



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

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

**Annual Report and Accounts 2020/21**



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(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 2020/21 Annual Report and Accounts.

The past year has been like no other and as we present this report it seems like the tide is finally turning in our battle against COVID-19 and we are now adapting to living with COVID-19 rather than responding to a health emergency.

We are facing a very challenging time recovering from COVID-19 with increasing demand and pressure on beds and waiting times, financial pressures and uncertainty about the amount of money we will have after September, recruitment issues, the challenge of responding effectively to racism and discrimination of all kinds, establishing the new service for Children and Young People in Middlesbrough and preparing for a Care Quality Commission Inspection that is likely to take place this year.

We are also reviewing our strategy and taking part in the national initiative to transform community services. Although we have many good services, we recognise the need to radically change much that we do, to ensure that service users and carers continue to be at the heart of all that we do, and to improve access so that help is available when and where it is needed.

We have much to be proud of in the last year in the face of adversity and challenge including our response to the pandemic which has ensured that our practice, behaviours and interaction with our service users, families, carers and staff have been safe and in line with Government restrictions.

We have introduced staff testing, new Infection Prevention and Control (IPC) procedures including the use of Personal Protective Equipment (PPE), carried out COVID-19 risk assessments, managed outbreaks and have kept our staff informed every step of the way by getting across the important, and often complex and conflicting messages to prevent transmission of the virus.

One of our highlights of the year has been the implementation of our staff vaccination programme, which has given us all renewed hope and knowledge that we are all taking action to protect ourselves and our families and those who we serve.

The commitment and dedication shown by all our staff has made the seemingly impossible, possible. Our vaccination clinics were set up and administered at a rapid pace, all disciplines worked together to deliver a programme that protected our workforce and service users.

Looking to the future we are delighted to report that our redevelopment plans which will significantly improve our care environments for our local population are well underway. At the turn of the year, the full business case for the Trust's Care Environment Development and Re-Provision (CEDAR) programme was approved.

The programme was established to undertake the service planning and implementation of three major developments – the creation of a new integrated mental health and learning disability medium-secure centre of excellence at

Northgate Hospital in Morpeth. The reconfiguration of the award-winning children and young people's Ferndene unit at Prudhoe, to improve existing accommodation and establish medium-secure facilities and the reconfiguration and re-provision of mental health adult acute inpatient services for Newcastle and Gateshead at St Nicholas Hospital's Bamburgh Unit in Gosforth.

These new developments will increase patient and staff safety and improve the quality of care, radically improving and replacing key elements of the Trust's building estate to create real centres of excellence for in-patient care for young people and adults with significant mental health and learning disability needs.

Once complete, these new facilities will undoubtedly improve the quality of mental health and learning disability services in the region by combining innovative design with a holistic approach to patient care and safety.

Work at Northgate is to be completed by March 2023, while the work at Ferndene will be complete by October 2022. In these challenging times, it is wonderful that we have so much to look forward to in the development and delivery of these services.

We would like to thank each and every one of you, service users, carers, staff, volunteers, Governors, Board members and partners across the system for helping us all to keep safe and continuing to do what we do best – supporting each other through the toughest of times.

We thank you all.



**Ken Jarrold CBE**  
**Chairman**  
**11 June 2021**



**John Lawlor OBE**  
**Chief Executive**  
**11 June 2021**

## 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 2020/2021.

### 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 Cumbria Partnership NHS Foundation Trust 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 Wearside 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 £453 million. We employ over 9,000 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**

2020/21 was another successful, but extremely challenging year for the Trust. We broadly delivered on all aspects of performance, achieved our financial objectives for the year, and played a significant role in developing partnerships across health and social care. More importantly, despite the impact the pandemic, we were able to maintain safe services throughout the year for those who need us most.

We 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 and autism; supporting children and young people who need in-patient care following the further closure of units across the country 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 ongoing global fight against COVID-19, use this to re-imagine the future so that we can better support the people and communities that we serve.

### **Trust responses to the COVID-19 pandemic**

2020 saw the emergence of a global pandemic caused by a new novel respiratory infection notably Coronavirus – Covid19, an event which has been unprecedented in the lifetime of staff, patients, and families within CNTW and the NHS.

Three significant peaks of the infection, each impacted on how we have lived our lives during lockdown restrictions and delivered services over time adjusting to living with COVID-19.

Since the beginning of the pandemic, Government and scientific advice has changed, often daily, with the specific objective of combatting the virus with a focus on minimising transmission. The main messages have been to continue to promote lockdown measures and promote social distancing so that the NHS may continue to work, save lives, and keep everyone safe, including the patients we care for.

Our priority has been to ensure the Infection Prevention and Control (IPC) measures have been in place to protect patients, staff and the community during the response. In addition, we have also supported the Integrated North East and North Cumbria System in response to pressures in other sectors as the pandemic highlighted the opportunity to deliver services differently, work differently and speed up collaborative responses.

During 2020/21, the Trust has managed these circumstances under Surge Emergency Planning and Emergency IPC measures through the COVID-19 Gold Command Team structure led by the Executive Director of Nursing and Chief Operating Officer and the Trust Director of Infection Prevention and Control (DIPC). This process has ensured that we have been able to provide continuous daily

updates to our workforce on the key issues and decisions relating to COVID-19 and enabled us to deliver a robust response to:

- IPC and Personal Protective Equipment (PPE) Measures
- COVID-19 Outbreak Management
- Communications and support (internal and external)
- Situation reporting (SitRep) and Quality Standards
- Service change processes
- Virology Screening and Testing
- COVID-19 Vaccination Programme
- Impact on workforce and health and wellbeing
- Learning and sharing
- Restoration and recovery
- Supporting the Integrate Care System (ICS) response

### **Infection Prevention and Control (IPC) measures**

As the understanding of the pandemic developed, guidance on required IPC measures was published, updated, and refined by Public Health England (PHE) to reflect the learning. This continuous process enabled CNTW to respond in an evidence-based way to maintain the safety of patients, services users, and staff. This has enabled and supported rapid responses to:

- Changing national or mental health, learning disability and autism specific IPC guidance
- Targeted support to clinical teams such as cohorting, isolation, management of violence and aggression, restraint, complex cases and review of environmental concerns
- Distribution, supply and use of PPE
- Implementation of patient and staff testing for COVID-19
- Confirmation of CNTW Aerosol Generating Procedures and Fit-Testing of staff for FFP3 masks

### **Personal Protective Equipment (PPE)**

The Trust worked closely with NHS England/NHS Improvement (NHSE/I) regarding the supply and safe use of NHS PPE. Given the national pressures on PPE available supply and distribution, the National Supply and Distribution Resource Team (NSDRT) was established to co-ordinate the limited and specific range of items separately to the usual NHS Supply Chain. The intention was to support rapid and equitable daily supply based on daily stocktakes. In practice this process was a significant challenge for the Trust along with many other organisations to secure the required and sustained availability of PPE and was escalated daily via organisational sitreps. The supply situation improved after six months.

As a result, requests for mutual aid were significant with daily escalations for gloves, aprons and masks. There have been no instances where staff have not had the required PPE or been in a position where re-use has been required. The IPC Team worked daily with multi professional clinical leads to ensure PPE was worn correctly to ensure safe practice for both staff and patients.

## **Test and Trace**

The Trust became responsible for implementing a Test and Trace system in August 2020. This is another example of unique development and responsiveness of the Trust and our workforce, and has been achieved using a dedicated team of Senior Nurses working with the IPC team and the Trust newly established Central Absence Line.

## **Outbreak management**

Whilst not new to the Trust from an IPC perspective cases of outbreaks at the level experienced as part of the pandemic were very rare. The Trust developed an enhanced outbreak management process which ensured all outbreaks were managed and had a robust action plan in place, overseen by the DIPC, COVID-19 Gold Command and Locality leadership teams. Learning regarding IPC practice and staff and patient behaviours was shared through the outbreak de-brief meetings and the Trust wide IPC meetings. This has been a major focus of activity to ensure further transmission was prevented.

## **COVID-19 situation reporting and quality standards- Daily SitRep reporting**

All Trusts were required to submit information summarising staff absence, bed availability and numbers of COVID-19 positive patients to NHS Digital on a daily basis. A specific mental health and learning disabilities submission was in place, allowing the data to be split between mental health and learning disability services.

A suite of management information tools was rapidly developed within the Trust to provide timely, accurate information to brief the Incident Management Group, COVID-19 Gold Command and inform decision making. Examples of these included:

- A daily slidepack summarising patient, staff and activity data and trends
- A real time staff absence dashboard available to all managers
- A variety of automated reports and dashboards to support COVID-19 Gold Command

Quality standards across the organisation continued to be monitored via the daily dashboards and a weekly update provided to senior managers. As well as sharing updates with Commissioners and Regulators on the Trust's COVID-19 incident response.

## **Patients Admission and discharge screening**

The Trust commenced a new patient admission and discharge screening process early in the pandemic. Screening on admission enabled wards to manage the patient as a presumptive positive case, putting isolation measures in place early, keeping everyone safe and utilising effective PPE pending result. Discharge screening supported transfers into Care Homes and other hospital and home situations where other vulnerable or shielding individuals may reside, thus

supporting the proactive, wider public health approach to reducing transmission of infection.

### **Managing staff absence during COVID-19**

Since the start of the pandemic the Trust experienced significant staff absence, including those staff who were required to shield because of being clinically extremely vulnerable. To support the proactive management of COVID-19 related staff absence, the Central Absence Line was established on 16 March to manage the reporting of all staff absence across the Trust. It was resourced using senior workforce leads and senior clinical managers from across the Trust providing a consistent approach to managing sickness, providing clinical advice and ensuring appropriate support via regular welfare calls. The Central Absence Line operated seven days per week, between the hours of 7am – 8pm.

### **Staff Testing**

On 29 March, NHSE/I issued correspondence confirming that testing capacity for NHS staff was increasing. The Trust took a bold step and decided to initiate our own approach to testing staff supported by the Regional Testing Cell in collaboration with Queen Elizabeth Hospital.

Working in conjunction with the Central Absence Line, the COVID-19 Swab (PCR) testing of symptomatic staff and household members was implemented. This proactive approach resulted in setting up three Trust testing sites at Carleton Clinic in Carlisle, St Nicholas Hospital in Gosforth and Hopewood Park in Sunderland. In addition, we also recognised the challenges faced by some people in accessing tests and supported staff and household members by operating mobile testing units for those unable to travel. Appointments were booked through the Central Absence Line with results being reported, and support provided to people via senior clinical staff.

To support patient pathways and system testing capacity, the Trust also offered the testing service to our partner organisations to support the testing of symptomatic key workers including care home staff. Following Government direction, Antibody testing was also offered to all staff.

### **Service Change Process during the COVID-19 Pandemic**

The Trust has continued to receive national guidance on managing capacity and demand within inpatient and community mental health, disabilities and autism services. The safety and well-being of our service users continued to be our priority and we took decisions to safely augment service delivery using other modalities e.g. reducing face to face appointments to minimise the potential risk of transmission. We also offered telephone appointments for assessments, reviews, and consultation.

As the pandemic began to unfold it was evident that services would need to change quickly to comply with the new Government guidelines and restrictions. It was essential that a clear governance process was embedded to ensure that any changes to services were reviewed, agreed and communicated to service users,

carers, staff, partners and regulators so there was clear understanding of the impact not only for patient safety and experience but for access to Trust services.

A Service Change Panel was convened with Executive level oversight and services were asked to complete a service change request form which highlighted the key quality impacts of the change, including safety, risk, staffing changes and potential impact to other services including Primary Care and other key stakeholders. This information was then used to provide assurance to commissioners and other key partners around clear governance and audit process embedded to inform decision making.

As the pandemic surge began to ease it has become clear that we would need to begin to stand up services, understanding that these would need to be delivered following the Government restrictions, but also recognising in some cases the changes to services may have had a positive impact to patient care and experience. It was essential not to lose that learning and return to previous ways of working, the agreed governance process for change requests was utilised again to reinstate and re-establish services that had changed.

### **Impact on our workforce**

We have supported our workforce to ensure a balance between sustaining our services and supporting those members of staff who may be living with someone who may be symptomatic, or indeed may be symptomatic themselves. The Trust was able to take advantage of the national initiatives and subsequently supporting frontline services by:

- Expediting the process for NHS recruitment to get staff quickly into post by temporarily reducing the employment check process
- Redeploying corporate staff and staff working from home to support front line services
- Provide a letter to those who have left the NHS over past three years requesting them to consider returning to work
- Deploying third-year student nurses in funded band 4 posts working with close supervision and registering onto the Nurse Bank. This experience has been very positively received by both students and clinical teams.

The Trust has taken a whole system approach to supporting psychological wellbeing of staff and service users during the pandemic acute and recovery phases. Drawing on guidance and learning from the psycho-social impact of mass trauma events to inform an effective support system. Significant resources for our own staff have now been offered to the wider ICS, and health and care colleagues within the region including the care home sector.

### **COVID-19 Vaccination Programme**

In December we moved forward with the Government's plans to vaccinate health and care staff and patients with the COVID-19 Vaccination. The first programme commenced mid-December in conjunction with North Cumbria Integrated Care NHS Foundation Trust who supported the administration of the Pfizer vaccination for Trust North Cumbria locality staff, alongside their own staff.

We then rolled out our own vaccination programme from the 8 January 2021, using the Oxford Astra-Zeneca Vaccine. This commenced with a one site administration clinic at St Nicholas hospital in Gosforth and quickly moved to a three-site model at St George's Hospital in Morpeth and Hopewood Park in Sunderland. In addition, the Trust also commenced vaccination of those patients within our own hospital settings.

### **Communications and support during the pandemic**

The Communications Team has played an integral role as a key member of the COVID-19 Gold Command Team in ensuring the timely translation and distribution of guidance, advice and support to the workforce. This has been incredibly important in helping our workforce understand and interpret national frequently changing, and often complex guidance as well internal measures taken by the Trust to respond to the pandemic.

To support our workforce from a health and well being perspective and recognising the impact of the pandemic on those working in health and care, we developed a regular AWISH bulletin (Advice, Wellbeing, Information and Self-Help) containing information on access to wellbeing support and practical support such as offers and discounts available to NHS staff and their families.

Acknowledging the impact of the pandemic on the mental health and well being of everyone, the Trust has also supported service users, carers, the local population and others working across the system by providing regular updates on changes to our service delivery, how to access help and support and worked with our third sector partner Every Life Matters to provide a mail-drop booklet to every household in the region with advice on coping throughout the pandemic. The Trust provided support during the pandemic including:

- Sharing 322 daily COVID-19 updates and 32 AWISH bulletins
- Developing animations and videos associated with COVID-19 testing, restrictions and the COVID-19 vaccination programme.
- Ensuring regular social media presence and reach (sharing 2880 social media posts with up to 13,000 per day)
- Holding 38 virtual staff Executive Question and Answer sessions open to all staff
- Holding weekly virtual managers meetings to provide up to date information for all managers across the Trust
- Providing 684 staff resources on the Trusts intranet including 251 posters, leaflets and screensavers (internal and external)
- Providing support, advice and guidance to those visiting our website, with an 80% increase in visitors to our website
- 74,552 views of online support including provision of Trust self-help guides (with 149,184 downloads during the pandemic)
- 16 radio interviews covering how to cope and services available during the pandemic

## **Success and Learning**

The Trust could not have achieved the swift response, the innovation and ability maintain a 'fleet of foot' response to an ever changing landscape without the collective efforts of each department in corporate and operational services working to protect patients and staff and to ensure IPC is everybody's business.

## **Chief Executive's Statement on the Performance of the Trust – other areas of performance**

Despite the challenges of the pandemic, 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 Full 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. It was announced in October as one of the 40 schemes to be developed under the Health Infrastructure Plan, which commits £3.7bn to deliver 40 hospitals by 2030. Approval was achieved in line with plan and the scheme is now well underway, which will enable the new facilities to be completed and operational by March 2024

### **Provider Collaboratives**

We continued to work alongside colleagues in Tees, Esk and Wear Valley (TEWV) NHS Foundation Trust and NHSE/I in developing our proposals for Provider Collaboratives for Adult Secure Care, Children and Young People's Tier 4 Services and specialist services for Adults with Eating Disorders. We gained approval for our business cases, where the Trust is taking on commissioning responsibilities and the lead provider role for these services and they will become fully operational in 2021/22. These represent a significant opportunity to re-model services and ensure long term sustainability in collaboration with other providers across the relevant care pathways, with an aim to ensure that people get the right support for their needs as close to home as possible.

### **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. In this year we have formalised Alliance Agreements in a number of our localities, with such agreements currently in place across Newcastle, Sunderland and Gateshead, with less formal but equally vital partnerships in place across all of the localities we work into. These are all focussed on improving the health and wellbeing of the populations we collectively serve, by removing the barriers between services, looking at different funding models to promote and support this, and putting in place policies which

promote independence, tackle inequalities and enable a stronger focus on preventing ill health.

### **Community Mental Health Framework for Adults and Older Adults**

This framework aims to achieve radical change in the design of community mental health care by moving away from siloed, hard-to reach services towards joined up care and whole population approaches. It is a significant opportunity to re-think the way we work with partner organisations, communities and people to improve mental health and wellbeing. The Trust is working in partnership across each of our localities to develop our thinking around these models, and this is supported by significant national investment. Leadership groups have been established and arrangements for genuine co-design and co-production with communities and people with lived experience are being established. Critical to this work is engagement and involvement of GPs through established Primary Care Networks and a fundamental aim is to break down some of the barriers and gaps between services provided by GPs and those provided by secondary care providers such as the Trust. This is a significant piece of long term transformational work as we move into 2021/22.

### **In-patient services for Children and Young People in Teesside**

Due to concerns raised regarding the provision of in-patient services for children and young people at what was the TEWV West Lane Hospital, beds were closed to admission and young people were transferred to the care of other providers. The Trust has been working with NHSE/I and TEWV to enable the re-opening of in-patient bed facilities in the region and the Trust agreed a business case to temporarily take over the operation of these services. This was done in close collaboration with TEWV and with young people and their families. Significant work has been undertaken in year, including the refurbishment and redesign of the ward, renamed Lotus Ward, and recruitment of a new staff team, and beds are due to be re-opened from May 2021 at the newly named Acklam Road Hospital.

### **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 responsible for the performance of local services, known as the 'triumvirate'.

Each locality consists of four clinical business units (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 748 staff (physical number of staff not full time equivalents) as at the end of 2020/21, 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.

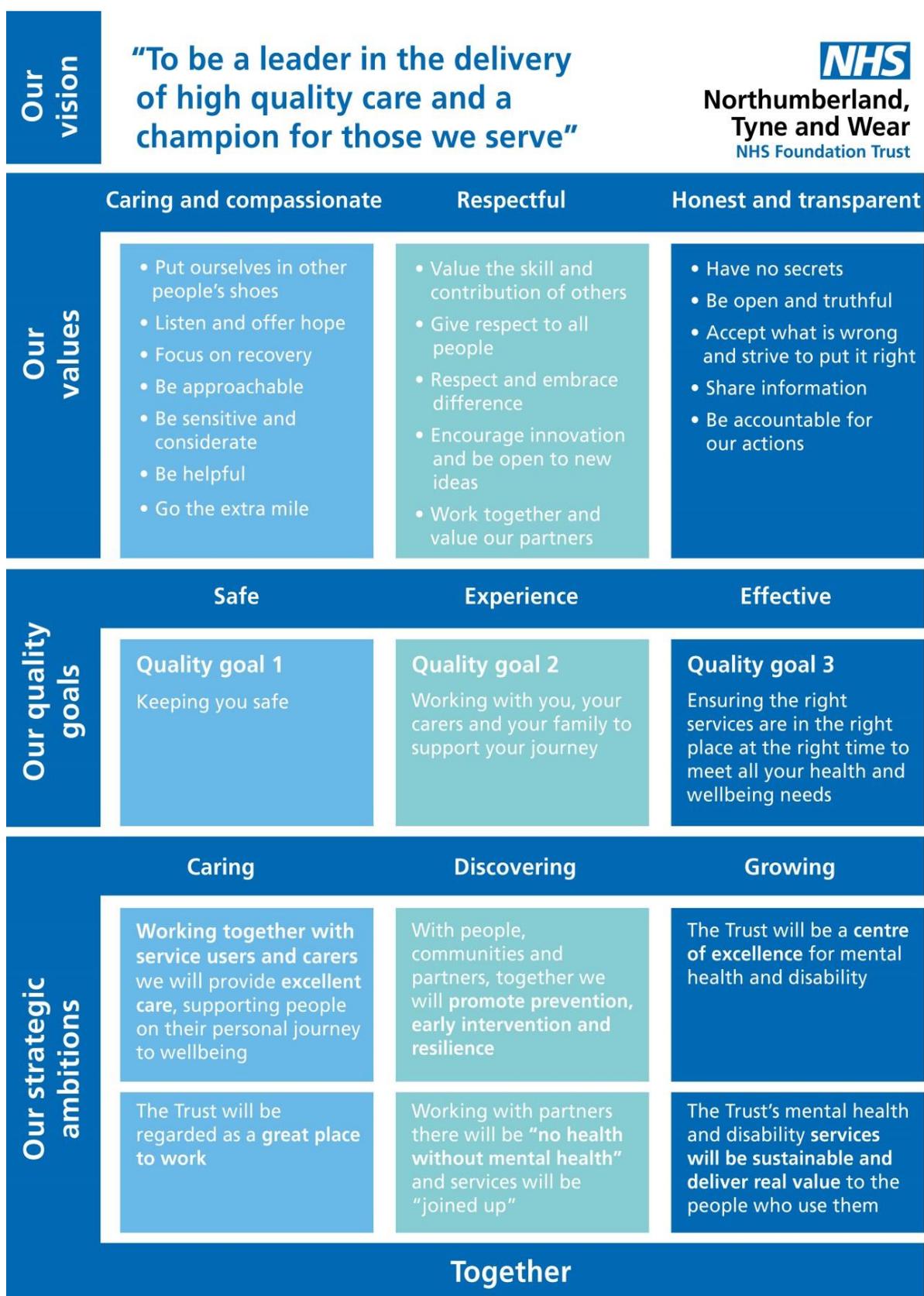
## **Our Vision, Values, Quality Goals and Strategic Objectives**

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.

There are plans to review our strategy during 2021/22 as part of the national Community Services Transformation Programme and in the context of the establishment of Integrated Care Systems as statutory organisations subject to legislation.

The diagram in figure 1 sets out the Trust vision, values, quality goals and our current six 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 Limited Strategy

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



## Going Concern Disclosure

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

## Summary of Performance 2020/21

Over the course of the last financial year, in a year which has had so many challenges, we have achieved a great deal to be proud of in the landscape of mental health, learning disability and neurological care. Here are just some of the highlights of our achievements in the face of the pandemic.

April became a period of adjustment. We celebrated Autism Awareness Week with the news that a former resident of the Trust's Mitford Unit was publishing a book of poems after finding poetry helped her cope with life's challenges. It wasn't long during Amy's stay on Mitford Unit that staff discovered her talent for poetry and encouraged her to write more. She is now discharged and enjoying life in her new flat, has started volunteering and has joined a choir.

April also saw the transformation of Castleside at the Campus of Ageing and Vitality thanks to the work of a local artist. As part of a 12-month project, the ward was revamped to provide more visual stimulation for people with dementia. Named 'The North-Eastern Way', the artwork depicts local scenes and historic landmarks and famous North East faces including Ant and Dec and Bobby Robson.

In May, we encouraged people to take part in #WalkThisMay. May is National Walking Month, which took on a whole new meaning this year as going for a walk was one of the few things we were still able to do during lockdown.

Deaf Awareness Week also fell in May. This was an opportunity to promote the Trust's Mental Health and Deafness Service which works with D/deaf and deafblind people aged 18 years or older who have mental health issues. Working with individuals and their support teams, the service adapts communication, resources and information to promote accessibility and support staff to work with people in a meaningful way.

June was a month for national accreditation, with recognition for both the Centre for Specialist Psychological Therapies (CSPT) and the Newcastle Gateshead Crisis Resolution and Home Treatment Team (CRHT). The CSPT received accreditation from the Accreditation Programme for Psychological Therapies Services which recognises services that have high standards of care and treatment, share their good practice with other teams, and encourage continuous improvements.

The Newcastle and Gateshead CRHT was accredited by the Royal College of Psychologists' Home Treatment Accreditation scheme, despite the team only merging last year. One of the things that stood out the most from the report was feedback from service users and carers, both in terms of how staff communicate and listen to them, as well as their overall experience of the service.

In July, catering assistant Peter Cowan reached the milestone of 50 years in the Trust. Peter started in the catering team at St Nicholas Hospital aged just 16 and has been there ever since. He jokes that the early mornings have been the most challenging part of his job but that it's the feeling of being appreciated and thanked when you bring someone their food that has kept him going all these years.

July also saw the North Cumbria locality hold its first Patient and Carer Involvement and Experience Group since joining the Trust. With more than 40 people in attendance for the virtual meeting, the group has got off to a brilliant start. The group's purpose is to ensure that the locality has effective systems and processes in place to meaningfully listen and respond to feedback from patients and carers, and to identify themes, issues and areas of good practice which can be shared across the Trust.

In August, we held a virtual graduation for our Project Choice students recognising their achievements over the last year. Project Choice works with young adults with a disability, mental health issue, learning disability or autism gain work experience and improve their employability and independence. Joined by students, mentors and professionals, the inspiring ceremony included words from Chairman Ken Jarrold who talked about making the most of the opportunities we are presented with.

Throughout September we shared stories from members of staff from different backgrounds to mark Black History Month, celebrating the diverse culture of our workforce which included a celebratory event which featured speakers including Emeritus Professor of Nursing at the University of West London Dame Elizabeth Anionwu and John James, Chief Executive of the UK's National Sickle Cell Charity, organ donor ambassadors and Young Asian Voices, a local youth charity aimed at stamping out racism with education.

We also celebrated a 'Month of Hope' which took place between World Suicide Prevention Day on 10 September and World Mental Health Day on 10 October. Members of the public, service users, staff and carers were encouraged to share their personal stories about what has made them hopeful with the inspiring messages being shared via social media.

On 17 September, on NHS Sustainability Day, the Trust pledged to reduce its carbon emissions to net zero by 2040 and set out its plan to minimise waste, develop sustainable models of care and maximise the use of green spaces on its sites to support therapeutic activities and enhance biodiversity.

In September, due to the restrictions placed upon us all during the COVID-19 pandemic, we held our first ever, virtual Staff Excellence Awards, celebrating the hard work, commitment and dedication of our incredible workforce. Although it wasn't the same as having the glitz and glam of a face to face awards ceremony, we were able to share the event publicly allowing friends and families of those nominated to join us in our virtual celebrations.

In October we supported Show Racism the Red Card day and wore red to unite our organisation and take positive action against racism and raise awareness. All of the cafés across the organisation also joined in and raised awareness by having a red food theme on Friday 16 October.

November saw us celebrate winning the QA Award from Macro Employer of the Year in the 2020 North East National Apprenticeship Awards. CNTW has over 300 apprentices and we offer apprenticeships in all areas including customer service, health and management ranging from level 2 to 7 and there are also development

opportunities for current staff to enable them to gain recognition for their skills. The Trust has the regions largest cohort of Registered Nurse Degree Apprentices.

In November our individual Placement and Support (IPS) team reached an important milestone achieving their 100<sup>th</sup> job after launching in 2019 to provide service users in community treatment and early intervention in psychosis with specialist support to gain and sustain paid jobs. IPS is a model of employment support that specifically helps people with severe mental health difficulties into competitive, paid employment. A huge success which service users have told us is life changing.

In December we received the welcomed news the Department of Health and Social Care (DHSC) and NHSE/I Joint Investment Committee and HM Treasury approved the full business case for the Trust's Care Environment Development and Re-Provision (CEDAR) programme.

The programme was established to undertake the service planning and implementation of three major developments; the creation of a new integrated mental health and learning disability medium-secure centre of excellence at Northgate Hospital in Morpeth, the reconfiguration of the award-winning children and young people's Ferndene unit at Prudhoe, to improve existing accommodation and establish medium-secure facilities and the reconfiguration and re-provision of mental health adult acute inpatient services at St Nicholas Hospital's Bamburgh Unit in Gosforth.

CEDAR aims to increase patient and staff safety and improve the quality of care, radically improving and replacing key elements of the Trust's building estate to create real centres of excellence for in-patient care for young people and adults with significant mental health and learning disability needs.

December also saw the launch of a disability passport, created by the Trust's Disabled Staff Network which aims to improve their experience in the workplace. The document was created after listening to the stories and experiences of staff in obtaining reasonable adjustments. The document will make it easier for staff to share information about their disability.

2021 saw five members of staff working at the Trust's Children and Young People's Services (CYPS) qualify in the 'Foundational Key Competence, Registrant Working with Children and Young People in Mental Health and Learning Disability Specialist Service', the first cohort of a programme designed to meet the needs of specialist young people's services.

In February we celebrated long service in our workforce and recognised over 1,500 staff who achieved 25, 30, 35 and 40 years of service as well as our wonderful volunteers where we celebrated 5, 10, 15 or 20 years of service.

And finally, in March the Trust became the first in the region to offer a mental health or learning disability nurse degree apprenticeship to aspiring nurses. In conjunction with the University of Sunderland, the course offers successful applicants paid employment and education through a combination of supernumerary learning and working in a nursing environment. This provides the Trust with a great opportunity to

go further in growing our own nurses and will enable staff to earn a wage as they do their degree with the University.

This is just a snapshot of the things our staff have achieved in such a short space of time. Their strength and compassion has been admirable in what could be described as the most difficult year of many of our careers.

## **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 2020/2021.

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 two years from the date of transfer. This would be expected to occur from October 2021.

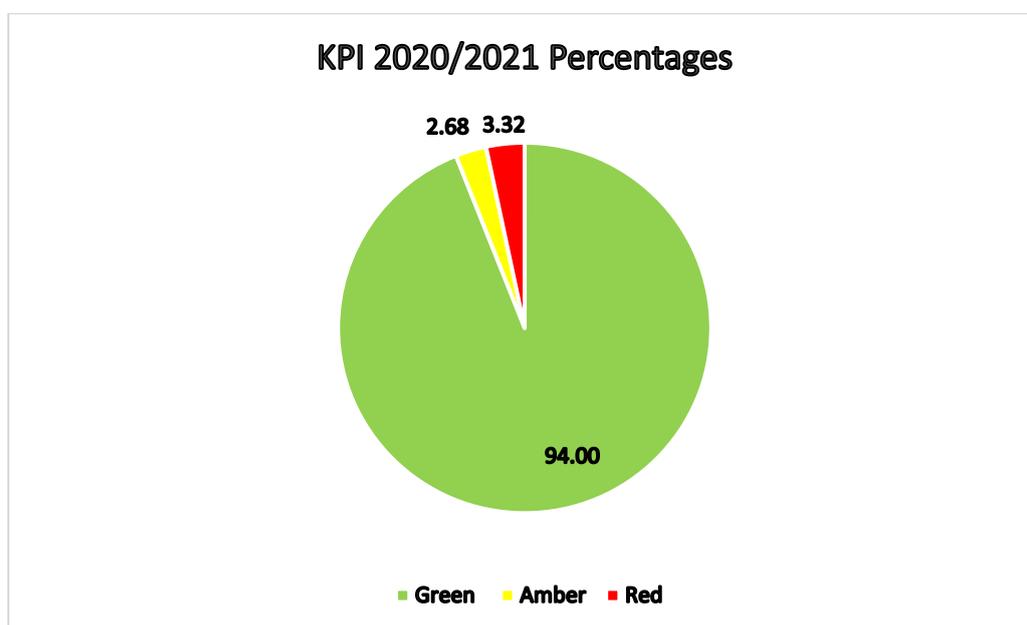
## NTW Solutions Limited Performance

The Trust's subsidiary company is included within the financial performance of the group. The annual accounts for NTW Solutions will not be formally approved until July/August 2021. Due to the impact of the COVID-19 pandemic, the profit generated for 2020/21 is below the normal planned levels of surplus. All of the profits generated by NTW Solutions are retained by the Trust as part of the CNTW Group.

Within the Group we monitor service and financial performance in NTW Solutions Limited on a monthly basis. 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 2020/21 we had 113 KPIs in place (an increase from 100 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 1083 KPI measurements, with 94% of these meeting the agreed targets. This is a 2% increase on last year's performance of 92%.

In addition, we paused a further 42 results across the year by mutual agreement due to the COVID-19 pandemic.



NTW Solutions also measure and report to the Trust on four additional KPIs where service performance is largely managed by the Trust. These relate to food waste and presentation on wards and recruitment / shortlisting 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 across the year.

## **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, autism 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 Debbie Henderson, Director of Communications and Corporate Affairs, Chief Executive's Office, St. Nicholas Hospital, Jubilee Road, Gosforth, Newcastle upon Tyne, NE3 3XT. ([corporateaffairs@cntw.nhs.uk](mailto:corporateaffairs@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 2020/21.

### **Overseas Operations**

The Trust does not engage in any commercial overseas operations.

A handwritten signature in black ink that reads "John Lawlor". The signature is written in a cursive style with a large initial 'J'.

**John Lawlor**  
**Chief Executive**  
**11 June 2021**

### **3. Accountability Report**

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#### **3.1 Directors report 2020/21**

##### **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 regular 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 Trust plans to undertake an independent Well Led review of Leadership and Governance during 2021/22.

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 and was re-appointed for a second term of office on 1 February 2021. 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 and the Governors' Nomination Committee via the Chief Executive. As a result of the work of the Nominations Committee and the Council of Governors relating to the Chair and NED appointment and reappointment process, the Trust formally acknowledged and accepted the recommendation that appointments to the Board should seek to ensure consideration of gender and ethnic minority imbalance with the Board of Directors.

The Trust continues to be committed to this recommendation and will ensure a strong focus on equality, diversity and inclusion is maintained as part of future appointment and re-appointment processes.

**The qualifications, skills, expertise and experience of the Trust's directors as at 31 March 2021 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
- Director and Shareholder of Other People's Shoes Ltd

**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.
- Chair of Teesside Safeguarding Adults Board.

## **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.
- Member of County Durham and Darlington NHS Foundation Trust.
- Non-Executive Director of Karbon Homes.

**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**

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.
- Chair of NHS England independent Panel to improve Children and Adolescent Mental Health, Learning Disability and autism inpatient services
- Chair of North East/North Cumbria Leadership Academy Partnership Board

**James Duncan, Deputy Chief Executive and Executive Director of Finance  
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.
- Invited member of the Mental Health Economics Collaborative Steering Group, which is hosted by the Mental Health Network of NHS Confederation.
- 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 (*resigned 1 April 2020*)  
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 Director of Workforce and Organisational Development (1 June 2018 – 30 September 2020) / Executive Director of Workforce and Organisational Development (from 1 October 2020)  
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;
- Non-Executive Director/Governor Newcastle College

**Number of meetings and attendance**

The Trust's Board of Directors met in public nine times during 2020/21. 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 Non-Executive Director.

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

Name	Date of:		Expiry of current term	Meetings	
	Appointment	Cessation		Total	Attended
<b>Ken Jarrold</b> Chairman	01.02.18	-	31.01.24	10	10
<b>David Arthur</b> Non-Executive Director Audit Committee Chair (from 14.01.19)	14.01.19	-	13.01.22	10	9
<b>Darren Best</b> Non-Executive Director	01.10.19		30.09.22	10	9
<b>Dr Les Boobis</b> Non-Executive Director	01.07.15	-	30.06.21	10	10
<b>Paula Breen</b> Non-Executive Director	01.10.19		30.09.22	10	10
<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	10	10
<b>Michael Robinson</b> Non-Executive Director Mental Health Legislation Committee Chair (from 16.01.19)	16.01.19		15.01.22	10	10
<b>Peter Studd</b> Non-Executive Director Resource and Business Assurance Committee Chair	01.01.16	-	31.12.21	10	10
<b>John Lawlor</b> Chief Executive	23.06.14	-	N/A	10	9
<b>James Duncan</b> Deputy Chief Executive/ Executive Director of Finance	01.12.09	-	N/A	10	10
<b>Dr Rajesh Nadkarni</b> Executive Medical Director	16.01.16	-	N/A	10	10
<b>Gary O'Hare</b> Executive Director of Nursing and Chief Operating Officer	01.12.09	-	N/A	10	10
<b>Lisa Quinn</b> Executive Director of Commissioning and Quality Assurance	01.12.09	-	N/A	10	10
<b>Lynne Shaw*</b> Executive Director of Workforce and Organisational Development	01.10.20	-	N/A	10	10

\*Lynne Shaw held the position of 'Acting' Executive Director of Workforce and Organisational Development from 1 June 2018 – 30 September 2020 and was substantively appointed into post 1 October 2020

## **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 2020 to 31 March 2021, 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 NHS Foundation Trust Code of Governance was taken into account in arriving at their view. This continues to be 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 2021 are shown below.

### **Malcolm Aiston, Managing Director**

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**

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.

### **Paul McCabe, Director of Estates and Facilities**

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

## **Peter Studd, Chair**

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.
- Non-Executive Director of Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust

## **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**

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.

The NTW Solutions Board of Directors met ten times in the year. The table below (Figure 3) shows the members of the Board during 2020/21, date of appointment and attendance at Board meetings.

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

<b>Name and Title</b>	<b>Date of Appointment</b>	<b>Meetings 2020/21</b>	
		<b>Total</b>	<b>Attendance</b>
Malcolm Aiston Managing Director	01.04.2017	11	10
Andrew Buckley Non-Executive Director	01.03.2019	11	11
James Duncan Non-Executive Director	01.04.2017	11	9
Paul McCabe Director of Estates and Facilities	01.04.2019	11	10
Tracey Sopp Director of Finance and Deputy MD	01.04.2017	11	11
Peter Studd Non-Executive Director (Chair)	01.04.2017	11	11

## 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. Due to pressures associated with COVID-19, the Trust did not undertake a review of the Terms of Reference of the Board sub-committees with the last review being undertaken in 2019. The outcome of the review is scheduled to be presented to the Board of Directors in July 2021.

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.

The Trust are planning to undertake a well led review of leadership and governance during 2021/22 including commissioning an independent peer review to undertake this work.

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 with the exception of 2020 due to COVID-19 pressures.

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. The Trust Standing Financial Instructions and Scheme of Reservation and Delegation were reviewed and approved by the Board in February 2021.

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 Debbie Henderson, Director of Communications and Corporate Affairs, Chief Executive's Office, St. Nicholas Hospital, Jubilee Road, Gosforth, Newcastle upon Tyne, NE3 3XT. ([corporateaffairs@cntw.nhs.uk](mailto:corporateaffairs@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 Paula Pears, Company 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 2020/21.

## 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>2020/21 Number of invoices paid within target</b>	<b>2020/21 Value of invoices paid within target</b>	<b>2019/20 Number of invoices paid within target</b>	<b>2019/20 Value of invoices paid within target</b>
Non-NHS Trade Invoices	96.4%	97.9%	94.9%	97.5%
NHS Trade Invoices	99.1%	99.9%	97.5%	99.8%

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 2021 (31st March 2020 : £nil).

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

The Trust's Annual Governance Statement 2020/21 (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 2020/21 service users and carers were involved in the following:

- Shaping our quality priorities for 2021/22 – During 2020/21 the Trust undertook an engagement process commencing with a Quality Priorities Stakeholder event in March 2021. 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 developments of the quality priorities over 2021/22. Two events were held via Teams and a survey was launched to gain wider view regarding the forthcoming year. The information gained from both the event and the survey has been collated and we are currently awaiting a decision via Trust Board what will be the final Quality Priorities for 2021/22 will be.

## **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'**

This was paused during the early part of the pandemic as per guidance from NHSE/I with regards to the Friends and Family Test (FFT). This offered the Trust the opportunity to make changes to Points of You, something that was co-developed with service users, carers and Trust staff.

The Trust recommenced with the new version of the feedback form in September 2020 with levels of feedback steadily increasing over the months to date. During quarter 4 the Trust received 921 completed Points of You surveys, a 421% increase on the 216 received in quarter 3 of the year. Of respondents, the Trustwide FFT score for quarter 4 was 8.58 (out of 10). Comparisons are not available due to the suspension of the survey.

The new version includes the new FFT question 'Overall, how was your experience of our service?'. Other changes include;

- Every question now having a free text box.
- An online version to compliment the traditional hard copy to increase accessibility.
- An accessible guide to filling in the form.
- The option to leave contact details should you want updates on how your feedback has made a difference.

- A new dashboard accessible to all staff that allows for feedback to be understood at Trustwide through to individual team level.

### **Friends and Family Test**

The expectation that Trusts should report this information to NHSE/I was paused during the pandemic. During this period a new question was introduced (discussed in Points of You section). This is now incorporated into our standard feedback form and levels of feedback have increased.

Other methods of engagement to ensure service user and carer feedback is fed into service development work include:

- The Service User and Carer Network;
- Essence of Care;
- Complaints, Incidents and Service user Advice and Liaison Service (PALS) Reports;
- Service visits by Executive and Non-Executive 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.

### **Quality priorities**

The Trust committed to the following Quality Priorities for 2020/21:

- Improving the inpatient experience;
- Improving waiting times;
- Equality, Diversity and Inclusion and Human Rights;

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).

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.

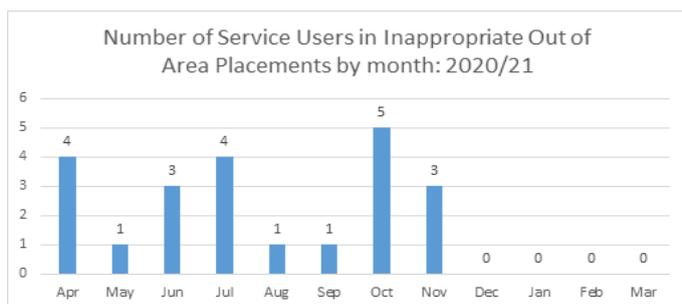
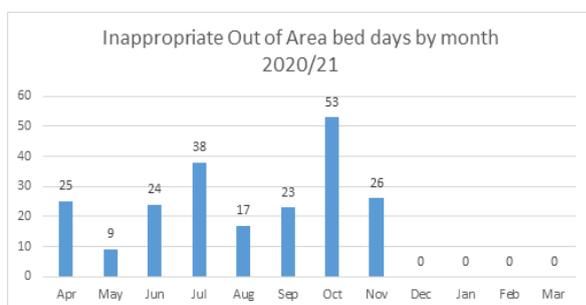
A quarterly report on service user and carer experience is presented to the Board. This includes an analysis of the feedback received through 'Points of You' and other experience measures, recurrent themes and actions to be taken to address these themes.

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

During 2020/21 there has been a significant amount of work undertaken to continue to deliver the Quality Priorities identified;

- Safety – Improving the Patient Experience

The number of inappropriate out of area bed days during 2020/21 is shown in the graphs below. The Trust has had no inappropriate out of area bed days since November 2020.



- Service User and Carer Experience – improving waiting times

Nobody should wait more than 18 weeks for their first contact with a community service. In line with nationally reported 18 weeks data, we measure progress against this by looking at the waiting list at the end of the year, calculating how many of those service users waiting had been waiting for more or less than 18 weeks at that point.

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

- Clinical Effectiveness – Equality, Diversity and Inclusion and Human rights

During 2020-21 we have achieved the following in relation to our Equality, Diversity and Inclusion quality priority. This quality priority will continue to be taken forward during 2021-22

### **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. 850 service user and carer information leaflets, including 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 important for patients and their families and carers to know how to raise a concern or complaint and that a robust system is in place to investigate complaints thoroughly to raise confidence in our services and improve the patient experience. 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 good practice principles.

We are confident that service users, carers and families know how to raise an issue or a complaint. Complaints can be made in writing, by telephone or by email.

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

Complaints have decreased during 2020-21 with a total of 565 received during the year. This is an overall decrease of 59 complaints (9%) in comparison to 2019/20. South and Central locality each accounted for 29% of the complaints received respectively, followed by North Cumbria with 21% and North locality with the lowest at 18%. The other 3% of complaints related to the non clinical directorates.

In comparison to 2019/20 figures, the number of complaints received has decreased in the Central, North and South localities. In Central there was a 17% decrease (33), in North there was a 23% decrease (36) and in South there was a 12% decrease (23).

There has been an increase of complaints received in North Cumbria by 37% (38). However this is as expected as the 2019/20 figures for North Cumbria did not reflect a full year's data due to the transfer of services on October 2019, and related to complaints received between 1 October 2019 to March 2020 only.

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

- Complaints related to patient care decreased by 28%
- Complaints relating to communications increased by 2%
- Complaints relating to values and behaviours decreased by 6%

Complaint categories which have significantly increased in comparison to 2019/20 are:

- Complaints related to admissions and discharges have increased by 34%
- Complaints related to Trust admin/ policies/procedures including record management have increased by 63%

Complaint categories which have significantly decreased in comparison to 2019/20 are:

- Complaints related to clinical treatment have decreased by 46%
- Complaints related to appointments have decreased by 22%

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. Complainants are also signposted to local advocacy services to support them in making a complaint.

Within the Trust there is continuing reflection on the complaints we receive, not only in terms of the subject of the complaint but also on the complaint outcome and compliance with timescales. In 2020/21 we responded to complaints in line with agreed timescales in 84% of cases. This is a 4% increase in comparison to 2019/20.

Complaints received and triaged for investigation and extensions requests are discussed weekly at the Business Delivery Group – Safety. The Quality and Performance Committee regularly reviews the complaints received and identifies trends which are outlined in the monthly and quarterly Safer Care reports. The Learning and Improvement group, chaired by an Executive Director, has explored 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 North Cumbria Integrated Care System, taking the lead role in the Mental Health Work Stream. 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. The Trust's Chief Executive, John Lawlor, acts as joint senior responsible officer for the ICS Mental Health Work Stream, a named Executive Director leads this work in each locality, supported by operational managers and clinicians.

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, quality priorities and delivers 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 2020/21 is shown in table below (Figure 5).

**Figure 5: Private Patient Income**

Private Patient Income	Group	Trust	Group	Trust
	2020/21	2020/21	2019/20	2019/20
	£000	£000	£000	£000
Private patient income	0	0	0	0
Total patient related income	400,726	399,929	349,329	348,727
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  
11 June 2021

## **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 was at that time, a £380 million business employing over 7,000 staff with the added complications of the mental health legislation environment, 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. As a result of the review, the Remuneration Committee awarded pay increases to Executive Directors. These salary changes reflect the excellent standards of performance of the Trust.

In April 2020, Executive Directors received a cost of living increase of 1.03% in line with NHSE/I recommendations for all Trusts.

### **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 2020/21, 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 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 2020/21 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 2019/20 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 below.

### 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 once during 2020/21. Figure 6 below shows the membership of the Remuneration Committee during 2020/21 along with their attendance.

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

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

The Remuneration Committee has received advice from John Lawlor, Chief Executive, Lynne Shaw, Executive Director of Workforce and Organisational Development and Debbie Henderson, 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. During 2020/21, 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 Non-Executive Directors 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 2020/21, there were 15 individuals fulfilling the role as director in the Trust, eight of them receiving expenses in the reporting period totalling £2,119. The equivalent for 2019/20 for the Trust was 15 individuals, with 10 receiving expenses totalling £12,391.

During 2020/21, there were 6 individuals fulfilling the role as director in the Trust subsidiary company NTW Solutions, one of them receiving expenses in the period totalling £144. The equivalent for 2019/20 for the Trust subsidiary company NTW Solutions was 6 individuals, with three receiving expenses totalling £610.

During 2020/21, there were 39 individuals in Governors' roles. Four Governors received expenses during the year which totalled £319.20. The equivalent for 2019/20 was 41 individuals in Governor roles. Nine Governors during 2019/20 received expenses totalling £1,589.95.

Figure 7: CNTW Board of Directors Remuneration - Remuneration for each board member who served during 2020/21 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	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
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	15 - 20	0	0	0	0	15 - 20	15 - 20
Peter Studd - Non-Executive Director *	5 - 10	5 - 10	85	108	0	0	15 - 20	15 - 20
David Arthur - Non-Executive Director	15 - 20	15 - 20	0	0	0	0	15 - 20	15 - 20
Michael Robinson - Non-Executive Director	15 - 20	15 - 20	0	0	0	0	15 - 20	15 - 20
Darren Best - Non-Executive Director	10 - 15	5 - 10	0	0	0	0	10 - 15	5 - 10
Paula Breen - Non-Executive Director	10 - 15	5 - 10	0	0	0	0	10 - 15	5 - 10
John Lawlor - Chief Executive	205 - 210	200 - 205	0	0	115.0 - 117.5	0.0 - 0.0	320 - 325	200 - 205
James Duncan - Executive Director of Finance and Deputy Chief Executive *	125 - 130	130 - 135	10	107	0.0 - 0.0	0.0 - 2.5	125 - 130	145 - 150
Dr Rajesh Nadkarni - Executive Medical Director *	205 - 210	200 - 205	112	120	0.0 - 0.0	0.0 - 0.0	215 - 220	210 - 215
Gary O'Hare - Executive Director of Nursing and Operations *	130 - 135	145 - 150	23	14	0.0 - 0.0	267.5 - 270.0	130 - 135	415 - 420
Lisa Quinn - Executive Director of Commissioning and Quality Assurance *	135 - 140	125 - 130	8	61	132.5 - 135.0	0.0 - 0.0	270 - 275	135 - 140
**Lisa Crichton-Jones - Executive Director of Workforce and Organisational Development *	0 - 0	0 - 0	0	0	27.5 - 30.0	37.5 - 40.0	85 - 90	35 - 40
Lynne Shaw - Executive Director of Workforce and Organisational Development *	115 - 120	115 - 120	47	54	102.5 - 105.0	0.0 - 0.0	220 - 225	120 - 125

For Dr Rajesh Nadkarni, £33,000 of the remuneration relates to clinical duties (2019/20 £46,000 ). 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. John Lawlor and Lisa Quinn both opted back into the pension scheme on 1st April 2020.

\*\*Lisa Crichton Jones was seconded to the North East and North Cumbria Integrated Care System for the period 1st April 2020 to 30th September 2020. On 30th September 2020 Lisa Crichton Jones formally left the Trust. Lynne Shaw was acting into the role of Director of Workforce and Organisational Development and was appointed into the Executive Director role from 1st October 2020. The full costs of the salary and taxable benefits were met by Newcastle Gateshead CCG. The pension related benefits for Lisa Crichton Jones have not been adjusted for the part year or to reflect recharges for secondments.

\*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 2020/21 along with prior year comparatives.**

<b>NTW Solutions - Board of Directors Remuneration</b>								
<b>Name and Title</b>	<b>Salary Bands of £5,000</b>		<b>Taxable Benefits rounded to the nearest £100</b>		<b>Pension Related Benefits Annual Increase in Pension Entitlement Bands of £2,500</b>		<b>Total Bands of £5,000</b>	
	<b>2020/21</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2019/20</b>
<b>Peter Studd - Chair NTW Solutions</b>	<b>5 - 10</b>	<b>5 - 10</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5 - 10</b>	<b>5 - 10</b>
<b>James Duncan - Non-Executive Director NTW Solutions</b>	<b>5 - 10</b>	<b>5 - 10</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5 - 10</b>	<b>5 - 10</b>
<b>Andrew Buckley - Non-Executive Director NTW Solutions</b>	<b>5 - 10</b>	<b>5 - 10</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5 - 10</b>	<b>5 - 10</b>
<b>Malcolm Aiston - Managing Director NTW Solutions</b>	<b>100 - 105</b>	<b>95 - 100</b>	<b>13</b>	<b>27</b>	<b>0</b>	<b>0.0 - 0.0</b>	<b>105 - 110</b>	<b>95 - 100</b>
<b>Tracey Sopp - Director of Finance and Deputy Managing Director NTW Solutions</b>	<b>100 - 105</b>	<b>100 - 105</b>	<b>0</b>	<b>4</b>	<b>25.0 - 27.5</b>	<b>100.0 - 102.5</b>	<b>125 - 130</b>	<b>200 - 205</b>
<b>Paul McCabe - Director of Estates and Facilities NTW Solutions *</b>	<b>85 - 90</b>	<b>85 - 90</b>	<b>96</b>	<b>64</b>	<b>12.5 -15.0</b>	<b>50.0 -52.5</b>	<b>110 - 115</b>	<b>145 - 150</b>

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. Malcolm Aiston increased his working hours for a brief period during 2020/21 due to the Covid pandemic.

## 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 2021 on an annualised basis.

### Figure 9: Median remuneration

The median remuneration of all Trust staff and the ratio between this and the mid-point of the banded remuneration of the highest paid director are shown below. The calculation is based on full time equivalent staff of the Trust at 31 March 2021 on an annualised basis.

<b>Fair pay multiple</b>	<b>2020/21</b>	<b>2019/20</b>
Median total remuneration	<b>£27,474</b>	<b>26,656</b>
Ratio to mid-point of the banded remuneration of highest paid director	<b>7.55</b>	<b>7.60</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	205 - 210	200 - 205

## 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 2020/21 provides further information on the pension benefits accruing to the individual.

## Total pension entitlement

Figure 10: Board of Director Pension Analysis 2020/2021 and 2019/20 (CNTW and NTW Solutions)

Trust - Board of Directors Pension Analysis 2020/21	Real Increase in pension at pension age	Real Increase in lump sum at pension age	Total accrued pension at pension age at 31-03-21	Lump sum at pension age related to accrued pension at 31-03-21	Cash Equivalent Transfer Value at 31-03-21	Cash Equivalent Transfer Value at 31-03-20	Real Increase in Cash Equivalent Transfer Value
	Bands of £2.5k £000	Bands of £2.5k £000	Bands of £5k £000	Bands of £5k £000	£000	£000	£000
John Lawlor Chief Executive	5.0 - 7.5	17.5 - 20.0	85 - 90	260 - 265	2,146	1,912	171
James Duncan * Executive Director of Finance and Deputy Chief Executive	0.0 - 0.0	0.0 - 0.0	0 - 0	0 - 0	0	0	0
Dr Rajesh Nadkarmi * Executive Medical Director	0.0 - 0.0	0.0 - 0.0	0 - 0	0 - 0	0	0	0
Gary O'Hare * Executive Director of Nursing and Operations ***	0.0 - 0.0	0.0 - 0.0	70 - 75	210 - 215	1,657	2,192	0
Lisa Quinn * Executive Director of Commissioning & Quality Assurance	5.0 - 7.5	15.0 - 20.0	55 - 60	130 - 135	1,051	890	127
Lisa Crichton-Jones * Executive Director of Workforce & Organisational Development **	0.0 - 2.5	0.0 - 0.0	35 - 40	35 - 40	614	572	8
Lynne Shaw * Executive Director of Workforce & Organisational Development	5.0 - 7.5	10.0 - 12.5	25 - 30	50 - 55	464	357	87

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 secondment to the Integrated Care System for the period 1st April 2020 to 30th September 2020. The increases/(decreases) in pension, lump sum and cash equivalent transfer value have been adjusted to reflect not being in post for the full 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 as at 31st March 2021.

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. As Dr Nadkarni and James Duncan were not members of the pension scheme during 2020/21 the pension scheme information is not provided by the Greenbury team. John Lawlor and Lisa Quinn both opted out of the NHS Pension during 2019/20 but opted back into the scheme on 1st April 2020. Lynne Shaw was appointed Executive Director of Workforce and Organisational Development on 1st October 2020 and was acting into this role for the period 1st April 2020 to 30th September 2020.

<b>NTW Solutions - Board of Directors</b>	<b>Real Increase in pension at pension age</b>	<b>Real Increase in lump sum at pension age</b>	<b>Total accrued pension at pension age at 31-03-21</b>	<b>Lump sum at pension age related to accrued pension at 31-03-21</b>	<b>Cash Equivalent Transfer Value at 31-03-21</b>	<b>Cash Equivalent Transfer Value at 31-03-20</b>	<b>Real Increase in Cash Equivalent Transfer Value</b>
	<b>Bands of £2.5k £000</b>	<b>Bands of £2.5k £000</b>	<b>Bands of £5k £000</b>	<b>Bands of £5k £000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Malcolm Aiston Managing Director NTW Solutions</b>	<b>0.0 - 0.0</b>	<b>0.0 - 0.0</b>	<b>0 - 0</b>	<b>0 - 0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Tracey Sopp Director of Finance and Deputy Managing Director NTW Solutions</b>	<b>0.0 - 2.5</b>	<b>0.0 - 2.5</b>	<b>25 - 30</b>	<b>50 - 55</b>	<b>448</b>	<b>407</b>	<b>20</b>
<b>Paul McCabe * Director of Estates and Facilities</b>	<b>0.0 - 2.5</b>	<b>0.0 - 0.0</b>	<b>30 - 35</b>	<b>85 - 90</b>	<b>749</b>	<b>705</b>	<b>19</b>

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.

<b>Trust - Board of Directors Pension Analysis 2019/20</b>	<b>Real Increase in pension at pension age</b>	<b>Real Increase in lump sum at pension age</b>	<b>Total accrued pension at pension age at 31-03-20</b>	<b>Lump sum at pension age related to accrued pension at 31-03-20</b>	<b>Cash Equivalent Transfer Value at 31-03-20</b>	<b>Cash Equivalent Transfer Value at 31-03-19</b>	<b>Real Increase in Cash Equivalent Transfer Value</b>
	<b>Bands of £2.5k £000</b>	<b>Bands of £2.5k £000</b>	<b>Bands of £5k £000</b>	<b>Bands of £5k £000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>John Lawlor Chief Executive</b>	<b>0.0 - 2.5</b>	<b>0.0 - 2.5</b>	<b>75 - 80</b>	<b>235 - 240</b>	<b>1,912</b>	<b>1,814</b>	<b>33</b>
<b>James Duncan * Executive Director of Finance and Deputy Chief Executive</b>	<b>0.0 - 2.5</b>	<b>0.0 - 0.0</b>	<b>45 - 50</b>	<b>105 - 110</b>	<b>868</b>	<b>829</b>	<b>14</b>
<b>Dr Rajesh Nadkarmi * Executive Medical Director</b>	<b>0.0 - 0.0</b>	<b>0.0 - 0.0</b>	<b>0 - 0</b>	<b>0 - 0</b>	<b>-</b>	<b>1,041</b>	<b>0</b>
<b>Gary O'Hare * Executive Director of Nursing and Operations</b>	<b>12.5 - 15.0</b>	<b>37.5 - 40.0</b>	<b>95 - 100</b>	<b>285 - 290</b>	<b>2,192</b>	<b>1,805</b>	<b>316</b>
<b>Lisa Quinn * Executive Director of Commissioning &amp; Quality Assurance</b>	<b>0.0 - 2.5</b>	<b>0.0 - 0.0</b>	<b>45 - 50</b>	<b>115 - 120</b>	<b>890</b>	<b>856</b>	<b>5</b>
<b>Lisa Crichton-Jones * Executive Director of Workforce &amp; Organisational Development</b>	<b>0.0 - 2.5</b>	<b>0.0 - 2.5</b>	<b>30 - 35</b>	<b>70 - 75</b>	<b>572</b>	<b>511</b>	<b>0</b>
<b>Lynne Shaw * Acting Executive Director of Workforce &amp; Organisational Development **</b>	<b>0.0 - 0.0</b>	<b>0.0 - 0.0</b>	<b>20 - 25</b>	<b>40 - 45</b>	<b>357</b>	<b>431</b>	<b>0</b>

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.

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

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.

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. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

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 2020/21, 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 2020/21.



**John Lawlor**  
**Chief Executive**  
**11 June 2021**

### **3.3 Staff Report**

#### **Employee Numbers**

At the end of March 2021, the Board of Directors for Cumbria, Northumberland, Tyne and Wear Foundation Trust comprised of six Executive Directors (two female and four male) and seven Non-Executive Directors (two female and five male).

The Directors for NTW Solutions comprises three 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 7720 employees including Non-Executive Directors (5,811 female and 1909 male) of whom 26.45% work part-time.

3,024 employees (2,305 female and 719 male) are also registered with one or more of the Trust's staff banks. In addition, there are currently 827 'bank only' workers (583 female and 244 male) who do not hold substantive posts elsewhere in the Trust.

A total of 488 bank only staff worked shifts during 2020/2021.

## Figure 11: Employee Expenses and Employee Numbers

Employee Expenses (Group and Trust)												
Employee Expenses	Group						Trust					
	Total	Permanently Employed	Other 2020/21	Total	Permanently Employed	Other	Total	Permanently Employed	Other	Total	Permanently Employed	Other 2019/20
	2020/21	2020/21	2020/21	2019/20	2019/20	2019/20	2020/21	2020/21	2020/21	2019/20	2019/20	2019/20
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Salaries and wages	265,360	263,309	2,051	228,179	226,192	1,987	250,321	248,330	1,991	214,598	212,611	1,987
Social security costs	24,526	24,526	0	21,310	21,310	0	23,320	23,320	0	20,218	20,218	0
Apprenticeship levy	1,234	1,234	0	1,054	1,054	0	1,174	1,174	0	999	999	0
Pension cost - employer's contributions to NHS Pensions	30,341	30,341	0	26,779	26,779	0	29,044	29,044	0	25,410	25,410	0
Pension cost - employer's contributions paid by NHSE on provider's behalf (6.3%)**	13,289	13,289	0	11,589	11,589	0	12,718	12,718	0	10,987	10,987	0
Pension cost - other contributions	306	306	0	170	170	0	92	92	0	58	58	0
Temporary staff - agency/contract staff	15,838	0	15,838	11,725	0	11,725	15,646	0	15,646	11,378	0	11,378
<b>Total staff costs</b>	<b>350,894</b>	<b>333,005</b>	<b>17,889</b>	<b>300,806</b>	<b>287,094</b>	<b>13,712</b>	<b>332,315</b>	<b>314,678</b>	<b>17,637</b>	<b>283,648</b>	<b>270,283</b>	<b>13,365</b>
included within:												
<b>Costs capitalised as part of assets</b>	<b>529</b>	<b>529</b>	<b>0</b>	<b>587</b>	<b>587</b>	<b>0</b>	<b>59</b>	<b>59</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Analysed into operating expenditure</b>												
Employee expenses - staff & executive directors	348,459	330,570	17,889	298,381	284,669	13,712	330,350	312,713	17,637	281,810	268,445	13,365
Research & Development	1,722	1,722	0	1,664	1,664	0	1,722	1,722	0	1,664	1,664	0
Internal audit costs	184	184	0	174	174	0	184	184	0	174	174	0
<b>Total employee benefits excluding capitalised costs</b>	<b>350,365</b>	<b>332,476</b>	<b>17,889</b>	<b>300,219</b>	<b>286,507</b>	<b>13,712</b>	<b>332,256</b>	<b>314,619</b>	<b>17,637</b>	<b>283,648</b>	<b>270,283</b>	<b>13,365</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 2020/21	Total	Permanently Employed	Other	Total	Permanently Employed	Other	Total	Permanently Employed	Other
	2020/21	2020/21	2020/21	2019/20	2019/20	2019/20	2020/21	2020/21	2020/21	2019/20	2019/20	2019/20
Number	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number	Number	
Medical and dental	411	390	21	392	372	20	411	390	21	392	372	20
Administration and estates	1,911	1,885	26	1,734	1,692	42	1,318	1,297	21	1,182	1,153	29
Healthcare assistants and other support staff	2,221	2,029	192	1,893	1,761	132	2,221	2,029	192	1,893	1,761	132
Nursing, midwifery and health visiting staff	2,255	2,202	53	2,040	2,008	32	2,255	2,202	53	2,040	2,008	32
Scientific, therapeutic and technical staff	404	404	0	341	341	0	403	403	0	341	341	0
Healthcare science staff	489	476	13	415	413	2	489	476	13	415	413	2
<b>Total average numbers</b>	<b>7,691</b>	<b>7,386</b>	<b>305</b>	<b>6,815</b>	<b>6,587</b>	<b>228</b>	<b>7,097</b>	<b>6,797</b>	<b>300</b>	<b>6,263</b>	<b>6,048</b>	<b>215</b>
of which:												
Number of employees (WTE) engaged on capital projects	13	13	0	15	15	0	3	3	0	10	10	0

## Sickness Absence

In a year where the health and wellbeing of our staff has been at the forefront, there have been a range of health and wellbeing initiatives throughout to support staff and to provide proactive support to staff across the organisation. This includes an improved Occupational Health service including a specialist Staff Psychological support service, the offer of wobble rooms and Schwartz rounds, COVID-19 risk assessments for all staff and the health and wellbeing calendar of events covering topics in response to staff feedback and also the emerging themes of the pandemic. The Trust have also maintained the Better Health at Work Award for Maintaining Excellence. The organisation has continued to train cohorts 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.

In late 2020 The Trust established a health and wellbeing offer that is available to all staff, comprising of six elements that between them that bring about a state of health and wellbeing. This outlines the Trust's approach to health and wellbeing and will replace the former NTW Health and Wellbeing Strategy. Moving forward, this will be used to underpin the themes that run through our annual health and wellbeing calendar of events for staff and to inform some of the messages and support we would like to promote. We will also be establishing a Trust Health and Wellbeing Steering Group, so we can regularly monitor, assess and refresh our outcomes and offer to staff.

A full year plan of staff health and wellbeing events has been planned to allow better allocation of resources and to maximise staff engagement. As well as the key elements of the staff health and wellbeing framework, major themes that will be considered as part of all campaigns include COVID-19, the menopause and the NHS People Plan.

The publication of the NHS People Plan in the summer of 2020 set the agenda for some of the health and wellbeing activity. A priority for the Trust is the requirement for all NHS staff to have a Health and Wellbeing Conversation and develop a personalised plan to support their health and wellbeing. This work will begin to roll out in late spring 2021 and will support Trust priorities and deliverables within the NHS People Plan.

There is also Trust representation on the national network for health and wellbeing hosted by NHS Employers which enables our organisation to provide a national influence and presence in this area and to bring back knowledge and best practice to support with our internal priorities.

The absence rate has decreased slightly over the last 12 months with the average figure for 2019/20 of 5.77% against 2020/21 of 5.56% 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 2020 to 31 March 2021 provided by the Trust's Electronic Staff Record (ESR) – Business Intelligence.

**Figure 12: Sickness Absence Data 1 April 2020 to 31 March 2021**

<b>Average of 12 months</b>	<b>Average staff Full Time Equivalent (FTE)</b>	<b>FTE days available</b>		<b>FTE days recorded sickness absence</b>	<b>Average Sick Days per FTE</b>
5.56%	6901.2	2,518,925.56		140,004.99	20.29

To support work across the Trust in the management of sickness absence and staff health and wellbeing agenda, a revised and refreshed Sickness Absence Policy was implemented on 1 April 2021. The changes reflected feedback via a focus group made up of staff from various disciplines, staff networks, and Staff Side colleagues. The main changes to note are the policy ethos, a more streamlined process, independent involvement at the point of dismissal and the introduction of a PGN for Mental Health in the Workplace which incorporates the former Stress at Work Policy. Managers’ sessions to promote the new policy and introduce the changes took place via Microsoft Teams throughout April 2021 with more scheduled for May 2021.

Our approach to Health and Wellbeing will be inclusive and fair and will be done in partnership with subject experts, supporting CNTW to be a great place to work.

**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 ensure all Workforce Policies have been updated and merged to reflect the practices in both organisations and to create one set of Workforce Policies to support managers in the provision of 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. This work is undertaken through engagement with various groups of people across the Trust, proving invaluable to help shape and influence the development of Trust Workforce policies to effectively meet the needs of our staff and in turn support our services.

An example of this includes the updated Appraisal Policy which was introduced on 1 April 2021. The policy is intended to align several elements of work so that staff can see the interconnectedness of various initiatives being launched across the Trust and thus bring these pieces of work into one place. This includes the introduction of a Career Conversation, which in turn is linked to the newly developed Trust Talent Management Approach and Health and Wellbeing Conversations.

The next step in our vision for policy work will be to further simplify our policies and align those with a natural fit – in some instances we will move away from policy towards a framework of support in the management of our people.

## **Equality, Diversity and Inclusion**

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

HAREF, (the Health and Race Equality Forum) in Newcastle delivered cultural competency sessions in autumn 2020 to staff working in Newcastle teams.

### **Improved patient access and experience**

During the first lockdown we worked closely with our interpreting provider to develop video interpretation and to source an equivalent service for BSL users, helping us to meet the requirements of the Accessible Information Standard.

### **Trust Staff Networks**

These grew during 2020, running virtually improved attendance and allowed for the flexibility to hold meetings more frequently and at different times. All of the networks developed action plans and were supported by budgets for activities, release time for network chairs and administrative support. A highlight from this year was the attendance at the May BAME network meeting of Prerana Issar NHS England's Chief People Officer who spoke about the importance of staff network contributions during the Pandemic.

### **Black History Month**

2020 was the first year that the Trust held a series of events to celebrate Black History Month. During the month the BAME Staff Network was instrumental in delivering a varied programme of activities and resources that celebrated the lives of Black People in the UK and raised levels of awareness about issues that affect the lives of these communities in the UK. Throughout the month a screensaver campaign shared information and interesting historical facts about key figures in the development of healthcare from Black History such as Mary Seacole.

The Staff Network in conjunction with the Trust's Staff Psychological Centre developed a series of Multilingual Livecasts on Kindness that went live on the Trust's YouTube Channel in mid-October. A number of staff from the network recorded messages in their first languages (with a transcript) on the theme of kindness. The messages included the importance of compassion around mental health, equality and diversity and the need to address the issues of stigma and race discrimination. The Trust's first BAME Conference took place via Microsoft Teams at the end of October. Speakers included Roger Kline and Dame Elizabeth Anionwu.

### **Disabled Staff Passport**

The Disabled Staff Network developed a 'passport' for disabled staff to document any reasonable adjustments that they have within the workplace. The document is designed to be shared with the disabled staff member's manager and is reviewed as circumstances dictate – but at least on a yearly basis. As the name passport implies, if a disabled member of staff changes jobs the passport helps facilitate the provision of reasonable adjustments, without the need to start a conversation with the new manager. The provision allows reasonable adjustments to be in place from the commencement of a new job. The passport

was launched as part of our activities for Disability History Month during December. The launch involved separate Q&A events for disabled staff and managers.

### **Covid-19 Risk Assessment**

The Equality and Diversity (E&D) lead worked with colleagues to develop the first iteration of the risk assessment toolkit to assess the risk of COVID-19 for Trust Staff. The Guidance documentation for enabling conversations with BAME staff was highlighted by both NHS Employers and NHS England as an example of good practice that has been shared nationally. The E&D Lead has been part of the Covid Risk Assessment Group (CRAG) that has developed the risk assessment decision aid that has been used to complete the assessments to comply with the NHS England targets for risk assessment. Key work on this was the development of a set of frequently asked questions to help inform and guide staff and managers in the process. This work has also been linked into that taking place in the staff networks – particularly the BAME and Disabled Staff networks, where the risk was deemed to be greater.

### **Stonewall Diversity Champions**

Key work has taken place with Stonewall to review our workforce policies to ensure that they use gender neutral language throughout and are fully inclusive. We also commenced work on our Transitioning at Work policy.

### **Workforce Race and Disability Equality Standards**

Following our submissions for these standards to NHS England the following actions were approved by Trust Board.

- Overhaul of recruitment and promotion practices for all levels of post to ensure that staffing reflects the diversity of the community and regional and national labour markets.
- Adopt NHSE/I toolkits when available to meet the action of eliminating the ethnicity gap when entering formal disciplinary processes.
- Adopt the NHSE/I toolkit on civility and respect for all.
- Adopt the principle of the Social Model of Disability by the Trust.
- Review and cleanse all data to ensure staff disability and CPD is recorded appropriately.
- Further develop the role of the Cultural Ambassador.

### **Staff Engagement**

Engagement is about connecting hearts and minds, to motivate action which will positively impact on the organisation.

Being an employer of choice is important and our values of being caring, compassionate respectful, honest, and transparent underpin our approach to staff engagement. Engagement is key in helping us meet the many challenges we (and all NHS organisations) face and in realising our strategic ambitions of being a Great Place to Work and Receive Care.

As a Learning Organisation we challenge ourselves every day to learn and to apply learning to continuously improve and positively transform the way we work and the care we give. Engagement is one of the main ways we can encourage participation, involvement, learning and collective action to help us deliver high quality care and high quality experiences for service users and staff each and every day.

We know engagement is the right thing to do because evidence, including feedback from our staff, tells us that, amongst other things:

- people are more emotionally invested in developing and improving what we do and how we do it when they feel engaged
- good conversation, involvement and listening leads to better performance and a healthier culture – it leads to openness, honesty, trust, and continuous learning which in turn leads to high quality care and service user and employee satisfaction
- engagement supports ongoing development of the organisation and culture. It embraces the differences each person can bring and allows for new and different thinking, fresh perspectives and ideas and it helps ensure that decisions are rooted in doing what's best for our people,

Simply, by always listening to each other and acting on what we hear we will become even better at what we do. However, the ability to engage all staff 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 has well-established engagement approaches and we strive to maintain high levels of engagement at all times. The Trust supports several regular opportunities for staff to engage including:

- Weekly Bulletin;
- Weekly Question,
- Social media
- The Speak Easy programme
- Virtual Executive Question and Answer sessions
- Regular e-bulletins to all staff

Additionally, there are a number of other approaches/forums which include:

- The Annual Staff Excellence Awards – staff nominated awards and recognition of team and individual achievements and contribution
- Trade Union and Management Partnership Forum
- Leadership walkabouts (including Executive and Non-Executive members of the Board)
- Schwartz Rounds
- The Council of Governors (Public and Staff)
- Talk First
- The Service User and Carer Engagement Forum.

- Locality engagement events
- Embedding of collective leadership and devolution – with decisions made as near to delivery of care as possible

Engagement remained high during the pandemic and we used many of these approaches to ensure we reached staff right across the organisation. We have learnt so much during the past year or so and we are using this learning to shape our current and future approaches to staff engagement.

We also saw the introduction of creative, new approaches, often the brain-child of teams, which are now being used more widely to support teams, individuals, leaders and managers, such as Wobble Rooms and the very well received virtual Executive Question and Answer sessions – which were open to all, and, in November of last year we launched The Improvement Collaborative, which will help us engage a diverse section of the workforce in the continued development of the Trust and provides another vehicle for people to thrive and reach their full potential (Great Place to Work/Receive Care).

At the time of writing this we have just approved an Engagement and Involvement Plan setting out our ambitions for evaluating current practice, reinvigorating and reintroducing approaches staff tell us they miss and setting out our intention to develop and implement new approaches to ensure there is something for everyone to participate in. new approaches/techniques include Coffee with a colleague, Round Table conversations and Walkabouts.

## **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 and Local Negotiating Committee remains the forums to discuss key Trust wide 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.

Due to the pandemic the Trust delayed it's Annual Partnership Day with staff side which was due in January 2021. This will now be held in April 2021. During the pandemic there has been excellent partnership working with staff side increasing the frequency of meetings to weekly. The partnership working in Trust with staff side was highlighted as exemplar at the National Social partnership forum.

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 2020/2021 specific consultations with staff have included the following:

#### Central Locality

- CYPS – Restructure of leadership team
- Crisis team – service redesign and change of base

#### South Locality

- ICTS – change of base and shift pattern.

#### Corporate

- Audit one- TUPE transfer of service to another provider

There have been no consultations held in the North and North Cumbria localities.

### **Involvement of staff in our Foundation Trust's performance**

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

A detailed Performance Report is prepared on a monthly basis for the Board of Directors, Corporate Decisions Team, senior managers and clinical leaders.

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

### **Raising Concerns Policy**

The Trust's Whistleblowing Policy was reviewed in 2016 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 47 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 76 cases have been reported to the FTSUG. 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.

The Raising concerns policy will be reviewed in May 2021.

### **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

Since 2010, the Trust has adopted a census approach to the Staff Survey. From 2019 onwards, the results from questions are grouped to give scores for ten 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 2020 survey among trust staff was 50% (2019: 56%). Scores for each indicator together with that of the survey benchmarking group Mental Health /Learning Disability Trusts are presented below.

**Figure 13: Staff Survey 2020 compared to Staff Survey 2019 and 2018**

Theme	2020		2019		2018	
	Trust	Benchmarking Group	Trust	Benchmarking Group	Trust	Benchmarking Group
Equality, diversity and inclusion	9.3	9.1	9.3	9.1	9.3	9.0
Health and wellbeing	6.6	6.4	6.4	6.1	6.5	6.1
Immediate managers	7.5	7.3	7.4	7.3	7.5	7.2
Morale	6.7	6.4	6.5	6.3	6.6	6.2
Quality of care	7.5	7.5	7.5	7.4	7.4	7.3
Safe environment – bullying and harassment	8.4	8.3	8.3	8.2	8.2	8.2
Safe environment – violence	9.3	9.5	9.1	9.4	9.1	9.4
Safety culture	7.2	6.9	7.1	6.8	7.0	6.8
Staff engagement	7.3	7.2	7.1	7.1	7.1	7.0
Team working	7.2	7.0	7.1	6.9	7.2	6.9

- Results from 2020 include North Cumbria staff.
- We conducted the survey entirely online for the first time. Fewer staff responded 50% - down 6% points compared to 2019 but slightly better than the average of 49% for similar Trusts in 2020.
- 8 themes improved on 2019 results. Of those 8, 6 themes showed significant improvements.

## **Our actions from the 2020 survey are as follows**

- Hold a Big Conversation around each of the themes to better understand the issues and seek suggestions for action with a focus on those issues identified with the scope for the greatest improvement. Members of The Improvement Collaborative have been invited to be part of this.
- The Trust are holding a similar conversation with the localities to establish joint and local actions.
- Map staff survey findings into existing related action plans to help inform work and that we monitor the actions that result from the conversations at Trust and locality levels.
- Interrogate the national data to establish the best performing organisation for each theme and in turn the best performing organisation for the questions identified in each theme with the greatest scope for improvement. Links will be established with these organisations to establish if there is anything that the Trust can learn and implement from their experiences.
- Organisational development initiatives for all staff with a sharp focus on equality, diversity and inclusion need to be prioritised, to ensure the maximum impact of the work that has already started.

## **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:

- 30 relevant union officials during the period.
- 26 employees spent between 1-50% of their working time on facility time and one between 51-99%.
- 0.06% of NTW's total pay bill spent on Facility time.
- 13.6% 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 2020/21 is provided within the Annual Accounts in note 4 (section 5).

### Off-Payroll Engagements – CNTW Group

#### Figure 14: Off-Payroll Engagements – CNTW Group

Highly paid off-payroll worker engagements as at 31st March 2021, earning £245 per day or greater

<b>Number of existing engagements as of 31st March 2021</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 Stafflow are now on-payroll arrangements following the implementation of IR35.

**Highly-paid off-payroll workers engaged at any point during the year ended 31 March 2021 earning £245 per day or greater**

<b>Number of off-payroll workers engaged during the year ended 31 March 2021</b>	<b>9</b>
Of which.....	
Not subject to off-payroll legislation *	0
Subject to off-payroll legislation and determined as in-scope of IR35 *	3
Subject to off-payroll legislation and determined as out-of-scope of IR35 *	6
Number of engagements reassessed for compliance or assurance purposes during the year	0
Of which: number of engagements that saw a change to IR35 status following review	0

\* A worker that provides their services through their own limited company or another type of intermediary to the client will be subject to off-payroll legislation and the Trust must undertake an assessment to determine whether that worker is in-scope of Intermediaries legislation (IR35) or out-of-scope for tax purposes

**Number of New Off-Payroll Engagements of Board Members or Senior Officials with significant financial responsibility between 1 April 2020 and 31 March 2021.**

<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 XX and XX) shows the total exit packages from the CNTW Group in 2020/21 and 2019/20.

**Figure 15: Exit Packages 2020/21 and 2019/20**

### Exit Packages 2020/21

	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
<b>Exit package cost band:</b>								
< £10,000	0	0	20	85	20	85	0	0
£10,001 to £25,000	0	0	3	58	3	58	0	0
£25,001 to £50,000	0	0	2	62	2	62	0	0
£50,001 to £100,000	0	0	1	74	1	74	0	0
£100,001 to £150,000	0	0	1	121	1	121	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>27</b>	<b>400</b>	<b>27</b>	<b>400</b>	<b>0</b>	<b>0</b>

	Compulsory Redundancies	Compulsory Redundancies	Other Departures Agreed	Trust Other Departures Agreed	Total Exit Packages	Total Exit Packages	Special Payments	Special Payments
	Number	£000	Number	£000	Number	£000	Number	£000
<b>Exit package cost band:</b>								
< £10,000	0	0	16	76	16	76	0	0
£10,001 to £25,000	0	0	3	58	3	58	0	0
£25,001 to £50,000	0	0	2	62	2	62	0	0

£50,001 to									
£100,000	0	0	1	74	1	74	0	0	
£100,001 to									
£150,000	0	0	1	121	1	121	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>391</b>	<b>23</b>	<b>391</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.

#### 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
<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>

Trust

	<b>Compulsory Redundancies</b>	<b>Compulsory Redundancies</b>	<b>Other Departures Agreed</b>	<b>Other Departures Agreed</b>	<b>Total Exit Packages</b>	<b>Total Exit Packages</b>	<b>Special Payments</b>	<b>Special Payments</b>
	<b>Number</b>	<b>£000</b>	<b>Number</b>	<b>£000</b>	<b>Number</b>	<b>£000</b>	<b>Number</b>	<b>£000</b>
<b>Exit package cost band:</b>								
< £10,000	0	0	24	125	<b>24</b>	<b>125</b>	0	0
£10,001 to £25,000	0	0	2	28	<b>2</b>	<b>28</b>	0	0
£25,001 to £50,000	0	0	0	0	<b>0</b>	<b>0</b>	0	0
£50,001 to £100,000	0	0	0	0	<b>0</b>	<b>0</b>	0	0
£100,001 to £150,000	0	0	0	0	<b>0</b>	<b>0</b>	0	0
£150,001 to £200,000	0	0	0	0	<b>0</b>	<b>0</b>	0	0
> £200,001	0	0	0	0	<b>0</b>	<b>0</b>	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.

## **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/>

### **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.

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 (NEDs) 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 2020/21

### 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 2020/21 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, Director of Communications and Corporate Affairs 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 Representatives also attends each Audit Committee meeting.

The Audit Committee met five times during the financial year. Attendance at those meetings was as follows in Figure 16 below:

**Figure 16: Audit Committee Attendance 2020/21**

Committee member	Audit Committee meeting dates 2020/21				
	22/04/20	17/06/20	29/07/20	28/10/20	27/01/21
David Arthur (Chair – Non-Executive Director)	Y	Y	Y	Y	Y
Michael Robinson, Non-Executive Director	Y	Y	Y	Y	Y
Peter Studd, Non-Executive Director	Y	Y	Y	Y	Y

Members in attendance	Audit Committee meeting dates 2020/21				
	22/04/20	17/06/20	29/07/20	28/10/20	27/01/21
James Duncan, Deputy Chief Executive / Executive Director of Finance	Y	Y	Y	Y	Y
Lisa Quinn, Executive Director of Commissioning and Quality Assurance	Y	Y	Y	Y	Y
Debbie Henderson, Director of Communications and Corporate Affairs	Y	Y	Y	Y	N
Tracey Sopp, Deputy Managing Director / Director of Finance, NTW Solutions Ltd	Y	Y	Y	N	Y
Internal Audit representative (Carl Best, Helen Stephenson, Paul Tilney, Andrew Metcalfe, Stephen Watson)	Y	Y	Y	Y	Y
Local Counter Fraud representative (Iain Flinn, David Wearmouth)	N	Y	Y	Y	Y
External Audit representative (Campbell Dearden, Mark Kirkham)	Y	Y	Y	Y	Y

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 2020/21, 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, 2020;
- 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 securing of economy, efficiency and effectiveness, and the areas of the Annual Report subject to audit review. Due to the impact of the COVID-19 pandemic, External Auditors were not required to review the findings of the Quality Report as Trusts were exempt from these statutory provisions for the 2019/20 year.
- 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 NHS Foundation Trust Code of Governance;
- Challenged and approved the Internal Audit programme, Local Counter Fraud Service annual 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 and Counter Fraud 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, 2021 which will be presented to the Audit Committee in June 2021.

Other significant matters considered throughout the 2020/21 year were:

On 1 October 2019 the Trust completed the transfer of mental health and learning disability services from Cumbria Partnership NHS Foundation Trust. The Audit Committee received regular assurance updates associated with the risks related to the transfer of services.

The Committee received regular updates throughout the year with regard to the impact of the COVID-19 pandemic not only on provision of services but also the introduction of financial arrangements for NHS Trusts at a national level including receiving funding to cover the additional costs incurred as a result of COVID-19 and additional support to achieve break even over the period. It was also noted that it was expected that there will be a larger impact on Mental Health Trusts during the recovery period. The financial impact of the pandemic continued to be monitored by the Trust's Resource and Business Assurance Committee.

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.

At its meeting in October, the Committee discussed progress with regard to Integrated Care Systems/Integrated Care Partnership governance arrangements acknowledging the opportunities for system-wide working, whilst recognising the risks to Trusts and operations.

During the year when the Trust, NHS and country faced unprecedented challenges, the Committee were cognisant of the impact of the COVID-19 pandemic on the ability to maintain the Internal Audit Plan for the year. It was acknowledged that the workforce would be under immense pressure to not only respond to the pandemic, but to continue to deliver safe services. It was agreed that Committee supported the priority of the workforce in this regard.

Going forward into the 2021/22 financial year, the Committee requested that the Internal Audit planning process include a focus on the impact of the Trust delivering CAMHS services in Middlebrough following the closure of services in West Lane Hospital, and a request from NHSE/I for the Trust to re-open services on 2021.

## 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 2020/21, the Audit Committee contributed to 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 2020/21 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 17 June 2020. 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 2019/20. 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 2019/20.

### 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 attends at minimum of one meeting of the Audit Committee per year to bring 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 2019/20 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 2019/20 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 2019/20 has been prepared in accordance with detailed guidance issued by Monitor.

On 21 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 2020/21 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 2019-20 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 2020/21.

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 Committee has delegated responsibility for the review and oversight of the Declarations of Interest and Fraud Bribery and Corruption policies.

The Declaration of Interest Policy was reviewed and updated during 2019/20 and 2020/21 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 April 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.

Areas for further consideration will be address by David Arthur, Audit Committee Chair and Debbie Henderson, Director of Communications and Corporate Affairs during 2021/22.

### 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 impact of the COVID-19 pandemic, the responsibility of delivering CAMHS services in Middlesbrough, and forthcoming changes to legislation relating to ICS/ICP structures, and the risks associated with such change. The Committee 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 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 emergency preparesnes and response planning. As part of these arrangements, a COVID-19 Gold Command Centre has been in operation since March 2020 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 Public Health and system partner working
- 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 have not been 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 and recovery to the pandemic. 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 impact of the COVID-19 pandemic and internal audit ratings during 2020/21 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 develop an understanding of the views of the Governors and members about the Foundation Trust by:

- Board members attending Council of Governor General Meetings, Governor Engagement Sessions and Governor sub-group meetings;
- Council of Governors' attendance 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;

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 the Trust and to ensure that the North Cumbria region was fully represented, the Trusts constitution was amended to include a further Public Constituency for North Cumbria. This resulted in the Trust having seven public Governors, one for each local authority area within the Trust footprint. 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.

The tenure for elected and appointed Governors comes to an end after three years, but they may seek re-election by the members of their constituency for a maximum of a further two terms of office of up to three years each. An elected Governor may not hold office for longer than a continuous period of nine consecutive years.

The table below shows the individuals making up the Council of Governors during 2020/21, their constituencies, whether they were elected and their attendance at general meetings of the Council of Governors during 2020/21.

Fiona Grant was nominated 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.

### **Governor elections 2021**

Due to the impact of the COVID-19 pandemic and the significant restrictions on communities, a decision was taken at the Governors' General meeting / Annual Members Meeting held on 15 September 2020 to extend the term of office of those Governors whose term of office was due to expire in 2020, and only hold elections for vacancies within the Council of Governors. The extension dates of those Governors affected are set out in Figure 17 below.

An election took place during 2020 resulting in some changes to the composition of the Council of Governors from 1 March 2020. These are set out in the table below.

As at 31 March 2021, the Council of Governors carries a vacancy for one Carer Governor for Neuro services.

**Figure 17: Membership of the Council of Governors and Attendance at Council of Governor General meetings  
1 April 2020 – March 2021**

Governor	Constituency	Date		Current term	Attendance/ total number of meetings held
		Start	Stood down		
<b>Elected Governors</b>					
Fiona Grant*	Service User, Adult Services	01.12.14	-	2	4/4
Tom Rebar****	Service User, Adult Services	01.03.21	-	1	1/1
Kat Boulton	Service User, Children and Young People's Services	01.12.19	-	1	0/4
Andrew Davidson	Service User, Learning Disability and Autism	01.12.18	-	1	0/4
Russell Bowman	Service User, Neuro Disability Services	01.12.18	-	1	3/4
Mary Laver	Service User, Older People's Services	01.12.19	-	1	1/4
Colin Browne	Carer Governor, Older People's Services	01.12.16	-	2	0/4
Anne Carlile	Carer, Adult Services	01.04.16	-	2	4/4
Grace Wood***	Carer, Adult Services	01.03.21	-		1/1
Janice Santos	Carer, Children and Young People's Services	01.12.18	-	1	4/4
Fiona Regan	Carer, Learning Disability and Autism	01.12.18	-	1	4/4
Diane Kirtley	Carer, Neuro Disability Services	01.04.16	19.10.20	2	0/4
VACANCY	Carer, Older People's Services	N/A	-		N/A
Margaret Adams**	Public, South Tyneside	01.03.14	-	3	4/4
Tom Bentley	Public, Gateshead	01.12.19	-	1	2/4
Evelyn Bitcon****	Public, North Cumbria	01.03.21	-	1	1/1
Stephen Blair	Public, Newcastle/Rest of England and Wales	01.12.18	-	1	3/4
Sharon Boyd	Public, Sunderland	01.12.18	-	1	0/4
Catherine Hepburn	Public, North Tyneside	01.12.16	-	2	2/4
Bill Scott	Public, Northumberland	01.12.14	-	2	0/4
Bob Waddell	Staff, Non-Clinical	01.12.12	-	3	4/4
Victoria Bullerwell	Staff, Non-Clinical	01.12.17	-	1	3/4
Revell Cornell	Staff, Non-Clinical	01.12.19	-	1	4/4
Kevin Chapman	Staff, Clinical	01.12.18	30.09.20	1	1/2
Claire Keys	Staff, Clinical	01.12.15	-	2	4/4
Allan Brownrigg	Staff, Clinical	01.03.21	-	1	0/1
Mohammed Rahman	Staff, Clinical	01.03.21	-	1	0/1
Uma Ruppa Geethanath	Staff, Medical	01.12.18	-	1	2/4

<b>Appointed Governors</b>					
Cllr Kelly Chequer	Local Authority, Sunderland	08.08.19	-	1	4/4
Cllr Wilf Flynn	Local Authority, South Tyneside	01.10.19	-	1	3/4
Cllr Margaret Hall	Local Authority, North Tyneside	20.05.16	28.02.21	2	2/3
Cllr Paul Robinson	Local Authority, North Tyneside	01.03.21	-	1	1/1
Cllr Maria Hall	Local Authority, Gateshead	01.06.19	-	1	3/4
Cllr Veronica Jones	Local Authority, Northumberland	25.07.17	-	2	1/4
Felicity Mendelson	Local Authority, Newcastle	01.02.16	-	2	4/4
Prof Kim Holt	University, Northumbria University	04.10.18	-	1	1/4
Jacqui Rodgers	Universities, Newcastle University	25.10.19	-	1	2/4
Annie Murphy	Community and Voluntary Sector	22.06.18	-	1	3/4
Denise Porter	Community and Voluntary Sector	01.04.17	-	2	3/4

\*Lead Governor

\*\*Deputy Lead Governor

\*\*\*Term of office extended to 30 November 2021 due to Covid-19 pandemic

\*\*\*\*Appointed until 30<sup>th</sup> November 2023 to coincide with planned election periods

There have been four formal meetings of the Council of Governors during 2020/21, including the Annual Members' Meeting. There has also been a number of training, engagement sessions as determined by the Governors' Steering Group.

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

<b>Council of Governors' General meetings attended by Board members</b>	
	<b>Attendance/ total number of meetings held</b>
Ken Jarrold, Chair	4/4
Alexis Cleveland, Non-Executive Director/Vice-Chair	4/4
Les Boobis, Non-Executive Director	3/4
Peter Studd, Non-Executive Director	3/4
David Arthur, Non-Executive Director	4/4
Michael Robinson, Non-Executive Director	4/4
Darren Best, Non-Executive Director	2/4
Paula Breen, Non-Executive Director	4/4
John Lawlor, Chief Executive	4/4
James Duncan, Deputy Chief Executive/Director of Finance	2/4
Dr Rajesh Nadkarni, Medical Director	4/4
Gary O'Hare, Director of Nursing and Chief Operating Officer	4/4
Lisa Quinn, Director of Commissioning and Quality Assurance	3/4
Lynne Shaw, Director of Workforce and Organisational Development	4/4

### **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 2020/21 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 2021/22.

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)).

## 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 19: Nominations Committee Membership and Attendance**

Name	Attendance/ total number of meetings held
Ken Jarrold, Chairman*	1/1**
Margaret Adams, Deputy Lead Governor/Public Governor for South Tyneside*	3/3
Fiona Grant, Lead Governor/Service User Governor for Adult Services	3/3
Anne Carlile, Carer Governor for Adult Services	2/3
Bob Waddell, Staff Governor – Non-Clinical	3/3
Catherine Hepburn, Public Governor for North Tyneside	1/3
Denise Porter, Community and Voluntary Sector Governor	2/3
Tom Bentley, Public Governor for Gateshead	2/3

\* Co-Chairs of the Governors' Nomination Committee

\*\* Meetings focused on the re-appointment process for the Chairman therefore attendance was not inappropriate in these meetings

The Nominations Committee is jointly chaired by the Trust Chair and Margaret Adams, Deputy Lead Governor/Public Governor for South Tyneside.

The work undertaken by the Nominations Committee entails: reviewing job descriptions and person specifications; agreeing processes for re-appointment and appointment of the Chairman and other NEDs; considering the need for external support; and the associated work underpinning such processes. In addition the Committee performs a regular 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 August 2020 the Nominations Committee commenced a process to consider the re-appointment of the Chairman for a second of term of office. During September, the Nomination Committee, with the support of the Senior Independent Director and Director of Communications and Corporate Affairs, discussed the qualities, skills and key attributes required in the role of the Chairs along with the current Trust performance and future challenges facing the organisation. It was agreed that the Chairman continued to lead the Trust effectively during his first term, indeed that he not only had the skills, expertise and experience necessary to drive the Trust forward in challenging times, but also had exceptional personal values aligning to those of the Trust including demonstrable empathy, compassion and the ability to connect with service users, their families and their carers.

The nominations committee presented their recommendation to re-appointment Ken Jarrold, Chairman to the full Council of Governors on 12 November 2020, of which Council of Governors unanimously approved the recommendation.

The Nomination Committee continue to review the appointment/re-appointment process and timeline for current Non-Executive Directors to ensure appropriate succession planning is in place. In February 2020, the Committee commenced the planning process with regard to three Non-Executive Director positions and terms of office which are due to come to an end during 2021/22.

During the year, on behalf of the Council of Governors, the Committee also contributed to the recruitment process for the substantive post of Executive Director of Workforce and Organisational Development and Chief Operating Officer by taking part in Governor focus groups.

## **NHS Foundation Trust Code of Governance**

NHS Improvement, formerly known as Monitor, is the Independent Regulator for NHS Foundation Trusts. They have published an NHS Foundation Trust 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 2021 the Trust reported a membership of 11,279 public, service users and carers and 7,881 staff (see the table below for details of numbers per constituency).

Our approach to engagement during the year has been impacted significantly due to the global and national restrictions associated with the COVID-19 pandemic. Having said that, we have increased our engagement via monthly e-bulletins and the provision of advice, support and guidance to our members and the public as a whole during what has been a challenging year for everyone.

The Governors' Steering Group has delegated responsibility for monitoring the Membership Engagement and Governor Development Plan. The plan has been refreshed during the year, acknowledging the need to consider alternative and more innovative ways of engaging with members, the public and other stakeholders given the long term impact of COVID-19.

Regular communication with our members have taken place through newsletters, e-bulletins and provision of advice, guidance and information on the Trusts website as well as social media channels.

The Trust membership remains relatively static and work is planned to undertake targeted recruitment during 2021/22 particularly within hard to reach groups. Although the Trust continues to work hard to build, develop and maintain the membership base to ensure appropriate community representation, it is the view of the Trust and the Council of Governors, that following the change in Governor duties as part of the Health and Social Act 2012 implementation, to represent the public as a whole, our focus will continue to be on 'quality' of our engagement and communication.

Our target is to maintain a focus of activity based on ensuring the membership is refreshed and that membership figures are maintained. Whilst acknowledging the work to increase user and carer membership it is important that we introduce a more targeted approach to communication and engagement to ensure dialogue with members and the public is more meaningful. This includes ensuring good representation within the different localities we serve and engaging in new and more meaningful ways with the community as a whole

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 [corporateaffairs@cntw.nhs.uk](mailto:corporateaffairs@cntw.nhs.uk).

The table below shows an analysis of our membership as at 31 March 2021.

**Figure 20: Analysis of membership as at 31 March 2021**

Constituency	31 March 2020	31 March 2021
<b>Public</b>		
Cumbria	77	81
Gateshead	967	955
Newcastle upon Tyne/Rest of England and Wales	3,476	3,403
Northumberland	1,379	1,347
North Tyneside	1,447	1,417
South Tyneside	794	784
Sunderland	2,012	1,980
<b>Sub total</b>	<b>10,152</b>	<b>9,967</b>
<b>Service Users</b>		
Adults	374	379
Children and young people	135	134
Learning disability	87	88
Neuro-disability	112	113
Older people	39	41
Unknown*	44	52
<b>Sub total</b>	<b>791</b>	<b>807</b>
<b>Carers</b>		
Adults	141	140
Children and young people	524	516
Learning disability	105	103
Neuro-disability	79	79
Older people	83	81
<b>Sub total</b>	<b>932</b>	<b>919</b>
<b>TOTAL</b>	<b>11,875</b>	<b>11,693</b>
<b>Staff</b>		
Unspecified	17	110
Medical	354	416
Other Clinical	4,867	3,306
Non Clinical	2,095	4,409
<b>Total All Staff</b>	<b>7,333</b>	<b>7,881</b>
<b>TOTAL MEMBERS</b>	<b>19, 208</b>	<b>19,610</b>

### **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 2021. Current segmentation information for NHS Trusts and foundation Trusts is published on the NHS Improvement website.

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

The use of Resources scoring methodology has been suspended during 2020/21, due to the ongoing management of the response to the covid pandemic. Organisations have been managing within an exceptional finance regime, which is underpinned by nationally determined block allocations for each organisation based upon adjusted levels of expenditure from 2019/20. In the first six months of 2020/21, organisations received further top up funding to match levels of expenditure, in order to deliver break even each month. In the second six months of the year, this system of retrospective top up was replaced by an allocation of system funds for each Integrated Care System to distribute to support the overall aim of breakeven for the system. This was achieved with the Trust delivering its target to breakeven, and the Integrated Care System over delivering against its plan for the year.

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 2020/21 were as follows:

- Five Clinical Commissioning Groups across Northumberland, Tyne and Wear;
- North Cumbria CCG
- 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 2020/21 patient care contracts over the year.

## **3.6 Voluntary Disclosures**

### **3.6.1 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**

Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust is a specialist provider of mental health and 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 and in line with the requirements of the Modern Slavery Act 2015, the Trust publishes its Modern Slavery Statement on the Trust website on annual basis.

#### **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 and 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.

### **3.6.2 Sustainability Report**

#### **Statement on the Trusts commitment to Climate and Sustainability strategy.**

The Trust Board declared a Climate and Ecological Emergency, committing to net zero carbon emissions by 2040, just before the first COVID-19 UK lockdown was announced in March 2020. The declaration, the first of its kind by a mental health and disability NHS provider, was formally launched in September 2020 on NHS Sustainability Day, supported by a range of staff engagement events. The Trust's Green Plan followed, and was officially announced on Earth Day 2021, setting out a range of long-term actions across the following themes to support the delivery of sustainable healthcare and delivery of the wider NHS "Delivering a Net Zero NHS" plan, published by NHS England in October 2020.

#### **CNTW Green Plan 2021-2026 Ambitions:**

- Ambition 1: Reducing our own carbon emissions to net zero by 2040.
- Ambition 2: Training our clinical staff in the health and psychological impact of climate change, to better support anyone who is experiencing significant anxiety or grief caused by these issues.
- Ambition 3: Making the most of our green spaces for service users, carers, staff and local communities to enjoy, encouraging biodiversity and connection with nature.
- Ambition 4: Minimising waste and inefficiency as much as possible.
- Ambition 5: Ensuring we consider the social and environmental impact of any decisions we make.
- Ambition 6: Working with our partner organisations to ensure a co-ordinated regional response to the impact of climate change.
- Ambition 7: Using our influence to support national and international policymakers in responding positively to the challenges to health posed by climate change.

Progress and delivery of this plan is monitored via the Resource and Business Assurance Board sub-committee. NTW Solutions Limited have a significant role in delivering the aims of our joint Green Plan and some of the activities that took place in 2020/21 to support sustainability included tree-planting, a review of the transport policy, a review of the business case process to incorporate social and environmental factors into decision-making.

Sustainable healthcare leads to good quality healthcare focussing on prevention, empowerment, efficiency, value and reducing carbon. The CNTWClimateHealth sustainability programme focusses attention on the health impact of climate and ecological change, and many staff are engaged and committed to action via our staff network. The Network regularly holds talks and events to raise awareness of the small actions we can all take in our day to day work lives to be more environmentally friendly. By being role-models and raising awareness of sustainability issues, we can make a difference across the communities we support via our 9,000 staff and by extension, contribute towards the United Nations Sustainable Development Goals.

We are members of the ICS-wide Sustainability Group, sharing knowledge and good practice across the regional health system, and we have signed-up as partners to the North East England Climate Coalition (NEECCO), a regional, cross-sector initiative aiming to become “England’s Greenest Region”. Overall, our aim is to reduce our carbon emissions, use our influence and purchasing power to be socially and environmentally responsible, and work towards providing services that closely align with the principles of sustainable healthcare.

In the next phase of the CNTWClimateHealth programme we aim to promote a “rights-based” approach, expanding the human rights perspective to incorporate the responsibility we hold towards planetary rights and the rights of future generations. We are working towards embedding sustainability principles into everything that we do and all of the decisions that we make, as the next generation of service users and healthcare workers we wish to attract into the organisation will hold us to account for the actions we take now.

### **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**  
**11 June 2021**

### **3.8 Annual Governance Statement 2020-21**

#### **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 2021 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 standards 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 four Groups (each of which has a number of 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.

Internal Audit provides assurance on the management of key risks and the effectiveness of the Risk Management Framework and process on a yearly basis. The Risk Management process is evaluated by Internal Audit on compliance and areas of best practice focusing on the BAF risk register and ensuring it is considered by the Trust Board and Committees sufficiently as well as risks at all levels and that there is evidence that the risks are appropriately managed.

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 standards 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 February 2021. 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's 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 2021. All risks identified below are considered as in year and future risks relating to the Strategic Ambitions pertinent to 2020-21.

<b>Risk Ref</b>	<b>Risk description</b>	<b>Risk Appetite</b>	<b>Risk Score</b>
1680 v27 SA1	If the Trust were to acquire additional geographical areas this could have a detrimental impact on CNTW as an organisation.	Compliance/ Regulatory (6-10)	3x4 = 12
1683 v14 SA1	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
1691 v23 SA5	As a result of not meeting statutory and legal requirements regarding Mental Health Legislation this may compromise the Trust's compliance with statutory duties and regulatory requirements.	Compliance/ Regulator (6-10)	3x4 = 12
1694 v13 SA5	Inability to recruit the required number of medical staff or provide alternative ways of multidisciplinary working to support clinical areas could result in the inability to provide safe, effective, high class services	Quality Effectiveness (6-10)	3x4 = 12
1836 v4 SA4	A failure to develop flexible robust Community Mental Health Services may well lead to quality and service failures which could impact on the people we serve and cause reputational harm.	Quality Effectiveness (6-10)	3x4 = 12
1853 v2 SA4	Due to the effects of global warming there is a risk to human health and the environment caused by carbon omissions impacting on current and future generations. The delivery of the Green Plan is paramount to reduce the impact of climate change.	Climate & Ecological Sustainability (6-10)	3x4 = 12
1685 v19 SA3	Inability to control regional issues including the development of integrated new care models and alliance working could affect the sustainability of MH and disability services.	Quality Effectiveness (6-10)	3x4 = 12

In 2018, under 1680 the Trust undertook significant due diligence in relation to the proposed transfer of North Cumbria Mental Health and Learning Disability Services. In February 2019, the Trust approved the transfer of these services commencing October 2019.

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 these 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 Group's 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, workforce, 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

During 2020-21 the Trust's Governance arrangements were supplemented an incident management approach to the COVID Pandemic. A Gold Command was established led by Executive Director of Nursing and Chief Operating Officer, Gary O'Hare. All senior leaders across the Trust and representatives from NTW Solutions were part of the Incident

Management Group. Regular updates were reported through to the Board of Directors at its monthly meeting.

The Trust undertook a self-assessment of leadership and governance using the CQC's well led framework during February 2021 which indicated compliance with each of the key questions. An action plan has been produced to address the areas for consideration this will be monitored through Trust's Governance Structures on a twice yearly basis.

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 Deputy Chief Operating Officer 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. These have been limited and sometimes virtual during the COVID pandemic.

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 Director of 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 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 NHS23* 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 Trust 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 receive 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 and Information Governance Group, Quality and Performance Committee and the Corporate Decisions Team.

The Data Protection and Security Toolkit (DSPT) is the mandated method for monitoring the Trust performance in the key areas of data protection and technical/cyber security on an annual basis. This is based on the NHS Data Security Standards and is focussed on ensuring the Trust remains compliant with laws concerning the handling and sharing of personal information, along with remaining resilient to cyber threats. The DSPT Standards for 2020/2021 require the Trust to provide evidence for 111 mandatory assertions.

The Trust adheres to the guidance issued by NHS Digital: 'Guide to the Notification of Data Security and Protection Incidents. All IG incidents are subject to a robust internal assessment and investigation process to understand the cause and consequences of the breach, the actions taken/required, and shortcomings identified and addressed. Where the incident is assessed as being reportable to the Information Commissioners Office as a serious incident then the Trust submits this through the Data Security and Protection Toolkit.

Two incidents were reported to the Department of Health and Social Care and ICO via the Data Security and Protection Toolkit during the period 1st April 2020 to 31st March 2021. The incidents were confidentiality breaches – inappropriate staff access to local patient information systems. Both incidents were fully investigated by the Trust and appropriate actions undertaken. The ICO notified the Trust that no further action would be undertaken by them as all appropriate actions had been completed.

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**

2020-21 is the 12th 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 2020-21 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.

Goal	Description
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 2020-21 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 provides 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.

## 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.



**John Lawlor,**  
**Chief Executive**  
**11 June 2021**



## **4. Annual Accounts**

## Foreword to the Accounts

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

These accounts for the period ended 31st March 2021 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 2020/21 £000	Trust 2020/21 £000	Group 2019/20 £000	Trust 2019/20 £000
<b>Operating income</b>					
Operating income from patient care activities		400,726	399,929	349,329	348,727
Other operating income		52,754	54,442	30,387	33,317
<b>Operating income from continuing operations</b>	3	453,480	454,371	379,716	382,044
<b>Operating expenses from continuing operations</b>	4	(439,368)	(441,873)	(377,645)	(382,906)
<b>Operating surplus from continuing operations</b>		14,112	12,498	2,071	(862)
<b>Finance costs</b>					
Finance income	10	52	561	255	948
Finance expense	11	(5,522)	(5,522)	(5,315)	(5,315)
PDC dividend expense		(204)	(204)	(1,008)	(1,008)
<b>Net finance costs</b>		(5,674)	(5,165)	(6,068)	(5,375)
Other (losses)/ gains		(1,870)	(1,870)	3	24
Share of profit from associates/ joint ventures		68	68	13	13
Gains from transfers by absorption		0	0	19,421	19,421
Corporation tax expense		(223)	0	(408)	0
<b>Surplus from continuing operations</b>		6,413	5,531	15,032	13,221
<b>Surplus for the financial year</b>		6,413	5,531	15,032	13,221
<b>Other comprehensive income</b>					
<b>Of which will not be reclassified to income and expenditure</b>					
Impairments		126	126	(1,781)	(1,781)
Revaluations		0	0	0	0
Other reserve movements		0	0	0	0
<b>Total comprehensive income for the year *</b>		6,539	5,657	13,251	11,440

\* 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 during 2019/20 relates to the assets which transferred as part of this transfer of services. 2019/20 includes part-year income and expenditure in relation to these services.

**Statement of Financial Position**

	Note	Group 2020/21 £000	Trust 2020/21 £000	Restated Group 2019/20 £000	Restated Trust 2019/20 £000
<b>Non-current assets</b>					
Intangible assets	13	956	950	1,804	1,798
Property, plant and equipment	14	160,517	159,897	144,346	143,727
Investments in Subsidiaries	15	0	12,516	0	12,516
Loans to Subsidiaries	15	0	13,622	0	17,057
Investments in associates and joint ventures	15	101	101	33	33
Trade and other receivables	20	892	877	847	813
<b>Total non-current assets</b>		<b>162,466</b>	<b>187,963</b>	<b>147,030</b>	<b>175,944</b>
<b>Current assets</b>					
Inventories	19	1,552	1,396	429	277
Trade and other receivables	20	15,480	15,647	23,883	22,945
Other investments	15	530	0	500	0
Loans to Subsidiaries	15	0	465	0	544
Non-current assets for sale and assets in disposal groups	16	545	545	545	545
Cash and cash equivalents	21	62,758	56,369	31,993	28,035
<b>Total current assets</b>		<b>80,865</b>	<b>74,422</b>	<b>57,350</b>	<b>52,346</b>
<b>Current liabilities</b>					
Trade and other payables	22	(48,850)	(45,474)	(37,220)	(34,797)
Borrowings	23	(4,509)	(4,509)	(4,076)	(4,076)
Provisions	26	(1,563)	(1,479)	(1,958)	(1,865)
Other liabilities	24	(1,503)	(4,532)	(831)	(3,860)
<b>Total current liabilities</b>		<b>(56,425)</b>	<b>(55,994)</b>	<b>(44,085)</b>	<b>(44,598)</b>
<b>Total assets less current liabilities</b>		<b>186,906</b>	206,391	<b>160,295</b>	183,692
<b>Non-current liabilities</b>					
Borrowings	23	(76,901)	(76,901)	(81,212)	(81,212)
Provisions	26	(11,452)	(11,451)	(7,783)	(7,783)
Other liabilities	24	(595)	(26,459)	(249)	(29,142)
<b>Total non-current liabilities</b>		<b>(88,948)</b>	<b>(114,811)</b>	<b>(89,244)</b>	<b>(118,137)</b>
<b>Total assets employed</b>		<b>97,958</b>	<b>91,580</b>	<b>71,051</b>	<b>65,555</b>
<b>Financed by</b>					
<b>Taxpayers' equity:</b>					
Public Dividend Capital		227,122	227,122	206,754	206,754
Revaluation reserve	28	3,945	3,945	3,819	3,819
Income and expenditure reserve		(134,258)	(139,487)	(140,707)	(145,018)
<b>Total taxpayers' equity</b>		<b>96,809</b>	<b>91,580</b>	<b>69,866</b>	<b>65,555</b>
<b>Other's equity:</b>					
Charitable fund reserves		1,149	0	1,185	0
<b>Total taxpayers' and others' equity</b>		<b>97,958</b>	<b>91,580</b>	<b>71,051</b>	<b>65,555</b>

The financial statements were approved by the Board on 11th June 2021 and signed on its behalf by:



John Lawlor  
Chief Executive

**Statement of Changes in Taxpayers' Equity: 1st April 2020 to 31st March 2021**

	Group					Trust			
	Total	Public	Revaluation	Charitable	Income &	Total	Public	Revaluation	Income and
	£000	Dividend	Reserve	Fund	Expenditure	£000	Dividend	Reserve	Reserve
		Capital	£000	Reserve	Reserve		Capital	£000	Reserve
		£000		£000	£000		£000		£000
<b>Others' and Taxpayers' equity at 1st April 2020</b>	<b>71,051</b>	206,754	3,819	1,185	(140,707)	<b>65,555</b>	206,754	3,819	(145,018)
Surplus/(deficit) for the year	6,413	0	0	(36)	6,449	5,531	0	0	5,531
Net Impairments	126	0	126	0	0	126	0	126	0
Transfer to retained earnings on disposal of assets	0	0	0	0	0	0	0	0	0
Public Dividend Capital received	22,368	22,368	0	0	0	22,368	22,368	0	0
Public Dividend Capital repaid	(2,000)	(2,000)	0	0	0	(2,000)	(2,000)	0	0
<b>Others' and Taxpayers' equity at 31st March 2021</b>	<b>97,958</b>	<b>227,122</b>	<b>3,945</b>	<b>1,149</b>	<b>(134,258)</b>	<b>91,580</b>	<b>227,122</b>	<b>3,945</b>	<b>(139,487)</b>

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

	Group					Trust			
	Total	Public	Revaluation	Charitable	Income &	Total	Public	Revaluation	Income and
	£000	Dividend	Reserve	Fund	Expenditure	£000	Dividend	Reserve	Reserve
		Capital	£000	Reserve	Reserve		Capital	£000	Reserve
		£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 Cash Flows**

	Note	Group 2020/21 £000	Trust 2020/21 £000	Group 2019/20 £000	Trust 2019/20 £000
<b>Cash flows from operating activities:</b>					
Operating surplus / (deficit) from continuing operations		14,112	12,498	2,071	(862)
<b>Operating surplus / (deficit)</b>		<b>14,112</b>	<b>12,498</b>	<b>2,071</b>	<b>(862)</b>
<b>Non-cash income and expense:</b>					
Depreciation and amortisation		7,178	7,084	6,101	5,992
Net (reversals) of impairments and net impairments		(5,213)	(5,213)	7,836	7,836
Decrease / (Increase) in contract and other receivables		8,304	7,182	(3,314)	(2,489)
(Increase) /Decrease in inventories		(1,123)	(1,119)	8	(4)
Increase in trade and other payables		10,574	9,559	5,638	5,250
Increase / (decrease) in other liabilities		1,018	(2,011)	272	(2,757)
Increase in provisions		3,313	3,321	2,633	2,549
Movements in charitable fund working capital		19	0	(28)	0
NHS charitable funds other movements in operating cash flows		20	0	19	0
Corporation tax (paid)		(478)	0	(259)	0
<b>Net cash flows from operating activities</b>		<b>37,725</b>	<b>31,300</b>	<b>20,976</b>	<b>15,515</b>
<b>Cash flows from investing activities:</b>					
Interest received		10	568	238	943
Issue / movement in loan with Subsidiary		0	3,512	0	3,590
Purchase of intangible assets		(11)	(11)	(337)	(337)
Purchase of Property, Plant and Equipment and Investment Property		(17,731)	(17,807)	(10,721)	(10,202)
NHS Charitable Funds : net cash flows from investing activities		0	0	(500)	0
Proceeds from Property, Plant and Equipment and Investment Property		0	0	181	148
<b>Net cash (used in) investing activities</b>		<b>(17,732)</b>	<b>(13,738)</b>	<b>(11,139)</b>	<b>(5,858)</b>
<b>Cash flows from financing activities:</b>					
Public dividend capital received		22,368	22,368	1,999	1,999
Public dividend capital repaid		(2,000)	(2,000)	0	0
Movement in loans from the Department of Health and Social Care		(2,549)	(2,549)	(3,938)	(3,938)
Capital element of finance lease rental payments		(60)	(60)	(59)	(59)
Capital element of PFI, LIFT and other service concession payments		(1,252)	(1,252)	(756)	(756)
Interest paid on Department of Health and Social Care loans		(977)	(977)	(1,049)	(1,049)
Interest element of finance lease		(31)	(31)	(33)	(33)
Interest element of PFI, LIFT and other service concession obligations		(4,569)	(4,569)	(4,280)	(4,280)
PDC dividend (paid)		(158)	(158)	(1,370)	(1,370)
<b>Net cash flows from / (used in) financing activities</b>		<b>10,772</b>	<b>10,772</b>	<b>(9,486)</b>	<b>(9,486)</b>
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>30,765</b>	<b>28,334</b>	<b>352</b>	<b>171</b>
<b>Cash and cash equivalents at 1st April</b>		<b>31,993</b>	<b>28,035</b>	<b>31,641</b>	<b>27,864</b>
<b>Cash and cash equivalents at 31st March</b>	21	<b>62,758</b>	<b>56,369</b>	<b>31,993</b>	<b>28,035</b>

## Notes to the Accounts (Group)

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### 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 2020/21 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

#### 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. The financial reporting framework applicable to NHS bodies, derived from the HM Treasury Financial Reporting Manual, defines that the anticipated continued provision of the entity's services in the public sector is normally sufficient evidence of going concern. The directors have a reasonable expectation that this will continue to be the case.

##### 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)

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### 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 2021. 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 2021.

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, provisions totalling £301,000 were made for probable transfers of economic benefits in respect of public liability claims, employee claims 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. Provisions totalling £4,216,000 have been made for probable transfers of economic benefits for legal or constructive liabilities in relation to Trust assets. Also, under IAS 19, accruals have been made for the value of carried forward annual leave owed totalling £4,037,000, carried forward flexi leave owing of £390,000 and a £46,000 receivable for leave taken in advance. As at 31st March 2020, a provision of £1,393,000 was made in relation to the Flowers case for settlements for annual leave payments for regularly worked overtime. Under a framework agreement settlements have been calculated and an accrual is included in the accounts of approximately £1,177,000.

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 2021 with a valuation date of 31 March 2021. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 ('Red Book'), the valuer has included a 'market conditions explanatory note' in the valuation report in relation to Covid-19. The Trust's valuers have reported "The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. Although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact. The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

The Trust's valuation report also included the following statement "For the avoidance of doubt this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date."

## Notes to the Accounts (Group - continued)

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### 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 accounting policies for revenue recognition and the application of IFRS 15 are consistently applied. The contracting arrangements in the NHS changed between 2019/20 and 2020/21 affecting the application of the accounting policy under IFRS 15. This difference in application is explained below.

#### 2020/21

The main source of income for the Trust is contracts with commissioners for health care services. In 2020/21, the majority of the Trust's income from NHS commissioners was in the form of block contract arrangements. During the first half of the year the Trust received block funding from its commissioners. For the second half of the year, block contract arrangements were agreed at a Integrated Care System/Sustainability and Transformation Partnership level. The related performance obligation is the delivery of healthcare and related services during the period, with the Trust's entitlement to consideration not varying based on the levels of activity performed.

The Trust has received additional income outside of the block and system envelopes to reimburse specific costs incurred and other income top-ups to support the delivery of services. Reimbursement and top-up income is accounted for as variable consideration.

#### Comparative period (2019/20)

In the comparative period (2019/20), the Trust's contracts with NHS commissioners included those where the Trust's entitlement to income varied according to services delivered. A performance obligation relating to delivery of a spell of health care was generally satisfied over time as healthcare was received and consumed simultaneously by the customer as the Trust performed it. The customer in such a contract was the commissioner, but the customer benefited as services were provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligned with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that were substantially the same and had a similar pattern of transfer. At the year end, the Trust accrued income relating to activity delivered in that year, where a patient care spell was incomplete. This accrual was disclosed as a contract receivable as entitlement to payment for work completed was usually only dependent on the passage of time.

In 2019/20, the Provider Sustainability Fund and Financial Recovery Fund enabled providers to earn income linked to the achievement of financial controls and performance targets. Income earned from the funds is accounted for as variable consideration.

#### 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 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)

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### (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. Assets in the course of construction are not depreciated until the asset is brought into use.

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 expenditure.

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

### Impairments

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

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

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

### De-recognition

Assets intended for disposal are reclassified as 'Held for Sale' once all of the following criteria in IFRS 5 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.

In 2020/21 this includes assets donated to the trust by the Department of Health and Social Care as part of the response to the coronavirus pandemic. As defined in the GAM, the trust applies the principle of donated asset accounting to assets that the Trust controls and is obtaining economic benefits from at the year end.

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

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### **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 HM Treasury's FReM, 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.

## **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.

### **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 where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

Intangible assets held for sale are measured at the lower of their carrying amount or 'fair value less costs to sell'.

### **Amortisation**

Intangible assets are amortised over their expected useful 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.

In 2020/21, the Trust received inventories including personal protective equipment from the Department of Health and Social Care at nil cost. In line with the GAM and applying the principles of the IFRS Conceptual Framework, the Trust has accounted for the receipt of these inventories at a deemed cost, reflecting the best available approximation of an imputed market value for the transaction based on the cost of acquisition by the Department.

### 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 Assets and Financial Liabilities

#### **Recognition**

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

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

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### **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 profit or loss**

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)

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### 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 0.95% 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)

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### 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, with certain additions and deductions as defined by the Department of Health and Social Care.

This policy is available at <https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts>.

In accordance with the requirements laid down by the Department of Health (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 at the Statement of Financial Position date.

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)

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### 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 transaction is accounted for as a transfer by absorption. The assets and liabilities are recognised in the accounts using the book value as at the date of transfer. The assets and liabilities are not adjusted to fair value prior to recognition. The net gain or loss corresponding to the net assets/ liabilities transferred is recognised within income or 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) 2020/21 and therefore do not apply to the 2020/21 annual accounts are set out below:

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

The GAM 2012/21 does not require these Standards and interpretations to be applied in 2020/21. 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 will 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 2022. 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 2022, 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 0.91% 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 2022 for existing finance leases.

For leases commencing in 2022/23, 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 NHS to 1 April 2022 in November 2020. Due to the need to reassess lease calculations, together with uncertainty on expected leasing activity in from April 2022 and beyond, a quantification of the expected impact of applying the standard in 2022/23 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 2020/21.

### **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

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

Expenditure on the climate change levy is recognised in the Statement of Comprehensive Income as incurred, based on the prevailing chargeable rates for energy consumption.

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

	<b>Group 2020/21 £000</b>	<b>Group 2019/20 £000</b>
<b>1.26 Adjusted financial performance</b>		
Surplus for the period	6,413	15,032
Add back net outgoings from charitable funds	36	60
Surplus for the period (before consolidation of charity)	6,449	15,092
Add back net impairments charged to the Statement of Comprehensive Income	(5,213)	7,836
Adjusted for (gains) on transfers by absorption	0	(19,421)
Surplus before impairments and transfers	<b>1,236</b>	<b>3,507</b>
Remove capital donations/grants income and expenditure impact	2	2
<b>Adjusted financial performance surplus</b>	<b>1,238</b>	<b>3,509</b>
Provider Sustainability Fund (STF) Income	<b>0</b>	<b>2,564</b>
Remove net impact of DHSC centrally procured inventories	<b>(1,183)</b>	<b>0</b>
Control Total	<b>0</b>	<b>0</b>
<b>Adjusted financial performance above control total surplus excluding STF income</b>	<b>55</b>	<b>945</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, £379,847,000, 84% of total group income, was received from Clinical Commissioning Groups (CCGs) and NHS England (2019/20: £327,241,000 and 86%). 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)**

	Group 2020/21 £000	Trust 2020/21 £000	Restated Group 2019/20 £000	Restated Trust 2019/20 £000
<b>Income from activities</b>				
Block contract / system envelope income	368,596	368,598	314,989	314,989
Other clinical income from mandatory services	2,456	2,456	3,362	3,362
Additional pension contribution central funding**	13,289	12,718	11,589	10,987
Other clinical income	16,385	16,157	19,389	19,389
<b>Total income from patient care activities</b>	<b>400,726</b>	<b>399,929</b>	<b>349,329</b>	<b>348,727</b>
<b>Other operating income</b>				
Research and development	3,361	3,361	2,774	2,774
Education and training	12,823	12,796	10,631	10,601
Non-patient care services to other bodies	3,292	2,458	2,955	2,595
Provider sustainability and transformation fund income	0	0	2,564	2,564
Reimbursement and top up funding	16,408	16,408	0	0
Income in respect of staff costs where accounted on gross basis	2,283	2,346	2,838	2,863
Education and training - notional income from apprenticeship fund	1,234	1,174	1,054	999
Contributions to expenditure - receipt of equipment from DHSC for COVID below capitalisation threshold	18	18	0	0
Contributions to expenditure - consumables (inventory) donated from DHSC group bodies for COVID response	4,627	4,627	0	0
Charitable and other contributions to expenditure - received from other bodies	0	0	49	49
Rental revenue from operating leases - minimum lease receipts	598	575	515	476
Charitable fund incoming resources	309	0	52	0
Other*	7,801	10,679	6,955	10,396
<b>Total other operating income</b>	<b>52,754</b>	<b>54,442</b>	<b>30,387</b>	<b>33,317</b>
<b>Total operating income</b>	<b>453,480</b>	<b>454,371</b>	<b>379,716</b>	<b>382,044</b>
<b>of which:</b>				
Related to Continuing Operations	453,480	454,371	379,716	382,044
Related to Discontinued Operations	0	0	0	0

The 2019/20 comparators have been restated due to a correction of income categorisation

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

\*\*The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. For 2019/20 and 2020/21, 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.

During 2020/21, interim financial arrangements were implemented to support the NHS to be able to respond to the pandemic. For the period 1st April to 30th September a retrospective top up payment was applied to support providers to breakeven and from 1st October this was replaced by a system of block payments supplemented by funds allocated as a system level. All income from NHS England and English CCGs has been paid directly through a central block payment without invoices being raised. Central funding has also been received in relation to the cost of accrued annual leave and overtime and pay costs relating to the Flowers costs. Linked to the central block payments the 2019/2020 comparatives have been restated for the reclassification of 'Cost and volume contract income' and 'Block contract income' becoming one category of 'Block contract / system envelope income' and for 'Other clinical income from mandatory services' being separately disclosed from 2020/21.

Contributions to expenditure for equipment and consumables (inventory) donated from DHSC group bodies for COVID response is new for 2020/21. This is notional income linked to the donated expenditure items disclosed in note 4 for equipment and consumables issued to the Trust during the year.

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. 2019/20 includes part-year income and expenditure in relation to these services.

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

	<b>Group 2020/21 £000</b>	Trust 2020/21 £000	<b>Group 2019/20 £000</b>	Trust 2019/20 £000
Private patient income	<b>0</b>	0	<b>0</b>	0
Total patient related income	<b>400,726</b>	399,929	<b>349,329</b>	348,727
<b>Proportion (as percentage)</b>	<b>0.00%</b>	0.00%	<b>0.00%</b>	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.

**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 2020/21 £000</b>	Trust 2020/21 £000	<b>Group 2019/20 £000</b>	Trust 2019/20 £000
<b>Operating lease income</b>				
Rental revenue from operating leases - minimum lease receipts	<b>598</b>	575	<b>515</b>	476
<b>Total operating lease income</b>	<b>598</b>	575	<b>515</b>	476
<b>Future minimum lease payments due:</b>				
<b>on leases of land expiring</b>				
- not later than one year;	<b>2</b>	2	<b>2</b>	2
- later than one year and not later than five years;	<b>10</b>	10	<b>6</b>	6
- later than five years.	<b>179</b>	179	<b>109</b>	109
<b>sub total</b>	<b>191</b>	191	<b>117</b>	117
<b>on leases of buildings expiring</b>				
- not later than one year;	<b>586</b>	563	<b>181</b>	181
- later than one year and not later than five years;	<b>235</b>	185	<b>328</b>	328
- later than five years.	<b>233</b>	121	<b>215</b>	215
<b>sub total</b>	<b>1,054</b>	869	<b>724</b>	724
<b>Total future minimum lease payments due</b>	<b>1,245</b>	1,060	<b>841</b>	841

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

	Group 2020/21 £000	Trust 2020/21 £000	Group 2019/20 £000	Trust 2019/20 £000
<b>Income from activities</b>				
NHS England	82,493	81,696	76,480	75,878
Clinical Commissioning Groups	297,354	297,354	250,761	250,761
NHS Foundation Trusts	2,456	2,456	3,362	3,362
Local Authorities	13,271	13,271	11,840	11,840
Non NHS:overseas patients (non-reciprocal - chargeable to patient)	0	0	2	2
Non NHS:other	5,152	5,152	6,884	6,884
<b>Total income from patient care activities</b>	<b>400,726</b>	<b>399,929</b>	<b>349,329</b>	<b>348,727</b>
<b>Of which:</b>				
Related to continuing operations	400,726	399,929	349,329	348,727
Related to discontinued operations	0	0	0	0
<b>Other operating income</b>				
Research and development	3,361	3,361	2,774	2,774
Education and training	12,823	12,796	10,631	10,601
Non-patient care services to other bodies	3,292	2,458	2,955	2,595
Provider Sustainability and Transformation Fund income	0	0	2,564	2,564
Reimbursement and top up funding	16,408	16,408	0	0
Income in respect of employee benefits accounted for on a gross basis	2,283	2,346	2,838	2,863
Other*	7,801	10,679	6,955	10,396
Education and training - notional income from apprenticeship fund	1,234	1,174	1,054	999
Contributions to expenditure - receipt of equipment from DHSC for COVID below capitalisation threshold	18	18	0	0
Contributions to expenditure - consumables (inventory) donated from DHSC group bodies for COVID response	4,627	4,627	0	0
Charitable and other contributions to expenditure - received from other bodies	0	0	49	49
Rental revenue from operating leases - minimum lease receipts	598	575	515	476
Charitable fund incoming resources	309	0	52	0
<b>Total other operating income</b>	<b>52,754</b>	<b>54,442</b>	<b>30,387</b>	<b>33,317</b>
<b>Of which:</b>				
Related to continuing operations	52,754	54,442	30,387	33,317
Related to discontinued operations	0	0	0	0
<b>*Analysis of "Other operating income - Other"</b>				
			<b>Restated</b>	<b>Restated</b>
Car parking	19	0	60	0
Estates recharges	(5)	2	35	0
Staff accommodation rental	15	14	15	15
IT recharges	48	454	43	439
Clinical excellence awards	138	138	139	139
Catering	389	(9)	689	116
Pharmacy sales	4	4	0	0
Grossing up consortium arrangements	3,815	3,815	4,168	3,506
Other income generation schemes	3,378	6,261	1,806	6,181
<b>Total</b>	<b>7,801</b>	<b>10,679</b>	<b>6,955</b>	<b>10,396</b>

The 2019/20 comparators for other operating income have been restated due to a correction of income categorisation

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

Under the terms of its provider licence, the trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the provider licence and are services that commissioners believe would need to be protected in the event of provider failure. This information is provided in the table below:

	Group 2020/21 £000	Trust 2020/21 £000	Group 2019/20 £000	Trust 2019/20 £000
Commissioner Requested Services	387,438	387,211	337,661	337,661
Non-Commissioner Requested Services	13,288	12,718	11,668	11,066
<b>Total income from activities</b>	<b>400,726</b>	<b>399,929</b>	<b>349,329</b>	<b>348,727</b>

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

	Group 2020/21 £000	Trust 2020/21 £000	Group 2019/20 £000	Trust 2019/20 £000
Purchase of healthcare from NHS and DHSC bodies	2,990	2,990	2,008	2,008
Purchase of healthcare from non-NHS and non-DHSC bodies	10,109	10,109	6,978	6,978
Staff and executive directors costs	348,459	330,350	298,381	281,810
Non-executive directors	191	171	169	149
Supplies and services - clinical (excluding drug costs)	4,672	4,346	3,874	3,612
Supplies and services – clinical: utilisation of consumables donated from DHSC group bodies for COVID response	2,311	2,311	0	0
Supplies and services - general	4,088	12,700	3,493	11,688
Supplies and services - general: notional cost of equipment donated from DHSC for COVID response below capitalisation threshold	18	18	0	0
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	6,997	6,997	6,553	6,557
Inventories written down (net, including drugs)	25	17	17	17
Inventories written down (consumables donated from DHSC group bodies for COVID response)	1,133	1,133	0	0
Consultancy	677	641	359	364
Establishment	5,817	5,248	3,995	3,621
Premises - business rates collected by local authorities	1,889	1,668	1,750	1,532
Premises - other	24,324	40,304	13,451	29,809
Transport (business travel only)	1,177	1,146	3,090	3,036
Transport - other (including patient travel)	2,755	2,473	2,278	2,074
Depreciation	6,823	6,729	5,833	5,726
Amortisation	355	355	268	266
Impairments, net of (reversals)	(5,213)	(5,213)	7,836	7,836
Movement in credit loss allowance for contract receivables	1,309	1,142	227	224
Change in provisions discount rates	410	410	671	671
Audit services - Statutory audit	79	60	58	47
Other auditor remuneration - external auditor	0	0	1	1
Internal audit - staff costs	184	184	174	174
Internal audit - non-staff costs	58	43	53	53
Clinical negligence	826	826	652	652
Legal fees	838	623	584	584
Insurance	680	495	605	481
Research and development - staff costs	1,722	1,722	1,664	1,664
Research and development - non-staff costs	2,078	2,082	1,037	1,037
Education and training - non staff	1,740	1,683	1,502	1,441
Education and training - notional expenditure funded from apprenticeship fund	1,234	1,174	1,054	999
Operating lease expenditure (net)	2,305	1,327	2,750	1,788
Early retirements - (Not included in employee expenses)	240	240	366	366
Redundancy - (Not included in employee expenses)	247	247	0	0
Charges to operating expenditure for on-SOFP IFRIC 12 schemes (e.g. PFI / LIFT) on IFRS basis	2,842	2,842	3,419	3,419
Hospitality	1	1	7	7
Other losses, ex gratia & special payments - (Not included in employee expenses)	223	49	104	39
Other NHS charitable fund resources expended	395	0	131	0
Other	2,360	2,230	2,253	2,176
<b>Total</b>	<b>439,368</b>	<b>441,873</b>	<b>377,645</b>	<b>382,906</b>
<b>of which:</b>				
Related to Continuing Operations	439,368	441,873	377,645	382,906
Related to Discontinued Operations	0	0	0	0

Purchase of healthcare from non-NHS and non-DHSC bodies has increased due to the Trust's increasing role as lead provider for specialist commissioned childrens and secure mental health services.

Supplies and services – clinical: utilisation of equipment and consumables donated from DHSC group bodies for COVID response is new for 2020/21 and relates to the items received via the push system to manage the COVID-19 pandemic.

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. 2019/20 includes part-year income and expenditure in relation to these services.

**5. Exit Packages (Group and Trust)****5.1 Exit Packages 2020/21**

	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	19	75	19	75	0	0
£10,001 to £25,000	0	0	3	58	3	58	0	0
£25,001 to £50,000	0	0	2	62	2	62	0	0
£50,001 to £100,000	0	0	1	82	1	82	0	0
£100,001 to £150,000	0	0	1	121	1	121	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>398</b>	<b>26</b>	<b>398</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	15	68	15	68	0	0
£10,001 to £25,000	0	0	3	58	3	58	0	0
£25,001 to £50,000	0	0	2	62	2	62	0	0
£50,001 to £100,000	0	0	1	82	1	82	0	0
£100,001 to £150,000	0	0	1	121	1	121	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>22</b>	<b>391</b>	<b>22</b>	<b>391</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 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.

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

	Group						Trust					
	Total	Permanently	Other									
	2020/21 £000	Employed 2020/21 £000	2020/21 £000	2019/20 £000	Employed 2019/20 £000	2019/20 £000	2020/21 £000	Employed 2020/21 £000	2020/21 £000	2019/20 £000	Employed 2019/20 £000	2019/20 £000
Salaries and wages	265,360	263,309	2,051	228,179	226,192	1,987	250,321	248,330	1,991	214,598	212,611	1,987
Social security costs	24,526	24,526	0	21,310	21,310	0	23,320	23,320	0	20,218	20,218	0
Apprenticeship levy	1,234	1,234	0	1,054	1,054	0	1,174	1,174	0	999	999	0
Pension cost - employer's contributions to NHS Pensions	30,341	30,341	0	26,779	26,779	0	29,044	29,044	0	25,410	25,410	0
Pension cost - employer's contributions paid by NHSE on provider's behalf (6.3%)**												
	13,289	13,289	0	11,589	11,589	0	12,718	12,718	0	10,987	10,987	0
Pension cost - other contributions	306	306	0	170	170	0	92	92	0	58	58	0
Temporary staff - agency/contract staff	15,838	0	15,838	11,725	0	11,725	15,646	0	15,646	11,378	0	11,378
<b>Total staff costs</b>	<b>350,894</b>	<b>333,005</b>	<b>17,889</b>	<b>300,806</b>	<b>287,094</b>	<b>13,712</b>	<b>332,315</b>	<b>314,678</b>	<b>17,637</b>	<b>283,648</b>	<b>270,283</b>	<b>13,365</b>
included within:												
<b>Costs capitalised as part of assets</b>	<b>529</b>	<b>529</b>	<b>0</b>	<b>587</b>	<b>587</b>	<b>0</b>	<b>59</b>	<b>59</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Analysed into operating expenditure</b>												
Employee expenses - staff & executive directors	348,459	330,570	17,889	298,381	284,669	13,712	330,350	312,713	17,637	281,810	268,445	13,365
Research & Development	1,722	1,722	0	1,664	1,664	0	1,722	1,722	0	1,664	1,664	0
Internal audit costs	184	184	0	174	174	0	184	184	0	174	174	0
<b>Total employee benefits excluding capitalised costs</b>	<b>350,365</b>	<b>332,476</b>	<b>17,889</b>	<b>300,219</b>	<b>286,507</b>	<b>13,712</b>	<b>332,256</b>	<b>314,619</b>	<b>17,637</b>	<b>283,648</b>	<b>270,283</b>	<b>13,365</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	Permanently	Other									
	2020/21 Number	Employed 2020/21 Number	2020/21 Number	2019/20 Number	Employed 2019/20 Number	2019/20 Number	2020/21 Number	Employed 2020/21 Number	2020/21 Number	2019/20 Number	Employed 2019/20 Number	2019/20 Number
Medical and dental	411	390	21	392	372	20	411	390	21	392	372	20
Administration and estates	1,912	1,886	26	1,734	1,692	42	1,310	1,291	19	1,182	1,153	29
Healthcare assistants and other support staff	2,225	2,033	192	1,893	1,761	132	2,225	2,033	192	1,893	1,761	132
Nursing, midwifery and health visiting staff	2,255	2,202	53	2,040	2,008	32	2,255	2,202	53	2,040	2,008	32
Scientific, therapeutic and technical staff	400	400	0	341	341	0	400	400	0	341	341	0
Healthcare science staff	488	475	13	415	413	2	488	475	13	415	413	2
<b>Total average numbers</b>	<b>7,691</b>	<b>7,386</b>	<b>305</b>	<b>6,815</b>	<b>6,587</b>	<b>228</b>	<b>7,089</b>	<b>6,791</b>	<b>298</b>	<b>6,263</b>	<b>6,048</b>	<b>215</b>
of which:												
Number of employees (WTE) engaged on capital projects	13	13	0	15	15	0	3	3	0	10	10	0

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

	Group				Trust			
	Payments	Total Value of	Payments	Payments	Payments	Total Value of	Payments	Payments
	Agreed 2020/21 Number	Agreements 2020/21 £000	Agreed 2019/20 Number	Agreed 2019/20 £000	Agreed 2020/21 Number	Agreements 2020/21 £000	Agreed 2019/20 Number	Agreed 2019/20 £000
Voluntary redundancies including early retirement contractual costs	26	398	32	174	22	391	26	153
<b>Total Exit packages</b>	<b>26</b>	<b>398</b>	<b>32</b>	<b>174</b>	<b>22</b>	<b>391</b>	<b>26</b>	<b>153</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. Flexi time accrued but not yet taken at the end of the period is also recognised in the financial statements. There were no other employee benefits during the year (2019/20 : £nil).

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

During the year there were 7 early retirements (2019/20 : 6) agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £168,000 (2019/20 : £317,000). 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 2020/21 £000</b>	Trust 2020/21 £000	<b>Group 2019/20 £000</b>	Trust 2019/20 £000
Minimum lease payments	2,689	1,745	3,160	2,226
Contingent rents	214	156	105	38
Less sublease payments received	(599)	(575)	(515)	(476)
<b>Total</b>	<b>2,305</b>	<b>1,327</b>	<b>2,750</b>	<b>1,788</b>
	<b>Group 2020/21 £000</b>	Trust 2020/21 £000	<b>Group 2019/20 £000</b>	Trust 2019/20 £000
<b>Future minimum lease payments due relating to buildings leases:</b>				
- not later than one year;	1,782	1,172	1,887	1,426
- later than one year and not later than five years;	2,313	1,411	3,235	2,203
- later than five years.	7,681	5,265	7,928	5,202
<b>Total</b>	<b>11,776</b>	<b>7,848</b>	<b>13,050</b>	<b>8,831</b>
<b>Total of future minimum sublease lease payments to be received</b>	<b>(1,246)</b>	<b>(575)</b>	<b>(840)</b>	<b>(840)</b>
<b>Future minimum lease payments due to other leases:</b>				
- not later than one year;	1,037	686	899	547
- later than one year and not later than five years;	1,082	374	808	147
- later than five years;	38	0	0	0
<b>Total</b>	<b>2,157</b>	<b>1,060</b>	<b>1,707</b>	<b>694</b>

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

There is no specified limitation on the auditor's liability for the year (2019/20 : 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 2021 (31st March 2020 : £nil).

### 7.4 Audit Remuneration (Trust)

The Group and Trust had no other audit remuneration for 2020/21 (2019/20 : £1,000). 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 2021 (31st March 2020 : £nil).

## 9. Corporation Tax (Group)

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	<b>Group 2020/21 £000</b>	Group 2019/20 £000
UK Corporation tax expense	223	408
Adjustment in respect of prior years	<u>0</u>	<u>0</u>
Current tax expense	223	408
Deferred tax credit	<u>0</u>	<u>0</u>
Total tax expense in Statement of Comprehensive Income	<b><u>223</u></b>	<b><u>408</u></b>

The Trust has no corporation tax expense (2019/20 £nil).

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

	<b>Group 2020/21 £000</b>	Trust 2020/21 £000	<b>Group 2019/20 £000</b>	Trust 2019/20 £000
Interest on bank accounts	2	0	236	236
Interest received on loans to Subsidiary	0	561	0	712
NHS charitable fund investment income	50	0	19	0
<b>Total</b>	<b>52</b>	<b>561</b>	<b>255</b>	<b>948</b>

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

	<b>Group 2020/21 £000</b>	Trust 2020/21 £000	<b>Group 2019/20 £000</b>	Trust 2019/20 £000
<b>Interest expense:</b>				
Capital loans from the Department of Health and Social Care	961	961	1,039	1,039
Finance leases	31	31	33	33
<b>Finance Costs on PFI and other service concession arrangements (excluding LIFT)</b>				
Main finance costs	2,618	2,618	2,676	2,676
Contingent finance costs	1,951	1,951	1,604	1,604
<b>Unwinding of discount on provisions</b>	<b>(39)</b>	<b>(39)</b>	<b>(37)</b>	<b>(37)</b>
<b>Total</b>	<b>5,522</b>	<b>5,522</b>	<b>5,315</b>	<b>5,315</b>

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

During the year, the Trust recognised net reversals of impairments of £5,213,000 credited to operating expenses due to an overall increase in market price from the valuations carried out by Cushman & Wakefield as at 31st March 2021. The net credit is made up of reversals of impairments of £14,706,000 credited to operating expenses and £9,493,000 charged to operating expenses. Net impairments totalling £126,000 were also credited to the revaluation reserve, made up of £793,000 of reversals of impairments previously charged to the revaluation reserve and £667,000 charged against the revaluation reserve. Impairments are reported in note 14 and note 4 as operating expenses and in the Statement of Changes in Taxpayers equity for 2020/21 and 2019/20.

The impairments recognised during the year of £9,493,000 predominantly relate to reduced buildings values on the Northgate site linked to demolition of buildings and a reduction in asset lives due to preparation the Cedar capital scheme. Bed reductions on the Ferndene site and impairments from enhancement schemes have also resulted in impairments. All impairments are derived from the valuations of land and buildings carried out by Cushman & Wakefield as at 31st March 2021.

There were no impairment of assets during 2020/21 for NTW Solutions Ltd or for the Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust Charity (2020/21 £nil).

**13. Intangible Assets (Group and Trust)****13.1 Intangible Assets 2020/21**

	Group			Trust		
	Total 2020/21 £000	Software Licences purchased 2020/21 £000	Intangible Assets under Construction 2020/21 £000	Total 2020/21 £000	Software Licences purchased 2020/21 £000	Intangible Assets under Construction 2020/21 £000
<b>Valuation/gross cost at 1st April 2020</b>	<b>2,442</b>	<b>1,954</b>	<b>488</b>	<b>2,430</b>	<b>1,943</b>	<b>487</b>
Transfers by absorption	0	0	0	0	0	0
Additions - purchased	11	0	11	11	0	11
Disposals	(1,200)	(1,200)	0	(1,200)	(1,200)	0
<b>Valuation/gross cost at 31st March 2021</b>	<b>1,253</b>	<b>754</b>	<b>499</b>	<b>1,241</b>	<b>743</b>	<b>498</b>
<b>Amortisation at 1st April 2020</b>	<b>638</b>	<b>638</b>	<b>0</b>	<b>632</b>	<b>632</b>	<b>0</b>
Transfers by absorption	0	0	0	0	0	0
Provided during the year	355	355	0	355	355	0
Disposals	(696)	(696)	0	(696)	(696)	0
<b>Amortisation at 31st March 2021</b>	<b>297</b>	<b>297</b>	<b>0</b>	<b>291</b>	<b>291</b>	<b>0</b>
<b>Net book value by ownership:</b>						
NBV - purchased at 31st March	<b>956</b>	<b>457</b>	<b>499</b>	<b>950</b>	<b>452</b>	<b>498</b>

**13.2 Economic Life of Intangible Assets 2020/21**

	Minimum Life Years	Maximum Life Years	Minimum Life Years	Maximum Life Years
Software licences purchased	1	4	1	4

**13.3 Intangible Assets 2019/20**

	Group			Trust		
	Total 2019/20 £000	Software Licences purchased 2019/20 £000	Intangible Assets under Construction 2019/20 £000	Total 2019/20 £000	Software Licences purchased 2019/20 £000	Intangible Assets under Construction 2019/20 £000
<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>

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

	Minimum Life Years	Maximum Life Years	Minimum Life Years	Maximum Life Years
Software licences purchased	1	5	1	5

**14. Property, Plant and Equipment (Group and Trust)****14.1 Property, Plant and Equipment 2020/21 - 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 2020</b>	<b>154,543</b>	5,637	121,438	374	5,920	4,555	42	13,116	3,461
Additions - purchased	19,021	0	2,327	0	12,480	175	0	3,981	58
Impairments charged to the revaluation reserve	(667)	(52)	(614)	(1)	0	0	0	0	0
Reversal of impairments credited to the revaluation reserve	793	42	733	18	0	0	0	0	0
Reclassifications	0	0	238	0	(261)	0	0	0	23
Revaluations	1,747	1,021	735	(9)	0	0	0	0	0
Disposals	(6,351)	0	0	0	(563)	(62)	0	(5,601)	(125)
<b>Valuation/gross cost at 31st March 2021</b>	<b>169,086</b>	6,648	124,857	382	17,576	4,668	42	11,496	3,417
<b>Accumulated depreciation at 1st April 2020</b>	<b>10,197</b>	0	0	0	0	2,735	42	5,432	1,988
Provided during the year	6,823	0	3,455	11	0	373	0	2,624	360
Impairments charged to operating expenses	9,493	70	9,418	5	0	0	0	0	0
Reversal of impairments credited to operating expenses	(14,706)	(1,091)	(13,608)	(7)	0	0	0	0	0
Revaluations	1,747	1,021	735	(9)	0	0	0	0	0
Disposals	(4,985)	0	0	0	0	(62)	0	(4,798)	(125)
<b>Accumulated depreciation at 31st March 2021</b>	<b>8,569</b>	0	0	0	0	3,046	42	3,258	2,223
<b>Net book value by ownership:</b>									
Owned	124,701	6,598	89,091	382	17,576	1,622	0	8,238	1,194
Finance leased	586	50	536	0	0	0	0	0	0
On-Statement of Financial Position PFI contracts	35,164	0	35,164	0	0	0	0	0	0
Owned - government granted	66	0	66	0	0	0	0	0	0
<b>Net book value by ownership total at 31st March 2021</b>	<b>160,517</b>	6,648	124,857	382	17,576	1,622	0	8,238	1,194

To ensure that asset values at 31st March 2021 reflect current market conditions valuations were carried out by Cushman & Wakefield.

Of the totals at 31st March 2021, £4,560,000 related to land, £116,741,000 related to buildings valued on a Modern Equivalent Asset alternative site basis.

Of the totals at 31st March 2021, £572,000 related to land, £4,711,000 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 2021, £1,110,000 related to land, £2,551,000 related to buildings and £382,000 related to dwellings valued on a Market Value in Existing Use basis.

Of the totals at 31st March 2021, £406,000 related to land, £854,000 related to buildings valued on a fair value basis. These relate to surplus non-operational assets

Of the totals at 31st March 2021, 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 2021. The valuation report includes a 'market conditions explanatory note' in relation to the impact of COVID on the economy and markets in order to be clear and transparent

**14. Property, Plant and Equipment (Group and Trust)****14.2 Property, Plant and Equipment 2020/21 - Trust**

	Total	Land	Buildings exc. Dwellings	Dwellings	Assets under Construction	Plant & Machinery	Transport Equipment	Information Technology	Furniture & Fittings
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Valuation/gross cost at 1st April 2020</b>	<b>153,585</b>	5,637	121,421	374	5,893	3,945	42	13,116	3,157
Additions - purchased	18,926	0	2,327	0	12,480	116	0	3,981	22
Impairments charged to the revaluation reserve	(667)	(52)	(614)	(1)	0	0	0	0	0
Reversal of impairments credited to the revaluation reserve	793	42	733	18	0	0	0	0	0
Reclassifications	0	0	238	0	(238)	0	0	0	0
Revaluations	1,746	1,021	734	(9)	0	0	0	0	0
Disposals	(6,351)	0	0	0	(563)	(62)	0	(5,601)	(125)
<b>Valuation/gross cost at 31st March 2021</b>	<b>168,032</b>	6,648	124,839	382	17,572	3,999	42	11,496	3,054
<b>Accumulated depreciation at 1st April 2020</b>	<b>9,858</b>	0	0	0	0	2,456	42	5,432	1,928
Provided during the year	6,729	0	3,455	12	0	311	0	2,624	327
Impairments charged to operating expenses	9,493	70	9,418	5	0	0	0	0	0
Reversal of impairments credited to operating expenses	(14,706)	(1,091)	(13,607)	(8)	0	0	0	0	0
Revaluations	1,746	1,021	734	(9)	0	0	0	0	0
Disposals	(4,985)	0	0	0	0	(62)	0	(4,798)	(125)
<b>Accumulated depreciation at 31st March 2021</b>	<b>8,135</b>	0	0	0	0	2,705	42	3,258	2,130
<b>Net book value by ownership:</b>									
Owned	124,081	6,598	89,073	382	17,572	1,294	0	8,238	924
Finance leased	586	50	536	0	0	0	0	0	0
On-Statement of Financial Position PFI contracts	35,164	0	35,164	0	0	0	0	0	0
Owned - government granted	66	0	66	0	0	0	0	0	0
<b>Net book value by ownership total at 31st March 2021</b>	<b>159,897</b>	6,648	124,839	382	17,572	1,294	0	8,238	924

To ensure that asset values at 31st March 2021 reflect current market conditions valuations were carried out by Cushman & Wakefield.

Of the totals at 31st March 2021, £4,560,000 related to land, £116,741,000 related to buildings valued on a Modern Equivalent Asset alternative site basis.

Of the totals at 31st March 2021, £572,000 related to land, £4,711,000 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 2021, £1,110,000 related to land, £2,551,000 related to buildings and £382,000 related to dwellings valued on a Market Value in Existing Use basis.

Of the totals at 31st March 2021, £406,000 related to land, £854,000 related to buildings valued on a fair value basis. These relate to surplus non-operational assets

Of the totals at 31st March 2021, 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 2021. The valuation report includes a 'market conditions explanatory note' in relation to the impact of COVID on the economy and markets in order to be clear and transparent

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

	Total	Land	Buildings exc. Dwellings	Dwellings	Assets under Construction	Plant & Machinery	Transport Equipment	Information Technology	Furniture & Fittings
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<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	21,079	2,110	14,765	248	0	925	0	2,682	349
Additions - purchased	11,227	180	3,822	0	4,197	336	0	2,519	173
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	(1,340)	0	0	0	9
Revaluations	(10,958)	(32)	(10,918)	(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	(2,239)	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	2,155	0	212	4	0	527	0	1,179	233
Provided during the year	5,833	0	2,897	8	0	355	0	2,211	362
Impairments charged to operating expenses	8,310	52	8,258	0	0	0	0	0	0
Reversal of impairments credited to operating expenses	(474)	0	(474)	0	0	0	0	0	0
Reversal of impairments credited to the revaluation reserve	0	(20)	24	(4)	0	0	0	0	0
Revaluations	(10,958)	(32)	(10,918)	(8)	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Disposals	(2,185)	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	113,227	5,587	90,369	374	5,920	1,820	0	7,684	1,473
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>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**

	Total	Land	Buildings exc. Dwellings	Dwellings	Assets under Construction	Plant & Machinery	Transport Equipment	Information Technology	Furniture & Fittings
	£000	£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>	5,637	121,421	374	5,893	3,945	42	13,116	3,157
<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>	0	0	0	0	2,456	42	5,432	1,928
<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>	5,637	121,421	374	5,893	1,489	0	7,684	1,229

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 - 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	1	53
Dwellings	28	33
Plant & machinery	0	15
Transport equipment	0	1
Information technology	0	5
Furniture & fittings	0	10

**15. Investments (Group and Trust)****15.1 Investments**

	Group		Trust	
	2020/21	2019/20	2020/21	2019/20
	Investments in associates and joint ventures £000			
Carrying value at 1st April	33	20	33	20
Share of profit	68	13	68	13
Disbursements/dividends received	0	0	0	0
<b>Carrying value at 31st March</b>	<b>101</b>	<b>33</b>	<b>101</b>	<b>33</b>

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**

	Group		Trust	
	Value £000	Interest Held %	Value £000	Interest Held %
<b>As at 31st March 2021</b>				
MHC / NTW LLP	202	50%	202	50%
<b>As at 31st March 2020</b>				
MHC / NTW LLP	67	50%	67	50%

(MHC / NTW LLP formally known as Insight Ltd / NTW LLP)

**15.3 Investments in Subsidiary Undertakings**

	Trust	
	2020/21 Investments in subsidiary undertakings £000	2019/20 Investments in subsidiary undertakings £000
Shares in subsidiary undertakings	12,516	12,516
Loans to subsidiary undertakings under 1 year	465	544
Loans to subsidiary undertakings over 1 year	13,622	17,057
	<b>26,603</b>	<b>30,117</b>

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**

	Group		Trust	
	2020/21 Other investments / financial assets £000	2019/20 Other investments / financial assets £000	2020/21 Other investments / financial assets £000	2019/20 Other investments / financial assets £000
Other current financial assets	0	0	0	0
Other current financial assets - Charitable Fund Investments	530	500	0	0
	<b>530</b>	<b>500</b>	<b>0</b>	<b>0</b>

**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 2020/21**

	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 2020</b>	<b>545</b>	<b>405</b>	<b>140</b>	<b>545</b>	<b>405</b>	<b>140</b>
Plus assets classified as available for sale in the year	0	0	0	0	0	0
Less assets sold in year	0	0	0	0	0	0
<b>Net book value at 31st March 2021</b>	<b>545</b>	<b>405</b>	<b>140</b>	<b>545</b>	<b>405</b>	<b>140</b>

The Trust held three assets reclassified as held for sale as at 1st April 2020. Delays have been experienced in the disposal of these assets due to COVID-19 and these assets therefore remain as held for sale as at 31st March 2021. These are assets are still being actively marketed. During the year no new assets have been reclassified as held for sale.

**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 2019/20**

	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 2019</b>	<b>325</b>	97	228	<b>325</b>	97	228
Plus assets classified as available for sale in the year	345	345	0	345	345	0
Less assets sold in year	(125)	(37)	(88)	(125)	(37)	(88)
<b>Net book value at 31st March 2020</b>	<b>545</b>	405	140	<b>545</b>	405	140

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.

**16.2 Liabilities in Disposal Groups (Group and Trust)**

The Group and Trust has no liabilities in disposal groups as at 31st March 2021; (31st March 2020 : £nil).

**17. Other Assets (Group and Trust)**

The Group and Trust has no other assets as at 31st March 2021; (31st March 2020 : £nil).

**18. Other Financial Assets (Group and Trust)**

The Group and Trust has no other financial assets as at 31st March 2021; (31st March 2020 : £nil).

**19. Inventories (Group and Trust)****19.1 Inventories 2020/21**

	Total	Drugs	Group			Energy	Other	Total	Drugs	Trust		
			Consumables	Consumables donated from DHSC group bodies	Consumables donated from DHSC group bodies					Consumables donated from DHSC group bodies	Energy	Other
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Carrying Value at 1st April 2020</b>	<b>429</b>	<b>360</b>	<b>4</b>	<b>0</b>	<b>21</b>	<b>44</b>	<b>277</b>	<b>276</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
Additions	1,796	1,443	8	0	1	344	1,347	1,346	0	0	0	1
Additions (donated) - from DHSC	4,534	0	0	4,534	0	0	4,534	0	4,534	0	0	0
Additions (donated) - from NHS provider (purchased by DHSC)	93	0	0	93	0	0	93	0	93	0	0	0
Inventories consumed (recognised in expenses)	(4,142)	(1,469)	(9)	(2,311)	0	(353)	(3,705)	(1,393)	(2,311)	0	0	(1)
Write down of inventories recognised as an expense	(1,158)	(25)	0	(1,133)	0	0	(1,150)	(17)	(1,133)	0	0	0
<b>Carrying Value at 31st March 2021</b>	<b>1,552</b>	<b>309</b>	<b>3</b>	<b>1,183</b>	<b>22</b>	<b>35</b>	<b>1,396</b>	<b>212</b>	<b>1,183</b>	<b>0</b>	<b>0</b>	<b>1</b>

During the financial year 2020/21 the Trust has received donated PPE consumables from DHSC bodies as part of the coronavirus pandemic response.

**19.2 Inventories 2019/20**

	Total	Drugs	Group			Energy	Other	Total	Drugs	Trust		
			Consumables	Consumables donated from DHSC group bodies	Consumables donated from DHSC group bodies					Consumables donated from DHSC group bodies	Energy	Other
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Carrying Value at 1st April 2019</b>	<b>437</b>	<b>366</b>	<b>3</b>	<b>0</b>	<b>21</b>	<b>47</b>	<b>273</b>	<b>271</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
Additions	3,198	2,902	3	0	3	290	2,903	2,903	0	0	0	0
Inventories consumed (recognised in expenses)	(3,189)	(2,891)	(2)	0	(3)	(293)	(2,882)	(2,881)	0	0	0	(1)
Write down of inventories recognised as an expense	(17)	(17)	0	0	0	0	(17)	(17)	0	0	0	0
<b>Carrying Value at 31st March 2020</b>	<b>429</b>	<b>360</b>	<b>4</b>	<b>0</b>	<b>21</b>	<b>44</b>	<b>277</b>	<b>276</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>

**20. Trade and Other Receivables (Group and Trust)****20.1 Trade and Other Receivables**

	Group	Trust	Restated Group	Restated Trust
	31st March 2021 £000	31st March 2021 £000	31st March 2020 £000	31st March 2020 £000
<b>Current</b>				
Contract receivables invoiced	6,900	7,429	13,398	13,183
Contract receivables not yet invoiced	2,251	2,048	3,803	3,775
Capital receivables	213	213	213	212
Allowance for impaired contract receivables	(2,006)	(1,832)	(766)	(759)
Deposits and advances	14	13	8	8
Prepayments (non-PFI)	5,276	4,916	4,374	4,038
Interest receivable	0	0	8	7
PDC dividend receivable	383	383	429	429
VAT receivable	2,030	2,030	1,899	1,544
Other receivables - revenue	419	447	517	508
<b>Total current trade and other receivables</b>	<b>15,480</b>	<b>15,647</b>	<b>23,883</b>	<b>22,945</b>
<b>Non-current</b>				
Prepayments (non-PFI)	126	111	185	151
Clinical pension tax provision reimbursement funding from NHSE	766	766	662	662
<b>Total non-current trade and other receivables</b>	<b>892</b>	<b>877</b>	<b>847</b>	<b>813</b>
<b>Total trade and other receivables</b>	<b>16,372</b>	<b>16,524</b>	<b>24,730</b>	<b>23,758</b>

The 2019/20 clinical pension tax provision reimbursement funding from NHSE has been restated to non-current from current

**20.2 Allowance for credit losses**

	Group 2020/21 £000	Trust 2020/21 £000	Group 2019/20 £000	Trust 2019/20 £000
<b>At 1st April</b>	<b>766</b>	<b>759</b>	<b>577</b>	<b>573</b>
Net allowances arising	6,682	6,514	624	621
Utilisation of allowances where receivable is written off	(69)	(69)	(38)	(38)
Reversal of allowances where receivable is collected in year	(5,373)	(5,372)	(397)	(397)
<b>At 31st March</b>	<b>2,006</b>	<b>1,832</b>	<b>766</b>	<b>759</b>

**20.3 Finance Lease Receivables (Group and Trust)**

The Group and Trust had no finance lease receivables at 31st March 2021 (31st March 2020 : £nil).

**21. Cash and Cash Equivalents (Group and Trust)**

	<b>Group 2020/21 Cash and cash equivalents £000</b>	Trust 2020/21 Cash and cash equivalents £000	<b>Group 2019/20 Cash and cash equivalents £000</b>	Trust 2019/20 Cash and cash equivalents £000
<b>At 1st April</b>	<b>31,993</b>	28,035	<b>31,641</b>	27,864
Net change in year	<b>30,765</b>	28,334	<b>352</b>	171
<b>At 31st March</b>	<b>62,758</b>	56,369	<b>31,993</b>	28,035
Broken down into:				
Cash at commercial banks and in hand	4,797	65	2,478	231
Charitable funds cash and cash equivalents	647	0	704	0
Cash with the Government Banking Service (GBS)	56,305	56,304	27,804	27,804
Other current investments (short term deposits)	1,009	0	1,007	0
<b>Cash and cash equivalents as per the Statement of Financial Position</b>	<b>62,758</b>	56,369	<b>31,993</b>	28,035
Bank overdrafts - (GBS and commercial banks)	0	0	0	0
Drawdown in committed facility	0	0	0	0
<b>Cash and cash equivalents as per the Statement of Cash Flows</b>	<b>62,758</b>	56,369	<b>31,993</b>	28,035

The Trust held £1,171,000 cash and cash equivalents at 31st March 2021 (31st March 2020 : £1,108,000) which relates to monies held on behalf of patients. The Group also held £328,000 in relation to staff savings schemes (31st March 2020 : £292,000). 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 2021 £000</b>	Trust 31st March 2021 £000	<b>Group 31st March 2020 £000</b>	Trust 31st March 2020 £000
<b>Current</b>				
Trade payables	5,316	4,692	5,055	4,163
Other trade payables - capital	3,612	4,075	2,322	2,956
Accruals	20,899	19,218	14,719	14,186
Annual leave accrual	3,981	3,918	1,152	1,109
Social Security costs	4,719	4,487	4,328	4,126
VAT payables	621	0	555	0
Other taxes payable	2,784	2,506	2,765	2,276
Other payables	6,890	6,578	6,315	5,981
NHS Charitable funds trade and other payables	28	0	9	0
<b>Total current trade and other payables</b>	<b>48,850</b>	45,474	<b>37,220</b>	34,797

The Group and Trust had no non-current trade and other payables at 31st March 2021 (31st March 2020 : £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 2020 : £nil).

**23. Borrowings (Group and Trust)****23.1 Borrowings**

	<b>Group 31st March 2021 £000</b>	Trust 31st March 2021 £000	<b>Group 31st March 2020 £000</b>	Trust 31st March 2020 £000
<b>Current</b>				
Capital loans from Department of Health and Social Care	2,748	2,748	2,764	2,764
Obligations under finance leases	60	60	60	60
Obligations under PFI contracts (excl. lifecycle)	1,701	1,701	1,252	1,252
<b>Total current borrowings</b>	<b>4,509</b>	4,509	<b>4,076</b>	4,076
<b>Non-current</b>				
Capital loans from Department of Health and Social Care	41,732	41,732	44,281	44,281
Obligations under finance leases	773	773	833	833
Obligations under Private Finance Initiative contracts	34,396	34,396	36,098	36,098
<b>Total non-current borrowings</b>	<b>76,901</b>	76,901	<b>81,212</b>	81,212

**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 2020</b>	<b>47,045</b>	<b>893</b>	<b>37,350</b>	<b>85,288</b>
<b>Cash movements</b>				
Financing cash flows - payments of principle	(2,549)	(60)	(1,252)	<b>(3,861)</b>
Financing cash flows - payments of interest	(977)	(31)	(2,619)	<b>(3,627)</b>
<b>Non cash movements</b>				
Interest expense	961	31	2,618	<b>3,610</b>
Non-cash movements	0	0	0	<b>0</b>
Impact of implementing IFRS 9 on 1st April - interest payable liabilities	0	0	0	<b>0</b>
<b>Carrying value at 31st March 2021</b>	<b>44,480</b>	<b>833</b>	<b>36,097</b>	<b>81,410</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>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>

**24. Other Liabilities (Group and Trust)**

	Group 31st March 2021 £000	Trust 31st March 2021 £000	Group 31st March 2020 £000	Trust 31st March 2020 £000
<b>Current</b>				
Other deferred income	1,503	4,532	831	3,860
<b>Total current other liabilities</b>	<b>1,503</b>	<b>4,532</b>	<b>831</b>	<b>3,860</b>
<b>Non-current</b>				
Other deferred income	595	26,459	249	29,142
<b>Total non-current other liabilities</b>	<b>595</b>	<b>26,459</b>	<b>249</b>	<b>29,142</b>

**25. Other Financial Liabilities (Group and Trust)**

The Group and Trust had no other financial liabilities at 31st March 2021 (31st March 2020 : £nil).

**26. Provisions for Liabilities and Charges (Group and Trust)****26.1 Provisions for Liabilities and Charges**

	Group Current		Group Non-current		Restated Trust Current		Restated Trust Non-current	
	31st March 2021 £000	31st March 2020 £000	31st March 2021 £000	31st March 2020 £000	31st March 2021 £000	31st March 2020 £000	31st March 2021 £000	31st March 2020 £000
Pensions - early departure costs	115	117	1,222	1,244	115	117	1,221	1,244
Pensions - injury benefits	270	264	6,124	5,877	270	264	6,124	5,877
Other legal claims	185	153	0	0	101	125	0	0
Clinical pension tax reimbursement	0	0	766	662	0	0	766	662
Other	993	1,424	3,340	0	993	1,359	3,340	0
<b>Total</b>	<b>1,563</b>	<b>1,958</b>	<b>11,452</b>	<b>7,783</b>	<b>1,479</b>	<b>1,865</b>	<b>11,451</b>	<b>7,783</b>

Restatement of prior year due to change in reporting requirements of Clinician pension tax reimbursement

**26. Provisions for Liabilities and Charges (Group and Trust - continued)****26.2 Provisions for Liabilities and Charges Analysis - Group and Trust**

	Group							Trust						
	Total	Pensions - early departure costs	Pensions - injury benefits costs	Other Legal Claims	Redundancy	Clinical pension tax reimbursement	Other	Total	Pensions - early departure costs	Pensions - injury benefits costs	Other Legal Claims	Redundancy	Clinical pension tax reimbursement	Other
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>At 1st April 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
Change in the discount rate	410	42	368	0	0	0	0	410	42	368	0	0	0	0
Arising during the year	4,898	74	186	161	0	104	4,373	4,822	73	186	86	0	104	4,373
Utilised during the year - accruals	(587)	(114)	(269)	(110)	0	0	(94)	(522)	(114)	(269)	(110)	0	0	(29)
Utilised during the year - cash	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reversed unused	(1,408)	(19)	0	(19)	0	0	(1,370)	(1,389)	(19)	0	0	0	0	(1,370)
Unwinding of discount	(39)	(7)	(32)	0	0	0	0	(39)	(7)	(32)	0	0	0	0
<b>At 31st March 2021</b>	<b>13,015</b>	1,337	6,394	185	0	766	4,333	<b>12,930</b>	1,336	6,394	101	0	766	4,333
<b>Expected timing of cashflows:</b>														
- not later than one year;	1,563	115	270	185	0	0	993	1,479	115	270	101	0	0	993
- later than one year and not later than five years;	3,618	468	1,106	0	0	766	1,278	3,618	468	1,106	0	0	766	1,278
- later than five years.	7,834	754	5,018	0	0	0	2,062	7,833	753	5,018	0	0	0	2,062
<b>Total</b>	<b>13,015</b>	1,337	6,394	185	0	766	4,333	<b>12,930</b>	1,336	6,394	101	0	766	4,333

The total value of clinical negligence provisions carried by NHS Resolution (formerly known as NHS Litigation Authority) on behalf of the Trust is £828,000 at 31st March 2021 (31st March 2020 : £1,143,000) 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.
- property related liabilities including dilapidation and restoration costs, asbestos liabilities and other liabilities relating to land and buildings

The Treasury Pension rate applied to the Pensions and Injury Benefits provision has changed to -0.95% (previously -0.50%).

**27. Contingencies (Group and Trust)**

	<b>Group 31st March 2021 £000</b>	Trust 31st March 2021 £000	<b>Group 31st March 2020 £000</b>	Trust 31st March 2020 £000
<b>Value of contingent liabilities:</b>				
NHS Resolution legal claims	(80)	(80)	(99)	(99)
Other	0	0	(1,412)	(1,412)
<b>Gross value of contingent liabilities</b>	<b>(80)</b>	<b>(80)</b>	<b>(1,511)</b>	<b>(1,511)</b>
Amounts recoverable against liabilities	0	0	0	0
<b>Net value of contingent liabilities</b>	<b>(80)</b>	<b>(80)</b>	<b>(1,511)</b>	<b>(1,511)</b>
<b>Net value of contingent assets</b>	<b>1,516</b>	<b>1,516</b>	<b>0</b>	<b>0</b>

Contingent liabilities include:

- estimates provided by NHS Resolution for public liability and employer liability cases.

- other relates to 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. A framework has been agreed and the claims reported in 2019/20 have been quantified and a settlement will be made during early 2021/22.

The Trust has a contingent asset of £1,516,000 in relation to a VAT claim which has been submitted to HM Revenue and Customs and is awaiting an outcome linked to a recent VAT tribunal case.

**28. Revaluation Reserve (Group & Trust)****28.1 Revaluation Reserve 2020/21 (Trust)**

	<b>Total £000</b>	Property, Plant & Equipment £000	Assets Held for Sale £000
<b>Revaluation reserve at 1st April 2020</b>	<b>3,819</b>	3,669	150
Transfers by absorption	0	0	0
Net Impairments	126	126	0
Transfer to other reserves	0	0	0
Transfer to I&E reserve upon asset disposal	0	0	0
<b>Revaluation reserve at 31st March 2021</b>	<b>3,945</b>	<b>3,795</b>	<b>150</b>

All revaluation reserve balances are held by the Trust.

**28.2 Revaluation Reserve 2019/20**

	<b>Total £000</b>	Property, Plant & Equipment £000	Assets Held for Sale £000
<b>Revaluation reserve at 1st April 2019</b>	<b>3,095</b>	3,095	0
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.

**29. Related Parties (Group)****29.1 Related Party Transactions 2020/21**

	<b>Group Income £000</b>	<b>Group Expenditure £000</b>
<b>Transactions with parties related to board members:</b>		
David Arthur, Non-Executive - Director/Trustee of Mental Health Concern	50	137
Alexis Cleveland, Non-Executive - Trustee: Barnardo's Childrens Charity	0	560
James Duncan, Executive Director of Finance and Deputy Chief Executive - brother in law is a partner at Bond Dickinson LLP. The Trust has paid/accrued for purchase invoices in respect of legal fees.	0	0
- Vice Chair of the HFMA Mental Health Faculty. The Trust has paid/accrued for purchase invoices in respect of fe	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	127
<b>Value of transactions with parties related to board members</b>	<b>50</b>	<b>825</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	158	0
<b>Total value of transactions with related parties in 2020/21</b>	<b>208</b>	<b>825</b>

**29. Related Parties Group (continued)****29.2 Related Party Balances at 31st March 2021**

	<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/Trustee of Mental Health Concern	4	0
Alexis Cleveland, Acting Chair - Trustee: Barnardo's Childrens Charity	0	115
John Lawlor, Chief Executive - Board member at the North East and North Cumbria AHSN	0	6
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	11
<b>Value of balances (other than salary) with parties related to board members</b>	<b>4</b>	<b>132</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	40	0
<b>Total balances with related parties at 31st March 2021</b>	<b>44</b>	<b>132</b>

**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 Middlesborough 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/acrued 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		
- Director/Trustee of Mental Health Concern	9	0
- Member of Newcastle University Business Engagement & Advisory Board	25	602
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	6	71
- Trustee: Barnardo's Childrens Charity	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 - continued)

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### 29.3 Related Party Balances at 31st March 2021 (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 County Durham CCG (formed from the merger of 00D and 00J)  
NHS Morecambe Bay CCG  
NHS Newcastle Gateshead CCG  
NHS North Cumbria CCG  
NHS Northumberland CCG  
NHS North Tyneside CCG  
NHS South Tyneside CCG  
NHS Sunderland CCG  
NHS Tees Valley CCG (formed from the merger of 00C, 00K and 00M)  
Health Education England  
NHS Resolution (formerly NHS Litigation Authority)  
NHS Property Services  
Department of Health and Social Care  
NHS England - Core  
North East and Yorkshire Regional Office

#### Local Government bodies:

Newcastle upon Tyne City Council  
North Tyneside Metropolitan Borough Council  
Northumberland Unitary Authority  
Sunderland City Metropolitan Borough Council

#### Central Government bodies:

HM Revenue & Customs  
NHS Pension Scheme  
Belfast 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:

County Durham and Darlington NHS Foundation Trust, Humber Teaching NHS Foundation Trust, North East Ambulance Service NHS Foundation Trust, North Tees and Hartlepool NHS Foundation Trust, Pennine Care NHS Foundation Trust, NHS Bradford District and Craven CCG (formed from the merger of 02N, 02R and 02W), NHS East Sussex CCG (formed from the merger of 09F, 09P and 99K), NHS North Lincolnshire CCG, NHS Rotherham CCG, NHS Wakefield CCG, National Institute for Health and Care Excellence, Welsh Assembly Government, National Employment Savings Trust (NEST), Department for Transport, Leeds City 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 2021 (Group and Trust - continued)**

The Trust also had the following transactions with its inter group related parties:

	<b>Trust Income 2020/21 £000</b>	<b>Trust Expenditure 2020/21 £000</b>	<b>Trust Receivables 2020/21 £000</b>	<b>Trust Payables 2020/21 £000</b>
NTW Solutions Ltd	4,695	35,092	984	32,722

The Trust also has a receivable loan with NTW Solutions Ltd to the value of £14,089,000 (Current £465,000, Non-current £13,624,000)

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

	<b>Trust Income 2020/21 £000</b>	<b>Trust Expenditure 2020/21 £000</b>	<b>Trust Receivables 2020/21 £000</b>	<b>Trust Payables 2020/21 £000</b>
Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust Charity	89	0	16	0

	<b>Trust Income 2019/20 £000</b>	<b>Trust Expenditure 2019/20 £000</b>	<b>Trust Receivables 2019/20 £000</b>	<b>Trust Payables 2019/20 £000</b>
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 £544,000 Non-current £17,057,000)

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

	<b>Trust Income 2019/20 £000</b>	<b>Trust Expenditure 2019/20 £000</b>	<b>Trust Receivables 2019/20 £000</b>	<b>Trust Payables 2019/20 £000</b>
Cumbria, Northumberland Tyne and Wear NHS Foundation Trust Charity	62	0	10	0

**30. Commitments (Group and Trust)****30.1 Contractual Capital Commitments (Group)**

	<b>Group 31st March 2021 £000</b>	Trust 31st March 2021 £000	Group 31st March 2020 £000	Trust 31st March 2020 £000
<b>Commitments in respect of capital expenditure at 31st March:</b>				
Property, plant and equipment	48,377	47	1,936	479
<b>Total</b>	<b>48,377</b>	<b>47</b>	<b>1,936</b>	<b>479</b>

**30.2 Other Financial Commitments (Group)**

	<b>Group 31st March 2020 £000</b>	Trust 31st March 2020 £000	Group 31st March 2019 £000	Trust 31st March 2019 £000
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 2021 as follows, analysed by the period during which the payment is made:				
not later than 1 year	8,100	7,203	7,290	6,148
after 1 year and not later than 5 years	761	754	480	457
paid thereafter	0	0	0	0
<b>Total</b>	<b>8,861</b>	<b>7,957</b>	<b>7,770</b>	<b>6,605</b>

**31. Finance Lease Obligations (Group and Trust)**

	<b>Group 31st March 2021 £000</b>	Trust 31st March 2021 £000	<b>Group 31st March 2020 £000</b>	Trust 31st March 2020 £000
<b>Gross lease liabilities</b>	<b>1,050</b>	<b>1,050</b>	<b>1,141</b>	<b>1,141</b>
<b>of which liabilities are due</b>				
- not later than one year;	89	89	91	91
- later than one year and not later than five years;	336	336	344	344
- later than five years.	625	625	706	706
Finance charges allocated to future periods	(217)	(217)	(248)	(248)
<b>Net lease liabilities</b>	<b>833</b>	<b>833</b>	<b>893</b>	<b>893</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.	533	533	593	593
<b>Total</b>	<b>833</b>	<b>833</b>	<b>893</b>	<b>893</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: 13 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: 16 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 2021 £000</b>	Group & Trust 31st March 2020 £000
<b>Gross PFI liabilities</b>	<b>57,965</b>	61,836
<b>of which liabilities are due</b>		
- not later than one year;	4,223	3,871
- later than one year and not later than five years;	15,710	16,281
- later than five years.	38,032	41,684
Finance charges allocated to future periods	(21,868)	(24,486)
<b>Net PFI liabilities</b>	<b>36,097</b>	37,350
- not later than one year;	1,701	1,252
- later than one year and not later than five years;	6,883	6,962
- later than five years.	27,513	29,136

**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 2021 £000</b>	<b>Group &amp; Trust 31st March 2020 £000</b>
<b>Total future payments committed in respect of PFI arrangements</b>	<b>149,248</b>	<b>159,643</b>
<b>of which liabilities are due</b>		
- not later than one year;	8,781	8,666
- later than one year and not later than five years;	37,374	36,885
- later than five years.	103,093	114,092
<b>Total</b>	<b>149,248</b>	<b>159,643</b>

**32.3 On-Statement of Financial Position PFI Commitments (service element)**

	<b>Group &amp; Trust Total 31st March 2021 £000</b>	<b>Group &amp; Trust Total 31st March 2020 £000</b>
Commitments in respect of the service element of the PFI:		
not later than one year	2,343	2,843
later than one year and not later than five years	11,944	10,864
later than five years	29,930	33,866
<b>Total</b>	<b>44,217</b>	<b>47,573</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 2021 £000</b>	<b>Group &amp; Trust Total 31st March 2020 £000</b>
Unitary payment payable to service concession operator	8,663	8,455
Consisting of:		
- interest charge	2,618	2,676
- repayment of finance lease liability	1,252	756
- service element	2,842	3,419
- contingent rent	1,951	1,604
<b>Total</b>	<b>8,663</b>	<b>8,455</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 2020 : £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 £44,480,000 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>	Trust Held at amortised cost £000
<b>Assets as per the Statement of Financial Position at 31st March 2021:</b>		
Receivables (excluding non financial assets) - with DHSC group bodies	4,441	5,207
Receivables (excluding non financial assets) - with other bodies	4,102	3,863
Other investments / financial assets	0	26,603
Cash and cash equivalents at bank and in hand	62,111	56,369
Consolidated NHS Charitable Fund assets	1,177	0
<b>Total at 31st March 2021</b>	<b>71,831</b>	<b>92,042</b>
	<b>Group Loans &amp; Receivables £000</b>	Trust Loans & Receivables £000

**Assets as per the Statement of Financial Position at 31st March 2020:**

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>

**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 2021:</b>		
Department of Health and Social Care Loans	44,480	44,480
Obligations under finance leases	833	833
Obligations under Private Finance Initiative contracts	36,097	36,097
Trade and other payables with NHS and DH bodies	6,274	10,006
Trade and other payables with other bodies	34,424	28,475
<b>Total at 31st March 2021</b>	<b>122,108</b>	<b>119,891</b>
<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>

**34.3 Maturity of Financial Liabilities**

	Group 31st March 2021 £000	Trust 31st March 2021 £000	Restated Group 31st March 2020 £000	Restated Trust 31st March 2020 £000
In one year or less	47,760	45,542	36,290	35,120
In more than one year but not more than five years	26,242	26,242	26,821	26,820
In more than five years	70,194	70,194	76,476	76,476
<b>Total at 31st March</b>	<b>144,196</b>	<b>141,978</b>	<b>139,587</b>	<b>138,416</b>

The 2019/20 comparators have been restated due to revised reporting requirements implemented in 2020/21.

**34.4 Carrying value of Financial Assets held at Fair Value at 31st March 2021**

	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 2020

**34.5 Carrying value of Financial Liabilities held at Fair Value at 31st March 2021**

	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>

There were no financial liabilities held at fair value as at 31st March 2020

**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 from the NHS Pension Schemes and rules of the Schemes can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions). Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

**a) Accounting valuation**

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2021, is based on valuation data as 31 March 2020, updated to 31 March 2021 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

**(b) Full actuarial (funding) valuation**

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay. The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. In January 2019, the Government announced a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

The Government subsequently announced in July 2020 that the pause had been lifted, and so the cost control element of the 2016 valuations could be completed. The Government has set out that the costs of remedy of the discrimination will be included in this process. HMT valuation directions will set out the technical detail of how the costs of remedy will be included in the valuation process. The Government has also confirmed that the Government Actuary is reviewing the cost control mechanism (as was originally announced in 2018). The review will assess whether the cost control mechanism is working in line with original government objectives and reported to Government in April 2021. The findings of this review will not impact the 2016 valuations, with the aim for any changes to the cost cap mechanism to be made in time for the completion of the 2020 actuarial valuations.

**36. Losses and Special Payments (Group and Trust)****36.1 Losses**

	<b>Group</b>	<b>Group</b>	Group	Group
	<b>Total</b>	<b>Total value</b>	Total	Total value
	<b>number of</b>	<b>of cases</b>	number of	of cases
	<b>2020/21</b>	<b>2020/21</b>	2019/20	2019/20
	<b>Number</b>	<b>£000</b>	Number	£000
Losses of cash due to:				
- theft, fraud etc	7	0	3	0
- overpayment of salaries	0	0	0	0
Fruitless payments and constructive losses	28	3	23	14
Bad debts and claims abandoned	285	74	44	47
Stores losses	1	25	1	17
<b>Total losses</b>	<b>321</b>	<b>102</b>	<b>71</b>	<b>78</b>

**Special Payments**

	<b>Group</b>	<b>Group</b>	Group	Group
	<b>Total</b>	<b>Total value</b>	Total	Total value
	<b>number of</b>	<b>of cases</b>	number of	of cases
	<b>2020/21</b>	<b>2020/21</b>	2019/20	2019/20
	<b>Number</b>	<b>£000</b>	Number	£000
Ex gratia payments in respect of:				
- loss of personal effects	39	11	68	5
- clinical negligence with advice	0	0	0	0
- personal injury with advice	19	86	10	39
<b>Total Special Payments</b>	<b>58</b>	<b>97</b>	<b>78</b>	<b>44</b>
<b>Total Losses and Special Payments</b>	<b>379</b>	<b>199</b>	<b>149</b>	<b>122</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 2021 (31st March 2020 : £nil).

**37. Gifts (Group and Trust)**

The Group received no gifts in 2020/21 (2019/20 : £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 audit of 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 subsidiary ('the Group') for the year ended 31 March 2021 which comprise the Group and Trust Statement of Comprehensive Income, the Group and Trust Statement of Financial Position, the Group and Trust Statement of Changes in Taxpayers' Equity, the Group and Trust Statement of Cash Flows, and notes to the financial statements, including the summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual 2020/21 as contained in the Department of Health and Social Care Group Accounting Manual 2020/21, 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 2021 and of the Trust and Group's and 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 2020/21; 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

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

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

Our responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report.

## **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We 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 2020/21 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 to prepare financial statements on the going concern basis and disclosing, as applicable, matters related to going concern.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

- making enquiries of management and the Audit Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in April 2021.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Report on the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources**

### **Matter on which we are required to report by exception**

We are required to report to you if, in our opinion, we are not satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have not completed our work on the Trust's arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in April 2021, we have not identified any significant weaknesses in arrangements for the year ended 31 March 2021.

We will report the outcome of our work on the Trust's arrangements in our commentary on those arrangements within the Auditor's Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.

## **Responsibilities of the Accounting Officer**

The Chief Executive as Accounting Officer is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the Trust's use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

## **Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources**

We are required by Schedule 10(1) of the National Health Service Act 2006 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021.

## **Report on other legal and regulatory requirements**

### **Opinion on other matters prescribed by the Code of Audit Practice**

In our opinion:

- the parts of the Remuneration and Staff Report subject to audit have been properly prepared in accordance with the requirements of the NHS Foundation Trust Annual Reporting Manual 2020/21; and
- the other information published together with the audited financial statements in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception under the Code of Audit Practice**

We are required to report to you if:

- in our opinion the Annual Governance Statement does not comply with the NHS Foundation Trust Annual Reporting Manual 2020/21; or
- the Annual Governance Statement is misleading or is not consistent with our knowledge of the Trust and other information of which we are aware from our audit of the financial statements; or
- we refer a matter to the regulator under Schedule 10(6) of the National Health Service Act 2006; or
- we issue a report in the public interest under Schedule 10(3) of the National Health Service Act 2006.

We have nothing to report in respect of these matters.

## **Use of the audit report**

This report is made solely to the Council of Governors of Cumbria, Northumberland, Tyne and Wear NHS Foundation NHS Foundation Trust as a body in accordance with Schedule 10(4) of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Council of Governors of the Trust those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors of the Trust as a body for our audit work, for this report, or for the opinions we have formed.

## Delay of certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have issued our Annual Auditors Report on the Trust's arrangements to secure value for money. We are satisfied that this does not have a material effect on the financial statements or on our conclusion on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources.



Mark Kirkham (Jun 14, 2021 16:34 GMT+1)

Mark Kirkham, Partner  
For and on behalf of Mazars LLP

The Corner  
Bank Chambers  
26 Mosley Street  
Newcastle upon Tyne  
NE1 1DF

14 June 2021

# Audit Completion Certificate issued to the Council of Governors of Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust for the year ended 31 March 2021

In our auditor's report dated 14 June 2021, we explained that the audit could not be formally concluded until we had completed the work necessary to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

This work has now been completed.

No matters have come to our attention since 14 June 2021 that would have a material impact on the financial statements on which we gave our unqualified opinion.

## **The Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources**

We are required to report to you if, in our opinion, we are not satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have nothing to report in this respect.

## **Certificate**

We certify that we have completed the audit of Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust in accordance with the requirements of chapter 5 of part 2 of the National Health Service Act 2006 and the Code of Audit Practice.



Mark Kirkham, Partner  
For and on behalf of Mazars LLP

The Corner  
Bank Chambers  
26 Mosley Street  
Newcastle upon Tyne  
NE1 1DF

28 July 2021



