Service visits by Directors;
- Peer review visits;
- 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 in place an established 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.

The Trust committed to the following Quality Priorities for 2019/20:

- Improving the impatient experience;
- Improving waiting times;
- Equality, Diversity and Inclusion;
- Evaluating the impact of sickness on quality.

Significant work has been undertaken with regard to this and a more detailed update can be found in the Trust's Quality Account which can be obtained from the Trust's website [www.cntw.nhs.uk](http://www.cntw.nhs.uk) or the NHS website [www.nhs.uk](http://www.nhs.uk).

During 2019/20, around 6,500 responses to the Friends and Family Test question were received which was a 7% decrease in responses compared to 2018/19. Of respondents, 88% said they would recommend the service they received (rating of

extremely likely or likely), this score has not changed compared to 2017/18. Six percent of respondents indicated they would not recommend the service they received (ratings of extremely unlikely or unlikely) which is also the same as 2018/19.

Short Warwick-Edinburgh Mental Wellbeing Scale (SWEMWBS): through the Trust's involvement in the Care Pathways and Packages Project, a short wellbeing scale has been nationally recommended as the Service user 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 service user's episode of care compared to the start of the episode. SWEMWBS is now being given to service users at these same time points.

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.

### **Service improvements following staff or service user surveys or CQC reports**

During 2019/20 there has been a significant amount of work undertaken to continue to deliver the Quality Priorities identified;

- Safety – Improving the Patient Experience
- Service User and Carer Experience – improving waiting times
- Service User and Carer Experience – Equality, Diversity and Inclusion
- Clinical Effectiveness – Evaluating the impact of staff sickness on quality

A detailed update on progress is provided in in the Trust's Quality Account which can be obtained from the Trust's website [www.CNTW.nhs.uk](http://www.CNTW.nhs.uk) or the NHS website [www.nhs.uk](http://www.nhs.uk).

### **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 and using the NHS complaints process and NHS services within the Trust.

The services offered by the Centre are available to everyone. The Centre has established good working relationships with other statutory and voluntary organisations so that they can make referrals with confidence.

23 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.cntw.nhs.uk/selfhelp](http://www.cntw.nhs.uk/selfhelp)

## Complaints and Compliments

The Trust acknowledges that it is not only important that we offer service users 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 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 service users, carers and family know how to raise a complaint.

Complaints have increased during 2019-20 with a total of 624 received during the year. This is an overall increase of 142 (23%) in comparison to 2018-19. The biggest increase was in the Central Locality Care Group which saw an increase of 44 complaints (22%) followed by the North Locality Care Group which had an increase of 24 complaints (15%). The South Locality Care Group complaint rate remained relatively stable. The merger with North Cumbria mental health services on 1 October 2019 also added to the increase in complaints received, with North Cumbria Locality Care Group accounting for 66 complaints received between 1 October 2019 and 31 March 2020.

Complaint categories which have significantly increased in comparison to 2018-19 are:

- Complaints related to access to treatment or drugs have increased by 211%
- Complaints related to prescribing have increased by 120%
- Complaints related to clinical treatment have increased by 117%
- Complaints related to appointments have increased by 116%
- Complaints related to admissions and discharges have increased by 61%
- Complaints categorised as other have increased by 425% (however to note these complaints were an extremely low number in 2018-19)

Of note regarding the three highest complaint categories: patient care, communication and values and behaviours:

- Complaints related to patient care increased by 34%
- Complaints relating to communications decreased by 16%
- Complaints relating to values and behaviours increased by 5%

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

The Quality and Performance Committee regularly reviews the complaints received and identified trends which are outlined in the monthly and quarterly Safer Care reports. The Learning and Improvement group, chaired by an Executive Director, has looked at ways of embedding learning across the organisation incorporating learning from complaints, claims and incidents. Lessons learnt are disseminated across services with the aim of improving the quality of care.

## Stakeholder Relations

The Trust is a significant partner in the North East and Cumbria Integrated Care System, taking the lead role in the Mental Health Work Stream 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. The Trust's Chief Executive, John Lawlor, acts as joint senior responsible office for the ICS Mental Health Work Stream, a named Executive Director leads this work in each locality, supported by operational managers and clinicians. Key partnership service developments in 2019/20 have included;

- As part of NHS England's move to mainstream New Care Models, CNTW successfully bid to become a Provider Collaborative. This will result in an expansion of CNTW's commissioning function as we take on the role of lead provider in a new Children and Young People's collaborative which includes Tees Esk and Wear Valley NHS Foundation Trust;
- Working in partnership with the Great North Children's Hospital to support young people with eating presentations. This has resulted in a reduction in the use of out of area eating disorder beds of 87% against the baseline;
- Changing Lives on a social impact bond to enable us to support entrenched rough sleepers (commenced November 2017)
- Providing addictions services within HMP Haverigg from 2018
- Delivering 24/7 psychiatric liaison services in acute hospitals across the area.

We have a positive relationship with the main health scrutiny committees in each locality. Directors and senior clinical managers attend the Overview and Scrutiny Committee (OSC) meetings to present updates on the Trust's plans and make specific presentations on any proposed changes to services.

For service changes, the relevant Clinical Commissioning Group leads the formal consultation process and CNTW work in partnership with those officers to ensure appropriate engagement and involvement.

### **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. The Private Patient Income for 2019/20 is shown in table below (Figure 5).

**Figure 5: Private Patient Income**

Private Patient Income	Group	Trust	Group	Trust
	2019/20	2019/20	2018/19	2018/19
	£000	£000	£000	£000
Private patient income	0	0	0	0
Total patient related income	349,329	348,727	296,227	296,227
Proportion (as percentage)	0.00%	0.00%	0.00%	0.00%

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.



John Lawlor  
Chief Executive  
23 June 2020

## 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 Group including the Trusts' subsidiary companies, and their remuneration is included in this report. This is in line with the requirement to include those who influence the decisions of the Group as a whole rather than decisions of individual directorates or business units within the organisation.

CNTW 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 and Terms of Conditions. The Remuneration Committee is chaired by the Trust Chair and its membership is comprised of all Non-Executive Directors (NEDs).

The Chair of the Board of Directors 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.

During 2017-18, the Remuneration Committee conducted an exercise to review the Executive Directors salaries against information provided by NHS Improvement and the NHS Providers survey of NHS Trusts' executive directors' salaries. This exercise showed that, with the exception of the Chief Executive, Executive Directors salaries were benchmarked well below the upper quartile in all cases. This exercise also aligned with a benchmarking exercise that had previously been undertaken by external consultants, which demonstrated that the salaries are considerably below those in the private sector.

Acknowledging that the Trust is a £380 million business employing approximately 7,000 staff with the added complications of the mental health legislation environment and issues of deprivation of liberty, it was agreed in principal that the Trust's Executive Directors salaries should be benchmarked against the upper quartile of medium sized mental health trusts, based on the information from NHS Improvement. As a second factor, the upper quartile figures for medium sized acute trusts were also considered.

The Remuneration Committee, therefore, agreed to a three year process to align the salaries of Executive Directors to the salaries of individuals in comparable positions working in Trusts of a similar size and complexity.

In line with this process, the Remuneration Committee reviewed the salaries of Executive Directors during 2019/20. This review was the final year of the previously agreed three year process. Further consideration was also made to the transfer of services from North Cumbria from 1 October 2019 which has increased the size of the Trust and workforce.

As a result of the review, the Remuneration Committee awarded pay increases to Executive Directors as shown in the table below (Figure 7). These salary changes reflect the excellent standards of performance of the Trust, including in particular the outstanding assessment of the trusts services by the CQC

A handwritten signature in black ink, appearing to read 'Ken Jarrold', with a stylized flourish underneath.

**Ken Jarrold**  
**Chair**  
**23 June 2020**



## 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.

During 2019/20, the Trust has had two substantive Executive Directors paid more than £150,000, namely the Chief Executive Officer and the Executive Medical Director. The Trust is satisfied that both pay packages are reasonable.

The Trust's previous Chief Executive was remunerated more than the current Chief Executive Officer. The Executive Medical Director's package includes a sum for clinical duties as set out in figure 7. Remuneration reflects the complexity of the role and its responsibility.

All substantive Executive Directors' contracts are permanent with three months' notice (except the Director of Finance whose notice period is four months and the Chief Executive whose notice period is 6 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 during 2019/20 and benefits in kind relate to lease cars and salary sacrifice schemes.

The Trust pays a fee to Non-Executive Directors which is detailed in figure 7: CNTW Board of Directors Remuneration.

The Trust reimburses the Chief Executive, Executive Directors and Non-Executive Directors any reasonable travelling, hotel, hospitality and other expenses wholly, exclusively and necessarily incurred in the proper performance of their duties. This is subject to the production of relevant invoices or other appropriate proof of expenditure in respect of claims submitted.

## **Policy on payment for loss of office**

In accordance with the Senior Managers' Remuneration Policy, all Executive Directors' termination payments (including redundancy and early retirement) are aligned to the general NHS terms and conditions applicable to other staff.

## **Statement of consideration of employment conditions elsewhere in the Foundation Trust**

As described in the previous Annual Report, in 2018/19 the Remuneration Committee reviewed and agreed remuneration packages for the three NTW Solutions' executive director posts of Managing Director, Finance Director and Deputy Managing Director, and Director of Estates and Facilities using independent evaluations. The agreed remuneration packages were implemented from 1 April 2019 as set out in figure 8.

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 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.

## **Policy on diversity and inclusion used by the remuneration committee.**

When appointing senior managers to the Trust, the remuneration committee aligns with the Trust's strategy to deliver Workforce Race Equality standards, Workforce Disability Equality Standards and increase inclusive leadership, as a Stonewall diversity champion. The Trust values and promotes diversity and is committed to equality of opportunity for all. CNTW believes that the best boards are those that reflect the communities they serve and applications are particularly welcomed from women, people from the local black and minority ethnic communities, and disabled people who we know are under-represented in senior manager roles.

## Annual Report on Remuneration

### Service Contracts obligations

The date of service contracts, unexpired term and details of the notice period of Executive Directors who have served during the year are disclosed in figure 2.

### Remuneration Committee and Disclosures required by Health and Social Care Act

The purpose of the Remuneration Committee is to decide and review the terms and conditions of office of the Chief Executive and Executive Directors in the CNTW Group, 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 Group 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 of Governors 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 Remuneration Committee met twice during 2019/20. Figure 6 below shows the membership of the Remuneration Committee during 2019/20 along with their attendance.

**Figure 6: Membership of the Remuneration Committee and Attendance**

Name	Meetings	
	Total	Attended
Ken Jarrold (Chair)	2	2
David Arthur	2	1
Darren Best	2	2
Dr Les Boobis	2	2
Paula Breen	2	2
Alexis Cleveland	2	1
Michael Robinson	2	2
Peter Studd	2	2

The Remuneration Committee has received advice from John Lawlor, Chief Executive, Lynne Shaw, Acting Director of Workforce and Organisational Development and Debbie Henderson, Deputy Director of Communications and Corporate Affairs to assist their considerations. Members of the Trust in attendance at meetings in an advisory capacity only are not in attendance during discussions of their own remuneration and/or Terms and Conditions.

In 2017, the Remuneration Committee agreed an approach to increasing the salaries for Executive Directors as part of a three year strategy to benchmark salaries against the upper quartile of directors of medium-sized NHS Mental Health providers and the upper quartile salaries of medium-sized acute NHS providers. In 2019/20, the Remuneration Committee continued to review the salaries of Executive Directors in line with the three year strategy. During 2019/20, the Trust has had two substantive Executive Directors paid more than £150,000, namely the Chief Executive Officer and the Executive Medical Director. The Remuneration Committee was satisfied that both pay packages were reasonable and commensurate with the role.

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 is included in the section on “Disclosures set out in the NHS Foundation Trust Code of Governance”.

During 2019/20, there were 15 individuals fulfilling the role as director in the Trust, 10 of them receiving expenses in the reporting period totalling £12,391. The equivalent for 2018/19 for the Trust was 16 individuals, with 10 receiving expenses totalling £6,342.

During 2019/20, there were 6 individuals fulfilling the role as director in the Trust subsidiary company NTW Solutions, 3 of them receiving expenses in the period totalling £610. The equivalent for 2018/19 for the Trust subsidiary company NTW Solutions was 5 individuals, with 2 receiving expenses totalling £202.

During 2019/20, there were 41 individuals in Governors’ roles, but at any one time there was of a minimum of 30 Governors in post. Nine Governors received expenses during the year which totalled £1589.95. The equivalent for 2019/20 was 41 individuals in Governor roles with a minimum of 30 Governors in post at any one time. Governors during 2019/20 received expenses totalling £817.96.

**Figure 7: CNTW Board of Directors Remuneration - Remuneration for each board member who served during 2019/20 along with prior year comparatives.**

Trust - Board of Directors Remuneration								
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	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
Ken Jarrold - Chair	50 - 55	50 - 55	0	0	0	0	50 - 55	50 - 55
Alexis Cleveland - Non-Executive Director	15 - 20	15 - 20	0	0	0	0	15 - 20	15 - 20
Dr Leslie Boobis - Non-Executive Director	15 - 20	10 - 15	0	0	0	0	15 - 20	10 - 15
Peter Studd - Non-Executive Director *	5 - 10	10 - 15	108	26	0	0	15 - 20	15 - 20
David Arthur - Non-Executive Director	15 - 20	0 - 5	0	0	0	0	15 - 20	0 - 5
Michael Robinson - Non-Executive Director	15 - 20	0 - 5	0	0	0	0	15 - 20	0 - 5
Darren Best - Non-Executive Director	5 - 10	0 - 0	0	0	0	0	5 - 10	0 - 0
Paula Breen - Non-Executive Director	5 - 10	0 - 0	0	0	0	0	5 - 10	0 - 0
John Lawlor - Chief Executive	200 - 205	190 - 195	0	0	0.0 - 0.0	0.0 - 0.0	200 - 205	190 - 195
James Duncan - Executive Director of Finance and Deputy Chief Executive *	130 - 135	125 - 130	107	92	0.0 - 2.5	15.0 - 17.5	145 - 150	150 - 155
Dr Rajesh Nadkarni - Executive Medical Director *	200 - 205	165 - 170	120	102	0.0 - 0.0	62.5 - 65.0	210 - 215	240 - 245
***Gary O'Hare - Executive Director of Nursing and Operations	145 - 150	130 - 135	14	0	267.5 - 270.0	475.0 - 477.5	415 - 420	605 - 610
Lisa Quinn - Executive Director of Commissioning and Quality Assurance *	125 - 130	115 - 120	61	47	0.0 - 0.0	137.5 - 140.0	135 - 140	260 - 265
***Lisa Crichton-Jones - Executive Director of Workforce and Organisational Development *	0 - 0	15 - 20	0	16	37.5 - 40.0	50.0 - 52.5	35 - 40	65 - 70
Lynne Shaw - Acting Executive Director of Workforce and Organisational Development *	115 - 120	90 - 95	54	38	0.0 - 0.0	150.0 - 152.5	120 - 125	250 - 255

For Dr Rajesh Nadkarni, £46,000 of the remuneration relates to clinical duties (2018/19 £51,000 ). The remuneration of all other Executive Directors relates to management posts.

Dr Rajesh Nadkarni opted out of the NHS Pension Scheme on 1st September 2018. James Duncan opted out of the pension scheme on 1st July 2019, Lisa Quinn opted out of the pension scheme on 1st October 2019 and John Lawlor opted out on 1st January 2020.

\*\*\*For Directors highlighted with \*\*\* the salaries and taxable benefits where the full costs have been met by other organisations have been adjusted to reflect any secondment arrangements. Pension related benefits have not been adjusted to reflect recharges for secondments. Lisa Crichton Jones was seconded to Gateshead Health NHS Foundation Trust from 1st June 2018 and Lynne Shaw is acting into the role of Director of Workforce and Organisational Development from that date. This was in place for the whole of 2019/20.

\*\*\* The salary for Gary O'Hare has been adjusted to include part-time salary costs recharged to Cumbria Partnerships Foundation Trust (CPFT) up to 30th September 2019 and to Lancashire and South Cumbria NHS Foundation Trust (LCFT) from 1st October 2019 for part-time secondment arrangements. The pension related benefits other than salary costs have not been adjusted to reflect these part-time secondments as a full term in office as an executive director of the Trust applies. The full unadjusted salary costs for Gary O'Hare prior to recharges to other organisations would be in the salary band £190,000 - 195,000 bracket.

\*The Directors highlighted with \* have salary sacrifice schemes during the year, which can result in increases/decreases in both salary and pension related benefits as salary sacrifice schemes are entered into and withdrawn from. All taxable benefit costs are met by the employee as part of the salary sacrifice scheme arrangements. The Board does not consider membership of the salary sacrifice scheme relating to Peter Studd to have had an adverse impact on his role as Non-Executive Director of the Trust. Policies and procedures relating to salary sacrifice schemes and NED Terms and Conditions are continually subject to review.

**Figure 8: NTW Solutions Board of Directors Remuneration - Remuneration for each NTW Solutions board member who served during 2019/20 along with prior year comparatives.**

NTW Solutions - Board of Directors Remuneration								
Name and Title	Salary Bands of £5,000		Taxable Benefits rounded to the nearest £100		Pension Related Benefits Annual Increase in Pension Entitlement		Total Bands of £5,000	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
Peter Studd - Chair NTW Solutions	5 - 10	5 - 10	0	0	0	0	5 - 10	5 - 10
James Duncan - Non-Executive Director NTW Solutions	5 - 10	5 - 10	0	0	0	0	5 - 10	5 - 10
Andrew Buckley - Non-Executive Director NTW Solutions	5 - 10	0 - 5	0	0	0	0	5 - 10	0 - 5
Malcolm Aiston - Managing Director NTW Solutions	95 - 100	110 - 115	27	18	0.0 - 0.0	0.0 - 0.0	95 - 100	110 - 115
Tracey Sopp - Director of Finance and Deputy Managing Director NTW Solutions *	100 - 105	75 - 80	4	56	100.0 - 102.5	22.5 - 25.0	200 - 205	105 - 110
Paul McCabe - Director of Estates and Facilities NTW Solutions *	85 - 90	0	64	0	50.0 - 52.5	0.0 - 0.0	145 - 150	0 - 0

The Directors highlighted with \* have salary sacrifice schemes during the year which can result in increases/decreases in both salary and pension related benefits as salary sacrifice schemes are entered into and withdrawn from.

Malcolm Aiston retired from the NHS Pension Scheme on 30th March 2019. Malcolm Aiston returned to work on a part-time basis from 1st April 2019 and has been a member of the NEST defined contribution scheme from 1st April 2019.

Paul McCabe was appointed Director of Estates and Facilities from 1st April 2019 and Tracey Sopp's role changed from Director of Finance on 1st April 2019 to incorporate Deputy Managing Director responsibilities.

## Fair Pay Multiple

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 2020 on an annualised basis.

**Figure 9: Median remuneration**

<b>Fair pay multiple</b>	<b>2019/20</b>	<b>2018/19</b>
Median total remuneration	<b>26,656</b>	<b>25,442</b>
Ratio to mid-point of the banded remuneration of highest paid director	<b>7.60</b>	<b>7.57</b>
<b>Range of Remuneration in bands of £5,000</b>	<b>£000</b>	<b>£000</b>
Remuneration ranged from	<b>5 - 10</b>	5 - 10
Remuneration ranged to	200 - 205	190 - 195

## Pension Benefits

The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to transfer of pension rights.

This value derived does not represent an amount that will be received by the individual. It is a calculation that is intended to provide an estimation of the benefit being a member of the pension scheme could provide.

Figure 10: Board of Director Pension Analysis 2019/20 provides further information on the pension benefits accruing to the individual.

## Total pension entitlement

Figure 10: Board of Director Pension Analysis 2019/20

	Real Increase (decrease) in pension at pension age	Real Increase (decrease) in lump sum at pension age	Total accrued pension at pension age at 31-03-20	Lump sum at pension age related to accrued pension at 31-03-20	Cash Equivalent Transfer Value at 31-03-20	Cash Equivalent Transfer Value at 31-03-19	Real Increase in Cash Equivalent Transfer Value
<b>Trust - Board of Directors</b>							
	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	0.0 - 2.5	0.0 - 2.5	75 - 80	235 - 240	1,912	1,814	33
James Duncan *							
Executive Director of Finance and Deputy Chief Executive	0.0 - 2.5	(0.0) - (2.5)	45 - 50	105 - 110	868	829	14
Dr Rajesh Nadkarmi *							
Executive Medical Director	0.0 - 0.0	0.0 - 0.0	0 - 0	0 - 0	0	1,041	0
Gary O'Hare Executive Director of Nursing and Operations ***	12.5 - 15.0	37.5 - 40.0	95 - 100	285 - 290	2,192	1,805	316
Lisa Quinn *							
Executive Director of Commissioning & Quality Assurance	0.0 - 2.5	(5.0) - (7.5)	45 - 50	115 - 120	890	856	5
Lisa Crichton-Jones *							
Executive Director of Workforce & Organisational Development **	0.0 - 2.5	0.0 - 2.5	30 - 35	70 - 75	572	511	0
Lynne Shaw *							
Acting Executive Director of Workforce & Organisational Development	(2.5 - 5.0)	(15.0) - (17.5)	20 - 25	40 - 45	357	431	0

The 2018/19 pension figures for John Lawlor have been revised by the Greenbury team who provide the NHS Pension Scheme disclosures to be included in annual reports.

The Directors highlighted with \* have salary sacrifice schemes during the year which can result in increases and decreases in pension benefits as schemes are entered into and withdrawn from.

\*\* Lisa Crichton-Jones was on a secondment to Gateshead Health NHS Foundation Trust for the financial year 1st April 2019 to 31st March 2020. The increases/(decreases) in pension, lump sum and cash equivalent transfer value have been adjusted to reflect not being in post for the financial year, but the total accrued pension, lump sum and cash equivalent transfer values have not been adjusted for periods in post and are disclosed in full.

\*\*\* The pension disclosures for Gary O'Hare include the full real increases in pension fund values and full total accrued pension, lump sum and cash equivalent transfer values. The amounts have not been adjusted to reflect the part-time secondment arrangements detailed in the remuneration section.

Dr Rajesh Nadkarni opted out of the NHS Pension Scheme on 1st September 2018. As Dr Nadkarni was not a member of the pension scheme during 2019/20 the pension scheme information is not provided by the Greenbury team. James Duncan opted out of the pension scheme on 1st July 2019, Lisa Quinn opted out of the pension scheme on 1st October 2019 and John Lawlor opted out of the scheme on 1st January 2020.

The pensionable pay in relation to Lynne Shaw's acting up arrangements has been adjusted during 2019/20.



	Real Increase (decrease) in pension at pension age	Real Increase (decrease) in lump sum at pension age	Total accrued pension at pension age at 31-03-20	Lump sum at pension age related to accrued pension at 31-03-20	Cash Equivalent Transfer Value at 31-03-20	Cash Equivalent Transfer Value at 31-03-19	Real Increase in Cash Equivalent Transfer Value
<b>NTW Solutions - Board of Directors</b>							
	Bands of £2.5k	Bands of £2.5k	Bands of £5k	Bands of £5k			
	£000	£000	£000	£000	£000	£000	£000
<b>Malcolm Aiston</b>							
<b>Managing Director NTW Solutions</b>	0.0 - 0.0	0.0 - 0.0	0 - 0	0 - 0	-	-	0
<b>Tracey Sopp *</b>							
<b>Director of Finance and Deputy Managing Director NTW Solutions</b>	5.0 - 7.5	7.5 - 10.0	20 - 25	50 - 55	407	306	80
<b>Paul McCabe *</b>							
<b>Director of Estates and Facilities</b>	2.5 - 5.0	2.5 - 5.0	30 - 35	85 - 90	705	602	77

The Directors highlighted with \* have salary sacrifice schemes during the year which can result in increases and decreases in pension benefits as schemes are entered into and withdrawn from.

Malcolm Aiston retired from the NHS Pension Scheme on 30th March 2019. From 1st April 2019 Malcolm Aiston has been a member of the NEST defined contribution scheme.

Paul McCabe was appointed Director of Estates and facilities from 1st April 2019.

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

Cash equivalent transfer values are not applicable where individuals are over 60 years old. As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members.

The Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accumulated benefits and any contingent spouse's pension payable from the scheme. CETV's are calculated in accordance with SI 2008 No.1050 Occupational Pension Schemes (Transfer Values) Regulations 2008.

The method used to calculate CETVs has changed to remove the adjustment for Guaranteed Minimum Pension (GMP) on 8th August 2019. If the individual concerned was entitled to GMP, this will affect the calculation of the real increase in CETV. This is more likely to affect the 1995 Section and the 2008 Section. This does not affect the calculation of the real increase in pension benefits or the total pension related benefit figures disclosed.

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).

The pension benefits and related CETVs disclosed do not allow for any potential future adjustments which may arise from the McCloud judgement.

### **Payments for loss of office**

During 2019/20, no payments have been made to senior managers for loss of office.

### **Payments to past senior managers**

No payments have been made to past senior managers during 2019/20.



**John Lawlor**  
**Chief Executive**  
**23 June 2020**

### **3.3 Staff Report**

#### **Employee Numbers**

At the 31 March 2020, the Board of Directors for Cumbria, Northumberland, Tyne and Wear Foundation Trust comprised of six Executive Directors (two female and four male) and eight Non-Executive Directors (two female and six male).

At 31 March 2020, the Board of Directors of NTW Solutions Limited comprised of three Executive Directors (one female and two male) and three Non-Executive Directors (three male).

For the purposes of this Annual Report only Board members are considered to be senior managers.

The NTW Group has 7328 employees including Non-Executive Directors (5,402 female and 1,926 male) of whom 26% work part-time.

2,962 employees (2,260 female and 702 male) are also registered with one or more of the Trust's staff banks. In addition, there are currently 612 'bank only' workers (428 female and 184 male) who do not hold substantive posts elsewhere in the Trust.

A total of 446 bank only staff worked shifts during 2019/2020.

**Figure 12: Employee Expenses and Employee Numbers**

Employee Expenses	Group						Trust					
	Total	Permanently Employed	Other	Total	Permanently Employed	Other	Total	Permanently Employed	Other	Total	Permanently Employed	Other
	2019/20	2019/20	2019/20	2018/19	2018/19	2018/19	2019/20	2019/20	2019/20	2018/19	2018/19	2018/19
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Salaries and wages	228,179	226,192	1,987	203,137	202,236	901	214,598	212,611	1,987	190,427	189,548	879
Social security costs	21,310	21,310	0	18,982	18,982	0	20,218	20,218	0	17,982	17,982	0
Apprenticeship levy	1,054	1,054	0	936	936	0	999	999	0	897	897	0
Pension cost - employer's contributions to NHS Pensions	26,779	26,779	0	24,259	24,259	0	25,410	25,410	0	22,888	22,888	0
Pension cost - employer's contributions paid by NHSE on provider's behalf (6.3%)**	11,589	11,589	0	0	0	0	10,987	10,987	0			
Pension cost - other contributions	170	170	0	83	83	0	58	58	0	29	29	0
Temporary staff - agency/contract staff	11,725	0	11,725	7,642	0	7,642	11,378	0	11,378	7,395	0	7,395
<b>Total staff costs</b>	<b>300,806</b>	<b>287,094</b>	<b>13,712</b>	<b>255,039</b>	<b>246,496</b>	<b>8,543</b>	<b>283,648</b>	<b>270,283</b>	<b>13,365</b>	<b>239,618</b>	<b>231,344</b>	<b>8,274</b>
included within:												
<b>Costs capitalised as part of assets</b>	<b>587</b>	<b>587</b>	<b>0</b>	<b>524</b>	<b>524</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>137</b>	<b>137</b>	<b>0</b>
<b>Analysed into operating expenditure</b>												
Employee expenses - staff & executive directors	298,381	284,669	13,712	252,902	244,359	8,543	281,810	268,445	13,365	237,868	229,594	8,274
Research & Development	1,664	1,664	0	1,356	1,356	0	1,664	1,664	0	1,356	1,356	0
Internal audit costs	174	174	0	257	257	0	174	174	0	257	257	0
<b>Total employee benefits excluding capitalised costs</b>	<b>300,219</b>	<b>286,507</b>	<b>13,712</b>	<b>254,515</b>	<b>245,972</b>	<b>8,543</b>	<b>283,648</b>	<b>270,283</b>	<b>13,365</b>	<b>239,481</b>	<b>231,207</b>	<b>8,274</b>

\*\*See note 3.1 for Pension cost - employer's contributions paid by NHSE on provider's behalf (6.3%)

Average Number of Employees (whole time equivalent basis)	Group						Trust					
	Total	Permanently Employed	Other	Total	Permanently Employed	Other	Total	Permanently Employed	Other	Total	Permanently Employed	Other
	2019/20	2019/20	2019/20	2018/19	2018/19	2018/19	2019/20	2019/20	2019/20	2018/19	2018/19	2018/19
	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number
Medical and dental	392	372	20	361	341	20	392	372	20	361	341	20
Administration and estates	1,734	1,692	42	1,624	1,589	35	1,182	1,153	29	1,098	1,073	25
Healthcare assistants and other support staff	1,893	1,761	132	1,720	1,660	60	1,893	1,761	132	1,720	1,660	60
Nursing, midwifery and health visiting staff	2,040	2,008	32	1,897	1,878	19	2,040	2,008	32	1,897	1,878	19
Scientific, therapeutic and technical staff	341	341	0	279	273	6	341	341	0	279	273	6
Healthcare science staff	415	413	2	378	378	0	415	413	2	378	378	0
<b>Total average numbers</b>	<b>6,815</b>	<b>6,587</b>	<b>228</b>	<b>6,259</b>	<b>6,119</b>	<b>140</b>	<b>6,263</b>	<b>6,048</b>	<b>215</b>	<b>5,733</b>	<b>5,603</b>	<b>130</b>
of which:												
Number of employees (WTE) engaged on capital projects	15	15	0	10	10	0	10	10	0	10	10	0

## 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 aims to ensure that where absence does occur it is managed through a fair, consistent and supportive approach. The policy currently under review and conjunction with staff side and staff networks. Managers are responsible for the management of absence within their own areas, providing support and assistance wherever possible to employees. General advice and support on managing employee Wellbeing is provided from the Locality Workforce teams. A management development programme is in place which has a focus on healthy leadership and best practise in the management of absence.

A substantial amount of work has been undertaken to reduce levels of absence including the introduction of locality action plans. The current policy came into operation in February 2015 and was reviewed in January 2018 and is currently under review again. Absence management training for new appointed managers is mandatory and the continued support for managers, sickness clinics and publicising and monitoring timescales for referral to Occupational Health have all seen positive results. In addition specific training on Healthy leadership, resilience and stress risk assessment have been introduced.

The absence rate has decreased slightly over the last 12 months with the average figure for 2018/19 of 5.82% against 2019/2020 of 5.77% Management of sickness absence remains a key priority for the Trust. The table below shows the Trust's sickness absence data for the period 1 April 2019 to 31 March 2020 provided by the Trust's Electronic Staff Record (ESR) – Business Intelligence.

**Figure 13: Sickness Absence Data 1 April 2019 to 31 March 2020**

Average of 12 months	Average staff Full Time Equivalent (FTE)	FTE days available		FTE days recorded sickness absence	Average Sick Days per FTE
5.77%	6216.0	2,268,843.63		130,982.93	17.3

In late 2015, the Trust introduced a five-year Health and Wellbeing Strategy which was refreshed in 2017 in line with the Trust's Workforce and Organisational Development Strategy. This not only enables the Trust to support staff but allows us to understand better their health needs as well as to encourage staff to take responsibility for their own health.

There have been a range of health and wellbeing initiatives throughout the year to support staff and to provide a proactive influence in reducing the absence across the organisation. The Workforce Development Team have promoted health campaigns throughout the year which have also contributed to the achievement of the Better Health at Work Award for Maintaining Excellence. This also saw the organisation train the first cohort

of Health and wellbeing champions which is made up of staff from across the organisation in various disciplines and localities who have a role in supporting the promotion of staff health and wellbeing but also provide a valuable feedback tool about what it is our staff need to feel supported. There is also representation on the Health and Wellbeing work stream and Occupational Health work stream within the Great Place to Work programme which enables our organisation to provide a regional influence in these areas but also to bring back knowledge and best practice to support with our internal priorities.

## **Staff Policies and Actions – Applied during the financial year**

### **Workforce Policies**

Following the integration with North Cumbria a piece of work has been undertaken to map out and schedule Workforce Policies that need updating to reflect the practices in both organisations and to support managers to provide consistent advice across the organisation. Some of this work has been influenced by changes to employment law and to amendments to national terms and conditions of service. The Workforce Development Team have conducted a number of focus groups with staff on various different topics and also facilitated workshops at the Trust wide Nursing Conference. This engagement has been invaluable and has shaped and influence the Trust Workforce policies development moving forward.

### **Raising Concerns Policy**

The Trust's Whistleblowing Policy was reviewed in 2016 and again in 2018 to include the principles outlined in 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.

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.

The Raising Concerns policy has been communicated to all staff and in addition the Role of the Trust Freedom to Speak Up Guardian and the trust has been actively recruiting Champions and we have increased to 39 champions we have across the Trust is also widely promoted. The FTSUG has been given two days protected time in order to fulfil the FTUG role. This includes raising the profile of the role as well as supporting individual cases.

During the past year 87 cases have been reported to the FTSUG. This is an increase on the previous year which is a result of a change in national reporting where groups who raise concerns are now logged as individual cases. All concerns are always encouraged to be resolved through the utilisation of local policies and procedures. However where the FTSUG feels there is a wider concern this may be escalated to Director level. Concerns are dealt with to look for a resolution to the problem as well as identifying and learning and disseminating the learning as appropriate. Feedback is always provided to individuals who have been involved in raising the concern.

Information from both the FTSUG and concerns raised through centrally recorded routes are combined on a six monthly basis and presented to the Board in conjunction with the named Executive Director and named Non-Executive Director for Freedom the speak up. The report contains the numbers, areas of concerns and any specific cases for discussion with the Board.

## **Equality and Diversity Policies**

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.

## **Improvements to Equality and Diversity assurance**

To coincide with the launch of our new strategy in November 2018 the Trust took the opportunity to rethink how it provides assurance on Equality, Diversity and Inclusion issues within the Trust. It was recognised that the previous group provided good assurance around workforce issues but needed improvements regarding issues around service representation. The Terms of Reference and membership of the group have been reviewed. The frequency of meeting and the chair of the meeting have now also changed. Progress against the Strategy Action Plans is monitored at all meetings and issues are escalated through the Trust's Business Delivery Group and the Corporate Decisions Team Workforce Group. These changes provide more effective assurance on delivery of action plans. Escalation of issues that need further discussion happens more easily including debate about service delivery issues rather than just workforce issues. The move to a monthly basis has ensured that the agenda maintains momentum and actions are monitored closely and are delivered.

Since April 2019 the Trust have had Equality Diversity and Inclusion as a quality priority closely aligned to the Equality, Diversity & Inclusion Strategy. This was developed in conjunction with stakeholders (including staff), locality groups and the Equality & Diversity Lead at engagement events. A key strand of this is that removing the barriers that people with protected characteristics face in accessing our services, the Trust will improve the quality of care for all. A lot of this work to date has been to provide localities with baseline information and a database to improve community engagement on equality issues. This is enabling locality groups to establish local needs before deciding what actions are necessary to meet them. Progress against the quality priority is being monitored monthly at the Trust Equality, Diversity & Inclusion Steering Group.

## **Update on actions**

The Trust aligned the Trust-wide equality, diversity and inclusion objectives to the four EDS2 goals. Better health outcomes for our service users, improved patient access and experience, a representative and supported workforce and inclusive leadership.

## **Better health outcomes for our service users.**

In the action plans the Trust stated that it wished to grow our network of links with local BAME communities that will enable working together to better understand and provide for the health needs of those communities. A baseline of E&D information has been shared with the locality groups along with a searchable database of local third sector voluntary and other groups and this information has also been shared. Conversations are now taking place with localities to use this information alongside EDS2 to develop action plans and to develop those links and raise awareness amongst teams. The E&D lead has liaised with HAREF, (the Health and Race Equality Forum) in Newcastle and from this HAREF will be delivering cultural competency sessions in 2020 to staff working in Newcastle teams. This will increase confidence in the services from the communities that we serve.

## **Improved patient access and experience**

The Trust implemented Recite Me in autumn 2019. The cloud-based assistive technology allows web visitors to customise digital content so that they can consume it in ways that works for them. Examples being, the colour contrasts on the website can be altered to make the site more accessible for people with a visual impairment or dyslexia, patient information leaflets can be read out by the package. This development coupled with the work the Trust are doing to make BSL interpretation available on line for crisis teams is helping us to meet the requirements of the Accessible Information Standard. The Steering Group continues to monitor the implementation of the standard and this will be supplemented in 2020 with the ratification of an Accessible Information Standards policy.

## **A representative and supported workforce**

The Trust continues to deliver Workforce Race Equality Standard actions. One action was to increase representation in the workforce. The Trust joined with a number of other NHS organisations to hold a recruitment event designed to attract black, Asian and minority ethnic people to work for the NHS, the first of its kind in the region. The BAME Recruitment Event took place on the 27th April 2019 at the Royal Victoria Infirmary, Newcastle.

The day offered:

- the chance to meet people from each organisation,
- an outline of NHS employee benefits,
- an introduction to job roles in the NHS,
- interview skills and application processes, and
- job matching.

The group created a bespoke 8 minutes film showing the NHS as the Employer of Choice and 5 separate 2 minute snapshots for use on Twitter, Facebook and other social media. Bespoke publicity material aimed at attracting our BAME community, engaged effectively and we achieved a successful outcome with over 400 attendees on the day

The Trust engaged with our BAME staff to ensure they were part of the event, promotional material and sought volunteers to be available on the day. This enabled additional engagement with those attending, enabled staff to talk openly about what it's like to work for the NHS providing credibility but we also benefited from having attendees who had additional language skills available on the day.



The event will take place annually and plans are being made for a similar event to attract disabled people to consider a career in the NHS.

In August the Trust reported on the metrics for the Workforce Disability Equality Standard for the first time. Key pieces of work for this will be to use the Staff Survey metrics as a starting point for a focus group for disabled staff in the Trust to examine and suggest actions to address the issues that the metrics from the staff survey raise. Related to this the Staff Network has developed a proposal for addressing the provision of reasonable adjustments in the Trust and a key action for 2020 will be to seek to implement that proposal. The E&D lead is also chairing an NHS Employers Group looking at the implementation of the WDES and will use best practice from that and regionally with a Great Place to Work to inform our actions in the coming year.

The Trust still need to improve the level of information that we have on ESR for protected characteristics. This is something the Trust are developing in conjunction with other organisations regionally as part of the ICS Great Place to work agenda.

### **Inclusive leadership**

At the start of 2019 the Trust signed a three year agreement to be Diversity Champions with Stonewall. The Trust submitted evidence for their Workplace Equality Index in September and received the results in January. The feedback received from Stonewall was that this was a good first submission. In 2020 the Trust will benchmark policies, procedures and practices to ensure that they are LGBT+ inclusive and friendly. This work complements that of the LGBT+ Staff Network who this year have developed and rolled out an LGBT+ awareness half-day training programme and LGBT+ Allies Training. In addition to this the LGBT+ Staff Network have been present at Pride Festivals providing health information throughout the region we serve in 2019.

### **Developments for 2020**

The Trust will engage in consultation with all of our stakeholders (employees, patients, local interest groups, governors, trust members and any other interested parties.) to set and review our actions using EDS2. In addition to these Trust-wide objectives operational localities and corporate departments will be using EDS2 to set local objectives towards improving equality diversity and inclusion for those we serve and to make the Trust a great place to work. Part of this consultation will involve the relaunch of staff networks, focus groups with BAME and Disabled staff and locality based E&D Speak Easy events.

A Task and Finish Group is being set up to establish reverse mentoring in the Trust and we will be looking for volunteers from the staff networks to join this and in addition for potential mentors from our networks.

In July 2019 members of our BAME staff trained to be Cultural Ambassadors with The programme involved a three-day training course for volunteers to increase their knowledge and understanding of relevant legislation and topics, including the Equalities Act, cultural intelligence, unconscious bias and influencing skills. The next steps are to complete the roll out this work and seek to engage further volunteers to be trained as ambassadors, which we have commenced with the launch at the Nursing Conference in March.

The Trust in 2019 secured funding from the North East Leadership Academy for ICS wide Equality Diversity and Inclusion work through a Great Place to Work. The funding is to deliver two important pieces of work that will realise local benefits as well as regional. The funding will delivery two events in 2020 that will focus on

- Making Staff Networks in the region an effective resource for promoting Equality Diversity and Inclusion
- Conference promoting engagement with Equality Diversity and Inclusion for Senior Staff in the North East

## **Staff Engagement**

Effective staff engagement is key to the Trust meeting the many challenges faced by it and all NHS organisations. Being an employer of choice is important and our values of being caring, compassionate respectful, honest and transparent underpin our approach to staff engagement. The organisation recognises the link between happy, engaged staff who feel listened to and heard, attended to, valued, respected and cared for and the quality of care and patient experience it provides and uses engagement as a means of influencing and shaping improvements, policy and strategy. By communicating clearly, listening, learning and acting on feedback and by involving staff in decisions that affect them and the way they work, the Trust seeks to maintain and improve staff morale, retention and wellbeing.

Further engagement is the cornerstone of our approach to becoming a learning organisation and is supported by collective and devolved leadership and a high performing culture that places patients, service users, carers and staff at the heart of all it does.

The ability to engage all staff, including colleagues employed, is a challenge particularly due to our size, geography and number of people employed and so the Trust is constantly looking to: - use all available data and intelligence to support our approach, ensure the effectiveness of what is already in place and introduce new and innovative techniques and approaches to further build and embed staff engagement practice.

The Trust supports a number of regular opportunities for staff to engage including:

- Weekly Bulletin;
- Weekly Question,
- Social media
- The Speak Easy programme

Additionally there are a number of well-established approaches/forums which include:

- Trade Union and Management Partnership Forum
- The Council of Governors (Public and Staff)
- Schwartz Rounds
- Talk First
- The Service User and Carer Engagement Forum.
- Locality engagement events including Staff Survey action planning and patient and carer involvement groups
- The Annual Staff Excellence Awards – staff nominated awards and recognition of team and individual achievements and contribution

- Embedding of collective leadership and devolution – with decisions made as near to delivery of care as possible
- Leadership walkabouts

Additionally 2019/20 saw

- Further devolution of problem solving and decision making to teams at a local level
- Locality/ staff led Long Term Planning
- Establishment of the Patient, Carer and Service User Involvement Team and exploratory conversations around shared staff and service user engagement opportunities
- A refresh of the Organisational Development Network, now known as the Organisational Improvement Collaborative, enabling staff from all walks of life to be supported and nurtured and enabled to engage and contribute in the next phase of the Trusts development.

The Trust recognises that engagement needs to be constantly attended to if we are to keep pace with increasing activity, workforce shortages, rising patient and service user and staff expectations and the Trust is developing plans to introduce new engagement interventions throughout 2020/21.

NTW Solutions staff can access various means of staff communication and engagement used by the Trust. In addition, NTW Solutions:

- issued its own staff newsletter;
- held regular drop-in meetings with its staff (every six to eight weeks) on our main hospital sites to provide updates on developments in the company and to engage with staff on issues raised by them;
- commenced a rolling programme of individual senior team members meeting local staff teams to discuss identified topics;
- set up a Working Group, involving engagement with staff, to improve communications and engagement processes across the company; and
- took part in the CNTW Group Annual Staff Excellence Awards

## **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.

The Trust held a partnership event with staff side to look at ways working together in the coming year and this also included a review of the Partnership agreement. The event was positive and resulted in a number of joint objectives being set. During this event the Trust also signed the TUC dying to work charter to illustrate the support the Trust gives to those staff members who have been diagnosed with a terminal illness.

The Trust 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.

The Trust has developed a HR framework agreed with Staff Side which focusses on how we will engage and consult with staff during organisational change. Whilst we are not legally required to undertake formal consultation for the majority of the organisational change the Trust has agreed it will still utilise a consultation process approach.

During 2019/2020 specific consultations with staff have included the following:

#### North Locality

- IPBS Team - change base from Ferndene to SNH
- Universal Crisis team - change working hours
- Community Treatment Team – change of base
- ICTS – change of base

#### Central Locality

- Oswin ward – change in working hours work pattern change
- Gateshead CTT – change of base
- Haverigg - harmonisation terms and conditions
- ECT - change of
- Admin Psychiatric Liaison NCL/GHD – service redesign
- Homeless Service – change of base
- Older Peoples Inpatient Ward - change of shift pattern
- Dual Diagnosis Therapist – service redesign
- Forensic Community PD Team – service redesign following national changes

#### South Locality

- CYPS Leadership Team (Community CBU)– Restructure due to change in pathway
- Head Injuries (Neuro and Specialist CBU) - re-provision of the service.
- Admin – service redesign
- IST – service redesign

#### North Cumbria

- No consultations since transfer

## Corporate

- Finance – service redesign, restructure
- NTW Academy – service redesign, restructure
- Workforce Developments Team – service redesign, restructure

## **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.

## **Occupational Health, Counselling and Health Promotion**

The organisation embarked on a new contract with People Asset Management (PAM) for Occupational Health Services for the former NTW element of the organisation. This is a collaborative piece of work between the Trust, NTW Solutions and Tees, Esk and Wear Valleys NHS Foundation Trust. The service provides Occupational advice and support including but not limited to new starter health declarations, Immunisations and Physiotherapy. PAM also provide an Employee Assistance Service both over the telephone and online. To support staff who may require more in depth support to what is available via EAP the Trust has developed its own Psychological Wellbeing Service to provide further support where staff need it. It is anticipated this service will be rolled out to our colleagues in Cumbria in 2020 where Occupational Health is currently provided by NCIC.

## **Counter Fraud Activities**

The Trust receives a dedicated local counter fraud specialist service from AuditOne. The AuditOne counter fraud team have developed a comprehensive counter fraud work plan and risk register for the Trust in accordance with the NHS Counter Fraud Authority guidance. 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 441 5935. Alternatively fraud can be reported through the confidential Fraud Reporting Hotline on 0191 441 5936 or on the National NHS Fraud Reporting Hotline 0800 028 40 60 between 8am and 6pm, Monday to Friday or online at [www.reportnhsfraud.nhs.uk](http://www.reportnhsfraud.nhs.uk)

## Staff Survey Results

### Commentary

Since 2010, the Trust has adopted a census approach to the Staff Survey. Whilst the results listed here are relating to the National Survey, the Trust action planning also takes into account the findings from our census report as well as themes identified from the free text comments. The Trust, in the past five 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. Staff Survey results are disseminated widely throughout the Trust with presentation of key findings at meetings with Trust Board, Corporate Decisions Team, Business Development Group, 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 Corporate Decisions Team (Workforce) Group. In addition localities also develop their own specific action plans which are monitored through local assurance groups.

From 2019 onwards, the results from questions are grouped to give scores for eleven themed indicators. The indicator scores are based on a score out of ten for certain questions with the indicator score being the average of those. The response rate to the 2019 survey among trust staff was 56% (2018: 67%). Scores for each indicator together with that of the survey benchmarking group Mental Health /Learning Disability Trusts are presented below.

**Figure 14: Staff Survey 2019 Compared to Staff Survey 2018 & 2017**

Theme	2019		2018		2017	
	Trust	Benchmarking Group	Trust	Benchmarking Group	Trust	Benchmarking Group
Equality, diversity and inclusion	9.3	9.0	9.3	8.8	9.3	9.0
Health and wellbeing	6.4	6.0	6.5	6.1	6.6	6.1
Immediate managers	7.5	7.3	7.5	7.2	7.5	7.2
Morale	6.5	6.3	6.6	6.2	NA	NA
Quality of appraisals	6.0	5.8	5.9	5.7	5.9	5.5
Quality of care	7.5	7.4	7.4	7.3	7.5	7.3
Safe environment – bullying and harassment	8.3	8.0	8.2	7.9	8.3	8.0
Safe environment – violence	9.1	9.3	9.1	9.3	8.9	9.2
Safety culture	7.1	6.8	7.0	6.7	7.0	6.7
Staff engagement	7.1	7.0	7.1	7.0	7.1	7.0
Team working	7.1	7.0	7.2	6.9	7.1	6.9

## **Key Findings**

- All results based on the former NTW only
- Fewer staff responded 56% - down 11% points on 2018 but slightly better than the average of 54% for similar Trusts
- No changes from previous year have been statistically significant
- NTW has the best scores in its benchmark group for two themes Equality Diversity and Inclusion (however less positive for BAME and Disabled Staff) and Safe Environment Bullying and Harassment

## **Actions, Future Priorities and Targets**

Discussions at Executive Directors, Corporate Decisions Team – Workforce and within Localities have commenced to determine priority areas. Analysis of and actions through the Workforce Race and Disability Equality Standards to address the relatively poor scores for BAME and Disabled staff for the themes equality diversity and inclusion and safe environment - bullying and harassment are being devised in collaboration with our staff networks. The survey analysis has also been fed into the review of health and wellbeing and sickness absence policy. The Trust continues to look at and learn from Trusts whose scores are better than ours.

## **Trade Union Facility Time**

The Trade Union (Facility Time Publication Requirements) Regulations 2017 were introduced on 1 April 2017 and require Public Sector Employers to publish the total costs of paid facility time taken by employees who are trade union officials. The period runs from 1 April – 31 March each year.

The published information is also meant to differentiate between statutory facility time (where representatives have the right to paid time off) and non-statutory facility time.

Information that must be published is:

- The total number of employees who were relevant union officials during the period.
- The percentage of each of these employees' working time spent on facility time.
- The percentage of the employer's total pay bill spent on facility time.
- Time spent on paid trade union activities as a percentage of the total paid facility time hours.

Our outcomes were as follows:

- 27 relevant union officials during the period.
- 26 employees spent between 1-50% of their working time on facility time and one between 51-99%.
- 0.05% of NTW's total pay bill spent on Facility time.
- 19.1% time spent on trade union activities as a percentage of the total paid facility time hours.

## Expenditure on Consultancy

The Trust expenditure on consultancy during 2018/19 is provided within the Annual Accounts in note 4 (section 4).

## Off-Payroll Engagements – CNTW Group

**Figure 15: Off-Payroll Engagements – CNTW Group**

**Number of Off-Payroll Engagements as of 31st March 2020, for more than £245 per day and that have lasted for longer than six months**

<b>Number of existing engagements as of 31st March 2020</b>	<b>0</b>
Of which.....	
No. that have existed for less than one year at time of reporting	0
No. that have existed for between one and two years at time of reporting	0
No. that have existed for between two and three years at time of reporting	0
No. that have existed for between three and four years at time of reporting	0
No. that have existed for four or more years at time of reporting	0

All of the off-payroll arrangements relating to Medics operating on a self-employment basis through Personal Services Companies (PSCs) and through Staff flow in 2016/17 are now on-payroll arrangements following the implementation of IR35.

**Number of New Off-Payroll Engagements, or those that reached six months in duration between 1st April 2019 and 31st March 2020, for more than £245 per day and that have lasted for longer than six months**

<b>Number of new engagements, or those that reached six months in duration between 1st April 2019 and 31st March 2020</b>	<b>0</b>
Of which.....	
Number assessed as within the scope of IR35	0
Number assessed as not within the scope of IR35	0
Number engaged directly (via PSC contracted to Trust) and are on the Trust's payroll	0
Number of engagements reassessed for consistency/assurance purposes during the year	0
Number of engagements that saw a change to IR35 status following the consistency review	0

**Number of New Off-Payroll Engagements of Board Members or Senior Officials with significant financial responsibility between 1st April 2019 and 31st March 2020.**

<b>Number of off-payroll engagements of Board members or senior officials with significant financial responsibility during the year</b>	<b>0</b>
<b>Number of individuals that have been deemed 'board members and/or senior officials with significant financial responsibility' during the financial year. This figure includes both off-payroll arrangements and on-payroll engagements.</b>	<b>0</b>



## Exit Packages

The table below (Figure 16 and 17) shows the total exit packages from the CNTW Group in 2019/20 and 2018/19.

**Figure 16: Exit Packages 2019/20**

Exit Packages 2019/20

	Compulsory Redundancies	Compulsory Redundancies	Other Departures Agreed	Group Other Departures Agreed	Total Exit Packages	Total Exit Packages	Special Payments	Special Payments
	Number	£000	Number	£000	Number	£000	Number	£000
Exit package cost band:								
< £10,000	0	0	30	146	30	146	0	0
£10,001 to £25,000	0	0	2	28	2	28	0	0
£25,001 to £50,000	0	0	0	0	0	0	0	0
£50,001 to £100,000	0	0	0	0	0	0	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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>32</b>	<b>174</b>	<b>32</b>	<b>174</b>	<b>0</b>	<b>0</b>

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 17: Exit Packages 2018/19**

Exit Packages 2018/19

	Compulsory Redundancies	Compulsory Redundancies	Other Departures Agreed	Group Other Departures Agreed	Total Exit Packages	Total Exit Packages	Special Payments	Special Payments
	Number	£000	Number	£000	Number	£000	Number	£000
Exit package cost band:								
< £10,000	0	0	30	122	30	122	0	0
£10,001 to £25,000	0	0	2	26	2	26	0	0
£25,001 to £50,000	0	0	1	31	1	31	0	0
£50,001 to £100,000	0	0	0	0	0	0	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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>33</b>	<b>179</b>	<b>33</b>	<b>179</b>	<b>0</b>	<b>0</b>

## **Gender pay gap**

The Gender Pay Gap Report for Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust is presented annually at our Board of Directors meeting held in Public. The report can also be accessed on the Trust website at [www.cntw.nhs.uk](http://www.cntw.nhs.uk) or on the Cabinet Office website <https://gender-pay-gap.service.gov.uk/>

A handwritten signature in black ink, appearing to read 'John Lawlor'.

**John Lawlor**  
**Chief Executive**  
**23 June 2020**

### **3.4 Disclosures set out in the NHS Foundation Trust code of governance (The Governance Report)**

Cumbria, 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 Standing Financial Instructions, 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 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, NHS Improvement, 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.

## Annual Report on the work of the Audit Committee 2019/20

### 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 responsibility of Executive Directors and the Accountable Officer to establish and maintain processes for governance and for the Board of Directors to receive assurance that such procedures are in place. The Audit Committee, comprised of independent Non-Executive Directors, independently monitors, reviews and reports to the Board of Directors on the process of governance and risk management and, where appropriate, facilitates and supports, through its independence, the attainment of effective processes.

### Audit Committee Composition and Attendance:

The Audit Committee is comprised of three Non-Executive Directors. David Arthur was appointed as Chair of the Audit Committee on 14 January 2019 and continues in this role. The Board is satisfied that the Chair of the Audit Committee has recent and relevant financial experience.

Each of the Non-Executive Directors who have been members of the Audit Committee during the 2019/20 period were considered to be independent.

In addition to the non-executive directors, the Deputy Chief Executive/Executive Director of Finance, Executive Director of Commissioning and Quality Assurance, Director of Finance and Deputy Managing Director of NTW Solutions Limited, External Audit and Internal Audit, including Counter Fraud, were all invited to each meeting during the year.

A Governor Representative was also invited to attend each Audit Committee meeting.

The Audit Committee met five times during the financial year. Attendance at those meetings was as follows in figure 18:

**Figure 18: Audit Committee Attendance 2019/20**

Member	Meetings	
	Total	Attended
David Arthur (Chair from 14.01.19 to date)	5	5
Michael Robinson (Member from 27.02.19)	5	5
Peter Studd	5	5

In attendance	Meetings	
	Total	Attended
James Duncan, Deputy Chief Executive/ Executive Director of Finance	5	3
Lisa Quinn, Executive Director of Commissioning and Quality Assurance	5	5
Tracey Sopp, Director of Finance and Deputy MD NTW Solutions Limited	5	4
Debbie Henderson, Deputy Director of Communications and Corporate Affairs (Company Secretary)	5	4
Internal Audit	5	5
External Audit	5	5
Counter Fraud	5	5

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 2019/20, this included, amongst other matters, the following activities:

- Assessed the integrity of the Group's consolidated and NTW Solutions standalone financial statements for the year ended March 31, 2019;
- 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 NHS Improvement;
- 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 Board Assurance Framework ('BAF') and Corporate Risk Register were complete, monitored, fit for purpose and in line with Department of Health expectations, as well as receiving assurance on the ongoing process for review;
- 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 NHS Improvement/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 discussed 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. On April 1, 2017 the Trust established a fully owned subsidiary company, NTW Solutions. Accordingly, the Trust has prepared consolidated financial statements for the year ended March 31, 2020 which will be presented to the Audit Committee in May 2020.

The significant matters considered were:

#### **Impairment of Accounts Receivable:**

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.

At March 31, 2020, the Group provided approximately £0.8 million against potential irrecoverable debts (Trust £0.8m). At March 31, 2019, the Group provided approximately £0.6 million against potential irrecoverable debts (Trust £0.6m).

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.

#### **Going Concern:**

The Audit Committee formally considered the assumptions relating the going concern basis of reporting of the financial statements for 2019/20. After careful analysis and debate, the Audit Committee recommended to the Board that the use of going concern basis for the preparation of the annual financial statements was appropriate.

## 2. Board Assurance Framework

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

The Trust's principal risks and the mitigating controls are reflected in the Board Assurance Framework ('BAF') and Corporate Risk Register ('CRR'). During 2019/20, the Audit Committee was responsible for the formal annual review of the BAF and CRR.

The Audit Committee provided challenge and scrutiny directly the Executive 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 noted the work performed at Board level during 2019/20 to assess and update the Trust's risk appetite.

The Audit Committee provided challenge and scrutiny 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 on 15 May 2019. The Trust was provided with good assurance on the basis that there is "generally sound system of internal control, designed to meet the organisation's objectives".

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, 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 for 2018/19. This was supported by other Audit Committee reviews such as of the Board Assurance Framework, Corporate Risk Register, 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 for



2018/19.

#### 4. Clinical Audit

Clinical Audit continued to be reported to the Quality and Performance sub-committee of the Board ('Q&P') and not to the Audit Committee. One member of the Audit Committee is also a member of Q&P. Therefore, the Audit Committee is able to monitor any issues raised by Clinical Audit to Q&P.

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 2018/19 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 for 2018/19 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 for 2018/19 has been prepared in accordance with detailed guidance issued by Monitor.

On 29 January 2020, Mazars presented the audit plans for Cumbria, Northumberland Tyne and Wear NHS Foundation Trust (and Group) to the Audit Committee. The audit plan was challenged robustly, particularly in terms of timing, resources required versus fee proposed, 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.

Following the challenge and debate, the Audit Committee was satisfied that the audit plan for 2019/20 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.

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 misstatement. None of the unadjusted misstatements identified were assessed as material. The Trust's financial statements 2018-19 were adjusted for all the matters identified.

Mazars was re-appointed as the Trusts External Auditor on completion of a tender for Audit services in 2018. The Council of Governors Audit Working Group led the tender process for the appointment of the Trust's External Auditors and agreed a specification which defined the role of the Auditors and the capabilities required. It was agreed that the Trust would be looking for Auditors with experience and expertise relating to NHS Subsidiary Companies and Group Audits. The scoring methodology was designed to ensure that the quality of audit service provided could be scored to ensure the decision was not solely based on price. Following this, with the support of the Trust's Procurement Officer, external audit companies were invited to tender for the supply of External Audit services to the Northumberland, Tyne and Wear NHS Foundation Trust Group. Two companies submitted a bid for the tender and delivered a presentation to the Audit Working Group. The Audit Working Group subsequently scored the presentation and tender submissions and unanimously agreed to recommend to the full Council of Governors to offer the contract to Mazars. The Council of Governors, on 20 December 2018, ratified the decision to award the External Audit contract to Mazars to commence 1 June 2019, for a period of 36 months with an option to extend for a further 24 months.

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 2019/20 Mazars also undertook the audit of NTW Solutions Limited and an independent examination of the Trusts Charitable Funds; Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust Charity.

The Audit Committee considered the scope of the work being requested from Mazars and the proposed fee. The Audit Committee also confirmed that the scope of the work had been subject to Mazars' 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.

### Internal Audit & Counter Fraud

The Trust has an established Internal Audit and Counter Fraud function, provided by AuditOne (hosted by CNTW), to provide independent objective assurance and advisory oversight of the operations and systems of internal control within the Trust. AuditOne is an NHS audit consortium providing services to a number of NHS trusts in northern England.

AuditOne helps the Trust to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The Committee reviewed, challenged and approved the proposed AuditOne audit and counter fraud plans and budgets for 2019/20.

The results of each audit and counter fraud engagement were presented to the Committee along with the responses of management. The Committee considered the findings made and the adequacy and completeness of management responses. The implications of any significant findings on the effectiveness of the overall internal control system and the BAF were assessed.

The Audit Committee monitored that any remedial actions required were undertaken according to the agreed timescales. Where delays occurred, the reasons were reported to the Audit Committee.

After careful consideration, the Committee is satisfied that:

1. The Trust has an adequate and effective framework for risk management, governance and internal control; and
2. Any delays in taking remedial actions were justifiable.

### Policies

The Board has delegated responsibility for the review and oversight of the Raising Concerns (Whistleblowing), Declarations of Interest and Fraud Bribery and Corruption policies.

The Declaration of Interest Policy was reviewed and updated during 2019/20 to include further clarity in relation to indirect interests, in particular, relationships and Bribery and Corruption.

The Fraud, Bribery and Corruption Policy and Response policy was reviewed during 2019/20 and Governance changes were made.

In relation to the Raising Concerns (whistleblowing) policy, the application of that policy is managed by the Quality and Performance Committee. Any significant matters arising are brought to the attention of the Audit Committee by the Chair of the Quality and Performance Committee. However, the Audit Committee is responsible for assessing the independence, autonomy and effectiveness of the resolution of any significant matters subject to a whistleblowing event. No such matters were brought to the attention of the Audit Committee during the year.

### Annual Review of Audit Committee Effectiveness

Audit Committee members carried out a self-assessment exercise during March 2020 in line with the requirements and guidance of the NHS Audit Committee Handbook. The feedback was very positive in the majority of areas which cover: composition, establishment and duties; compliance with legislation and regulation; internal control and risk management; Internal Audit, Counter Fraud and Counter Fraud; clinical audit; and annual accounts and disclosure statements.

During 2020/21, the Committee will consider the process for gaining assurance on Internal Audits where agreed actions have not been met by the agreed implementation date. Consideration will also be made to understand if further assurances are required from third parties.

The areas for further consideration will be address by David Arthur, Audit Committee Chair and Debbie Henderson, Deputy Director of Communications and Corporate Affairs during 2020/21.

### Conclusion

The above report outlines the work of the Audit Committee during the past year upon which the assurances given to the Board of Directors during the year have been based.

The Committee recognises the challenges which the Trust will face in terms of the delivery of the CEDAR Programme and the risks associated with such change, but it is confident that key controls will be maintained through the Trust's governance framework in order to assist the Trust in achieving its objectives.

The Committee also recognises the short and long term risks associated with the ongoing COVID-19 pandemic and the impact this will have on the Trust going forward. The Trust is continuing to manage ongoing COVID-19 related work under surge management planning. As part of the emergency planning arrangements, a COVID Gold Command Centre has been set up at St Nicholas Hospital which is led by Gary O'Hare, Executive Director of Nursing and Chief Operating Officer and lead for Emergency Planning. This has been supported by the following meetings which have also been introduced to support COVID operational work:

- COVID19 Incident Management Group
- COVID19 Operational Teams
- COVID19 ICS-wide calls service specific
- COVID-19 National webinars – service specific

As a result of the ongoing COVID-19 pandemic and the number of staff involved to support the work, the Committee recognises that staff will not be as available to the Trusts Auditors which may impact on a number of internal audits being deferred or cancelled in the coming year. This is to ensure that the capacity of the Trusts operational staff is prioritised to manage the response to COVID-19. However, it is intended that enough audits are completed to ensure that enough assurance is gained for auditors to provide an opinion.

Therefore, the Committee has acknowledged the ongoing COVID-19 pandemic and internal audit rated as 'Limited' in relation to the Management of Medical Devices during 2019/20 and would urge the Board to be conscious of the 'risk based' approach to audit and the Committee's endorsement of such an approach, so that the Trust can utilise audit resources in the areas of most significant risk to best prepare ourselves for the future.

## Understanding the views of Governors and Members

The Board of Directors ensure that they on Trust by:

- Board members attending Governor Engagement Sessions and Council of Governor General Meetings;
- Council of Governors' updates being received at meetings of the Board of Directors;
- Annual joint meeting of the Council of Governors and Board of Directors;
- Informal opportunities to network; and
- Governor Representatives attending sub-committees of the Board, provides a further opportunity to share views;
- Council of Governors attendance at the Board of Directors meetings.

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. The composition of the Council of Governors is also detailed in the Trust's Constitution available on the website at [www.cntw.nhs.uk](http://www.cntw.nhs.uk)

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. During 2019/20, mental health and disability services in North Cumbria were formally transferred to NTW. Therefore, to ensure that the Cumbria region was fully represented. The Trusts constitution was amended to include a further Public Constituency for Cumbria and an additional clinical and non-clinical staff position. The Constitution, as amended, was fully approved by the Council of Governors on 10 September 2019. This resulted in the Trust having seven public Governors, one for each local government area. Any individual who lives outside one of the seven local government areas but within England and Wales may become a public member and they will be represented by the Newcastle upon Tyne/ Rest of England and Wales constituency.

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 three 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 they 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.

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 2019/20, their constituencies, whether they were elected and their attendance during 2019/20.

Fiona Grant became the lead governor on 1<sup>st</sup> December 2015 and continues in this role following a formal re-appointment, approved by the Council of Governors in December 2018.

An election took place during the autumn of 2019 resulting in some changes from 1 December 2019. These are set out in the table below.

As at 31 March 2020, the Council of Governors carried a vacancy for one Carer Governor and one Service User Governor.

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 attended relating to their role as a Governor.

**Figure 19: Membership of the Council of Governors and Attendance  
April 2019-March 2020**

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		73	5	5
Tom Bentley	Public Gateshead	Yes	01.12.19		4	1	1
Evelyn Bitcon	Public Cumbria	Interim Governor	14.01.20		2	1	1
Stephen Blair	Public, Newcastle and Rest of England/Wales	Yes	01.12.18		16	5	3
Sharon Boyd	Public Sunderland	Yes	01.12.18		16	5	1
Russell Bowman	Service User, Neuro Disability Services	Yes	01.12.09	Term ended 30.11.12	36	-	-
			01.12.18		16	5	4
Colin Browne	Public, South Tyneside Carer, OPS	Yes	01.12.13		36	-	-
			01.12.16		40	5	1
Kat Boulton	Service User, Children/Young People's Services	Yes	01.12.19		4	1	0
Victoria Bullerwell	Staff Non-Clinical	Yes	01.12.17		28	5	2
Anne Carlile	Carer Adult Services	Yes	01.04.16		48	5	4
Kevin Chapman	Staff Clinical	Yes	01.12.18		16	5	4
Cllr Kelly Chequer	Local Authority Sunderland	No	08.08.19		8	3	0

Revell Cornell	Staff Non-Clinical	Yes	01.12.19		4	1	1
Andrew Davidson	Service User Learning Disability Services	Yes	01.12.09 01.12.18	Term ended 30.11.12	36 16	- 5	- 3
Cllr Wilf Flynn	Local Authority South Tyneside	No	01.10.19		6	2	1
Andrew Fothergill	Service User Adult Services	Yes	01.12.17	Resigned 01.12.19	24	3	3
Janet Folland	Staff Clinical	Interim Governor	01.03.20		1	1	0
Fiona Grant	Service User Adult Services	Yes	01.12.14		64	5	1
Cllr Margaret Hall	Local Authority North Tyneside	No	20.05.16		46	5	0
Cllr Maria Hall	Local Authority Gateshead	No	01.06.19		10	4	3
Cllr Helen Harran	Local Authority Gateshead	No	30.07.18	Resigned 30.06.19	11	1	0
Catherine Hepburn	Public North Tyneside	Yes	01.12.16		40	5	4
Prof Kim Holt	University Northumbria University	No	04.10.18		17	5	2
Cllr Audrey Huntley	Local Authority South Tyneside	No	26.04.18	Resigned 30.06.19	14	1	0
Cllr Veronica Jones	Local Authority Northumberland	No	25.07.17		32	5	2
Claire Keys *	Service User Adult Services Staff Clinical	Yes Yes	01.12.12 01.12.15	14.09.14 (see note)	21 52	- 5	- 2
Diane Kirtley	Carer, Neuro Disability Services	Yes	01.04.16		48	5	0
Mary Laver	Service User Older People's Services	Yes	01.12.19		4	1	0
Felicity Mendelson	Local Authority Newcastle	No	01.02.16		50	5	1
Annie Murphy	Community and Voluntary Sector	No	22.06.18		21	5	3
Prof Daniel Nettle	Universities Newcastle University	No	20.10.17	Resigned 08.10.19	24	3	0
Denise Porter	Community and Voluntary	No	01.04.17		36	5	3

Fiona Regan	Carer, Learning Disability Services	Yes	01.12.18		16	5	5
Jacqui Rodgers	Universities Newcastle University	No	25.10.19		5	2	1
Uma Ruppia Geethanath	Staff Medical	Yes	01.12.18		16	5	2
Janice Santos	Carer, Children & Young People's Services	Yes	01.12.18		16	5	4
Bill Scott	Public, Northumberland	Yes	01.12.14		64	5	4
Bob Waddell	Staff Non-Clinical	Yes	01.12.12		88	5	4
Cllr Geoff Walker	Local Authority	No	18.05.18	Resigned 19.08.19	15	2	0
Jack Wilson	Service User Children & Young People's Service	Yes	01.12.13	Term ended 30.11.19	64	4	2
Cheryl Wright	Public Gateshead	Yes	01.12.17	Resigned 20.08.19	20	2	1

\*Claire Keys served as a service User governor for adult services between 1 December 2012 and 14 September 2014, i.e. 21 months. Then from 1 December 2015 – 30 November 2018 (36 months) and from 1 December 2018 as a Clinical Staff Governor for 36 months.

There have been five formal meetings of the Council of Governors during 2019/20, including the Annual Members' Meeting. There has also been a number of training, engagement sessions as determined by the Governors' Steering Group.



**Figure 20: Analysis of attendance of Board members at formal Council of Governors' meetings.**

<b>Council of Governors' meetings held in public, attended by Board members</b>		
Director	Total	Attended
Ken Jarrold	5	5
David Arthur	5	3
Darren Best	2	2
Dr Les Boobis	5	5
Paula Breen	2	0
Alexis Cleveland	5	3
Lisa Crichton-Jones (on secondment during 2019/20)	0	0
James Duncan	5	4
John Lawlor	5	4
Dr Rajesh Nadkarni	5	3
Gary O'Hare	5	1
Michael Robinson	5	5
Lisa Quinn	5	
Lynne Shaw	5	4
Peter Studd	5	4

## 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 21: Nominations Committee Membership and Attendance**

<b>Name</b>	<b>Designation</b>	<b>Total</b>	<b>Attended</b>
Ken Jarrold	Trust Chair	6	6
Margaret Adams	Public Governor	6	5
Anne Carlile	Carer Governor	6	0
Fiona Grant	Service User Governor	6	3
Jack Wilson	Service User Governor	2	1
Bob Waddell	Staff Governor	6	5
Catherine Hepburn	Public Governor	6	1
Denise Porter	Community & Voluntary Sector Governor	6	5

The Nominations Committee is jointly chaired by the Trust Chair and an elected Governor.

The work undertaken by the Nominations Committee entails reviewing job descriptions and person specifications, processes 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 also includes overseeing the process relating to the termination, where this is not as a result of resignation, of the Chair or another NED coming to the end of their 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.

In May 2019 the Nominations Committee commenced a process to recruit to two Non-Executive Director positions. The recruitment process was managed in house and the positions were advertised openly through NHS Jobs. The Council of Governors and the Trust Board discussed and established the qualities, skills and key attributes that were required for Non-Executive Director positions. In addition, it was also agreed that candidates would be required to have personal values that align to those of the Trust including being able to demonstrate empathy, compassion and the ability to connect with service users, their families and their carers. Consideration was also given to the work in collaboration with Cumbria Partnership NHS Foundation Trust (CPFT) where it had been agreed to transfer mental health and disability services to NTW on 1 October 2019. As a consequence, applications were welcomed from candidates with a strong connection to Cumbria, to ensure that the region could be fully represented by the Trust going forward.

Due consideration was also made to balance the gender and ethnicity imbalance within the Board of Directors.

The Nominations Committee agreed and conducted a process of reviewing the candidate applications to assess their suitability for the post and develop a shortlist of candidates to invite to take part in a focus group and formal interview. The focus group consisted of two Non-Executive Directors, two Executive Directors and two elected members of the Council of Governors.

A formal interview was conducted by a panel comprising of four Governor Members of Nominations Committee and the Chair, supported by the Chief Executive and Deputy Director of Communications and Corporate affairs (Company Secretary) who were both in attendance in an advisory capacity.

The nominations committee presented their recommendation to the full Council of Governors on 10 September 2019, of which Council of Governors approved the recommendation to appoint Paula Breen and Darren Best to the Non-Executive Director positions for a period of up to three years.

Furthermore, In September 2019, NHS England/Improvement published new guidance “Structure to align remuneration for Chairs and Non-Executive Directors of NHS Trusts and NHS Foundation Trusts”. The new structure published by NHSE/I seeks to address the longstanding issues associated with significant disparities between the remuneration of Chairs and NEDs of NHS Trusts and NHS FTs.

At its October meeting, the nomination committee considered a report summarising the Trust’s current position with regard to remuneration of the Chairman and Non-Executive Directors (NEDs), and plans to ensure compliance with the requirements, using the ‘comply or explain’ approach.

The committee agreed that the current remuneration levels for the Chairman and NEDs were broadly in line with the proposals outlined in the NHSE/I guidance. The committee agreed that given the complexity and size of the Trust (both in terms of turnover and geographical footprint), as well as the skill and experience of the current Chairman and NEDs, the current levels of remuneration would remain unchanged.

It was also agreed that the Trust would maintain the application of one additional payment of £2000 per annum for chairing of Board sub-committees (regardless of the number of committees chaired, one payment of £2000 would be applied). The committee agreed to an additional payment of £2000 per annum for undertaking the role of Senior Independent Director (an additional payment if they also Chair a sub-committee of the Board). The committee agreed that there would be no additional payment made in relation to the role of Vice-Chair. However, should the Vice-Chair be required to cover a period of absence, the committee would agree an appropriate additional payment.

The rationale for the applications agreed would be provided on request via the comply or explain approach to NHSE/I.

Finally, given that the current NEDs salaries were not significantly different from the proposed fee set out in the new guidance, the committee agreed to review the salary as part of future appointment processes for NEDs.

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

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 2019/20 the Council of Governors as well as service users, carers and members of the public were fully involved in the development of the of the Trust's Quality Priorities for 2020/21.

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 and annually every March. The register is available for inspection on the internet at [www.cntw.nhs.uk](http://www.cntw.nhs.uk) or on request, from Jennifer Cribbes, Corporate Affairs Manager, Chief Executive's Office, St. Nicholas Hospital, Jubilee Road, Gosforth, Newcastle upon Tyne, NE3 3XT. ([Jennifer.Cribbes@cntw.nhs.uk](mailto:Jennifer.Cribbes@cntw.nhs.uk)).

## **NHS Foundation Trust 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.

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

The Trust remains compliant with all provisions of the code. The Board of Directors, received a full assurance report on:

- Individual requirements of the Code;
- Confirmation of compliance (or an explanation of non-compliance where required);
- Evidence of compliance; and
- Clarification on reporting and disclosure requirements

All requirements where supporting information is required to be made available is available either on request or on the Trusts website at [www.cntw.nhs.uk](http://www.cntw.nhs.uk)

The Trust continues to keep governance arrangements under review to ensure their effectiveness and no material governance concerns were identified. In 2018, 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 and Board 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 an appropriate induction programme and are encouraged to keep abreast of matters affecting their duties.

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 leads the Executive Directors appraisals. 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 individual Committees self-assess their 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. Cumbria, Northumberland, North Tyneside, South Tyneside, Gateshead, Sunderland and Newcastle, or the rest of England and Wales;
- Has used our services in the last six 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 2020 the Trust reported a membership of 11,875 public and 7,333 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 Governors steering 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@cntw.nhs.uk](mailto:governors@cntw.nhs.uk)

Members are also encouraged to comment, make suggestions or submit articles to the Trust's Foundation Trust Membership News, either via email to [members@ntw.nhs.uk](mailto:members@ntw.nhs.uk), or by telephone.

The table below (Figure 22) shows an analysis of our membership as at 31 March 2020.

**Figure 22: Analysis of membership as at 31 March 2020**

<b>Constituency</b>	<b>31 March 2020</b>
<b>General Public</b>	
Cumbria	77
Gateshead	967
Newcastle upon Tyne	3,476
Rest of England and Wales	
Northumberland	1,379
North Tyneside	1,447
South Tyneside	794
Sunderland	2,012
<b>Sub total</b>	<b>10,152</b>
<b>Service Users</b>	
Adults	374
Children and young people	135
Learning disability	87
Neuro-disability	112
Older people	39
Unknown*	44
<b>Sub total</b>	<b>791</b>
<b>Carers</b>	
Adults	141
Children and young people	524
Learning disability	105
Neuro-disability	79
Older people	83
<b>Sub total</b>	<b>932</b>
<b>Total All Public</b>	<b>11,875</b>
<b>Staff</b>	
Unspecified	17
Medical	354
Other Clinical	4,867
Non Clinical	2,095
<b>Total All Staff</b>	<b>7,333</b>
<b>Total Members</b>	<b>19, 208</b>

Note: \*Included in total are 44 service users who have not stated which service they use and are therefore recorded as unknown

### **3.5 NHS Oversight Framework**

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

- quality of care
- finance and use of resources
- operational performance
- strategic change
- leadership and improvement capability (well-led).

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

#### **Segmentation**

NHS Improvement have assessed Cumbria, Northumberland, Tyne & Wear NHS Foundation Trust as segment 1 – maximum autonomy. 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 31 March 2020. Current segmentation information for NHS Trusts and foundation Trusts is published on the NHS Improvement website.

#### **Finance and Use of Resources**

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



**Figure 23: NHS oversight framework: Finance and Use of Resources**

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

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 2019/20 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. We are a New Care Model for adult secure and children's inpatient services, working in partnership with NHS England and Tees, Esk and Wear Valley NHS Foundation Trust. Commissioners monitor our performance through

monthly monitoring reports and regular contract review meetings. We performed broadly in line with 2019/20 patient care contracts over the year.

### **3.6 Voluntary Disclosures - 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 & 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.

**NTW Solutions Limited**

Although NTW Solutions had a turnover which was below the level required to publish a Modern Slavery Act Statement, their Directors followed good practice in doing so. The company's Modern Slavery Act Statement is published on its website.

### **3.7 Statement of Accounting Officer's Responsibilities**

Statement of the chief executive's responsibilities as the accounting officer of Cumbria, 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 NHS Improvement.

NHS Improvement, in exercise of the powers conferred by Monitor by the NHS Act 2006, has given Accounts Directions which require Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust and of its income and expenditure, other items of comprehensive income and cash flows for the financial year.

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

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

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

the NHS foundation trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

A handwritten signature in black ink, appearing to read 'John Lawlor'.

John Lawlor,  
Chief Executive  
23 June 2020

### 3.8 Annual Governance Statement 2019-20

#### Scope of responsibility

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

#### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust and the group, 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 Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust and the group for the year ended 31 March 2020 and up to the date of approval of the annual report and accounts.

#### Capacity to handle risk

The 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. Risk management training to support the implementation of the Risk Management Strategy and Policy which includes a risk appetite framework has continued to take place throughout the Trust this year. This includes training for new staff as well as training which is specific to roles in areas of clinical and corporate risk. Delivery of training against targets is monitored by the Board of Directors, and managed through the Trust Corporate Decisions Team and its sub groups 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 (each of which has four clinical business units), 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 Committees of the Board of Directors are required to consider the risks pertaining to their areas of responsibility by reviewing the management of Corporate and Group top risks; reviewing Board Assurance Framework to ensure that effective controls are in place to manage corporate risks and to report any significant risk management and assurance issues to the Board of Directors.

The Corporate Decisions Team and its Risk Management 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, it considers the effectiveness and completeness of assurances and that documented controls are in place and functioning effectively.

### **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, 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 score.

The Foundation Trust's Risk Management Strategy for 2017 – 2022 defines the risk management ambitions for the organisation:-

1. To support greater devolution of decision making and accountability for management of risk throughout the organisation from Board of Directors to point of delivery (Board to Ward).
2. To promote a risk culture of monitoring and improvement, which ensures risks to the delivery of the Trust's ambitions are identified and addressed.
3. To define processes, systems and policies throughout the Trust which are in place to support effective risk management and ensure these are integral to activities in the Trust.
4. To support service users, carers and stakeholders through the reduction of risks to service delivery and improved service provision.
5. To support the Board of Directors in being able to receive assurance that the Trust is continuously monitoring external compliance targets and legislation responsibilities, including standards of clinical quality, NHS Improvement compliance requirements and Trust's licence.

Risks facing the organisation will be identified from a number of sources, for example:

- Risks arising out of the delivery of day to day work related tasks or activities
- The review of strategic or operational ambitions



- As a result of an incident or the outcome of investigations
- Following a complaint, claim or patient feedback
- As a result of a health and safety inspection/assessment, external review or audit report
- National requirements and guidance

The Foundation Trust Board of Directors through its Risk Management Strategy and Policy has adopted a risk appetite statement which shows the amount of risk the Board of Directors is willing to accept in seeking to achieve its Strategic Ambitions. This was agreed following a Board of Directors Development session in February 2017 and is reviewed on an annual basis. This was last reviewed at a Board of Directors Development Session in March 2020. Risk appetite is the level of risk deemed acceptable or unacceptable based on the specific risk category and circumstances/situation facing the Trust. This allows the Trust to measure, monitor and adjust, as necessary, the actual risk positions against the agreed risk appetite.

All risks which exceed the Trust risk appetite will be reported through the Trust Governance Structures to the Board of Directors.

The table below summarises those risks which have exceeded risk appetite, as reported to the Board in the Assurance Framework in March 2020. All risks identified below are considered as in year and future risks relating to the Strategic Ambitions pertinent to 2019-20.

Risk Ref	Risk description	Risk Appetite	Risk Score
SA1.10	If the Trust were to acquire additional geographical areas this could have a detrimental impact on NTW as an organisation.	Compliance/Regulatory (6-10)	3x4 = 12
SA1.4	There is a risk that high quality, evidence based safe services will not be provided if there are difficulties accessing services in a timely manner due to waiting times and bed pressures resulting in the inability to sufficiently respond to demands.	Quality Effectiveness (6-10)	4x4 = 16
SA5.1	That we do not meet and maintain our compliance standards including NHSI, CQC and legislation.	Compliance/Regulator (6-10)	3x5 = 15
SA5.2	That we do not meet statutory and legal requirements in relation to Mental Health Legislation	Compliance/Regulator (6-10)	3x4 = 12
SA5.5	That there are risks to the safety of service users and others if we do not have safe and supportive clinical environments and safe, effective, high class services.	Quality Safety (1-5)	2x5 = 10
SA5.9	Inability to recruit the required number of medical staff or provide alternative ways of multidisciplinary working to support clinical	Quality Effectiveness (6-10)	3x4 = 12

Risk Ref	Risk description	Risk Appetite	Risk Score
	areas could result in the inability to provide safe, effective, high class services		

Action plans are in place to enable any gaps in control to be addressed. This process is managed through the Trust's governance structures described and those supporting and underpinning this are the Audit Committee, Quality and Performance Committee, Resource and Business Assurance Committee, and Mental Health Legislation Committee.

The Trust's governance structures are the subject of periodic review, the last review taking place May 2019 where minor changes were made to the committee terms of reference to reflect updated arrangements.

Each of the committees is chaired by a Non-Executive Director and has Executive Director Membership.

Throughout the year the Audit Committee has operated as the key standing Committee of the Board of Directors 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 that support the achievement of the organisation's objectives (both clinical and non-clinical).

Each of the sub-committees of the Board of Directors has responsibility for risks pertaining to their area of focus and ensuring the following takes place:

- Review the management of the Corporate Risk Register and the Groups top risks;
- Review the Board Assurance Framework to ensure that the Board of Directors receive assurances that effective controls are in place to manage corporate risks;
- Report to the Board of Directors on any significant risk management and assurance issues.

The Quality and Performance Committee has responsibility for overseeing the Foundation Trust's performance against fundamental standards for quality and safety as part of this role. The Committee also considers all aspects of quality and performance, clinical audit and research.

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 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.

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. Board of Directors

2. Quality and Performance Committee
3. Group Quality Standards Meetings
4. Corporate Decisions Team meetings and its Quality Sub-Group

The Trust undertook a self-assessment of leadership and governance using the CQC's well led framework during January 2019 which indicated compliance with each of the key questions. An internal audit was undertaken to review the self-assessment providing substantial assurance. An action plan has been produced to address the areas for consideration this will be monitored through Trusts Governance Structures.

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 CNTW(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 which is monitored through a sub group of Quality and Performance Committee. The Trust audit plan includes a rolling programme of audit against performance and quality indicators.

Registration compliance is managed through the above quality governance structures and is supplemented by the Group Director for Safer Care 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 Quality Sub Group. A process is 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 and Board of Directors, 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 Well Led review inspection during 2018 and rated the Trust as 'Outstanding'.

As described above the Trust has robust arrangements for governance in place. 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 of Directors has reviewed its governance structures and the Board of Directors and its Committees undertake an annual self-assessment of effectiveness and annually 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 Group having in place Locality Governance Groups. To fulfil this function the Corporate Decisions Team Risk Sub Group reviews the Assurance Framework and Corporate Risk Register, as well as reviewing Group risks.

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.

As part of CQCs well led review inspection during 2018 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 and North Cumbria. 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, working 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.

In line with the NHS Long Term Plan and associated Interim People Plan, the Trust continues to embed its workforce planning methodology to support business units in their approach to short, medium and long-term planning. Work has progressed at pace to link such plans to demand (activity), quality, and financial planning and to support the alignment of workforce, capacity, and resource to quality and activity. The Trust approach to workforce planning not only encompasses an overview of staffing numbers, roles and skill mix, but also takes into consideration the development and cultural changes needed to support the workforce of the future. This approach supports a better understanding of medium to high level workforce risks and the development of subsequent actions to mitigate against these. Stakeholders from a wide range of disciplines across both clinical and non-clinical services make significant contributions to the workforce planning process regarding their relevant area of work or profession.

The Trust Workforce plan is aligned to the Trust Wide Workforce Strategy and supporting clinical strategies which outline future developments across professionals and pathways of

care. These strategies take account of high level workforce analysis and developments at both a regional and national level – this is subsequently reflected within the workforce planning process which is regarded as a ‘live’ document; responsive to meet public health demands and service delivery. The Trust Workforce Strategy will be reviewed this year, and work undertaken as part of the approach to workforce planning will inform the future vision for the workforce, including health, wellbeing, retention and talent management, whilst being mindful of developing work across the wider system.

To support the workforce planning process several tools are available to stakeholders to access. These include internal workforce demographics, population demographics and public health data, HEE Star toolkit, CHPPD as part of the Carter and Model Hospital work, time and attendance rostering analysis, activity analysis, staff engagement data e.g. staff survey and financial establishment information.

Whilst work is undertaken to review and refresh workforce plans at a local level and in line with service changes and demands, the overall Trust Workforce Plan is incorporated into the annual planning cycle and formally reviewed by the Board on an annual basis. Regular establishment reviews take place, as part of the safer staffing approach across the Trust and in response to wider workforce, quality and financial analysis.

As part of the ongoing work to develop medium to long term staffing plans and mitigate against risk, new roles are a focus for the Trust and work is ongoing with regards to skill mix changes in clinical areas. These are monitored through local groups as well as the Trust wide strategic staffing Group and Recruitment and Retention group; ensuring oversight of the quality and safety impact upon the workforce. In addition, Safer Staffing reports are provided to Executive Directors and Trust Board and risks and mitigations identified.

The Trust monitors and triangulates a full suite of indicators, of which workforce is included, to report progress on the performance of the organisation through the Trust’s performance and assurance processes, including the Commissioning and Quality Assurance Report to the Board of Directors.

The Trust’s performance and assurance systems and processes support the presentation and analysis of information at Trust, Group, Service and Team levels which enables the dissemination of performance information to the various levels of the organisation, including staff teams. Updates are also shared with the Council of Governors. To further enhance this a number of quality dashboards have been developed including workforce, quality, finance and safer care data. Clinical dashboards enable clinical teams to monitor and review their performance and individual members of staff can also access their own personal dashboard which includes workforce and training information.

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

The foundation trust has published **on its website** an up-to-date register of interests, **including gifts and hospitality**, for decision-making staff **(as defined by the trust with reference to the guidance)** within the past twelve months as required by the *Managing Conflicts of Interest in the NHS22* guidance.

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

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

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

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

The Trust has a Long Term Financial Plan, which was updated and included in the Integrated Care System Long Term Plan in autumn 2019. Annually the Trust produces an Operational Plan, which includes detailed plans for delivery of service and financial objectives. A refresh of the operational plans and budgets for 2020/21 were approved by the Board in April 2020 in line with national guidance. Budgets are fully aligned with the operational plan submission. All budgets, including Financial Delivery Plans are signed off through the Executive team and Business Delivery Group before submission to the Board of Directors and all budgets are agreed and signed off by budget holders. The financial position is reviewed on a monthly basis, through the Executive Directors meeting, Business Delivery Group and through the Board of Directors and on a quarterly basis by the Resource and Business Assurance Committee.

The Board of Directors receives regular updates on the Financial Delivery Plan, which is also reviewed through the Executive Team, Business Delivery Group and Group meetings, as well as being reviewed by Resource and Business Assurance Committee. An integrated approach has been taken to financial delivery with each scheme assessed for its financial, workforce and quality impact. Each Group reviews its own performance on its contribution to the Trust Financial Delivery Plan at its Operational Management Group. This is subject to review through quarterly Accountability Framework review meetings between Executive Directors and the Groups. The Foundation Trust actively benchmarks its performance, through a range of local, consortium based and national groups, and is actively involved in a range of quality, resource and service improvement initiatives with NHS Improvement

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 has effective arrangements in place for Information Governance (IG) with performance against the Data Security and Protection (DSP) Toolkit reported through

the Caldicott Health Informatics Group, Quality and Performance Committee and the Corporate Decisions Team.

Following on from the release of the new version of the DSP Toolkit in 2018, further assertions were required within the Toolkit requirement for 2019 to 2020. In light of the national pandemic, the DSPT submission has been moved from 31st March 2020 to 30 September 2020. There are 116 assertions required, and the Trust have a robust management plan in place to ensure that the assertions are fully met by this time.

All IG incidents which occur and are reported by the Trust are assessed in respect of risk and impact to the subjects of the information, in line the guidance issued by NHS Digital: 'Guide to the Notification of Data Security and Protection Incidents. The breach assessment grid scores the likelihood of the incident against the impact on the individuals. If the incident is assessed as being reportable to the Information Commissioners Office as a serious incident then the Trust would do this through the Data Security and Protection Toolkit.

All IG incidents are subject to a robust internal investigation process to understand the cause and consequences of the breach, the actions taken/required, and shortcomings identified and addressed.

For the period of 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020, the Trust assessed no incidents as being 'serious incidents' for this year.

The Trust is committed to ensuring compliance with statutory, legislative and national frameworks/guidance to embed robust data security and information handling practices.

### **Data Quality and Governance**

2019-20 is the 11th year of publishing Quality Accounts for Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust.

The Trust has drawn upon service user, carer and staff feedback as well as the Council of Governors to inform the Quality Account. We have also listened to partner feedback on areas for improvement and our response to these are incorporated in the 2019-20 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 Trust Strategy, 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.

<b>Goal</b>	<b>Description</b>
Safety	Keeping you safe
Experience	Working with you, your carers and your family to support your journey
Effectiveness	Ensure the right services are in the right place at the right time to meet all your health and wellbeing needs

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. A formal

review process was established, the Quality Account/Report drafts were formally reviewed through the Trust governance arrangements (Executive Directors, Corporate Decisions Team - Quality, 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. These controls include:

- Trust policies on quality reporting, key policies include:
  - CNTW(O)05 - Incident Policy (including the management of Serious Untoward Incidents)
  - CNTW(O)07 - Complaints Policy
  - CNTW(O)09 – Records Management Policy
  - CNTW(O)26 - Data Quality Policy
  - CNTW(O)28 – Information Governance Policy
  - CNTW(O)34 - 7 Day Follow Up after discharge from inpatient mental health services
  - CNTW(O)62 - Information Sharing Policy
  - CNTW(O)36 – Data Protection Policy
  - CNTW(O)08 – Emergency Preparedness, Resilience and Response Policy
- Systems and processes have been further improved across the Trust during 2019-20 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
  - Data Security Awareness
- 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.

Through the engagement and governance arrangements outlined above the Trust has been able to ensure the Quality Account 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 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 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) External Audit, (iii) NHS England (iv) NHS Improvement's ongoing assessment of the Foundation Trust's performance, (v) on-going review of performance and quality by our Commissioners and vi) Self-assessment and internal audit of Trust's Leadership and Governance against CQC Well Led Framework.

Throughout the year the Audit Committee has operated as the key standing Committee of the Board of Directors 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:

- Overseeing the risk management system and obtaining assurances that there is an effective system operating across the Trust. Reviewing the establishment and maintenance of an effective system of integrated governance, risk management and internal control across the Foundation Trust that supports the achievement of the organisations objectives.
- 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 Board of Directors 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.

### **Transfer of North Cumbria Mental Health and Learning Disability Services**

On the 1st October 2019 Mental Health and Learning Disability services transferred from Cumbria Partnership NHS FT to CNTW. This transfer was managed through a multi-agency programme board including Providers, CCGs and CQC. On transfer there were 38 outstanding 'Must Do' actions from the CQC. North Cumbria Services formed a 4th Group within CNTW and became part of the trust governance and management structures from the 1st October 2019. All Risks, financial, workforce and quality issues have been managed through the Trust's embedded governance structures from this date as outlined in the Annual Governance Statement.

### **Trust Response to COVID-19 Pandemic**

In CNTW the COVID-19 Pandemic has been managed under Surge Emergency Planning and Emergency Infection Prevention Control measures through the Gold Command structure:

- Provision of continuous daily updates to workforce on the key risks, issues and decisions relating to COVID-19
- Priority being to provide safe, effective care and treatment to our patients
- Ensuring any control measures protect patients and staff during the pandemic
- Gold Command supported the Integrated NE&C System in response to pressures in other sectors

Gold Command is led by Gary O'Hare, Executive Director of Nursing and Chief Operating Officer and lead for Emergency Planning. Gold Command is supported by:

- COVID-19 Incident Management Group (comprised of Executives, Group Directors, director leads from corporate and support services) – daily meetings initially now twice weekly
- COVID-19 Operational Teams – daily calls
- COVID-19 ICS-wide calls, service-specific (i.e., communications, workforce, CEO, Executives) to share practice and approaches across the wider system where appropriate

**Conclusion**

My review confirms that Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust and the group 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.

A handwritten signature in black ink, appearing to read 'John Lawlor'.

**John Lawlor,  
Chief Executive  
23 June 2020**

#### **4. Annual Accounts**

## **Foreword to the Accounts**

### **Cumbria, Northumberland, Tyne & Wear NHS Foundation Trust Group**

These accounts for the period ended 31st March 2020 have been prepared by the Cumbria, Northumberland, Tyne & 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.

A handwritten signature in black ink, appearing to read 'John Lawlor'.

John Lawlor  
Chief Executive

**Statement of Comprehensive Income**

	Note	Group 2019/20 £000	Trust 2019/20 £000	Group 2018/19 £000	Trust 2018/19 £000
<b>Operating income</b>					
Operating income from patient care activities		349,329	348,727	296,227	296,227
Other operating income		30,387	33,317	27,405	30,329
<b>Operating income from continuing operations</b>	3	379,716	382,044	323,632	326,556
<b>Operating expenses from continuing operations</b>	4	(377,645)	(382,906)	(312,935)	(317,968)
<b>Operating surplus from continuing operations</b>		2,071	(862)	10,697	8,588
<b>Finance costs</b>					
Finance income	10	255	948	165	1,022
Finance expense	11	(5,315)	(5,315)	(5,533)	(5,532)
PDC dividends payable		(1,008)	(1,008)	(833)	(833)
<b>Net finance costs</b>		(6,068)	(5,375)	(6,201)	(5,343)
Asset disposals		3	24	2,534	2,534
Share of surplus from joint ventures		13	13	39	39
Gains from transfers by absorption		19,421	19,421	0	0
Corporation tax expense		(408)	0	(232)	0
<b>Surplus from continuing operations</b>		15,032	13,221	6,837	5,818
<b>Surplus for the financial year</b>		15,032	13,221	6,837	5,818
<b>Other comprehensive income</b>					
<b>Of which will not be reclassified to income and expenditure</b>					
Impairments		(1,781)	(1,781)	185	185
Revaluations		0	0	0	0
Other reserve movements		0	0	0	0
<b>Total comprehensive income for the year *</b>		13,251	11,440	7,022	6,003

\* The Trust's performance for the year against the agreed NHS Improvement control total is detailed in note 1.26.

A transfer of Mental Health and Learning Disabilities Services took place on 1st October 2019 between Cumbria Partnership NHS Foundation Trust (CPFT) and the Trust. The gain on transfers by absorption relates to the assets which transferred as part of this transfer of services.

**Statement of Financial Position**

	Note	Group 2019/20 £000	Trust 2019/20 £000	Group 2018/19 £000	Trust 2018/19 £000
<b>Non-current assets</b>					
Intangible assets	13	1,804	1,798	1,238	1,231
Property, plant and equipment	14	144,346	143,727	130,044	129,462
Investments in Subsidiaries	15	0	12,516	0	12,516
Loans to Subsidiaries	15	0	17,057	0	20,576
Investments in associates and joint ventures	15	33	33	20	20
Trade and other receivables	20	185	151	247	230
<b>Total non-current assets</b>		<b>146,368</b>	<b>175,282</b>	<b>131,549</b>	<b>164,035</b>
<b>Current assets</b>					
Inventories	19	429	277	437	273
Trade and other receivables	20	24,545	23,607	20,809	20,672
Other investments	15	500	0	0	
Loans to Subsidiaries	15	0	544	0	615
Non-current assets for sale and assets in disposal groups	16	545	545	325	325
Cash and cash equivalents	21	31,993	28,035	31,641	27,864
<b>Total current assets</b>		<b>58,012</b>	<b>53,008</b>	<b>53,212</b>	<b>49,749</b>
<b>Current liabilities</b>					
Trade and other payables	22	(37,220)	(34,797)	(30,955)	(28,721)
Borrowings	23	(4,076)	(4,076)	(4,980)	(4,980)
Provisions	26	(2,620)	(2,527)	(773)	(764)
Other liabilities	24	(831)	(3,860)	(484)	(3,513)
<b>Total current liabilities</b>		<b>(44,747)</b>	<b>(45,260)</b>	<b>(37,192)</b>	<b>(37,978)</b>
<b>Total assets less current liabilities</b>		<b>159,633</b>	<b>183,030</b>	<b>147,569</b>	<b>175,806</b>
<b>Non-current liabilities</b>					
Borrowings	23	(81,212)	(81,212)	(85,072)	(85,072)
Provisions	26	(7,121)	(7,121)	(6,372)	(6,372)
Other liabilities	24	(249)	(29,142)	(324)	(32,246)
<b>Total non-current liabilities</b>		<b>(88,582)</b>	<b>(117,475)</b>	<b>(91,768)</b>	<b>(123,690)</b>
<b>Total assets employed</b>		<b>71,051</b>	<b>65,555</b>	<b>55,801</b>	<b>52,116</b>
<b>Financed by</b>					
<b>Taxpayers' equity:</b>					
Public Dividend Capital		206,754	206,754	204,755	204,755
Revaluation reserve	28	3,819	3,819	3,095	3,095
Income and expenditure reserve		(140,707)	(145,018)	(153,294)	(155,734)
<b>Total taxpayers' equity</b>		<b>69,866</b>	<b>65,555</b>	<b>54,556</b>	<b>52,116</b>
<b>Other's equity:</b>					
Charitable fund reserves		1,185	0	1,245	0
<b>Total taxpayers' and others' equity</b>		<b>71,051</b>	<b>65,555</b>	<b>55,801</b>	<b>52,116</b>

The financial statements were approved by the Board on 23rd June 2020 and signed on its behalf by:



John Lawlor  
Chief Executive

**Statement of Changes in Taxpayers' Equity: 1st April 2019 to 31st March 2020**

	Group					Trust			
	Taxpayers' Equity 2019/20					Taxpayers' Equity 2019/20			
	Total	Public	Charitable	Income &		Total	Public	Income and	
	£000	Dividend	Revaluation	Fund	Expenditure	£000	Dividend	Revaluation	Expenditure
		Capital	Reserve	Reserve	Reserve		Capital	Reserve	Reserve
		£000	£000	£000	£000		£000	£000	£000
<b>Others' and Taxpayers' equity at 1st April 2019</b>	<b>55,801</b>	204,755	3,095	1,245	(153,294)	<b>52,116</b>	204,755	3,095	(155,734)
Surplus/(deficit) for the year	15,032	0	0	(60)	15,092	13,221	0	0	13,221
Transfers by absorption: transfers between reserves	0	0	2,518	0	(2,518)	0	0	2,518	(2,518)
Net Impairments	(1,781)	0	(1,781)	0	0	(1,781)	0	(1,781)	0
Transfer to retained earnings on disposal of assets	0	0	(13)	0	13	0	0	(13)	13
Public Dividend Capital received	1,999	1,999	0	0	0	1,999	1,999	0	0
<b>Others' and Taxpayers' equity at 31st March 2020</b>	<b>71,051</b>	<b>206,754</b>	<b>3,819</b>	<b>1,185</b>	<b>(140,707)</b>	<b>65,555</b>	<b>206,754</b>	<b>3,819</b>	<b>(145,018)</b>

**Statement of Changes in Taxpayers' Equity: 1st April 2018 to 31st March 2019**

	Group					Trust			
	Taxpayers' Equity 2018/19					Taxpayers' Equity 2018/19			
	Total	Public	Charitable	Income &		Total	Public	Income and	
	£000	Dividend	Revaluation	Fund	Expenditure	£000	Dividend	Revaluation	Expenditure
		Capital	Reserve	Reserve	Reserve		Capital	Reserve	Reserve
		£000	£000	£000	£000		£000	£000	£000
<b>Others' and Taxpayers' equity at 1st April 2018</b>	<b>47,510</b>	203,486	3,008	1,400	(160,384)	<b>44,844</b>	203,486	3,008	(161,650)
Surplus/(deficit) for the year	6,837	0	0	(155)	6,992	5,818	0	0	5,818
Net Impairments	185	0	185	0	0	185	0	185	0
Transfer to retained earnings on disposal of assets	0	0	(98)	0	98	0	0	(98)	98
Public Dividend Capital received	1,269	1,269	0	0	0	1,269	1,269	0	0
<b>Others' and Taxpayers' equity at 31st March 2019</b>	<b>55,801</b>	<b>204,755</b>	<b>3,095</b>	<b>1,245</b>	<b>(153,294)</b>	<b>52,116</b>	<b>204,755</b>	<b>3,095</b>	<b>(155,734)</b>



**Statement of Cash Flows**

	Note	Group 2019/20 £000	Trust 2019/20 £000	Group 2018/19 £000	Trust 2018/19 £000
<b>Cash flows from operating activities:</b>					
Operating surplus / (deficit) from continuing operations		2,071	(862)	10,697	8,588
<b>Operating surplus / (deficit)</b>		<b>2,071</b>	<b>(862)</b>	<b>10,697</b>	<b>8,588</b>
<b>Non-cash income and expense:</b>					
Depreciation and amortisation		6,101	5,992	4,949	4,804
Net impairments and net (reversals) of impairments		7,836	7,836	798	798
Income recognised in respect of capital donations		0	0	(25)	(25)
(Increase) in contract and other receivables		(3,314)	(2,489)	(642)	(359)
Decrease / (increase) in inventories		8	(4)	(118)	(37)
Increase in trade and other payables		5,638	5,250	5,381	4,351
Increase / (decrease) in other liabilities		272	(2,757)	220	(2,809)
Increase / (decrease) in provisions		2,633	2,549	(99)	(99)
Movements in charitable fund working capital		(28)	0	16	0
NHS charitable funds other movements in operating cash flows		19	0	10	0
Corporation tax (paid)/received		(259)	0	(339)	0
Other movements in operating cash flows		0	0	0	1
<b>Net cash generated from operations</b>		<b>20,976</b>	<b>15,515</b>	<b>20,848</b>	<b>15,213</b>
<b>Cash flows from investing activities:</b>					
Interest received		238	943	147	1,022
Issue / Movement in loan with Subsidiary		0	3,590	0	6,329
Proceeds from investments in Associates		0	0	20	20
Purchase of intangible assets		(337)	(337)	(366)	(366)
Purchase of Property, Plant and Equipment and Investment Property		(10,721)	(10,202)	(6,876)	(6,921)
NHS Charitable Funds : net cash flows from investing activities		(500)	0	0	0
Sales of Property, Plant and Equipment and Investment Property		181	148	4,966	4,967
Sales of Property, Plant and Equipment and Inventory to Subsidiary		0	0	0	182
Receipt of cash donations to purchase capital assets		0	0	25	25
<b>Net cash (used in) investing activities</b>		<b>(11,139)</b>	<b>(5,858)</b>	<b>(2,084)</b>	<b>5,258</b>
<b>Cash flows from financing activities:</b>					
Public dividend capital received		1,999	1,999	1,269	1,269
Movement in loans from the Department of Health and Social Care		(3,938)	(3,938)	(5,315)	(5,315)
Capital element of finance lease rental payments		(59)	(59)	(61)	(61)
Capital element of PFI, LIFT and other service concession payments		(756)	(756)	(937)	(937)
Interest paid on Department of Health and Social Care loans		(1,049)	(1,049)	(1,178)	(1,178)
Interest element of finance lease		(33)	(33)	(35)	(35)
Interest element of PFI, LIFT and other service concession obligations		(4,280)	(4,280)	(4,314)	(4,314)
PDC dividend paid		(1,370)	(1,370)	(1,017)	(1,017)
<b>Net cash (used in) financing activities</b>		<b>(9,486)</b>	<b>(9,486)</b>	<b>(11,588)</b>	<b>(11,588)</b>
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>352</b>	<b>171</b>	<b>7,176</b>	<b>8,883</b>
<b>Cash and cash equivalents at 1st April</b>		<b>31,641</b>	<b>27,864</b>	<b>24,465</b>	<b>18,981</b>
<b>Cash and cash equivalents at 31st March</b>	21	<b>31,993</b>	<b>28,035</b>	<b>31,641</b>	<b>27,864</b>

## Notes to the Accounts (Group)

### 1. Accounting Policies and other Information

NHS Improvement, in exercising the statutory functions conferred on Monitor, has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM) which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2019/20 issued by the Department of Health and Social Care. The accounting policies contained in GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

#### 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. This is based on financial projections taking into account the working capital position, agreed 2020/21 contractual income and expenditure plans. After undertaking an assessment, the directors have a reasonable expectation that the Group and the Foundation Trust has adequate resources to continue in operational existence. The Trust has a history of profitable operations and will have access to adequate resources to continue in operational existence for the foreseeable future. Due to COVID -19 the Trust's target is to break even for the first four months of 2020/21 with further guidance to follow. Although the Trust is facing some particular challenges in 2020/21 there are no significant financial, operating or other risks that would jeopardise the Trust's continuing operation.

##### 1.1.2 Consolidation

The group financial statements consolidate the financial statements of the Foundation Trust and entities controlled by the Foundation Trust (its subsidiaries) and incorporate its share of the results of wholly owned and jointly controlled entities and associates using the equity method of accounting. The financial statements of the subsidiaries are prepared for the same reporting year as the Foundation Trust. The materiality level of all of the entities controlled by the Foundation Trust was considered in the determination to prepare consolidated financial statements.

##### NHS Charitable Funds

The Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust is the corporate trustee to the Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust Charity. The NHS Foundation Trust has assessed its relationship with the Charity and determined it to be a subsidiary as the Foundation Trust is exposed to, or has rights to variable returns and other benefits for itself and patients from its involvement with the charity. Furthermore, it has the ability to affect those returns and other benefits through its power to govern the financial and operating policies of the charity.

The statutory accounts of the Charity are prepared as at 31st March in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Financial Reporting Standard FRS 102. On consolidation, adjustments are made where necessary to the assets, liabilities and transactions of the charity to:

- recognise and measure transactions in accordance with the accounting policies of the Foundation Trust;
- eliminate intra-group transactions, balances and gains and losses.

##### Other Subsidiaries

Subsidiary entities are those over which the Foundation Trust is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The income, expenditure, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate lines of the financial statements.

The amounts consolidated are drawn from the published financial statements of the subsidiaries for the year.

Where the accounting policies of the subsidiary are not aligned to those of the Foundation Trust (including where they report under FRS 102), amounts are adjusted during consolidation where the differences are material. Inter-entity transactions, gains and losses are eliminated in full on consolidation.

NTW Solutions Ltd was incorporated on 2nd November 2016 and is a wholly owned subsidiary of the Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust. The company commenced trading on 1st April 2017 and the primary purpose of the company is to provide managed healthcare facilities and provide estates management services, facilities management services and other support services.

##### 1.1.3 Investments in Associates and Joint Ventures and Joint Arrangements

##### 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. 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 28. 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 Foundation Trust also has a 50% share in a Limited Liability Partnership with independent healthcare providers Insight Ltd (formerly MHCO). The MHC/NTW 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.

##### 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.

## Notes to the Accounts (Group - continued)

### 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 2020. 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 2020.

On 1st April 2017, NTW Solutions Ltd paid a premium to its shareholder for the leasehold interests of a number of properties and for furniture and equipment relating to those properties. A further leasehold interest premium was paid in November 2017 for further properties, furniture and equipment and the lease arrangements underpinning these transactions are for 25 years for the properties and approximately 5 years for the equipment. These assets are provided back to the Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust as part of service contracts for the provision of operated healthcare facilities. A judgement has been made that substantially all of the risks and rewards incidental to ownership of the property and equipment assets were retained by Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust. These assets have therefore not been derecognised by the Foundation Trust and are accounted for as prepayments in the accounts of NTW Solutions Limited and the shareholder has recognised corresponding deferred income liabilities.

#### 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 £1,577,000 were made for probable transfers of economic benefits in respect of employee claim and legal costs. 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 £1,152,000 and £33,000 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.

The valuation exercise was carried out in March 2020 with a valuation date of 31 March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 ('Red Book'), the valuer has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by COVID-19. The Trust's valuers have reported 'market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence and published build cost information for comparison purposes, to inform opinions of value'. The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

The Trust's valuation report also included the following statement "This does not mean that the valuation cannot be relied upon. It is used in order to be clear and transparent with all parties, in a professional manner that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case."

### 1.3 Revenue from contracts with customers

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS).

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where the Trust's entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

#### Revenue from NHS contracts

The main source of income for the Trust is contracts with commissioners for health care services. A performance obligation relating to delivery of a spell of health care is generally satisfied over time as healthcare is received and consumed simultaneously by the customer as the Trust performs it. The customer in such a contract is the commissioner, but the customer benefits as services are provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligns with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that are substantially the same and have a similar pattern of transfer. At the year end, the Trust accrues income relating to activity delivered in that year, where a patient care spell is incomplete. This accrual is disclosed as a contract receivable as entitlement to payment for work completed is usually only dependent on the passage of time.

Revenue is recognised to the extent that collection of consideration is probable. Where contract challenges from commissioners are expected to be upheld, the Trust reflects this in the transaction price and derecognises the relevant portion of income.

#### 1.3.1 Revenue from research contracts

Where research contracts fall under IFRS 15, revenue is recognised as and when performance obligations are satisfied. For some contracts, it is assessed that the revenue project constitutes one performance obligation over the course of the multi-year contract. In these cases it is assessed that the Trust's interim performance does not create an asset with alternative use for the Trust, and the Trust has an enforceable right to payment for the performance completed to date. It is therefore considered that the performance obligation is satisfied over time, and the Trust recognises revenue each year over the course of the contract. Some research income alternatively falls within the provisions of IAS 20 for government grants.

#### 1.3.2 Grants and donations

Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. Where the grants is used to fund capital expenditure, it is credited to the consolidated statement of comprehensive income once conditions attached to the grant have been met. Donations are treated in the same way as government grants.

#### 1.3.3 Apprenticeship service income

The value of the benefit received when accessing funds from the the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider from the Trust's Digital Apprenticeship Service (DAS) account held by the Department for Education, the corresponding notional expense is also recognised at the point of recognition for the benefit.

#### 1.3.4 Other income

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.

## Notes to the Accounts (Group - continued)

### 1.4 Expenditure on Employee Benefits

#### *Short-term Employee Benefits*

Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

#### *Pension Costs*

##### *NHS Pensions Scheme*

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Both schemes are unfunded, defined benefit schemes that cover NHS employers, general practices and other bodies, allowed under the direction of Secretary of State for Health and Social Care in England and Wales. The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as though it is a defined contribution scheme: the cost to the trust is taken as equal to the employer's pension contributions payable to the scheme for the accounting period. The contributions are charged to operating expenses as and when they become due.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the Trust commits itself to the retirement, regardless of the method of payment.

##### *Other Pension Schemes*

The Group also operates a defined contribution workplace pension scheme which is the National Employment Savings Trust Scheme (NEST). The amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme in respect of the accounting period.

### 1.5 Expenditure on other Goods and Services

Expenditure on goods and services are 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.

#### *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.

#### 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.

Assets are measured subsequently at valuation. Assets which are held for their service potential and are in use (ie operational assets used to deliver either front line services or back office functions) are measured at their current value in existing use. Assets that were most recently held for their service potential but are surplus with no plan to bring them back into use are measured at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

## Notes to the Accounts (Group - continued)

### (a) Property Assets

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. Current values in existing use are determined as follows:

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost on a modern equivalent asset basis

For non-operational properties including surplus land, the valuations are carried out at open market value.

For specialised assets, current value in existing use is interpreted as the present value of the asset's remaining service potential, which is assumed to be at least equal to the cost of replacing that service potential. Specialised assets are therefore valued at their depreciated replacement cost (DRC) on a modern equivalent asset (MEA) basis. An MEA basis assumes that the asset will be replaced with a modern asset of equivalent capacity and meeting the location requirements of the services being provided. Assets held at depreciated replacement cost have been valued on an alternative site basis where this would meet the location requirements.

Valuation guidance issued by the Royal Institute of Chartered Surveyors states that valuations are performed net of VAT where the VAT is recoverable by the entity. This basis has been applied to the Trust's estate provided by its subsidiary company where the construction is completed by a special purpose vehicle and the costs have recoverable VAT for the Trust.

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 and, where capitalised in accordance with IAS 23, borrowing costs. Assets are re-valued and depreciation commences when they are brought into 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 are being 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.

### 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.

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 held for operational use is valued at depreciated historic cost where these assets have short useful lives or low values or both, as this is not considered to be materially different from current value in existing use.

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 |

## Notes to the Accounts (Group - continued)

• 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 GAM, impairments that arise from a clear consumption of economic benefits or of service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

### **De-recognition**

Assets intended for disposal are reclassified as 'Held for Sale' once all of the following criteria are met:

- the 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.

## Notes to the Accounts (Group - continued)

### **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. In accordance with IAS 17, the underlying assets are recognised as Property, Plant and Equipment together with an equivalent finance lease liability. Subsequently, the assets are accounted for as property, plant and equipment assets.

The annual contract payments are apportioned between the repayment of the liability, a finance cost and the charges for the services. The element of the unitary payment increase due to cumulative indexation is treated as contingent rent and is expensed as incurred. 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.

## 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 where it meets the requirements set out in IAS 38.

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. Revaluation 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.

## Notes to the Accounts (Group - continued)

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### 1.8 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.

### 1.9 Investment properties

Investment properties are measured at fair value. Changes in fair value are recognised as gains or losses in income/expenditure.

Only those assets which are held solely to generate a commercial return are considered to be investment properties. Where an asset is held, in part, for support service delivery objectives, then it is considered to be an item of property, plant and equipment. Properties occupied by employees, whether or not they pay rent at market rates, are not classified as investment properties.

### 1.10 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the Trust's cash management. Cash, bank and overdraft balances are recorded at current values.

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.

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 arise where the Trust is party to the contractual provisions of a financial instrument, and as a result has a legal right to receive or a legal obligation to pay cash or another financial instrument. The GAM expands the definition of a contract to include legislation and regulations which give rise to arrangements that in all other respects would be a financial instrument and do not give rise to transactions classified as a tax by ONS.

This includes the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust's normal purchase, sale or usage requirements and are recognised when, and to the extent which, performance occurs, ie, when receipt or delivery of the goods or services is made.

#### **Classification and Measurement**

Financial assets and financial liabilities are initially measured at fair value plus or minus directly attributable transaction costs except where the asset or liability is not measured at fair value through income and expenditure. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques.

Financial assets 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.

Subsequent movements in the fair value of financial assets and financial liabilities are recognised as gains or losses in the Statement of Comprehensive Income.

#### **Financial assets and financial liabilities at amortised cost**

Financial assets and financial liabilities at amortised cost are those held with the objective of collecting contractual cash flows and where cash flows are solely payments of principal and interest. This includes cash equivalents, contract and other receivables, trade and other payables, rights and obligations under lease arrangements and loans receivable and payable.

After initial recognition, these financial assets and financial liabilities are measured at amortised cost using the effective interest method less any impairment (for financial assets). The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

Interest revenue or expense is calculated by applying the effective interest rate to the gross carrying amount of a financial asset or amortised cost of a financial liability and recognised in the Statement of Comprehensive Income and a financing income or expense. In the case of loans held from the Department of Health and Social Care, the effective interest rate is the nominal rate of interest charged on the loan.



## Notes to the Accounts (Group - continued)

### **Financial assets measured at fair value through other comprehensive income**

A financial asset is measured at fair value through other comprehensive income where business model objectives are met by both collecting contractual cash flows and selling financial assets and where the cash flows are solely payments of principal and interest. Movements in the fair value of financial assets in this category are recognised as gains or losses in other comprehensive income except for impairment losses. On de-recognition, cumulative gains and losses previously recognised in other comprehensive income are reclassified from equity to income and expenditure, except where the Trust elected to measure an equity instrument in this category on initial recognition.

### **Financial assets measured at fair value through income and expenditure**

Financial assets measured at fair value through profit or loss are those that are not otherwise measured at amortised cost or at fair value through other comprehensive income. This category also includes financial assets and liabilities acquired principally for the purpose of selling in the short term (held for trading) and derivatives. Derivatives which are embedded in other contracts, but which are separable from the host contract are measured within this category. Movements in the fair value of financial assets and liabilities in this category are recognised as gains or losses in the Statement of Comprehensive Income.

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 has irrevocably elected to measure the following financial assets/financial liabilities at fair value through income and expenditure. 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 are 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**

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets or assets measured at fair value through other comprehensive income, the Trust recognises an allowance for expected credit losses.

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 three 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 three months old.

### **De-recognition**

Financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired or the Trust has transferred substantially all the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

## Notes to the Accounts (Group - continued)

### 1.12 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

#### 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 implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability.

The asset and liability are recognised at the commencement of the lease. Thereafter, the asset is accounted for 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. Lease incentives are recognised initially in other liabilities on the statement of financial position and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised 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 leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Trust's net investment outstanding in respect of the lease.

##### **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, note 7.1 discloses a description of significant leasing arrangements and this would include where significant;

- (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.

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of minus 0.5% in real terms.

##### **Clinical Negligence Costs**

NHS Resolution operates a risk pooling scheme under which the Trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although the NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the Trust is disclosed in note 26.2 but is not recognised in the Trust's accounts.

##### **Non-clinical Risk Pooling**

The Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Trust pays an annual contribution to NHS Resolution and in return receives assistance with the costs of claims arising. The annual membership contributions and any 'excesses' payable in respect of particular claims are charged to operating expenses when the liability arises.

## Notes to the Accounts (Group - continued)

### 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 organisation. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

At any time, the Secretary of State can issue new PDC to, and require repayments of PDC from, the Trust. PDC is recorded at the value received.

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 and grant funded 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) any receivables associated with the Provider Sustainability Incentive Fund or Financial Recovery Incentive Fund where the funds will be received after the financial year end. 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.

The activities of the Trust's subsidiary company NTW Solutions Limited are inside the scope of VAT and therefore output tax applies and input tax on purchases is recoverable.

### 1.17 Corporation Tax

NTW Solutions Ltd is a wholly owned subsidiary of Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust and is subject to corporation tax on its profits. Tax on the profit or loss for the year comprises current and any deferred tax. Tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

### 1.18 Foreign Exchange

The functional and presentational currencies of the Trust is sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Where the Trust has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

- monetary items (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.

## Notes to the Accounts (Group - continued)

### 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).

The losses and special payments note (Note 36) 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 yet adopted in HM Treasury's Financial Reporting Manual (FReM) 2019/20 and therefore do not apply to the 2019/20 annual accounts are set out below:

- IFRS 14 Regulatory Deferral Accounts
- IFRS 16 Leases
- IFRS 17 Insurance Contracts

The GAM 2019/20 does not require these Standards and interpretations to be applied in 2019/20. These Standards are still subject to HM Treasury FReM adoption, with IFRS 14 Regulatory Deferral Accounts only applying to first time adopters of IFRS after 1 January 2016 which is therefore not applicable to Department of Health and Social Care group bodies.

There is not expected to be a significant impact from the adoption of these standards in future periods with the exception of IFRS16 which may have a significant impact when adopted. This Standard will result in a number of leases, which are currently classified as operating leases being reclassified as finance leases and being recorded as assets and liabilities onto the Statement of Financial Position.

#### IFRS 16 Leases

IFRS 16 Leases will replace *IAS 17 Leases*, *IFRIC 4 Determining whether an arrangement contains a lease* and other interpretations and is applicable in the public sector for periods beginning 1 April 2021. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the Statement of Financial Position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the Statement of Financial Position the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

IFRS 16 changes the definition of a lease compared to IAS 17 and IFRIC 4. The Trust will apply this definition to new leases only and will grandfather its assessments made under the old standards of whether existing contracts contain a lease.

## **Notes to the Accounts (Group - continued)**

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On transition to IFRS 16 on 1 April 2021, the Trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the Trust's incremental borrowing rate. The Trust's incremental borrowing rate will be a rate defined by HM Treasury. Currently this rate is 1.27% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. No adjustments will be made on 1 April 2021 for existing finance leases.

For leases commencing in 2021/22, the Trust will not recognise a right of use asset or lease liability for short term leases (less than or equal to 12 months) or for leases of low value assets (less than £5,000). Right of use assets will be subsequently measured on a basis consistent with owned assets and depreciated over the length of the lease term.

HM Treasury revised the implementation date for IFRS 16 in the UK public sector to 1 April 2021 on 19 March 2020. Due to the need to reassess lease calculations, together with uncertainty on expected leasing activity in from April 2021 and beyond, a quantification of the expected impact of applying the standard in 2021/22 is currently impracticable. However, the Trust does expect this standard to have a material impact on non-current assets, liabilities and depreciation.

### **1.23 Accounting Standards issued that have been adopted early**

No new Accounting Standards or revisions to existing standards have been early adopted in 2019/20.

### **1.24 Gifts**

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life and the sale or lease of assets at below market value.

### **1.25 Climate Change Levy (CCL)**

The CRC Energy Efficiency Scheme (formerly known as the Carbon Reduction Commitment) was closed on 31st March 2019. It has been replaced by the Climate Change Levy (CCL). There were no excess allowances held as at 1st April 2019.

Under the CCL scheme, expenditure is recognised through operating expenses in line with the levy charged, based on the chargeable rates for energy consumption as detailed in the Climate Change Levy documentation.

**Notes to the Accounts (Group - continued)**

	<b>£000</b>	<b>£000</b>
<b>1.26 Adjusted financial performance</b>		
Surplus for the period	15,032	6,837
Add back net outgoings from charitable funds	60	155
Surplus for the period (before consolidation of charity)	15,092	6,992
Add back net impairments charged to the Statement of Comprehensive Income	7,836	798
Adjusted for (gains) on transfers by absorption	(19,421)	0
Surplus before impairments and transfers	<b>3,507</b>	<b>7,790</b>
Remove capital donations/grants income and expenditure impact	2	(24)
<b>Adjusted financial performance surplus</b>	<b>3,509</b>	<b>7,766</b>
Provider Sustainability Fund (STF) Income	<b>2,564</b>	<b>5,161</b>
Control Total	<b>0</b>	<b>0</b>
<b>Adjusted financial performance above control total surplus excluding STF income</b>	<b>945</b>	<b>2,605</b>

## 2. Segmental Analysis (Group and Trust)

The Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust operates within a single reportable segment, ie healthcare. The Foundation Trust is solely involved in health care activities and does not consider that its clinical services represent distinct operating segments. NTW Solutions Limited and the Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust Charity operate as distinct reporting entities and form the differences between the performance of the Group and the Trust

Of the total group income reported during the financial year, £327,241,000, 86% of total group income, was received from Clinical Commissioning Groups (CCGs) and NHS England (2018/19: £271,690,000 and 84%). As CCGs and NHS England are under common control they are classed as a single customer for this purpose.

## 3. Income (Group and Trust)

### 3.1 Operating Income (by nature)

	<b>Group 2019/20 £000</b>	<b>Trust 2019/20 £000</b>	<b>Group 2018/19 £000</b>	<b>Trust 2018/19 £000</b>
<b>Income from activities</b>				
Cost and volume contract income	31,956	31,956	29,973	29,973
Block contract income	286,395	286,395	243,682	243,682
Agenda for change pay award central funding	0	0	2,932	2,932
Additional pension contribution central funding**	11,589	10,987	0	0
Other clinical income	19,389	19,389	19,640	19,640
<b>Total income from patient care activities</b>	<b>349,329</b>	<b>348,727</b>	<b>296,227</b>	<b>296,227</b>
<b>Other operating income</b>				
Research and development	2,774	2,774	3,026	3,026
Education and training	10,631	10,601	8,479	8,473
Non-patient care services to other bodies	2,955	2,595	2,297	2,097
Sustainability and Transformation Fund income	2,564	2,564	5,161	5,161
Income in respect of staff costs where accounted on gross basis	2,838	2,863	2,672	2,737
Education and training - notional income from apprenticeship fund	1,054	999	0	0
Cash donations for the purchase of capital assets	0	0	25	25
Charitable and other contributions to expenditure - received from other bodies	49	49	0	0
Rental revenue from operating leases - minimum lease receipts	515	476	229	180
Charitable fund incoming resources	52	0	59	0
Other*	6,955	10,396	5,457	8,630
<b>Total other operating income</b>	<b>30,387</b>	<b>33,317</b>	<b>27,405</b>	<b>30,329</b>
<b>Total operating income</b>	<b>379,716</b>	<b>382,044</b>	<b>323,632</b>	<b>326,556</b>
<b>of which:</b>				
Related to Continuing Operations	379,716	382,044	323,632	326,556
Related to Discontinued Operations	0	0	0	0

\* Other operating income - Other is analysed in note 3.4

A transfer of Mental Health and Learning Disabilities Services took place on 1st October 2019 between Cumbria Partnership NHS Foundation Trust (CPFT) and the Trust. This has resulted in a part year increase in income during 2019/20.

\*\*The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. For 2019/20, NHS providers continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost and related funding have been recognised in these accounts.

**3. Income (Group and Trust - continued)****3.2 Private Patient Income**

	<b>Group 2019/20 £000</b>	<b>Trust 2019/20 £000</b>	<b>Group 2018/19 £000</b>	<b>Trust 2018/19 £000</b>
Private patient income	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total patient related income	<b>349,329</b>	<b>348,727</b>	<b>296,227</b>	<b>296,227</b>
<b>Proportion (as percentage)</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>

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 (Group and Trust)**

The Trust leases land and buildings to a number of external bodies, mainly other NHS bodies.

	<b>Group 2019/20 £000</b>	<b>Trust 2019/20 £000</b>	<b>Group 2018/19 £000</b>	<b>Trust 2018/19 £000</b>
<b>Operating lease income</b>				
Rental revenue from operating leases - minimum lease receipts	<b>515</b>	<b>476</b>	<b>229</b>	<b>180</b>
<b>Total operating lease income</b>	<b>515</b>	<b>476</b>	<b>229</b>	<b>180</b>
<b>Future minimum lease payments due:</b>				
<b>on leases of land expiring</b>				
- not later than one year;	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>
- later than one year and not later than five years;	<b>6</b>	<b>6</b>	<b>4</b>	<b>4</b>
- later than five years.	<b>109</b>	<b>109</b>	<b>83</b>	<b>83</b>
<b>sub total</b>	<b>117</b>	<b>117</b>	<b>88</b>	<b>88</b>
<b>on leases of buildings expiring</b>				
- not later than one year;	<b>181</b>	<b>181</b>	<b>229</b>	<b>179</b>
- later than one year and not later than five years;	<b>328</b>	<b>328</b>	<b>403</b>	<b>403</b>
- later than five years.	<b>215</b>	<b>215</b>	<b>240</b>	<b>240</b>
<b>sub total</b>	<b>724</b>	<b>724</b>	<b>872</b>	<b>822</b>
<b>Total future minimum lease payments due</b>	<b>841</b>	<b>841</b>	<b>960</b>	<b>910</b>



**3. Income (Group and Trust - continued)****3.4 Operating income (by source)**

	<b>Group 2019/20 £000</b>	<b>Trust 2019/20 £000</b>	<b>Group 2018/19 £000</b>	<b>Trust 2018/19 £000</b>
<b>Income from activities</b>				
NHS England	76,480	75,878	58,885	58,885
Clinical Commissioning Groups	250,761	250,761	212,805	212,806
NHS Foundation Trusts	3,362	3,362	1,965	1,965
Local Authorities	11,840	11,840	11,175	11,175
Department of Health and Social Care	0	0	2,932	2,932
Non NHS:overseas patients (non-reciprocal - chargeable to patient)	2	2	0	0
Non NHS:other	6,884	6,884	8,465	8,464
<b>Total income from patient care activities</b>	<b>349,329</b>	<b>348,727</b>	<b>296,227</b>	<b>296,227</b>
<b>Of which:</b>				
Related to continuing operations	349,329	348,727	296,227	296,227
Related to discontinued operations	0	0	0	0
<b>Other operating income</b>				
Research and development	2,774	2,774	3,026	3,026
Education and training	10,631	10,601	8,479	8,473
Non-patient care services to other bodies	2,955	2,595	2,297	2,097
Provider Sustainability and Transformation Fund income	2,564	2,564	5,161	5,161
Income in respect of employee benefits accounted for on a gross basis	2,838	2,863	2,672	2,737
Other*	6,955	10,396	5,457	8,630
Education and training - notional income from apprenticeship fund	1,054	999	0	0
Cash donations for the purchase of capital assets	0	0	25	25
Charitable and other contributions to expenditure - received from other bodies	49	49	0	0
Rental revenue from operating leases - minimum lease receipts	515	476	229	180
Charitable fund incoming resources	52	0	59	0
<b>Total other operating income</b>	<b>30,387</b>	<b>33,317</b>	<b>27,405</b>	<b>30,329</b>
<b>Of which:</b>				
Related to continuing operations	30,387	33,317	27,405	30,329
Related to discontinued operations	0	0	0	0
<b>*Analysis of "Other operating income - Other"</b>				
Car parking	60	0	51	0
Estates recharges	35	0	144	12
Staff accommodation rental	15	15	0	0
IT recharges	43	439	88	412
Clinical excellence awards	139	139	205	205
Catering	689	116	626	0
Grossing up consortium arrangements	4,168	3,506	3,953	3,970
Other income generation schemes	410	4,055	390	4,031
Other	1,396	2,126	0	0
<b>Total</b>	<b>6,955</b>	<b>10,396</b>	<b>5,457</b>	<b>8,630</b>

**3.5 Analysis of Income from activities arising from Commissioner Requested Services and all other Services**

	<b>Group 2019/20 £000</b>	<b>Trust 2019/20 £000</b>	<b>Group 2018/19 £000</b>	<b>Trust 2018/19 £000</b>
Commissioner Requested Services	337,661	337,661	296,075	296,075
Non-Commissioner Requested Services	11,668	11,066	152	152
<b>Total income from activities</b>	<b>349,329</b>	<b>348,727</b>	<b>296,227</b>	<b>296,227</b>

A transfer of Mental Health and Learning Disabilities Services took place on 1st October 2019 between Cumbria Partnership NHS Foundation Trust (CPFT) and the Trust. This has resulted in a part year increase in income during 2019/20.

**4. Operating Expenses (Group and Trust)**

	<b>Group 2019/20 £000</b>	<b>Trust 2019/20 £000</b>	<b>Restated Group 2018/19 £000</b>	<b>Restated Trust 2018/19 £000</b>
Purchase of healthcare from NHS and DHSC bodies	2,008	2,008	730	730
Purchase of healthcare from non-NHS and non-DHSC bodies	6,978	6,978	5,621	5,621
Staff and executive directors costs	298,381	281,810	252,902	237,868
Non-executive directors	169	149	168	154
Supplies and services - clinical (excluding drug costs)	3,874	3,612	4,085	3,869
Supplies and services - general	3,493	11,688	3,384	10,831
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	6,553	6,557	5,959	5,990
Inventories written down (net, including drugs)	17	17	4	4
Consultancy	359	364	524	484
Establishment	3,995	3,621	3,949	3,245
Premises - business rates collected by local authorities	1,750	1,532	1,386	1,183
Premises - other	13,451	29,809	10,048	25,771
Transport (business travel only)	3,090	3,036	2,344	2,302
Transport - other (including patient travel)	2,278	2,074	2,118	1,994
Depreciation	5,833	5,726	4,771	4,629
Amortisation	268	266	178	175
Impairments, net of (reversals)	7,836	7,836	798	798
Movement in credit loss allowance for contract receivables	227	224	174	174
Change in provisions discount rates	671	671	(155)	(155)
Audit services - Statutory audit	58	47	54	43
Other auditor remuneration - external auditor	1	1	7	7
Internal audit - staff costs	174	174	257	257
Internal audit - non-staff costs	53	53	58	58
Clinical negligence	652	652	635	635
Legal fees	584	584	668	632
Insurance	605	481	675	455
Research and development - staff costs	1,664	1,664	1,356	1,356
Research and development - non-staff costs	1,037	1,037	1,652	1,652
Education and training - non staff	1,502	1,441	1,003	951
Education and training - notional expenditure funded from apprenticeship fund	1,054	999	0	0
Operating lease expenditure (net)	2,750	1,788	2,854	1,877
Early retirements - (Not included in employee expenses)	366	366	255	255
Redundancy - (Not included in employee expenses)	0	0	114	114
Charges to operating expenditure for on-SOFP IFRIC 12 schemes (e.g. PFI / LIFT) on IFRS basis	3,419	3,419	3,000	3,000
Hospitality	7	7	8	8
Other losses, ex gratia & special payments - (Not included in employee expenses)	104	39	73	4
Other NHS charitable fund resources expended	131	0	224	0
Other	2,253	2,176	1,054	997
<b>Total</b>	<b>377,645</b>	<b>382,906</b>	<b>312,935</b>	<b>317,968</b>
<b>of which:</b>				
Related to Continuing Operations	377,645	382,906	312,935	317,968
Related to Discontinued Operations	0	0	0	0

The 2018/19 comparatives have been restated for the reclassification of purchase of healthcare from NHS and DHSC bodies, establishment, legal fees, operating lease expenditure and other expenditure which was incorrectly classified in 2018/19.

A transfer of Mental Health and Learning Disabilities Services took place on 1st October 2019 between Cumbria Partnership NHS Foundation Trust (CPFT) and the Trust. This has resulted in a part year increase in expenditure during 2019/20.

**5. Exit Packages (Group and Trust)****5.1 Exit Packages 2019/20**

	Compulsory Redundancies Number	Compulsory Redundancies £000	Other Departures Agreed Number	Group Other Departures Agreed £000	Total Exit Packages Number	Total Exit Packages £000	Special Payments Number	Special Payments £000
<b>Exit package cost band:</b>								
< £10,000	0	0	30	146	30	146	0	0
£10,001 to £25,000	0	0	2	28	2	28	0	0
£25,001 to £50,000	0	0	0	0	0	0	0	0
£50,001 to £100,000	0	0	0	0	0	0	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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>32</b>	<b>174</b>	<b>32</b>	<b>174</b>	<b>0</b>	<b>0</b>

	Compulsory Redundancies Number	Compulsory Redundancies £000	Other Departures Agreed Number	Trust Other Departures Agreed £000	Total Exit Packages Number	Total Exit Packages £000	Special Payments Number	Special Payments £000
<b>Exit package cost band:</b>								
< £10,000	0	0	24	125	24	125	0	0
£10,001 to £25,000	0	0	2	28	2	28	0	0
£25,001 to £50,000	0	0	0	0	0	0	0	0
£50,001 to £100,000	0	0	0	0	0	0	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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>26</b>	<b>153</b>	<b>26</b>	<b>153</b>	<b>0</b>	<b>0</b>

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 2018/19**

	Compulsory Redundancies Number	Compulsory Redundancies £000	Other Departures Agreed Number	Group Other Departures Agreed £000	Total Exit Packages Number	Total Exit Packages £000	Special Payments Number	Special Payments £000
<b>Exit package cost band:</b>								
< £10,000	0	0	30	122	30	122	0	0
£10,001 to £25,000	0	0	2	26	2	26	0	0
£25,001 to £50,000	0	0	1	31	1	31	0	0
£50,001 to £100,000	0	0	0	0	0	0	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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>33</b>	<b>179</b>	<b>33</b>	<b>179</b>	<b>0</b>	<b>0</b>

	Compulsory Redundancies Number	Compulsory Redundancies £000	Other Departures Agreed Number	Trust Other Departures Agreed £000	Total Exit Packages Number	Total Exit Packages £000	Special Payments Number	Special Payments £000
<b>Exit package cost band:</b>								
< £10,000	0	0	20	95	20	95	0	0
£10,001 to £25,000	0	0	2	26	2	26	0	0
£25,001 to £50,000	0	0	1	31	1	31	0	0
£50,001 to £100,000	0	0	0	0	0	0	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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>23</b>	<b>152</b>	<b>23</b>	<b>152</b>	<b>0</b>	<b>0</b>

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 (Group and Trust)****6.1 Employee Expenses**

	Group						Trust					
	Total 2019/20 £000	Permanently Employed 2019/20 £000	Other 2019/20 £000	Total 2018/19 £000	Permanently Employed 2018/19 £000	Other 2018/19 £000	Total 2019/20 £000	Permanently Employed 2019/20 £000	Other 2019/20 £000	Total 2018/19 £000	Permanently Employed 2018/19 £000	Other 2018/19 £000
Salaries and wages	228,179	226,192	1,987	203,137	202,236	901	214,598	212,611	1,987	190,427	189,548	879
Social security costs	21,310	21,310	0	18,982	18,982	0	20,218	20,218	0	17,982	17,982	0
Apprenticeship levy	1,054	1,054	0	936	936	0	999	999	0	897	897	0
Pension cost - employer's contributions to NHS Pensions	26,779	26,779	0	24,259	24,259	0	25,410	25,410	0	22,888	22,888	0
Pension cost - employer's contributions paid by NHSE on provider's behalf (6.3%)**												
	11,589	11,589	0	0	0	0	10,987	10,987	0			
Pension cost - other contributions	170	170	0	83	83	0	58	58	0	29	29	0
Temporary staff - agency/contract staff	11,725	0	11,725	7,642	0	7,642	11,378	0	11,378	7,395	0	7,395
<b>Total staff costs</b>	<b>300,806</b>	<b>287,094</b>	<b>13,712</b>	<b>255,039</b>	<b>246,496</b>	<b>8,543</b>	<b>283,648</b>	<b>270,283</b>	<b>13,365</b>	<b>239,618</b>	<b>231,344</b>	<b>8,274</b>
included within:												
<b>Costs capitalised as part of assets</b>	<b>587</b>	<b>587</b>	<b>0</b>	<b>524</b>	<b>524</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>137</b>	<b>137</b>	<b>0</b>
<b>Analysed into operating expenditure</b>												
Employee expenses - staff & executive directors	298,381	284,669	13,712	252,902	244,359	8,543	281,810	268,445	13,365	237,868	229,594	8,274
Research & Development	1,664	1,664	0	1,356	1,356	0	1,664	1,664	0	1,356	1,356	0
Internal audit costs	174	174	0	257	257	0	174	174	0	257	257	0
<b>Total employee benefits excluding capitalised costs</b>	<b>300,219</b>	<b>286,507</b>	<b>13,712</b>	<b>254,515</b>	<b>245,972</b>	<b>8,543</b>	<b>283,648</b>	<b>270,283</b>	<b>13,365</b>	<b>239,481</b>	<b>231,207</b>	<b>8,274</b>

\*\*See note 3.1 for Pension cost - employer's contributions paid by NHSE on provider's behalf (6.3%)

**6.2 Average Number of Employees (whole time equivalent basis)**

	Group						Trust					
	Total 2019/20 Number	Permanently Employed 2019/20 Number	Other 2019/20 Number	Total 2018/19 Number	Permanently Employed 2018/19 Number	Other 2018/19 Number	Total 2019/20 Number	Permanently Employed 2019/20 Number	Other 2019/20 Number	Total 2018/19 Number	Permanently Employed 2018/19 Number	Other 2018/19 Number
Medical and dental	392	372	20	361	341	20	392	372	20	361	341	20
Administration and estates	1,734	1,692	42	1,624	1,589	35	1,182	1,153	29	1,098	1,073	25
Healthcare assistants and other support staff	1,893	1,761	132	1,720	1,660	60	1,893	1,761	132	1,720	1,660	60
Nursing, midwifery and health visiting staff	2,040	2,008	32	1,897	1,878	19	2,040	2,008	32	1,897	1,878	19
Scientific, therapeutic and technical staff	341	341	0	279	273	6	341	341	0	279	273	6
Healthcare science staff	415	413	2	378	378	0	415	413	2	378	378	0
<b>Total average numbers</b>	<b>6,815</b>	<b>6,587</b>	<b>228</b>	<b>6,259</b>	<b>6,119</b>	<b>140</b>	<b>6,263</b>	<b>6,048</b>	<b>215</b>	<b>5,733</b>	<b>5,603</b>	<b>130</b>
of which:												
Number of employees (WTE) engaged on capital projects	15	15	0	10	10	0	10	10	0	10	10	0

**6.3 Exit Packages: other (non-compulsory) departure payments**

	Group				Trust			
	Payments Agreed 2019/20 Number	Total Value of Agreements 2019/20 £000	Payments Agreed 2018/19 Number	Payments Agreed 2018/19 £000	Payments Agreed 2019/20 Number	Total Value of Agreements 2019/20 £000	Payments Agreed 2018/19 Number	Payments Agreed 2018/19 £000
Voluntary redundancies including early retirement contractual costs	32	174	33	179	26	153	23	152
<b>Total Exit packages</b>	<b>32</b>	<b>174</b>	<b>33</b>	<b>179</b>	<b>26</b>	<b>153</b>	<b>23</b>	<b>152</b>

**6. Employee Expenses (Group and Trust - continued)****6.4 Employee Benefits (Group and Trust)**

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 (2018/19 : £nil).

**6.5 Early Retirements due to Ill Health (Group)**

During the year there were 6 early retirements (2018/19 : 5) agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £317,000 (2018/19 : £193,000). The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

**7. Operating Miscellaneous (Group)****7.1 Operating Leases (Group)**

The Group and 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).

	<b>Group 2019/20 £000</b>	<b>Trust 2019/20 £000</b>	<b>Restated Group 2018/19 £000</b>	<b>Restated Trust 2018/19 £000</b>
Minimum lease payments	3,160	2,226	2,758	1,837
Contingent rents	105	38	109	40
Less sublease payments received	(515)	(476)	(13)	0
<b>Total</b>	<b>2,750</b>	<b>1,788</b>	<b>2,854</b>	<b>1,877</b>

The 2018/19 comparatives have been restated to include business use only vehicle figures.

	<b>Group 2019/20 £000</b>	<b>Trust 2019/20 £000</b>	<b>Restated Group 2018/19 £000</b>	<b>Restated Trust 2018/19 £000</b>
<b>Future minimum lease payments due relating to buildings leases:</b>				
- not later than one year;	1,887	1,426	2,140	1,459
- later than one year and not later than five years;	3,235	2,203	3,416	2,181
- later than five years.	7,928	5,202	7,894	4,865
<b>Total</b>	<b>13,050</b>	<b>8,831</b>	<b>13,450</b>	<b>8,505</b>
<b>Total of future minimum sublease lease payments to be received</b>	<b>(840)</b>	<b>(840)</b>	<b>(13)</b>	<b>0</b>
<b>Future minimum lease payments due to other leases:</b>				
- not later than one year;	899	547	401	184
- later than one year and not later than five years;	808	147	111	48
- later than five years;	0	0	0	0
<b>Total</b>	<b>1,707</b>	<b>694</b>	<b>512</b>	<b>232</b>

The 2018/19 comparatives have been restated to remove leases relating to salary sacrifice lease cars as these amounts are recovered from employees.

**7.2 Limitations on Auditor's Liability (Group and Trust)**

There is no specified limitation on the auditor's liability for the year (2018/19 : no specified limitation).

## 7. Operating Miscellaneous (Group - continued)

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### 7.3 The Late Payment of Commercial Debts (Interest) Act 1998 (Group)

The Group and Trust had no interest on late payment of commercial debts or compensation paid to cover debt recovery costs as at 31st March 2020 (31st March 2019 : £nil).

### 7.4 Audit Remuneration (Trust)

The Group and Trust had other audit remuneration of £1,000 for audit of the Quality Accounts (31st March 2019 : £7,000 for the Quality Accounts). Auditor remuneration for the statutory audit is shown in note 4.

## 8. Discontinued Operations (Group)

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The Group and Trust had no discontinued operations as at 31st March 2020 (31st March 2019 : £nil).

## 9. Corporation Tax (Group)

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	Group 2019/20 £000	Group 2018/19 £000
UK Corporation tax expense	408	232
Adjustment in respect of prior years	0	0
Current tax expense	408	232
Deferred tax credit	0	0
Total tax expense in Statement of Comprehensive Income	<u>408</u>	<u>232</u>

The Trust has no corporation tax expense (2018/19 £nil).

**10. Finance Income (Group and Trust)**

	<b>Group 2019/20 £000</b>	<b>Trust 2019/20 £000</b>	<b>Group 2018/19 £000</b>	<b>Trust 2018/19 £000</b>
Interest on bank accounts	236	236	155	138
Interest received on loans to Subsidiary	0	712	0	884
NHS charitable fund investment income	19	0	10	0
<b>Total</b>	<b>255</b>	<b>948</b>	<b>165</b>	<b>1,022</b>

**11. Finance Expense (Group and Trust)**

	<b>Group 2019/20 £000</b>	<b>Trust 2019/20 £000</b>	<b>Group 2018/19 £000</b>	<b>Trust 2018/19 £000</b>
<b>Interest expense:</b>				
Capital loans from the Department of Health and Social Care	1,039	1,039	1,165	1,164
Finance leases	33	33	35	35
<b>Finance Costs on PFI and other service concession arrangements (excluding LIFT)</b>				
Main finance costs	2,676	2,676	2,730	2,730
Contingent finance costs	1,604	1,604	1,584	1,584
<b>Unwinding of discount on provisions</b>	<b>(37)</b>	<b>(37)</b>	<b>19</b>	<b>19</b>
<b>Total</b>	<b>5,315</b>	<b>5,315</b>	<b>5,533</b>	<b>5,532</b>

**12. Impairment of Assets (Group and Trust)**

During the year, the Trust recognised net impairments of £7,836,000 charged to operating expenses made up of impairments of £8,310,000 and reversal of impairments of £474,000 and net impairments totalling £1,781,000 being charged to the revaluation reserve. Impairments are reported in note 4 as operating expenses and in the Statement of Changes in Taxpayers equity for 2019/20 and 2018/19.

The impairments recognised during the year of £7,836,000 predominantly relate to applying the modern equivalent asset methodology to the assets which transferred from North Cumbria and the closure of the laundry and estates building at Northgate as well as changes in market prices for buildings and obsolescence. This reflects the valuations of land and buildings in the modern equivalent asset valuations carried out by Cushman & Wakefield as at 31st March 2020.

There were no impairment of assets during 2019/20 for NTW Solutions Ltd or for the Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust Charity (2018/19 £nil).

**13. Intangible Assets (Group and Trust)****13.1 Intangible Assets 2019/20**

	<b>Group</b>			<b>Trust</b>		
	<b>Total 2019/20 £000</b>	<b>Software Licences purchased 2019/20 £000</b>	<b>Intangible Assets under Construction 2019/20 £000</b>	<b>Total 2019/20 £000</b>	<b>Software Licences purchased 2019/20 £000</b>	<b>Intangible Assets under Construction 2019/20 £000</b>
<b>Valuation/gross cost at 1st April 2019</b>	<b>1,513</b>	<b>1,069</b>	<b>444</b>	<b>1,502</b>	<b>1,058</b>	<b>444</b>
Transfers by absorption	761	761	0	761	761	0
Additions - purchased	337	293	44	336	293	43
Disposals	(169)	(169)	0	(169)	(169)	0
<b>Valuation/gross cost at 31st March 2020</b>	<b>2,442</b>	<b>1,954</b>	<b>488</b>	<b>2,430</b>	<b>1,943</b>	<b>487</b>
<b>Amortisation at 1st April 2019</b>	<b>275</b>	<b>275</b>	<b>0</b>	<b>271</b>	<b>271</b>	<b>0</b>
Transfers by absorption	264	264	0	264	264	0
Provided during the year	268	268	0	266	266	0
Disposals	(169)	(169)	0	(169)	(169)	0
<b>Amortisation at 31st March 2020</b>	<b>638</b>	<b>638</b>	<b>0</b>	<b>632</b>	<b>632</b>	<b>0</b>
<b>Net book value by ownership:</b>						
NBV - purchased at 31st March	<b>1,804</b>	<b>1,316</b>	<b>488</b>	<b>1,798</b>	<b>1,311</b>	<b>487</b>

**13.2 Economic Life of Intangible Assets 2019/20**

	<b>Minimum Life Years</b>	<b>Maximum Life Years</b>	<b>Minimum Life Years</b>	<b>Maximum Life Years</b>
Software licences purchased	1	5	1	5

**13.3 Intangible Assets 2018/19**

	<b>Group</b>			<b>Trust</b>		
	<b>Total 2018/19 £000</b>	<b>Software Licences purchased 2018/19 £000</b>	<b>Intangible Assets under Construction 2018/19 £000</b>	<b>Total 2018/19 £000</b>	<b>Software Licences purchased 2018/19 £000</b>	<b>Intangible Assets under Construction 2018/19 £000</b>
<b>Valuation/gross cost at 1st April 2018</b>	<b>1,249</b>	<b>886</b>	<b>363</b>	<b>1,238</b>	<b>875</b>	<b>363</b>
Additions - purchased	366	285	81	366	285	81
Disposals	(102)	(102)	0	(102)	(102)	0
<b>Valuation/gross cost at 31st March 2019</b>	<b>1,513</b>	<b>1,069</b>	<b>444</b>	<b>1,502</b>	<b>1,058</b>	<b>444</b>
<b>Amortisation at 1st April 2018</b>	<b>199</b>	<b>199</b>	<b>0</b>	<b>198</b>	<b>198</b>	<b>0</b>
Provided during the year	178	178	0	175	175	0
Disposals	(102)	(102)	0	(102)	(102)	0
<b>Amortisation at 31st March 2019</b>	<b>275</b>	<b>275</b>	<b>0</b>	<b>271</b>	<b>271</b>	<b>0</b>
<b>Net book value by ownership:</b>						
NBV - purchased at 31st March	<b>1,238</b>	<b>794</b>	<b>444</b>	<b>1,231</b>	<b>787</b>	<b>444</b>

**13.4 Economic Life of Intangible Assets 2018/19**

	<b>Minimum Life Years</b>	<b>Maximum Life Years</b>	<b>Minimum Life Years</b>	<b>Maximum Life Years</b>
Software licences purchased	1	5	1	5



**14. Property, Plant and Equipment (Group and Trust)****14.1 Property, Plant and Equipment 2019/20 - Group**

	<b>Total</b>	<b>Land</b>	<b>Buildings exc. Dwellings</b>	<b>Dwellings</b>	<b>Assets under Construction</b>	<b>Plant &amp; Machinery</b>	<b>Transport Equipment</b>	<b>Information Technology</b>	<b>Furniture &amp; Fittings</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Valuation/gross cost at 1st April 2019</b>	<b>137,560</b>	5,002	112,952	123	3,063	3,432	51	9,672	3,265
Transfers by absorption	<b>21,079</b>	2,110	14,765	248	0	925	0	2,682	349
Additions - purchased	<b>11,227</b>	180	3,822	0	4,197	336	0	2,519	173
Impairments charged to the revaluation reserve	<b>(2,067)</b>	(1,498)	(569)	0	0	0	0	0	0
Reversal of impairments credited to the revaluation reserve	<b>286</b>	220	55	11	0	0	0	0	0
Reclassifications	<b>0</b>	0	1,331	0	(1,340)	0	0	0	9
Revaluations	<b>(10,958)</b>	(32)	(10,918)	(8)	0	0	0	0	0
Transfers to/from assets held for sale & assets in disposal groups	<b>(345)</b>	(345)	0	0	0	0	0	0	0
Disposals	<b>(2,239)</b>	0	0	0	0	(138)	(9)	(1,757)	(335)
<b>Valuation/gross cost at 31st March 2020</b>	<b>154,543</b>	5,637	121,438	374	5,920	4,555	42	13,116	3,461
<b>Accumulated depreciation at 1st April 2019</b>	<b>7,516</b>	0	1	0	0	1,937	51	3,799	1,728
Transfers by absorption	<b>2,155</b>	0	212	4	0	527	0	1,179	233
Provided during the year	<b>5,833</b>	0	2,897	8	0	355	0	2,211	362
Impairments charged to operating expenses	<b>8,310</b>	52	8,258	0	0	0	0	0	0
Reversal of impairments credited to operating expenses	<b>(474)</b>	0	(474)	0	0	0	0	0	0
Reversal of impairments credited to the revaluation reserve	<b>0</b>	(20)	24	(4)	0	0	0	0	0
Revaluations	<b>(10,958)</b>	(32)	(10,918)	(8)	0	0	0	0	0
Reclassifications	<b>0</b>	0	0	0	0	0	0	0	0
Disposals	<b>(2,185)</b>	0	0	0	0	(84)	(9)	(1,757)	(335)
<b>Accumulated depreciation at 31st March 2020</b>	<b>10,197</b>	0	0	0	0	2,735	42	5,432	1,988
<b>Net book value by ownership:</b>									
Owned	<b>113,227</b>	5,587	90,369	374	5,920	1,820	0	7,684	1,473
Finance leased	<b>613</b>	50	563	0	0	0	0	0	0
On-Statement of Financial Position PFI contracts	<b>30,439</b>	0	30,439	0	0	0	0	0	0
Owned - government granted	<b>32</b>	0	32	0	0	0	0	0	0
Owned - donated	<b>35</b>	0	35	0	0	0	0	0	0
<b>Net book value by ownership total at 31st March 2020</b>	<b>144,346</b>	5,637	121,438	374	5,920	1,820	0	7,684	1,473

To ensure that asset values at 31st March 2020 reflect current market conditions valuations were carried out by Cushman & Wakefield.

Of the totals at 31st March 2020, £3,549,000 related to land, £112,429,000 related to buildings valued on a Modern Equivalent Asset alternative site basis.

Of the totals at 31st March 2020, £555,000 related to land, £5,543,000 related to buildings valued on a Modern Equivalent Asset no alternative site basis in relation to assets such as tenants improvements.

Of the totals at 31st March 2020, £1,134,000 related to land, £2,585,000 related to buildings and £374,000 related to dwellings valued on a Market Value in Existing Use basis.

Of the totals at 31st March 2020, £399,000 related to land, £881,000 related to buildings valued on a fair value basis. These relate to surplus non-operational assets

Of the totals at 31st March 2020, plant and machinery, transport equipment, information technology and furniture and fittings are all valued on the basis of depreciated replacement cost.

Valuations of these assets were carried out by Cushman & Wakefield as at 31st March 2020. The valuation reports include a material valuation uncertainty disclosure in order to be clear and transparent that less certainty can be attached to the valuations than would otherwise be the case due to the impact of Covid-19 on market activity.

**14. Property, Plant and Equipment (Group and Trust)****14.2 Property, Plant and Equipment 2019/20 - Trust**

	<b>Total</b>	Land	Buildings exc. Dwellings £000	Dwellings £000	Assets under Construction £000	Plant & Machinery £000	Transport Equipment £000	Information Technology £000	Furniture & Fittings £000
	<b>£000</b>	£000	£000	£000	£000	£000	£000	£000	£000
<b>Valuation/gross cost at 1st April 2019</b>	<b>136,707</b>	5,002	112,934	123	3,052	2,814	51	9,672	3,059
Transfers by absorption	21,079	2,110	14,765	248	0	925	0	2,682	349
Additions - purchased	11,029	180	3,822	0	4,172	252	0	2,519	84
Impairments charged to the revaluation reserve	(2,067)	(1,498)	(569)	0	0	0	0	0	0
Reversal of impairments credited to the revaluation reserve	286	220	55	11	0	0	0	0	0
Reclassifications	0	0	1,331	0	(1,331)	0	0	0	0
Revaluations	(10,957)	(32)	(10,917)	(8)	0	0	0	0	0
Transfers to/from assets held for sale & assets in disposal groups	(345)	(345)	0	0	0	0	0	0	0
Disposals	(2,147)	0	0	0	0	(46)	(9)	(1,757)	(335)
<b>Valuation/gross cost at 31st March 2020</b>	<b>153,585</b>	<b>5,637</b>	<b>121,421</b>	<b>374</b>	<b>5,893</b>	<b>3,945</b>	<b>42</b>	<b>13,116</b>	<b>3,157</b>
<b>Accumulated depreciation at 1st April 2019</b>	<b>7,245</b>	0	0	0	0	1,698	51	3,799	1,697
Transfers by absorption	2,155	0	212	4	0	527	0	1,179	233
Provided during the year	5,726	0	2,897	8	0	277	0	2,211	333
Impairments charged to operating expenses	8,310	52	8,258	0	0	0	0	0	0
Reversal of impairments credited to operating expenses	(474)	(20)	(450)	(4)	0	0	0	0	0
Revaluations	(10,957)	(32)	(10,917)	(8)	0	0	0	0	0
Disposals	(2,147)	0	0	0	0	(46)	(9)	(1,757)	(335)
<b>Accumulated depreciation at 31st March 2020</b>	<b>9,858</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,456</b>	<b>42</b>	<b>5,432</b>	<b>1,928</b>
<b>Net book value by ownership:</b>									
Owned	112,608	5,587	90,352	374	5,893	1,489	0	7,684	1,229
Finance leased	613	50	563	0	0	0	0	0	0
On-Statement of Financial Position PFI contracts	30,439	0	30,439	0	0	0	0	0	0
Owned - government granted	32	0	32	0	0	0	0	0	0
Owned - donated	35	0	35	0	0	0	0	0	0
<b>Net book value by ownership total at 31st March 2020</b>	<b>143,727</b>	<b>5,637</b>	<b>121,421</b>	<b>374</b>	<b>5,893</b>	<b>1,489</b>	<b>0</b>	<b>7,684</b>	<b>1,229</b>

To ensure that asset values at 31st March 2020 reflect current market conditions valuations were carried out by Cushman & Wakefield.

Of the totals at 31st March 2020, £3,549,000 related to land, £112,412,000 related to buildings valued on a Modern Equivalent Asset alternative site basis.

Of the totals at 31st March 2020, £555,000 related to land, £5,543,000 related to buildings valued on a Modern Equivalent Asset no alternative site basis in relation to assets such as tenants improvements.

Of the totals at 31st March 2020, £1,134,000 related to land, £2,585,000 related to buildings and £374,000 related to dwellings valued on a Market Value in Existing Use basis.

Of the totals at 31st March 2020, £399,000 related to land, £881,000 related to buildings valued on a fair value basis. These relate to surplus non-operational assets

Of the totals at 31st March 2020, plant and machinery, transport equipment, information technology and furniture and fittings are all valued on the basis of depreciated replacement cost.

Valuations of these assets were carried out by Cushman & Wakefield as at 31st March 2020. The valuation reports include a material valuation uncertainty disclosure in order to be clear and transparent that less certainty can be attached to the valuations than would otherwise be the case due to the impact of Covid-19 on market activity.

**14. Property, Plant and Equipment (Group and Trust)****14.1 Property, Plant and Equipment 2018/19 - Group**

	<b>Total</b>	Land	Buildings exc. Dwellings	Dwellings	Assets under Construction	Plant & Machinery	Transport Equipment	Information Technology	Furniture & Fittings
	<b>£000</b>	£000	£000	£000	£000	£000	£000	£000	£000
<b>Valuation/gross cost at 1st April 2018</b>	<b>136,423</b>	5,213	112,863	123	2,013	3,432	59	9,320	3,400
Additions - purchased	7,464	0	2,410	0	2,326	0	0	2,624	104
Additions - assets purchased from cash donations	25	0	25	0	0	0	0	0	0
Impairments charged to the revaluation reserve	(96)	0	(96)	0	0	0	0	0	0
Reversal of impairments credited to the revaluation reserve	281	0	281	0	0	0	0	0	0
Reclassifications	0	0	1,276	0	(1,276)	0	0	0	0
Revaluations	(2,999)	(64)	(2,935)	0	0	0	0	0	0
Transfers to/from assets held for sale & assets in disposal groups	(325)	(97)	(228)	0	0	0	0	0	0
Disposals	(3,213)	(50)	(644)	0	0	0	(8)	(2,272)	(239)
<b>Valuation/gross cost at 31st March 2019</b>	<b>137,560</b>	5,002	112,952	123	3,063	3,432	51	9,672	3,265
<b>Accumulated depreciation at 1st April 2018</b>	<b>7,465</b>	0	0	0	0	1,574	59	4,210	1,622
Provided during the year	4,771	0	2,200	2	0	363	0	1,861	345
Impairments charged to operating expenses	2,018	104	1,914	0	0	0	0	0	0
Reversal of impairments credited to operating expenses	(1,220)	(40)	(1,178)	(2)	0	0	0	0	0
Revaluations	(2,999)	(64)	(2,935)	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Disposals	(2,519)	0	0	0	0	0	(8)	(2,272)	(239)
<b>Accumulated depreciation at 31st March 2019</b>	<b>7,516</b>	0	1	0	0	1,937	51	3,799	1,728
<b>Net book value by ownership:</b>									
Owned	98,232	4,952	81,189	123	3,063	1,495	0	5,873	1,537
Finance leased	635	50	585	0	0	0	0	0	0
On-Statement of Financial Position PFI contracts	31,119	0	31,119	0	0	0	0	0	0
Owned - government granted	33	0	33	0	0	0	0	0	0
Owned - donated	25	0	25	0	0	0	0	0	0
<b>Net book value by ownership total at 31st March 2019</b>	<b>130,044</b>	5,002	112,951	123	3,063	1,495	0	5,873	1,537

To ensure that asset values at 31st March 2019 reflect current market conditions valuations were carried out by Cushman & Wakefield.

Of the totals at 31st March 2019, £3,250,000 related to land, £105,963,000 related to buildings valued on a Modern Equivalent Asset alternative site basis.

Of the totals at 31st March 2019, £95,000 related to land, £3,508,000 related to buildings valued on a Modern Equivalent Asset no alternative site basis in relation to tenants improvements.

Of the totals at 31st March 2019, £1,063,000 related to land, £2,594,000 related to buildings and £123,000 related to dwellings valued on a Market Value in Existing Use basis.

Of the totals at 31st March 2019, £594,000 related to land, £886,000 related to buildings valued on a fair value basis. These relate to surplus non-operational assets

Of the totals at 31st March 2019, 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 (Group and Trust)****14.2 Property, Plant and Equipment 2018/19 - Trust**

	<b>Total</b>	<b>Land</b>	<b>Buildings exc. Dwellings</b>	<b>Dwellings</b>	<b>Assets under Construction</b>	<b>Plant &amp; Machinery</b>	<b>Transport Equipment</b>	<b>Information Technology</b>	<b>Furniture &amp; Fittings</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Valuation/gross cost at 1st April 2018</b>	<b>135,874</b>	5,213	112,864	123	2,013	3,007	59	9,320	3,275
Additions - purchased	7,349	0	2,388	0	2,315	0	0	2,624	22
Additions - leased	0	0	0	0	0	0	0	0	0
Additions - assets purchased from cash donations	25	0	25	0	0	0	0	0	0
Impairments charged to the revaluation reserve	(96)	0	(96)	0	0	0	0	0	0
Reversal of impairments credited to the revaluation reserve	281	0	281	0	0	0	0	0	0
Reclassifications	0	0	1,276	0	(1,276)	0	0	0	0
Revaluations	(2,996)	(64)	(2,932)	0	0	0	0	0	0
Transfers to/from assets held for sale & assets in disposal groups	(325)	(97)	(228)	0	0	0	0	0	0
Disposals	(3,405)	(50)	(644)	0	0	(193)	(8)	(2,272)	(238)
<b>Valuation/gross cost at 31st March 2019</b>	<b>136,707</b>	5,002	112,934	123	3,052	2,814	51	9,672	3,059
<b>Accumulated depreciation at 1st April 2018</b>	<b>7,343</b>	0	0	0	0	1,463	59	4,210	1,611
Provided during the year	4,629	0	2,196	2	0	245	0	1,861	325
Impairments charged to operating expenses	2,018	104	1,914	0	0	0	0	0	0
Reversal of impairments credited to operating expenses	(1,220)	(40)	(1,178)	(2)	0	0	0	0	0
Revaluations	(2,996)	(64)	(2,932)	0	0	0	0	0	0
Disposals	(2,529)	0	0	0	0	(10)	(8)	(2,272)	(239)
<b>Accumulated depreciation at 31st March 2019</b>	<b>7,245</b>	0	0	0	0	1,698	51	3,799	1,697
<b>Net book value by ownership:</b>									
Owned	97,650	4,952	81,172	123	3,052	1,116	0	5,873	1,362
Finance leased	635	50	585	0	0	0	0	0	0
On-Statement of Financial Position PFI contracts	31,119	0	31,119	0	0	0	0	0	0
Owned - government granted	33	0	33	0	0	0	0	0	0
Owned - donated	25	0	25	0	0	0	0	0	0
<b>Net book value by ownership total at 31st March 2019</b>	<b>129,462</b>	5,002	112,934	123	3,052	1,116	0	5,873	1,362

To ensure that asset values at 31st March 2019 reflect current market conditions valuations were carried out by Cushman & Wakefield.

Of the totals at 31st March 2019, £3,250,000 related to land, £105,963,000 related to buildings valued on a Modern Equivalent Asset alternative site basis.

Of the totals at 31st March 2019, £95,000 related to land, £3,508,000 related to buildings valued on a Modern Equivalent Asset no alternative site basis in relation to tenants improvements.

Of the totals at 31st March 2019, £1,063,000 related to land, £2,594,000 related to buildings and £123,000 related to dwellings valued on a Market Value in Existing Use basis.

Of the totals at 31st March 2019, £594,000 related to land, £886,000 related to buildings valued on a fair value basis. These relate to surplus non-operational assets

Of the totals at 31st March 2019, 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 (Group and Trust - continued)

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##### 14.3 Economic Life of Property, Plant and Equipment (Group and Trust)

Group & Trust	Minimum Life Years	Maximum Life Years
Land	Indefinite	Indefinite
Buildings excluding dwellings	2	54
Dwellings	31	34
Plant & machinery	0	15
Transport equipment	0	1
Information technology	0	5
Furniture & fittings	0	10

**15. Investments (Group and Trust)****15.1 Investments**

	<b>Group</b>		<b>Trust</b>	
	<b>2019/20</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2018/19</b>
	<b>Investments in associates and joint ventures £000</b>	<b>Investments in associates and joint ventures £000</b>	<b>Investments in associates and joint ventures £000</b>	<b>Investments in associates and joint ventures £000</b>
Carrying value at 1st April	20	0	20	0
Share of profit	13	39	13	39
Disbursements/dividends received	0	(19)	0	(19)
Carrying value at 31st March	33	20	33	20

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**

	<b>Group</b>		<b>Trust</b>	
	<b>Value £000</b>	<b>Interest Held %</b>	<b>Value £000</b>	<b>Interest Held %</b>
As at 31st March 2020				
MHC / NTW LLP	67	50%	67	50%
As at 31st March 2019				
MHC / NTW LLP	0	50%	0	50%

(MHC / NTW LLP formally known as Insight Ltd / NTW LLP)

**15.3 Investments in Subsidiary Undertakings**

	<b>Trust</b>	
	<b>2019/20 Investments in subsidiary undertakings £000</b>	<b>2018/19 Investments in subsidiary undertakings £000</b>
Shares in subsidiary undertakings	12,516	12,516
Loans to subsidiary undertakings under 1 year	544	615
Loans to subsidiary undertakings over 1 year	17,057	20,576
	30,117	33,707

The shares in the subsidiary company NTW Solutions Limited is a 100% wholly owned subsidiary consisting of £1 ordinary shares.

**15.4 Other investments/financial assets**

	<b>Group</b>		<b>Trust</b>	
	<b>2019/20 Other investments / financial assets £000</b>	<b>2018/19 Other investments / financial assets £000</b>	<b>2019/20 Other investments / financial assets £000</b>	<b>2018/19 Other investments / financial assets £000</b>
Other current financial assets	0	0	0	0
Other current financial assets - Charitable Fund Investments	500	0	0	0
	500	0	0	0

**16. Non-current Assets for Sale and Assets in Disposal Groups (Group and Trust)****16.1 Non-current Assets for Sale and Assets in Disposal Groups 2019/20**

	<b>Group</b>		<b>Trust</b>	
	<b>Total £000</b>	<b>Property, Plant &amp; Equipment: Land £000</b>	<b>Total £000</b>	<b>Property, Plant &amp; Equipment: Land £000</b>
Net book value at 1st April 2019	325	97	325	97
Plus assets classified as available for sale in the year	345	345	345	345
Less assets sold in year	(125)	(37)	(125)	(37)
Net book value at 31st March 2020	545	405	545	405

At 1st April 2019, the Trust held two assets for sale in disposal groups. During the year, one of these properties was sold and the second property remains reclassified as held for sale as is in the process of being sold. During the year, two areas of land have been reclassified as held for sale and are being actively marketed.

**16. Non-current Assets for Sale and Assets in Disposal Groups (Group and Trust - continued)****16.1 Non-current Assets for Sale and Assets in Disposal Groups 2018/19**

	Group			Trust		
	Total £000	Property, Plant & Equipment: Land £000	Property, Plant & Equipment: Buildings £000	Total £000	Property, Plant & Equipment: Land £000	Property, Plant & Equipment: Buildings £000
<b>Net book value at 1st April 2018</b>	<b>285</b>	86	199	<b>285</b>	86	199
Plus assets classified as available for sale in the year	<b>325</b>	97	228	<b>325</b>	97	228
Less assets sold in year	<b>(285)</b>	(86)	(199)	<b>(285)</b>	(86)	(199)
<b>Net book value at 31st March 2019</b>	<b>325</b>	<b>97</b>	<b>228</b>	<b>325</b>	<b>97</b>	<b>228</b>

At 1st April 2018, the Trust held two assets for sale in disposal groups. During the year, both of these properties were sold and two further properties were reclassified as held for sale.

**16.2 Liabilities in Disposal Groups (Group and Trust)**

The Group and Trust has no liabilities in disposal groups as at 31st March 2020; (31st March 2019 : £nil).

**17. Other Assets (Group and Trust)**

The Group and Trust has no other assets as at 31st March 2020; (31st March 2019 : £nil).

**18. Other Financial Assets (Group and Trust)**

The Group and Trust has no other financial assets as at 31st March 2020; (31st March 2019 : £nil).

**19. Inventories (Group and Trust)****19.1 Inventory 2019/20**

	<b>Total £000</b>	<b>Drugs £000</b>	<b>Group Consumables £000</b>	<b>Energy £000</b>	<b>Other £000</b>		<b>Total £000</b>	<b>Drugs £000</b>	<b>Trust Consumables £000</b>	<b>Energy £000</b>	<b>Other £000</b>
<b>Carrying Value at 1st April 2019</b>	<b>437</b>	<b>366</b>	<b>3</b>	<b>21</b>	<b>47</b>		<b>273</b>	<b>271</b>	<b>0</b>	<b>0</b>	<b>2</b>
Additions	<b>3,198</b>	<b>2,902</b>	<b>3</b>	<b>3</b>	<b>290</b>		<b>2,903</b>	<b>2,903</b>	<b>0</b>	<b>0</b>	<b>0</b>
Inventories consumed (recognised in expenses)	<b>(3,189)</b>	<b>(2,891)</b>	<b>(2)</b>	<b>(3)</b>	<b>(293)</b>		<b>(2,882)</b>	<b>(2,881)</b>	<b>0</b>	<b>0</b>	<b>(1)</b>
Write down of inventories recognised as an expense	<b>(17)</b>	<b>(17)</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>(17)</b>	<b>(17)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Carrying Value at 31st March 2020</b>	<b>429</b>	<b>360</b>	<b>4</b>	<b>21</b>	<b>44</b>		<b>277</b>	<b>276</b>	<b>0</b>	<b>0</b>	<b>1</b>

**19.2 Inventory 2018/19**

	<b>Total £000</b>	<b>Drugs £000</b>	<b>Group Consumables £000</b>	<b>Energy £000</b>	<b>Other £000</b>		<b>Total £000</b>	<b>Drugs £000</b>	<b>Trust Consumables £000</b>	<b>Energy £000</b>	<b>Other £000</b>
<b>Carrying Value at 1st April 2018</b>	<b>319</b>	<b>236</b>	<b>4</b>	<b>15</b>	<b>64</b>		<b>235</b>	<b>234</b>	<b>0</b>	<b>0</b>	<b>1</b>
Additions	<b>3,377</b>	<b>3,284</b>	<b>10</b>	<b>10</b>	<b>73</b>		<b>3,192</b>	<b>3,191</b>	<b>0</b>	<b>0</b>	<b>1</b>
Inventories consumed (recognised in expenses)	<b>(3,255)</b>	<b>(3,150)</b>	<b>(11)</b>	<b>(4)</b>	<b>(90)</b>		<b>(3,150)</b>	<b>(3,150)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Write down of inventories recognised as an expense	<b>(4)</b>	<b>(4)</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>(4)</b>	<b>(4)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Carrying Value at 31st March 2019</b>	<b>437</b>	<b>366</b>	<b>3</b>	<b>21</b>	<b>47</b>		<b>273</b>	<b>271</b>	<b>0</b>	<b>0</b>	<b>2</b>



**20. Trade and Other Receivables (Group and Trust)****20.1 Trade and Other Receivables**

	<b>Group</b>	<b>Trust</b>	<b>Group</b>	<b>Trust</b>
	<b>31st March</b>	<b>31st March</b>	<b>31st March</b>	<b>31st March</b>
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Current</b>				
Contract receivables invoiced	13,398	13,183	12,668	12,969
Contract receivables not yet invoiced	3,803	3,775	3,791	3,779
Capital receivables	213	212	213	212
Allowance for impaired contract receivables	(766)	(758)	(577)	(573)
Deposits and advances	8	8	1	1
Prepayments (non-PFI)	4,374	4,038	3,615	3,374
Interest receivable	8	7	10	2
PDC dividend receivable	429	429	67	67
VAT receivable	1,899	1,544	358	358
Clinical pension tax provision reimbursement funding from NHSE	662	662	0	0
Other receivables - revenue	517	507	663	483
<b>Total current trade and other receivables</b>	<b>24,545</b>	<b>23,607</b>	<b>20,809</b>	<b>20,672</b>
<b>Non-current</b>				
Prepayments (non-PFI)	185	151	247	230
<b>Total non-current trade and other receivables</b>	<b>185</b>	<b>151</b>	<b>247</b>	<b>230</b>
<b>Total trade and other receivables</b>	<b>24,730</b>	<b>23,758</b>	<b>21,056</b>	<b>20,902</b>

**20.2 Allowance for credit losses**

	<b>Group</b>	<b>Trust</b>	<b>Group</b>	<b>Trust</b>
	<b>2019/20</b>	<b>2019/20</b>	<b>2018/19</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>At 1st April</b>	<b>577</b>	<b>573</b>	<b>513</b>	<b>509</b>
Net allowances arising	624	621	543	543
Utilisation of allowances where receivable is written off	(38)	(38)	(110)	(110)
Reversal of allowances where receivable is collected in year	(397)	(397)	(369)	(369)
<b>At 31st March</b>	<b>766</b>	<b>759</b>	<b>577</b>	<b>573</b>

**20.3 Finance Lease Receivables (Group and Trust)**

The Group and Trust had no finance lease receivables at 31st March 2020 (31st March 2019 : £nil).

**21. Cash and Cash Equivalents (Group and Trust)**

	<b>Group 2019/20 Cash and cash equivalents £000</b>	<b>Trust 2019/20 Cash and cash equivalents £000</b>	<b>Group 2018/19 Cash and cash equivalents £000</b>	<b>Trust 2018/19 Cash and cash equivalents £000</b>
<b>At 1st April</b>	<b>31,641</b>	<b>27,864</b>	<b>24,465</b>	<b>18,981</b>
Net change in year	<b>352</b>	<b>171</b>	<b>7,176</b>	<b>8,883</b>
<b>At 31st March</b>	<b>31,993</b>	<b>28,035</b>	<b>31,641</b>	<b>27,864</b>
Broken down into:				
Cash at commercial banks and in hand	<b>2,478</b>	<b>231</b>	<b>1,650</b>	<b>160</b>
Charitable funds cash and cash equivalents	<b>704</b>	<b>0</b>	<b>1,287</b>	<b>0</b>
Cash with the Government Banking Service (GBS)	<b>27,804</b>	<b>27,804</b>	<b>9,704</b>	<b>9,704</b>
Deposits with the National Loans Fund	<b>0</b>	<b>0</b>	<b>18,000</b>	<b>18,000</b>
Other current investments (short term deposits)	<b>1,007</b>	<b>0</b>	<b>1,000</b>	<b>0</b>
<b>Cash and cash equivalents as per the Statement of Financial Position</b>	<b>31,993</b>	<b>28,035</b>	<b>31,641</b>	<b>27,864</b>
Bank overdrafts - (GBS and commercial banks)	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Drawdown in committed facility	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash and cash equivalents as per the Statement of Cash Flows</b>	<b>31,993</b>	<b>28,035</b>	<b>31,641</b>	<b>27,864</b>

The Trust held £1,108,000 cash and cash equivalents at 31st March 2020 (31st March 2019 : £1,177,000) which relates to monies held on behalf of patients. The Group also held £292,000 in relation to staff savings schemes (31st March 2019 : £267,000). These balances have been excluded from the cash and cash equivalents figure reported in the accounts.

**22. Trade and Other Payables (Group and Trust)****22.1 Trade and Other Payables**

	<b>Group 31st March 2020 £000</b>	<b>Trust 31st March 2020 £000</b>	<b>Group 31st March 2019 £000</b>	<b>Trust 31st March 2019 £000</b>
<b>Current</b>				
Trade payables	<b>5,055</b>	<b>4,163</b>	<b>2,923</b>	<b>2,361</b>
Other trade payables - capital	<b>2,322</b>	<b>2,956</b>	<b>1,816</b>	<b>2,129</b>
Accruals	<b>15,871</b>	<b>15,295</b>	<b>14,827</b>	<b>14,022</b>
Social Security costs	<b>4,328</b>	<b>4,126</b>	<b>3,585</b>	<b>3,386</b>
VAT payables	<b>555</b>	<b>0</b>	<b>508</b>	<b>0</b>
Other taxes payable	<b>2,765</b>	<b>2,276</b>	<b>1,991</b>	<b>1,895</b>
Other payables	<b>6,315</b>	<b>5,981</b>	<b>5,268</b>	<b>4,928</b>
NHS Charitable funds trade and other payables	<b>9</b>	<b>0</b>	<b>37</b>	<b>0</b>
<b>Total current trade and other payables</b>	<b>37,220</b>	<b>34,797</b>	<b>30,955</b>	<b>28,721</b>

The Group and Trust had no non-current trade and other payables at 31st March 2020 (31st March 2019 : £nil).

**22.2 Early Retirements included in NHS Payables above (Group and Trust)**

The Group and Trust had no liabilities for early retirements payable over 5 years (31st March 2019 : £nil).

**23. Borrowings (Group and Trust)****23.1 Borrowings**

	<b>Group 31st March 2020 £000</b>	<b>Trust 31st March 2020 £000</b>	<b>Group 31st March 2019 £000</b>	<b>Trust 31st March 2019 £000</b>
<b>Current</b>				
Capital loans from Department of Health and Social Care	2,764	2,764	4,163	4,163
Obligations under finance leases	60	60	60	60
Obligations under PFI contracts (excl. lifecycle)	1,252	1,252	757	757
<b>Total current borrowings</b>	<b>4,076</b>	<b>4,076</b>	<b>4,980</b>	<b>4,980</b>
<b>Non-current</b>				
Capital loans from Department of Health and Social Care	44,281	44,281	46,830	46,830
Obligations under finance leases	833	833	892	892
Obligations under Private Finance Initiative contracts	36,098	36,098	37,350	37,350
<b>Total non-current borrowings</b>	<b>81,212</b>	<b>81,212</b>	<b>85,072</b>	<b>85,072</b>

**23.2 Reconciliation of liabilities arising from financing activities (Group and Trust)**

	<b>Loans from DHSC £000</b>	<b>Finance Leases £000</b>	<b>PFI Schemes £000</b>	<b>Total £000</b>
<b>Carrying value at 1st April 2019</b>	<b>50,993</b>	<b>952</b>	<b>38,107</b>	<b>90,052</b>
<b>Cash movements</b>				
Financing cash flows - payments of principle	(3,938)	(59)	(756)	(4,753)
Financing cash flows - payments of interest	(1,049)	(33)	(2,677)	(3,759)
<b>Non cash movements</b>				
Interest expense	1,039	33	2,676	3,748
Non-cash movements	0	0	0	0
Impact of implementing IFRS 9 on 1st April - interest payable liabilities	0	0	0	0
<b>Carrying value at 31st March 2020</b>	<b>47,045</b>	<b>893</b>	<b>37,350</b>	<b>85,288</b>

**23.3 Reconciliation of liabilities arising from financing activities (Group and Trust)**

	<b>Loans from DHSC £000</b>	<b>Finance Leases £000</b>	<b>Restated PFI Schemes £000</b>	<b>Total £000</b>
<b>Carrying value at 1st April 2018</b>	<b>56,082</b>	<b>1,013</b>	<b>39,042</b>	<b>96,137</b>
<b>Cash movements</b>				
Financing cash flows - payments of principle	(5,315)	(61)	(937)	(6,313)
Financing cash flows - payments of interest	(1,178)	(35)	(2,728)	(3,941)
<b>Non cash movements</b>				
Interest expense	1,165	35	2,728	3,928
Non-cash movements	14	0	2	16
Impact of implementing IFRS 9 on 1st April - interest payable liabilities	225	0	0	225
<b>Carrying value at 31st March 2019</b>	<b>50,993</b>	<b>952</b>	<b>38,107</b>	<b>90,052</b>

**24. Other Liabilities (Group and Trust)**

	<b>Group 31st March 2020 £000</b>	<b>Trust 31st March 2020 £000</b>	<b>Group 31st March 2019 £000</b>	<b>Trust 31st March 2019 £000</b>
<b>Current</b>				
Other deferred income	831	3,860	484	3,513
<b>Total current other liabilities</b>	<b>831</b>	<b>3,860</b>	<b>484</b>	<b>3,513</b>
<b>Non-current</b>				
Other deferred income	249	29,142	324	32,246
<b>Total non-current other liabilities</b>	<b>249</b>	<b>29,142</b>	<b>324</b>	<b>32,246</b>

**25. Other Financial Liabilities (Group and Trust)**

The Group and Trust had no other financial liabilities at 31st March 2020 (31st March 2019 : £nil).

**26. Provisions for Liabilities and Charges (Group and Trust)****26.1 Provisions for Liabilities and Charges**

	<b>Group Current</b>		<b>Group Non-current</b>		<b>Trust Current</b>		<b>Trust Non-current</b>	
	<b>31st March 2020 £000</b>	<b>31st March 2019 £000</b>	<b>31st March 2020 £000</b>	<b>31st March 2019 £000</b>	<b>31st March 2020 £000</b>	<b>31st March 2019 £000</b>	<b>31st March 2020 £000</b>	<b>31st March 2019 £000</b>
Pensions - early departure costs	117	114	1,244	1,222	117	114	1,244	1,222
Pensions - injury benefits	264	249	5,877	5,150	264	249	5,877	5,150
Other legal claims	153	107	0	0	125	98	0	0
Redundancy	0	125	0	0	0	125	0	0
Clinical pension tax reimbursement	662	0	0	0	662	0	0	0
Other	1,424	178	0	0	1,359	178	0	0
<b>Total</b>	<b>2,620</b>	<b>773</b>	<b>7,121</b>	<b>6,372</b>	<b>2,527</b>	<b>764</b>	<b>7,121</b>	<b>6,372</b>

**26. Provisions for Liabilities and Charges (Group and Trust - continued)****26.2 Provisions for Liabilities and Charges Analysis - Group and Trust**

	<b>Total</b>	<b>Pensions - early departure costs £000</b>	<b>Pensions - injury benefits costs £000</b>	<b>Group Other Legal Claims £000</b>	<b>Redundancy £000</b>	<b>Clinical pension tax reimbursement £000</b>	<b>Other £000</b>		<b>Total</b>	<b>Pensions - early departure costs £000</b>	<b>Pensions - injury benefits costs £000</b>	<b>Trust Other Legal Claims £000</b>	<b>Redundancy £000</b>	<b>Clinical pension tax reimbursement £000</b>	<b>Other £000</b>
<b>At 1st April 2019</b>	<b>7,145</b>	1,336	5,399	107	125	0	178		<b>7,136</b>	1,336	5,399	98	125	0	178
Change in the discount rate	<b>671</b>	75	596	0	0	0	0		<b>671</b>	75	596	0	0	0	0
Arising during the year	<b>2,779</b>	86	447	137	0	662	1,447		<b>2,695</b>	86	447	118	0	662	1,382
Utilised during the year - accruals	<b>(95)</b>	(29)	(66)	0	0	0	0		<b>(95)</b>	(29)	(66)	0	0	0	0
Utilised during the year - cash	<b>(642)</b>	(93)	(205)	(37)	(106)	0	(201)		<b>(642)</b>	(93)	(205)	(37)	(106)	0	(201)
Reversed unused	<b>(80)</b>	(7)	0	(54)	(19)	0	0		<b>(80)</b>	(7)	0	(54)	(19)	0	0
Unwinding of discount	<b>(37)</b>	(7)	(30)	0	0	0	0		<b>(37)</b>	(7)	(30)	0	0	0	0
<b>At 31st March 2020</b>	<b>9,741</b>	1,361	6,141	153	0	662	1,424		<b>9,648</b>	1,361	6,141	125	0	662	1,359
<b>Expected timing of cashflows:</b>															
- not later than one year;	<b>2,620</b>	117	264	153	0	662	1,424		<b>2,527</b>	117	264	125	0	662	1,359
- later than one year and not later than five years;	<b>1,541</b>	472	1,069	0	0	0	0		<b>1,541</b>	472	1,069	0	0	0	0
- later than five years.	<b>5,580</b>	772	4,808	0	0	0	0		<b>5,580</b>	772	4,808	0	0	0	0
<b>Total</b>	<b>9,741</b>	1,361	6,141	153	0	662	1,424		<b>9,648</b>	1,361	6,141	125	0	662	1,359

The total value of clinical negligence provisions carried by NHS Resolution (formerly known as NHS Litigation Authority) on behalf of the Trust is £1,143,000 at 31st March 2020 (31st March 2019 : £4,073,000) and these liabilities are not recognised in the Trust's accounts.

**Pensions - early departure provisions**

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.

**Pensions - injury benefit provisions**

The injury benefit provisions are based on future payments in respect of injury benefit claims and average life expectancies.

**Legal Claims**

Legal claims includes provisions for employer and public liability claims against the Group. Information regarding the probability of success, values and timings of these claims has been provided by NHS Resolution and Royal Sun Alliance. 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:

- provisions for employee litigation cases and potential employee claims.

The Treasury Pension rate applied to the Pensions and Injury Benefits provision has changed to -0.50% (previously 0.29%).

**27. Contingencies (Group and Trust)**

	<b>Group 31st March 2020 £000</b>	<b>Trust 31st March 2020 £000</b>	<b>Group 31st March 2019 £000</b>	<b>Trust 31st March 2019 £000</b>
<b>Value of contingent liabilities:</b>				
NHS Resolution legal claims	(99)	(99)	(70)	(70)
Other	(1,412)	(1,412)	0	0
<b>Gross value of contingent liabilities</b>	<b>(1,511)</b>	<b>(1,511)</b>	<b>(70)</b>	<b>(70)</b>
Amounts recoverable against liabilities	0	0	0	0
<b>Net value of contingent liabilities</b>	<b>(1,511)</b>	<b>(1,511)</b>	<b>(70)</b>	<b>(70)</b>
<b>Net value of contingent assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Contingent liabilities include:

- estimates provided by NHS Resolution for public liability and employer liability cases.
- provisions for employee litigation cases and potential employee claims. These claims are of uncertain timing and amount and are contingent based on legal outcomes and are linked to other provisions made in note 26.

The Trust has unquantifiable contingent assets in relation to a potential VAT reclaim which is contingent on the outcome of a VAT tribunal case.

**28. Revaluation Reserve (Group & Trust)****28.1 Revaluation Reserve 2019/20 (Trust)**

	<b>Total £000</b>	<b>Property, Plant &amp; Equipment £000</b>	<b>Assets Held for Sale £000</b>
<b>Revaluation reserve at 1st April 2019</b>	<b>3,095</b>	<b>3,095</b>	<b>0</b>
Transfers by absorption	2,518	2,518	0
Net Impairments	(1,781)	(1,781)	0
Transfer to other reserves	0	(150)	150
Transfer to I&E reserve upon asset disposal	(13)	(13)	0
<b>Revaluation reserve at 31st March 2020</b>	<b>3,819</b>	<b>3,669</b>	<b>150</b>

All revaluation reserve balances are held by the Trust.

**28.2 Revaluation Reserve 2018/19**

	<b>Total £000</b>	<b>Property, Plant &amp; Equipment £000</b>	<b>Assets Held for Sale £000</b>
<b>Revaluation reserve at 1st April 2018</b>	<b>3,008</b>	<b>3,008</b>	<b>0</b>
Net Impairments	185	185	0
Transfer to I&E reserve upon asset disposal	(98)	(98)	0
<b>Revaluation reserve at 31st March 2019</b>	<b>3,095</b>	<b>3,095</b>	<b>0</b>

All revaluation reserve balances are held by the Trust.

**29. Related Parties (Group)****29.1 Related Party Transactions 2019/20**

	<b>Group Income £000</b>	<b>Group Expenditure £000</b>
<b>Transactions with parties related to board members:</b>		
David Arthur, Non-Executive Director		
- Director/Trustee of Mental Health Concern	24	136
- Member of Newcastle University Business Engagement & Advisory Board	239	1,360
Alexis Cleveland, Non-Executive Director		
- Chair: University College Council Durham University	11	157
- Trustee: Barnardo's Childrens Charity	0	190
Peter Studd, Non-Executive Director		
- Governor of Middlesbrough College	0	2
James Duncan, Executive Director of Finance and Deputy Chief Executive		
- Vice Chair of the HFMA Mental Health Faculty. The Trust has paid/accrued for purchase invoices in respect of fees.	0	7
Lisa Crichton-Jones, Executive Director of Workforce and Organisational Development (out on secondment)		
- Governor of East Durham College	0	1
Gary O'Hare, Executive Director of Nursing and Operations		
Wife, Mrs Janice O'Hare, is engaged by the Trust to manage the return of Trust patients who have been in long term out of area placements reporting to the Executive Director of Commissioning and Quality Assurance. The engagement is through JOH Associates Ltd	0	153
Lynne Shaw, Acting Executive Director of Workforce and Organisational Development		
- Board Member of Newcastle College	0	0
<b>Value of transactions with parties related to board members</b>	<b>274</b>	<b>2,006</b>
<b>Value of transactions with key staff members</b>	<b>0</b>	<b>0</b>
<b>Value of transactions with other related parties:</b>		
Non-consolidated subsidiaries and associates/joint ventures	254	0
<b>Total value of transactions with related parties in 2019/20</b>	<b>528</b>	<b>2,006</b>

**29. Related Parties Group (continued)****29.2 Related Party Balances at 31st March 2020**

	<b>Group Receivables £000</b>	<b>Group Payables £000</b>
<b>Balances (other than salary) with parties related to board members:</b>		
David Arthur, Non-Executive Director		
- <i>Director/Trustee of Mental Health Concern</i>	9	0
- <i>Member of Newcastle University Business Engagement &amp; Advisory Board</i>	25	602
Alexis Cleveland, Non-Executive Director		
- <i>Vice Chair and Trustee : Durham University Council and Chair : University College Council Durham University. The Trust has raised invoices in relation to training</i>	6	71
- <i>Trustee: Barnardo's Childrens Charity</i>	0	127
<b>Value of balances (other than salary) with parties related to board members</b>	<b>40</b>	<b>800</b>
<b>Value of balances (other than salary) with key staff members</b>	<b>0</b>	<b>0</b>
<b>Value of balances (other than salary) with related parties in relation to doubtful debts</b>	<b>0</b>	<b>0</b>
<b>Value of balances (other than salary) with related parties in respect of doubtful debts written off in year</b>	<b>0</b>	<b>0</b>
<b>Value of balances with other related parties:</b>		
Non-consolidated subsidiaries and associates/joint ventures	68	0
<b>Total balances with related parties at 31st March 2020</b>	<b>108</b>	<b>800</b>



**29. Related Parties (Group)****29.1 Related Party Transactions 2018/19**

	<b>Group Income £000</b>	<b>Group Expenditure £000</b>
<b>Transactions with parties related to board members:</b>		
David Arthur, Non-Executive Director		
- Director/Trustee of Mental Health Concern	11	0
- Consultant to MHA LLP chartered accountants network	0	1
- Member of Newcastle University Business Engagement & Advisory Board	159	743
Alexis Cleveland, Non-Executive Director		
- Chair: University College Council Durham University	22	117
- Trustee: Barnardo's Childrens Charity	0	1
James Duncan, Executive Director of Finance & Deputy Chief Executive and Non Executive, NTW Solutions Ltd		
- brother in law is a partner at Womble Bond Dickinson LLP. The Trust has paid/accrued for purchase invoices in respect of legal fees.	0	17
- Vice Chair of the HFMA Mental Health Faculty. The Trust has paid/accrued for purchase invoices in respect of fees.	0	5
Dr Rajesh Nadkarni, Executive Medical Director		
- Member of Advisory Board, Cass Business School, City University of London	31	0
<b>Value of transactions with parties related to board members</b>	<b>223</b>	<b>884</b>
<b>Value of transactions with key staff members</b>	<b>0</b>	<b>0</b>
<b>Value of transactions with other related parties:</b>		
Non-consolidated subsidiaries and associates/joint ventures	136	0
<b>Total value of transactions with related parties in 2018/19</b>	<b>359</b>	<b>884</b>

**29. Related Parties Group (continued)****29.2 Related Party Balances at 31st March 2019**

	<b>Group Receivables £000</b>	<b>Group Payables £000</b>
<b>Balances (other than salary) with parties related to board members:</b>		
David Arthur, Non-Executive Director		
- Director/Trustee of Mental Health Concern	6	0
- Member of Newcastle University Business Engagement & Advisory Board	154	683
Alexis Cleveland, Non-Executive Director		
- Vice Chair and Trustee : Durham University Council and Chair : University College Council Durham University. The Trust has raised invoices in relation to training	17	116
- Trustee: Barnardo's Childrens Charity	0	0
James Duncan, Executive Director of Finance & Deputy Chief Executive and Non Executive, NTW Solutions Ltd		
- Vice Chair of the HFMA Mental Health Faculty. The Trust held a purchase invoices in respect of fees.	0	1
Dr Rajesh Nadkarni, Executive Medical Director		
- Member of Advisory Board, Cass Business School, City University of London	0	2
<b>Value of balances (other than salary) with parties related to board members</b>	<b>177</b>	<b>802</b>
<b>Value of balances (other than salary) with key staff members</b>	<b>0</b>	<b>0</b>
<b>Value of balances (other than salary) with related parties in relation to doubtful debts</b>	<b>0</b>	<b>0</b>
<b>Value of balances (other than salary) with related parties in respect of doubtful debts written off in year</b>	<b>0</b>	<b>0</b>
<b>Value of balances with other related parties:</b>		
Non-consolidated subsidiaries and associates/joint ventures	57	0
<b>Total balances with related parties at 31st March 2019</b>	<b>234</b>	<b>802</b>

## 29. Related Parties (Group - continued)

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### 29.3 Related Party Balances at 31st March 2020 (Group and Trust)

The Department of Health and Social Care is regarded as a related party. During the period the Group 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 main entities within the public sector which the Group has had transactions in excess of £1,000,000 are:

#### NHS Foundation Trusts:

Gateshead Health NHS Foundation Trust  
 North Cumbria Integrated Care NHS Foundation Trust  
 Northumbria Healthcare NHS Foundation Trust  
 South Tyneside and Sunderland NHS Foundation Trust  
 Tees, Esk and Wear Valleys NHS Foundation Trust  
 The Newcastle Upon Tyne Hospitals NHS Foundation Trust

#### NHS and DHSC

NHS Bassetlaw CCG  
 NHS North Cumbria CCG  
 NHS Durham Dales, Easington and Sedgfield CCG  
 NHS Newcastle Gateshead CCG  
 NHS North Durham CCG  
 NHS North Tyneside CCG  
 NHS Northumberland CCG  
 NHS South Tyneside CCG  
 NHS Sunderland CCG  
 Health Education England  
 Department of Health and Social Care  
 NHS England - Core  
 NHS England - North East Specialised Commissioning Hub  
 NHS England - Yorkshire and the Humber Specialised Commissioning Hub

#### Local Government bodies:

Leeds City Council  
 Newcastle upon Tyne City Council  
 North Tyneside Metropolitan Borough Council  
 Northumberland Unitary Authority  
 Sunderland City Metropolitan Borough Council

#### Central Government bodies:

HM Revenue & Customs - Other taxes and duties and NI contributions  
 NHS Pension Scheme  
 Belfast Health and Social Care Trust - Northern Ireland  
 Northern Health and Social Care Trust - Northern Ireland

The Group and the Trust have had other material transactions (under £1,000,000) with other related parties as listed below:

Blackpool Teaching Hospitals NHS Foundation Trust, County Durham and Darlington NHS Foundation Trust, Humber Teaching NHS Foundation Trust, Lancashire and South Cumbria NHS Foundation Trust, North East Ambulance Service NHS Foundation Trust, North Tees and Hartlepool NHS Foundation Trust, Pennine Care NHS Foundation Trust, NHS Birmingham and Solihull CCG, NHS Bradford Districts CCG, NHS Darlington CCG, NHS Hastings and Rother CCG, NHS Morecambe Bay CCG, NHS North Lincolnshire CCG, NHS Rotherham CCG, NHS South Tees CCG, NHS Wakefield CCG, NHS Resolution (formerly NHS Litigation Authority), NHS Property Services, HM Revenue & Customs - VAT, Welsh Assembly Government, Leeds City Council, Newcastle upon Tyne City Council, North Tyneside Metropolitan Borough Council, Northumberland Unitary Authority and Sunderland City Metropolitan Borough Council

The Trust has had transactions with MHC / NTW LLP (formerly known as Insight Ltd) as part of the Trust's joint venture.

## 29. Related Parties (Group - continued)

### 29.3 Related Party Balances at 31st March 2020 (Group and Trust - continued)

The Trust also had the following transactions with its inter group related parties:

	Trust Income 2019/20 £000	Trust Expenditure 2019/20 £000	Trust Receivables 2019/20 £000	Trust Payables 2019/20 £000
NTW Solutions Ltd	4,868	33,029	26	31,922

The Trust also has a receivable loan with NTW Solutions Ltd to the value of £17,601,000 (Current £544k, Non-current £17,057k)

James Duncan, Executive Director of Finance and Deputy Chief Executive & Peter Studd, Non Executive Director of the Trust are also members of NTW Solutions Ltd Board titles being:

James Duncan, Non-Executive Director - NTW Solutions Ltd

Peter Studd, Chair - NTW Solutions Ltd

	Trust Income 2019/20 £000	Trust Expenditure 2019/20 £000	Trust Receivables 2019/20 £000	Trust Payables 2019/20 £000
Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust Charity	62	0	10	0

	Trust Income 2018/19 £000	Trust Expenditure 2018/19 £000	Trust Receivables 2018/19 £000	Trust Payables 2018/19 £000
NTW Solutions Ltd	4,963	31,515	556	36,481

The Trust also has a receivable loan with NTW Solutions Ltd to the value of £27,520,000 (Current £751k, Non-current £26,769k)

James Duncan, Executive Director of Finance and Deputy Chief Executive & Peter Studd, Non Executive Director of the Trust are also members of NTW Solutions Ltd Board titles being:

James Duncan, Non-Executive Director - NTW Solutions Ltd

Peter Studd, Chair - NTW Solutions Ltd

	Trust Income 2018/19 £000	Trust Expenditure 2018/19 £000	Trust Receivables 2018/19 £000	Trust Payables 2018/19 £000
Cumbria, Northumberland Tyne and Wear NHS Foundation Trust Charity	80	0	5	0

**30. Commitments (Group and Trust)****30.1 Contractual Capital Commitments (Group)**

	<b>Group 31st March 2020 £000</b>	<b>Trust 31st March 2020 £000</b>	<b>Group 31st March 2019 £000</b>	<b>Trust 31st March 2018 £000</b>
<b>Commitments in respect of capital expenditure at 31st March:</b>				
Property, plant and equipment	1,936	479	1,186	1,102
<b>Total</b>	<b>1,936</b>	<b>479</b>	<b>1,186</b>	<b>1,102</b>

**30.2 Other Financial Commitments (Group)**

	<b>Group 31st March 2020 £000</b>	<b>Trust 31st March 2020 £000</b>	<b>Group 31st March 2019 £000</b>	<b>Trust 31st March 2019 £000</b>
The Group 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 2020 as follows, analysed by the period during which the payment is made:				
not later than 1 year	7,290	6,148	2,137	1,303
after 1 year and not later than 5 years	480	457	391	159
paid thereafter	0	0	0	0
<b>Total</b>	<b>7,770</b>	<b>6,605</b>	<b>2,528</b>	<b>1,462</b>

**31. Finance Lease Obligations (Group and Trust)**

	<b>Group 31st March 2020 £000</b>	<b>Trust 31st March 2020 £000</b>	<b>Group 31st March 2019 £000</b>	<b>Trust 31st March 2019 £000</b>
<b>Gross lease liabilities</b>	<b>1,141</b>	<b>1,141</b>	<b>1,234</b>	<b>1,234</b>
<b>of which liabilities are due</b>				
- not later than one year;	91	91	93	93
- later than one year and not later than five years;	344	344	352	352
- later than five years.	706	706	789	789
Finance charges allocated to future periods	(248)	(248)	(282)	(282)
<b>Net lease liabilities</b>	<b>893</b>	<b>893</b>	<b>952</b>	<b>952</b>
- not later than one year;	60	60	60	60
- later than one year and not later than five years;	240	240	240	240
- later than five years.	593	593	652	652
<b>Total</b>	<b>893</b>	<b>893</b>	<b>952</b>	<b>952</b>

The finance lease obligations relate to building lease liabilities.

**32. Private Finance Initiative (PFI) Obligations deemed to be on the Statement of Financial Position (Group & Trust)**

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: 14 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: 17 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**

	<b>Group &amp; Trust 31st March 2020 £000</b>	<b>Group &amp; Trust 31st March 2019 £000</b>
<b>Gross PFI liabilities</b>	<b>61,836</b>	<b>65,268</b>
<b>of which liabilities are due</b>		
- not later than one year;	<b>3,871</b>	3,431
- later than one year and not later than five years;	<b>16,281</b>	16,389
- later than five years.	<b>41,684</b>	45,448
Finance charges allocated to future periods	<b>(24,486)</b>	(27,161)
<b>Net PFI liabilities</b>	<b>37,350</b>	<b>38,107</b>
- not later than one year;	<b>1,252</b>	757
- later than one year and not later than five years;	<b>6,962</b>	6,597
- later than five years.	<b>29,136</b>	30,753

**32. Private Finance Initiative (PFI) Obligations deemed to be on the Statement of Financial Position (Group and Trust - continued)****32.2 Total On-SoFP PFI Commitments**

	<b>Group &amp; Trust 31st March 2020 £000</b>	<b>Group &amp; Trust 31st March 2019 £000</b>
<b>Total future payments committed in respect of PFI arrangements</b>	<b>159,643</b>	<b>168,097</b>
<b>of which liabilities are due</b>		
- not later than one year;	8,666	8,455
- later than one year and not later than five years;	36,885	35,985
- later than five years.	114,092	123,657
<b>Total</b>	<b>159,643</b>	<b>168,097</b>

**32.3 On-Statement of Financial Position PFI Commitments (service element)**

	<b>Group &amp; Trust Total 31st March 2020 £000</b>	<b>Group &amp; Trust Total 31st March 2019 £000</b>
Commitments in respect of the service element of the PFI:		
not later than one year	2,843	3,419
later than one year and not later than five years	10,864	10,389
later than five years	33,866	37,183
<b>Total</b>	<b>47,573</b>	<b>50,991</b>

The commitments disclosed include future estimated indexation applied to service charges.

**32.4 Analysis of amounts payable to service concession operator**

	<b>Group &amp; Trust Total 31st March 2020 £000</b>	<b>Group &amp; Trust Total 31st March 2019 £000</b>
Unitary payment payable to service concession operator	8,455	8,250
Consisting of:		
- interest charge	2,676	2,730
- repayment of finance lease liability	756	936
- service element	3,419	3,000
- contingent rent	1,604	1,584
<b>Total</b>	<b>8,455</b>	<b>8,250</b>

**33. Events after the Reporting Period (Group and Trust)**

There are no events after the reporting period to disclose and there are no adjusting events included within the accounts (31st March 2019 : £nil).

**34. Financial Instruments (Group and Trust)**

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 Group 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 Group in undertaking its activities.

The Group's treasury management operations operate 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 Group'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 Group and Trust has no overseas operations and therefore has low exposure to currency rate fluctuations.

*Credit Risk*

The Trust can borrow within affordable limits and NHS Improvement will assess the affordability of material borrowing. The Trust can invest surplus funds in accordance with NHS 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 Group and 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 £47,045,000 which is within its affordable limits. The Trust and Group is not, therefore, exposed to significant liquidity risks.

*Market Risk*

The main potential market risk to the Trust and Group is interest rate risk. The Group and 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 Group and Trust in advance. The Trust is not, therefore, exposed to significant interest-rate risk.

**34.1 Carrying value of Financial Assets held at amortised cost**

	<b>Group Held at amortised cost £000</b>	<b>Trust Held at amortised cost £000</b>
<b>Assets as per the Statement of Financial Position at 31st March 2020:</b>		
Receivables (excluding non financial assets) - with DHSC group bodies	13,689	14,318
Receivables (excluding non financial assets) - with other bodies	3,481	3,269
Other investments / financial assets	0	30,117
Cash and cash equivalents at bank and in hand	31,289	28,035
Consolidated NHS Charitable Fund assets	1,204	0
<b>Total at 31st March 2020</b>	<b>49,663</b>	<b>75,739</b>
	<b>Group Loans &amp; Receivables £000</b>	<b>Trust Loans &amp; Receivables £000</b>
<b>Assets as per the Statement of Financial Position at 31st March 2019:</b>		
Receivables (excluding non financial assets) - with DHSC group bodies	13,174	13,233
Receivables (excluding non financial assets) - with other bodies	3,594	4,258
Other investments / financial assets	0	33,707
Cash and cash equivalents at bank and in hand	30,354	27,864
Consolidated NHS Charitable Fund assets	1,287	0



**34. Financial Instruments (Group and Trust - continued)****34.2 Carrying value of Financial Liabilities held at amortised cost**

	Group Held at amortised cost £000	Trust Held at amortised cost £000
<b>Liabilities as per the Statement of Financial Position at 31st March 2020:</b>		
Department of Health and Social Care Loans	47,045	47,045
Obligations under finance leases	893	893
Obligations under Private Finance Initiative contracts	37,350	37,350
Trade and other payables with NHS and DH bodies	6,747	6,727
Trade and other payables with other bodies	22,816	21,666
<b>Total at 31st March 2020</b>	<b>114,851</b>	<b>113,681</b>
<b>Liabilities as per the Statement of Financial Position at 31st March 2019:</b>		
Department of Health and Social Care Loans	50,993	50,993
Obligations under finance leases	952	952
Obligations under Private Finance Initiative contracts	38,107	38,107
Trade and other payables with NHS and DH bodies	5,811	5,801
Trade and other payables with other bodies	18,990	17,919
<b>Total at 31st March 2019</b>	<b>114,853</b>	<b>113,772</b>

**34.3 Maturity of Financial Liabilities**

	Group 31st March 2020 £000	Trust 31st March 2020 £000	Group 31st March 2019 £000	Trust 31st March 2019 £000
In one year or less	33,638	32,469	29,780	28,699
In more than one year but not more than two years	4,310	4,310	3,861	3,861
In more than two years but not more than five years	13,087	13,087	13,171	13,171
In more than five years	63,816	63,815	68,041	68,041
<b>Total at 31st March</b>	<b>114,851</b>	<b>113,681</b>	<b>114,853</b>	<b>113,772</b>

**34.4 Carrying value of Financial Assets held at Fair Value at 31st March 2020**

	Group Book Value £000	Group Fair Value £000	Trust Book Value £000	Trust Fair Value £000
Non-current trade and other receivables excluding non-financial assets	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

There were no financial assets held at fair value as at 31st March 2019

**34.5 Carrying value of Financial Liabilities held at Fair Value at 31st March 2020**

	Group Book Value £000	Group Fair Value £000	Trust Book Value £000	Trust Fair Value £000
Loans	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 35. Pensions (Group)

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The majority of past and present employees are covered by the provisions of the two NHS Pension Schemes. The Group also operates a defined contribution workplace pension scheme for employees who are unable to access the NHS Pension Scheme. The defined contribution scheme is the National Employment Savings Trust Scheme (NEST) which is a scheme set up by the government and details can be accessed on the NEST website [www.nestpensions.org.uk](http://www.nestpensions.org.uk). Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions). Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows

#### a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2020, is based on valuation data as 31 March 2019, updated to 31 March 2020 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

#### (b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% and the Scheme Regulations were amended accordingly.

**36. Losses and Special Payments (Group and Trust)****36.1 Losses**

	Group Total number of cases 2019/20 Number	Group Total value of cases 2019/20 £000	Group Total number of cases 2018/19 Number	Group Total value of cases 2018/19 £000
Losses of cash due to:				
- theft, fraud etc	3	0	6	0
- overpayment of salaries	0	0	26	25
Fruitless payments and constructive losses	23	14	8	1
Bad debts and claims abandoned	44	47	4	91
Stores losses	1	17	2	5
<b>Total losses</b>	<b>71</b>	<b>78</b>	<b>46</b>	<b>122</b>

**Special Payments**

	Group Total number of cases 2019/20 Number	Group Total value of cases 2019/20 £000	Group Total number of cases 2018/19 Number	Group Total value of cases 2018/19 £000
Ex gratia payments in respect of:				
- loss of personal effects	68	5	44	4
- clinical negligence with advice	0	0	0	0
- personal injury with advice	10	39	12	35
<b>Total Special Payments</b>	<b>78</b>	<b>44</b>	<b>56</b>	<b>39</b>
<b>Total Losses and Special Payments</b>	<b>149</b>	<b>122</b>	<b>102</b>	<b>161</b>

Losses and Special Payments has been reported for Group and Trust on a combined basis as the difference between the Group and the Trust is immaterial.

These amounts are reported on an accruals basis but exclude provisions for future losses.

**36.2 Recovered Losses (Group and Trust)**

The Group received no compensation payments in relation to losses as at 31st March 2020 (31st March 2019 : £nil).

**37. Gifts (Group and Trust)**

The Group received no gifts in 2019/20 (2018/19 : £nil).

## **5. Auditors Opinion on the Accounts**

# Independent auditor's report to the Council of Governors of Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust

## Report on the financial statements

### Opinion on the financial statements

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

In our opinion, the financial statements:

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

### Basis for opinion

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

### Conclusions relating to going concern

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

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

### Key audit matters

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

of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Our response and key observations
<p><b>Property valuations (Trust)</b></p> <p><i>Land and buildings are the Trust's highest value assets and Note 14.1 to the financial statements discloses information on the Trust's holding of property, plant and equipment (PPE). This includes £127.2m of land and buildings held at current value at 31 March 2020. These assets are subject to periodic revaluation in line with the requirements of the Group Accounting Manual (GAM). Note 1.6 to the financial statements describes the Trust's accounting policy with respect to the valuation of land and buildings and note 14.1 discloses further information on the balance.</i></p> <p>The significant risk of material misstatement is further increased due to the additional estimation uncertainty arising from the Covid-19 pandemic.</p> <p>Management engage a valuation expert ("the valuer") to provide the Trust with current values of property and land in accordance with Royal Institution of Chartered Surveyors (RICS) requirements. Changes in the value of property may impact on the Trust Statement of Comprehensive Income depending on the circumstances and the specific accounting requirements of the Group Accounting Manual. The valuations require judgement and a high level of estimation in determining current values.</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the skills, experience and qualifications of the valuer, and considering the appropriateness of the instructions to the valuer from the Trust.</li> <li>• Obtaining an updated understanding of the basis of valuation applied by the valuer in the year. This included understanding and evaluating the methodology applied to estimate the gross replacement cost of the Trust's operational land and buildings on a modern equivalent asset basis. Specifically, we evaluated the Trust's application of a 'single-site' valuation methodology which covers its existing hospital sites in the North, South and the West.</li> <li>• Sample testing the completeness and accuracy of underlying data provided by the Trust and used by the valuer as part of their valuations.</li> <li>• Testing the accuracy of how valuation movements were presented and disclosed in the financial statements.</li> <li>• Making enquiries with the valuer to understand the nature of the material valuation uncertainty disclosed in his valuation report.</li> <li>• Using relevant market and cost data to assess the reasonableness of the valuation as at 31 March 2020. In doing so, we also considered relevant valuation indices including those prepared by Gerald Eve to assess the effect of any potential material valuation uncertainty related to the Covid-19 pandemic.</li> <li>• Considering the work of an expert commissioned by Mazars to provide a view on the implications of the pandemic on relevant cost indices used for Depreciated Replacement Cost (DRC) valuations.</li> </ul> <p><b>Key observations</b></p> <p>We obtained sufficient appropriate evidence to conclude that the valuation of PPE included in the financial statements is reasonable.</p>
<p><b>Revenue recognition (Trust)</b></p> <p><i>The Trust recognised £379.7 million of revenue (operating income from patient care activities and other operating income) in the Statement of Comprehensive Income. The Trust's primary source of revenue is through contracts with commissioning bodies in respect of the provision of healthcare services. Note 3 to the financial statements provide further information on the nature and source of the Trust's revenue.</i></p> <p>Auditing standards include a rebuttable presumption that there is a significant risk in relation to the timing of revenue recognition, and in relation to judgements made by</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Evaluating the Trust's accounting policy in respect of revenue recognition to ensure that it is in line with the requirements of the GAM.</li> <li>• Stratifying the population of revenue adjustment journals and assessing whether any contained indications of fraud through the presence of specific fraud characteristics.</li> <li>• Testing a sample of revenue around the year end by agreeing the transactions to appropriate source documentation and obtaining assurance that each item was recorded in the correct financial year and at the correct value.</li> <li>• Testing a sample of year end receivables by agreeing the transactions to appropriate source documentation and obtaining assurance that each item was recorded in the correct financial year and at the correct value.</li> </ul>

management as to when revenue has been earned. The pressure to manage revenue to deliver forecast performance in a challenging economic environment increases the risk of fraudulent financial reporting leading to material misstatement and means that we are unable to rebut the presumption.

- Considering information provided by the Department of Health and Social Care in respect of year-end intra-NHS transactions. We identified any significant differences between the Trust's position and that of the counterparty and obtained assurance that the Trust's position was supported by appropriate evidence.

#### **Key observations**

We obtained sufficient appropriate evidence to conclude that revenue recognised in the financial statements is reasonable.

### **Our application of materiality**

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

	Trust	Group
Overall materiality	£7.543m	£7.553m
Basis for determining materiality	2% of operating expenses from continuing operations.	
Rationale for benchmark applied	Operating expenses of 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.	
Performance materiality	£6.035m	£6.042m
Reporting threshold	£0.226m	£0.227m

The range of financial statement materiality across components, audited to the lower of local statutory audit materiality and materiality capped for group audit purposes, was between £0.863 million and £7.543 million, all being below group financial statement materiality].

### **An overview of the scope of our audit**

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

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

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

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

Our tests included, but were not limited to:

- obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by irregularities including fraud or error;
- review of minutes of board meetings in the year;
- discussions with the Trust's internal auditor; and
- enquiries of management.

As a result of our procedures, we did not identify any key audit matters relating to irregularities, including fraud (other than the key audit matter on revenue recognition outlined above). The risks of material misstatement, including due to fraud, that had the greatest effect on our audit, including the allocation of resources and effort, are discussed under 'Key audit matters' within this report.

Our group audit scope included an audit of the Trust and Group financial statements. Based on our risk assessment, the Trust was subject to a full scope audit which was performed by the Group audit team, including those elements of the Trust's subsidiary company, NTW Solutions, where transactions were material to the group's net assets, revenues and expenses. Full-scope audit procedures were undertaken on Group components that account for 99.6% of the Group's net assets, revenues and expenses.

At the Group level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

### **Other information**

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

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

We are also required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed.



We have nothing to report in these regards.

### **Responsibilities of the Accounting Officer for the financial statements**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

### **Opinion on other matters prescribed by the Code of Audit Practice**

In our opinion:

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

### **Matters on which we are required to report by exception**

#### **Annual Governance Statement**

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

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

We have nothing to report in respect of these matters.

## Reports to the regulator and in the public interest

We are required to report to you if:

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

We have nothing to report in respect of these matters.

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

### Matter on which we are required to report by exception

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

We have nothing to report in this respect.

### Responsibilities of the Accounting Officer

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

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

We are required by Schedule 10(1) of the National Health Service Act 2006 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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

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

### Use of the audit report

This report is made solely to the Council of Governors of Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust as a body in accordance with Schedule 10(4) of the National Health Service Act 2006.

Our audit work has been undertaken so that we might state to the Council of Governors of the Trust those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors of the Trust as a body for our audit work, for this report, or for the opinions we have formed.

## Certificate

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

**Signature:**   
Mark Kirkham (Jun 24, 2020 13:38 GMT+1)

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For and on behalf of Mazars LLP

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24 June 2020

