



South Tees Hospitals
NHS Foundation Trust

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Annual Report and Accounts

1 April 2017 to 31 March 2018

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Quality report 2017/18

Annual accounts

for the period 1 April 2017 to 31 March 2018



1 Performance Report

The purpose of the performance report is to provide an overview of South Tees Hospitals NHS Foundation Trust (the Trust), its purpose and a glimpse of its history. The Chief Executive's and Chairman's perspective is included together with the key issues and associated risks to the delivery of our objectives.



Introduction to South Tees Hospitals NHS Foundation Trust

South Tees Hospitals NHS Foundation Trust is a statutory body which became a public benefit corporation on 1 April 1992. We are the largest hospital Trust in the Tees Valley and our core purpose is to provide acute and community services with the highest quality of patient care and experience.

Our Trust is one of the largest employers in the Tees Valley. We have a total of 989 beds provided from the James Cook University Hospital in Middlesbrough and the Friarage Hospital in Northallerton with over 1.5m patient contacts per year. We are a Major Trauma Centre, Regional Cancer Centre and a Tertiary Centre with particular expertise in heart and lung disease, neurosciences, children's and maternity services, renal medicine, cancer services and spinal injuries.

We are registered with the Care Quality Commission with our last inspection providing a 'Good' rating.

We are committed to providing patients with the very best care across all of our services.

In addition, we provide care in our local communities and in people's homes including community and district nursing and services from the following hospital sites:

- Redcar Primary Care Hospital;
- East Cleveland Primary Care Hospital in Brotton;
- Friary Community Hospital in Richmond.

We are recognised as one of the best performing and most innovative organisations in the NHS. We are a major employer within our local area and a key system leader within the health and social care system that serves our communities.

Our Trust is a leading partner in the Academic Health Science Network (AHSN) for the North East and North Cumbria, which aims to recognise the brilliant ideas originating from the region's health service, turning them into treatments, accessible technologies and medicines, and the Clinical Research Network North East and North Cumbria.

We recognise that patient experience is a fundamental component of quality healthcare, with our aim to provide the best possible care for each and every one of our patients.

We expect at all times that all of our patients will be listened to and treated with honesty, dignity and respect. We appreciate that patients and their families are the experts in terms of their experience of our care, and we aim to listen closely to what they have to tell us to enable our services to meet their current and future needs.

Overview by the Chairman and Chief Executive

We are delighted to present this report which gives us the opportunity to highlight some of our key achievements made with our services and improvements to care and outcomes throughout the year. It provides a fair review of our business including a balanced comprehensive analysis of developments and operational and financial performance.

In 2016/17, the Trust was rated by the Care Quality Commission as 'Good' with two areas of outstanding practice highlighted which included: Nursing for End of Life care; and the Trust's development of a detailed programme around the patient flow in and out of the hospital to reduce unnecessary admissions and help to support patients being seen closer to home in a more appropriate facility. Over the last 12 months we have continued to make significant improvements in our delivery of patient care with the support of our operational and financial performance.

The Trust has made significant improvements with regards to Board governance and clostridium difficile during the year. In October 2017, NHS Improvement issued a compliance certificate against the Trust's licence for Board governance and clostridium difficile.

2017/18 nationally was one of major financial deficit for many NHS organisations which was accompanied by unprecedented levels of demand for services.

2017/18 was also the fourth year of our Trust recovery in which we delivered further cost reductions of £15.9m.

Over the last 12 months, we have made significant improvements in our operational performance which were supported and managed alongside an extremely challenging financial climate. We delivered £15.9m of efficiencies, a significant proportion being re-current and with a full year effect of £19.3m, against the target £30.2m set in the recovery plan.

At the year-end, the Trust reported a £9.4million deficit. The Trust is planning to break even and return to balance to deliver a surplus control total of £3.8m in 2018/2019.

Although the Trust delivered circa £90m productivity savings over the last three years we remain focussed on improving our patient outcomes and experience but also our financial sustainability. In order to deliver our 2018/19 control total target of £26.8m this will require us to deliver a further £26.8m of productivity gains during 2018/19.

In terms of our performance against the four hour Accident and Emergency standard, we are ranked as one of the top performing Trusts in the country. We have returned to compliance against the 62 day cancer target, achieved all other cancer targets and significant progress was made to reduce clostridium difficile infection across the Trust with 48 trust attributed cases against an upper threshold of 55.

Research is an important element of the Trust's business and is key to ensuring that the care the Trust provides is keeping pace with developments in practice and technological advancements. In 2017/18, we noted an increase in the number of patients enrolling in research trials which included:

- 3758 patients recruited into clinical research trials, a 9% increase on performance in 2016/17 and the Trust's highest ever recruitment, ranking 3rd in North East and North Cumbria and in the top 10% of NHS Trusts.
- Recruited to 202 different clinical trials, ranking 2nd in Region and in the top 5% of NHS Trusts.

Throughout 2017/18 the Trust has used its Assurance Framework to ensure risks to the delivery of our principle objectives were identified, controls and assurances were assessed, and action plans were delivered and implemented as appropriate. This system of oversight of significant risks is maintained by the Board of Directors, Centre and divisional leaders to ensure actions are prioritised.

We employ around 9000 staff, one third of whom are qualified nurses which equates to 62% of our overall pay expenditure. Our workforce is our greatest asset and is clearly a key contributor to the Trust's achievements in that they consistently deliver

a high quality service and patient centred care to the population we serve. During the year we were very pleased to see an improvement in our Annual Staff Survey with six out of nine areas improved in comparison to the previous year. These included:

- Patient care and experience;
- Appraisals and support for development;
- Health and well-being;
- Working patterns;
- Job satisfaction;
- Managers.

Our award-winning teams continue to provide first class treatment. In 2017/18, our teams delivered real success and achievements...

Work starts on cancer centre

Building work started on The Sir Robert Ogden Macmillan Centre at the Friarage. Developed in partnership with Macmillan, Sir Robert and Lady Ogden and Interserve which is the main building contractor engaged by the Trust. The centre demonstrates the Trust's long-term commitment to delivering clinically safe and sustainable services to the people of Hambleton, Richmondshire, Whitby and the surrounding area.

No Delays in 7 Days

We held our first No Delays in 7 Days week in October 2017. The week-long campaign invited staff to try out new ways of working to improve patient flow and patient care. Ward liaison officers collected data to identify any potential delays and any issues that could not be resolved at ward level were escalated to the project's command and control centre. Success stories included heart patients benefitting from an enhanced recovery after surgery pathway and the use of criteria led discharge which empowered nurses to discharge patients.



Building a Sustainable Future for the Friarage

More than 1,500 people shared their views on the future of the Friarage Hospital as part of our engagement programme. During an 11-week period, around 500 people attended public events, more than 900 completed surveys and feedback cards, over 70 staff joined in discussions and feedback was collected from social media posts, MP letters and more than 40 stakeholder meetings.





Heart team celebrates 500th TAVI patient

Patient notes start to go digital

We introduced a new electronic document management system across all wards at James Cook and the Friarage Hospitals. Children's services were first to benefit from the digital software, piloting the new digital e-forms from September 2017. The Evolve Clinical Noting system is planned to eventually replace all healthcare records at the Trust. Clinicians will still have access to past paper records, but any new information is planned to go into the electronic system so clinicians can securely access it instantly from any NHS site.

Transcatheter Aortic Valve Implantation (TAVI) is an advanced procedure in which a team of specially trained consultants replace a narrowed heart valve without the need for open heart surgery. TAVI was first introduced in the Trust in 2009 when patients required a general anaesthetic and a hospital stay of between three to five days

recovering on the ward. Eight years on, patients can now attend on the day, mostly only requiring a local anaesthetic which speeds up recovery and reduces complications with around 60% of TAVI patients discharged the following next day.

Hospitals among first to offer hydrotherapy rehab for lung problems

Teesside patients with long term lung conditions can now benefit from a specialist hydrotherapy rehabilitation programme – believed to be one of the first in the UK. The water-based sessions at James Cook University Hospital and Redcar Hospital are designed for respiratory patients with conditions such as COPD (chronic obstructive pulmonary disease) who require rehabilitation but struggle with gym-based exercises because of joint problems. The aim is that patients can then go on to join local gyms and swimming pools with the confidence to continue exercising independently.



UK first as hospital offers residential course for wannabe doctors

James Cook University Hospital became the first hospital in the UK to host a residential course for future doctors from low-income backgrounds. The week-long programme featured live theatre lectures, practical workshops and the chance to speak to consultants from a range of specialties in a unique “speed dating” event.

The “I Want to Be a Doctor” course was organised by the Trust in partnership with the Social Mobility Foundation to support high achieving students from low-income backgrounds.



Trust builds on research success

Clinicians led a pioneering trial which could, ultimately, be used as a first line to detect osteoporosis. In partnership with IBEX Innovations Limited, £1.6million was secured from the European Union's Horizon 2020 Research and Innovation Programme to investigate the effectiveness of their equipment, which can pick up bone density information alongside conventional X-ray images. The Sedgefield

Company worked in collaboration with Professor Amar Rangan, an orthopaedic surgeon at James Cook University Hospital and the Friarage Hospital, to turn their draft protocol into the two-year grant-funded clinical trial.

New-look X-ray department opens at The Friary

A new-look radiology unit officially opened its doors at The Friary Community Hospital in Richmond. The Friends of The Friary Community Hospital donated £170,000 to fund new, state-of-the-art X-ray equipment at the community hospital, which provides instant digital results, and will ensure thousands of patients a year can continue to benefit from this crucial diagnostic service closer to their homes.



New safety alerts launched

Safety@SouthTees was launched in June 2017 with the aim of making alerts, updates and learning more accessible to all Trust staff. The joint safety and communications initiative highlights the importance of recognising, reporting and investigating when things go wrong and focuses on sharing lessons learned to optimise patient and staff safety.





Trust signs smokefree pledge

The Trust signed a national pledge to go smokefree by March 2019. While the Trust's hospital sites are already designated as no smoking areas, this sees the public health campaign notch up another step as we committed to: routinely offer smoking cessation advice to patients in all clinical areas and Nicotine Replacement Therapy (NRT) to all inpatients, systematically record the smoking status of all patients, with an opt-out approach to referrals for specialist advice and support, provide smoking cessation training for staff, provide improved stop smoking support for staff, ensure NRT is easily accessible via onsite or nearby pharmacies and promote smokefree entrances and exits across all hospital sites.



Hip fracture project aims to save 100 lives

The Trust teamed up with five other NHS Trusts for an ambitious two-year project aimed at improving the care of hip fracture patients and decreasing mortality rates. The HIP QIP Scaling Up improvement programme is being led by Northumbria Healthcare in partnership with the British Orthopaedic Association (BOA). The programme provides the opportunity to further enhance services and share best practice. Thanks to funding from the programme, Ward 34 at James Cook University Hospital has recruited a Nutritional Assistant to help increase nutritional support to patients following surgery.

UK first for cancer patient

A County Durham woman who had been battling with ovarian cancer for more than five years, became the first in the UK to benefit from a new drug to prevent a recurrence of the disease. Dr Talal Mansy, a consultant medical oncologist, was able to secure the drug,

Niraparib, for the patient through an application to a special 'Early Access Program' that has seen her become the first UK patient outside of clinical trials to use it.





Research study named Healthcare Project of the Year

We won the Bionow Healthcare Project of the Year Award for our work on a clinical research study which is helping to speed up ankle surgery. Every year up to 200 people undergo ankle fracture surgery at James Cook University Hospital. For some this can mean spending up to a week in a hospital bed waiting for the swelling to reduce to a level on which surgeons can operate. But now a neuromuscular electro-stimulation device known as a geko™ is being

used to help reduce the swelling to get people into the operating theatre quicker. The device is more commonly used to help prevent DVT (deep vein thrombosis), but experts at James Cook University Hospital recognised that it could potentially benefit trauma patients so they teamed up with manufacturers Sky Medical Technology to trial the idea. The study demonstrated a two day improvement (on average) in readiness for theatre in patients who used the geko™ device.

Thank you South Cleveland Heart Fund!

The Trust said a special “thank you” to South Cleveland Heart Fund following the charity’s successful £1m appeal which helped upgrade MRI scanners at James Cook University Hospital. Last year, as a result of their fundraising efforts, the charity signed a cheque for £450,000 to upgrade an existing cardiac scanner so that it now produces top level imaging, enabling cardiac consultants across North and South Tees to carry out a full Cardiovascular Magnetic Resonance (CMR) imaging service for patients. The remainder of the £1 million was invested in the installation of a brand new high-powered 3T Scanner, freeing up scanning time to enable an extended cardiothoracic service to patients on the newly upgraded machine.



Hospital first in UK to implant new device for cluster headaches

James Cook University Hospital became the first in the UK to use a new implantable device for patients who suffer from cluster headaches. The AnkerStim® head and neurostimulation system applies mild electrical stimulation to the nerves via wires implanted under the skin, near the occipital nerves at the base of the head. The therapy itself is not new, but it often came with serious complications, such as the wire being prone to breaking or moving out of place. The new leading-edge device is designed to reduce these complications, enhancing patient comfort and reducing the number of operations patients have to undergo.

One-stop health shop to prepare for surgery

A comprehensive health and wellbeing programme for patients became a reality thanks to a £75,000 grant from the Health Foundation. The PREPWELL programme was launched at Middlesbrough's Live Well Centre thanks to a unique partnership between the Trust, Public Health (Middlesbrough and Redcar and Cleveland) and South Tees Clinical Commissioning Group, who all contributed additional funds to the project. Believed to be the first collaborative venture of its kind, a team of doctors, physiotherapists,

exercise scientists, public health specialists and Allied Healthcare Professionals are working together in a bid to improve patient health and wellbeing prior to surgery. The community-based programme enables patients to undertake pre-operative fitness training in addition to receiving other lifestyle support in a supervised environment for six weeks prior to surgery. All services are available in one facility which creates a one-stop environment to support patients.

**EXERCISE
WELL**



Hand surgery while you are awake

Trauma experts at the Trust are piloting a new hand block service which uses local anaesthetic to numb the nerves so patients can stay awake to watch their operation and chat to their consultant throughout the procedure. As patients do not have to be put to sleep there is less risk of nausea, vomiting and the complications associated with having a general anaesthetic. It also means patients can go home, and eat and drink, immediately afterwards.



Advanced eye scanner for the Friarage

Patients at the Friarage Hospital are benefitting from a new state-of-the-art eye scanner. The £153,000 Heidelberg machine, generously donated by the Friends of the Friarage, will speed up diagnosis and save patients having to travel to other hospitals. The leading-edge technology uses an imaging technique called optical coherence tomography to scan the back of the eye, producing highly detailed images that enable consultants to investigate different layers of the retina. Advanced features show up abnormalities that would not be visible to the naked eye and will help diagnose conditions such as age-related macular degeneration and diabetic eye problems at the earliest possible stage.



New MRI scanner opens at the Friarage

A new magnetic resonance imaging (MRI) scanner is now up and running at the Friarage Hospital. This is thanks to the phenomenal support of the people of North Yorkshire. The opening was a milestone for South Tees Hospitals Charity which launched a fundraising campaign to bring a scanner to the Northallerton hospital and has, to date, raised in excess of £1.6million. This included £500,000 pledged by the Friends of the Friarage.



100th patient recruited to PACE trial

The Trust reached an important milestone by recruiting its 100th patient to a leading-edge cancer trial. Two years ago the Trust became the first in the North of England to start recruiting patients to the Prostate Advances in Comparative Evidence (PACE) trial. The study is for men who have been diagnosed with organ confined prostate cancer, which means the cancer has not grown outside the prostate gland, and compares conventional radiotherapy or surgery with stereotactic radiotherapy where treatment is delivered over a much shorter period of time. We are currently one of the highest recruiters to the trial across the UK.

Cancer trial leads to practice changing results for NHS

Patient involvement in a pioneering cancer trial at the Trust led to practice changing results regarding how mesothelioma will be treated in the future. One of the tests for the disease involved putting a thin tube into the chest wall which the doctor can then look inside and remove samples or fluid. However, these procedures can cause cancerous skin lumps called nodules to develop. To try and stop these developing patients were often given a type of radiotherapy known as prophylactic irradiation

of tracts (PIT) on their chest wall. The purpose of the PIT study was to determine whether treating the wound from patients' mesothelioma tests with radiotherapy helped to prevent or delay small cancer growths developing in that area. In total, 17 patients from the Trust were involved in the trial with the result presented at the IASC World Conference on Lung Cancer in Yokohama, Japan, in October 2017.

England's top medic visits Trust

Sir Bruce Keogh, NHS England Medical Director Professor met with some of the Trust's senior leaders to find out more about the transformation work taking place across the organisation. Sir Bruce, who has been one of the leading drivers of change across the whole of the NHS over the last decade, attended a meeting of 140 clinicians and managers at James Cook University Hospital before meeting teams from several departments who had been instrumental in service change and innovation.



It has been a challenging year for the NHS and we have no doubt that the challenges will continue in the year ahead but we are confident we will continue to succeed with the commitment, hard work and support from our workforce which will help drive forward continuous improvements, building on our strong foundations to deliver excellent services for each and every one of our patients that we serve.

Signed:



Date: 24 May 2018

Siobhan McArdle

Chief Executive & Accounting Officer

Signed:



Date: 24 May 2018

Alan Downey

Chairman

OUR MISSION

The Trust's mission is to provide seamless, high quality, safe healthcare for all.

OUR VISION

Our vision is to be recognised nationally for excellence in quality, patient safety, patient experience, social engagement and continuous improvement.

OUR VALUES

Putting patients at the centre of everything we do;

Supporting, respecting and valuing each other;

Continuously improving quality;

Using our resources to the benefit of the wider community.

OUR STRATEGIC OBJECTIVES

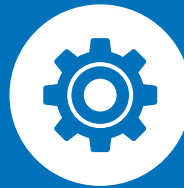
We have five strategic objectives to help us deliver our mission, vision and values which include:



We will deliver excellence in patient outcomes and experience



We will deliver excellence in employee experience to be seen as an employer of choice



We will drive operational performance to deliver responsive, cost effective care



We will deliver long-term financial sustainability to invest in our future



We will develop clinical and commercial strategies to ensure our long term sustainability

Performance Analysis

Delivery of our 2017/18 Annual Plan

The purpose of this strategic report is to help inform readers of the accounts to help them assess how well the directors have performed during 2017/18 to promote the success of our Trust.

We developed key objectives and key performance indicators (KPIs) to monitor delivery of five strategic objectives.

At every Board meeting strategic and operational progress is monitored through the use of Chief Executive's report and the Integrated Performance report. In addition there are detailed monthly reports that include finance and activity; cost improvement plans, safer staffing, and learning from deaths.

In 2017/18, the Trust's Annual Plan was communicated and understood at all levels throughout the Trust. Key objectives were agreed with each Centre and division.

This section of the report aims to provide a detailed analysis of performance in relation to each strategic priority, including achievements, challenges and mitigating actions taken.





We will deliver excellence in patient outcomes and experience

- 1.1 Delivering Safer Care
- 1.2 Improving Clinical Outcomes
- 1.3 Improving Patient Experience

Throughout the year we worked hard to deliver excellence in patient outcomes and experience with detailed evidence found within the Quality Report appended to this report.

A summary of patient outcomes and experience include:

- 15% reduction of hospital acquired staphylococcus aureus bacteraemia;
- Meeting the clostridium difficile target of less than 55 cases;
- A reduction in the incidences of delayed diagnosis with reports filed within 30 days;
- Achievement of Commissioning of Quality and Innovation (CQUIN) and best practice tariff;
- Improved the response rate when dealing with deteriorating patients through the SafeCare project;
- Implemented the Learning from Deaths Policy with progress monitored via the Mortality Sub-group and the Board;
- Improved patient experience on in-patient wards;
- Improved the response rate and quality to complaints.

National Inpatient Survey Results

The Trust has seen the results of its 14th survey of adult inpatients in 2017. The survey was sent to 1,250 patients who had an overnight inpatient stay. The final report was published in May 2017 and the Trust was not identified as worse than any other Trust in any questions but we were acknowledged as being better than most Trusts for the following question:

- After you used the call bell, how long did it usually take before you got help?



Patient feedback and complaints process

Each and every patient, relative, carer feedback or complaint we receive we are committed to responding with the aim of improving our services and sharing of best practice. We have a Patient Advisory Liaison Service (PALS) which provides an accessible service and handles all feedback including complaints and concerns sensitively. In 2017/18 we received the following number of compliments, PALS contacts and complaints:



Further details on the Trust's compliments, PALS contacts and complaints can be found within the Quality Report.

Using patient and carer views to improve our services – 1,000 Voices

In January 2017, the Trust launched our '1000 voices' project to ensure that patient experience and feedback are at the heart of service development and quality improvement.

This was a collaborative project with Northumbria NHS Foundation Trust to ensure we get real time feedback from patients in receipt of care as well as whole-pathway feedback from patients who have been discharged.

Patient experience facilitators have continued to visit inpatient wards across all South Tees sites on a two weekly basis interviewing a minimum of eight patients per ward.

Our organisation is also collating feedback from patients two weeks after discharge as research has shown that when patients return home they reflect on their care differently to when they were still in hospital.

We have continued to embed the 1000 voices work throughout the year by engaging with Healthwatch, primary care and other partner organisations to share patient feedback and use it to inform service improvement.



Patient Care Environment

Patient-led Assessment of Care Environment (PLACE) puts patients views at the centre of the process with assessments carried out throughout our premises covering: privacy and dignity; cleanliness; general building maintenance; food and dementia. We then identify how well we are doing through the evaluation of these assessments and compare ourselves against other hospitals nationally. The Trust's performance against the national average can be found in the table.

| | Overall Trust score (2017/18) | Overall Trust score (2016/17) | National average (2017/18) | National average (2016/17) |
|---------------------------------------|-------------------------------|-------------------------------|----------------------------|----------------------------|
| Cleanliness | 99.21% | 98.93% | 98.38% | 98.10% |
| Condition, appearance and maintenance | 96.51% | 96.12% | 94.02% | 93.40% |
| Privacy, dignity and wellbeing | 86.70% | 83.23% | 83.68% | 84.20% |
| Food and hydration | 91.96% | 90.90% | 89.68% | 88.20% |
| Organisation food | 94.29% | 91.41% | 88.80% | 87% |
| Ward food | 91.61% | 90.95% | 90.19% | 89% |
| Dementia | 85.01% | 79.95% | 76.71% | 75.30% |
| Disability | 86.31% | 86.01% | 82.56% | 78.80% |

Cyber Security

The Trust was not directly affected by the global cyber-attack on 12 May 2017. We put in place precautionary actions following this incident to safeguard our infrastructure and we continue to work on strengthening our longer term resilience plans to minimise future risk to cyber-attacks.

Health and safety

Health and safety is integral to everything that we do. We have in place a defined health and safety management and leadership structure with great emphasis on proactive health and safety management which is clearly explained within the Health and Safety Policy.



We will deliver excellence in employee experience to be seen as an employer of choice

2.1 Identifying and Attracting the Right Workforce

2.2 Engaging and Retaining People

2.3 Rewarding and Recognising High Performance

2.4 Developing and Delivering Our Workforce of the Future

We take employee experience seriously and have worked to be seen as an employer of choice throughout the year which has included:

- Workforce plans in place to address current and future professional and location needs which are monitored by the Workforce Assurance Committee;
- Pay spend matches planned budgets;
- Turnover of staff managed via retention plans for all staff groups;
- Agency staff levels and pay consistently maintained within NHS Improvement's target.
- Mandatory training and appraisals targets closely monitored against action plans;
- Health and wellbeing of staff plans launched at Strategic Dialogue Day;
- Successful delivery of medical and nursing revalidation.



We will drive operational performance to deliver responsive, cost effective care

3.1 Delivering operational excellence

We measure performance according to the delivery of objectives which are aligned in our Annual Plan which sets the vision for the year and the key objectives that we are committed to. Each year our Annual Plan is split between three core areas of: quality, operations (including workforce) and finance. During 2017/18 our four priority areas 'must dos' for the Trust to deliver included:

- Clostridium difficile objective;
- Cancer 62 day wait for first treatment from urgent referral;
- 18 week referral to treatment time;
- 4 hour maximum wait in Accident and Emergency from arrival to admission, transfer or discharge.

Our performance against these key healthcare targets is listed below:

| | 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 17/18 Target |
|-----------------------------------------------------------------------------|--------|--------|--------|--------|--------|--------------|
| Safety | | | | | | |
| Clostridium (c.) difficile – meeting the C.difficile objective | 57 | 76 | 61 | 43 | 48 | 35 |
| All cancers: 62 day wait for first treatment from : | | | | | | |
| Urgent GP referral for suspected cancer | 84.70% | 85.30% | 79.10% | 81.10% | 85.44% | 85% |
| NHS Cancer Screening Service Referral | 94.80% | 92.60% | 89.80% | 89.00% | 94.55% | 90% |
| 18 weeks referral to treatment time (RTT) | | | | | | |
| Incomplete pathways | 95.20% | 95.70% | 93.20% | 92.20% | 91.45% | 92% |
| Accident & Emergency | | | | | | |
| 4 hour maximum wait in A&E from arrival to admission, transfer or discharge | 96.70% | 94.90% | 95.80% | 95.33% | 95.68% | 95% |



Clostridium difficile

Significant progress was made to reduce clostridium difficile infection across the Trust in 2017/18, with 48 trust attributed cases against an upper threshold of 55.

We have a detailed action plan in place which is shared with NHS Improvement and a range of initiatives have been introduced to improve our performance against healthcare associated infections. Further details are provided within the Quality Report.

Cancer (62 day wait)

Our overall compliance was 94.55% against a 90% target. We continued to hold weekly performance meetings with service managers and relevant clinical and support staff to look at the full patient pathway.

18 week referral to treatment

We are committed to improving length of stay reducing delayed transfer of care and reducing the number of stranded patients in our organisation.

4 hour maximum wait in Accident and Emergency

In terms of our performance against the four hour Accident and Emergency standard. We successfully achieved this 95% target and are ranked as one of the top performing Trusts in the country.

Winter Planning

Effective winter planning and surge management remained a key priority during the year. The Trust has in place a rehearsed winter and surge plan which is tested year on year with unexpected challenges which the Trust reflects upon to develop future plans whilst working collaboratively with its commissioners and key stakeholders.

The Trust is required to report to its regulator each year on its winter plans with a national drive to ensure additional assurance in the system for emergency departments and system resilience with Accident and Emergency Delivery Boards having responsibility for co-ordinating capacity and operational plans across the health and social care system.



We will deliver long-term sustainability to invest in our future

- 4.1 Restructure Debt
- 4.2 Deliver Operational Financial Performance
- 4.3 Maintain Statutory Compliance

Our financial challenge for 2017/2018 was to deliver £590.7m of income within a cost budget of £564.1m, giving the organisation a 'profit' (EBITDA) of £26.6m, whilst achieving our control total target of £7.4m which was set by our regulator.

Our key financial achievements included:

The Trust posted a £6.2 million underlying deficit, excluding impairments, donations towards capital expenditure and depreciation on donated assets and CQUIN risk reserves. The Trust's deficit, as reported in the accounts, amounted to £9.4m including impairments, donations and depreciation on donated assets and CQUIN risk reserves. On a Group basis the underlying deficit was £6.4m and the actual deficit was £9.6m

As part of this position the Trust received Sustainability and Transformation Incentive funding amounting to £3.8m at the end of the financial year. This additional funding was awarded as a result of the Trust achieving the control total forecast reported to NHS Improvement in January 2018.

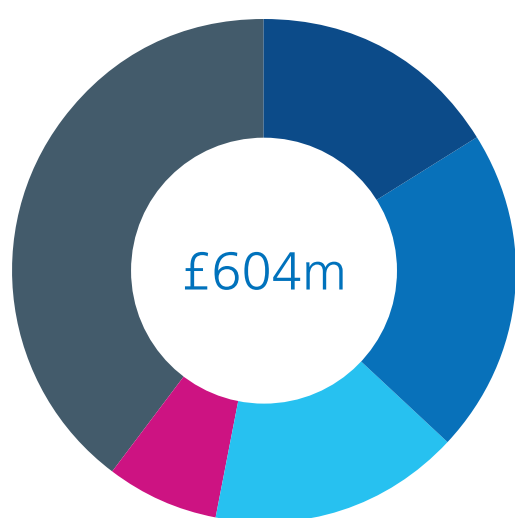
The table below provides a summary of the Trust's Statement of Comprehensive Income performance:

| Trust only | Plan £m | Actual £m | Variance £m |
|-------------------------------------------------|----------------|----------------|----------------|
| Clinical income | 533.9 | 547.6 | 13.7 |
| Non-clinical income | 43.6 | 43.6 | 0.0 |
| Transition support | 13.2 | 12.3 | (0.9) |
| Total income | 590.7 | 603.5 | 12.8 |
| Pay spend | (346.7) | (356.9) | (10.2) |
| Non-pay spend | (217.4) | (236.5) | (19.1) |
| Total spend before dividend and interest | (564.1) | (593.4) | (29.3) |
| Operating surplus/(deficit) | 26.6 | (10.1) | (16.5) |
| Loss on sale of assets | (0.1) | (0.5) | (0.4) |
| Dividend, interest and finance costs | (19.1) | (19.0) | (0.1) |
| Surplus/(deficit) for the year | 7.5 | (9.4) | (16.8) |



The following tables provide a breakdown of the sources of income the Group has generated and where the money has been spent:

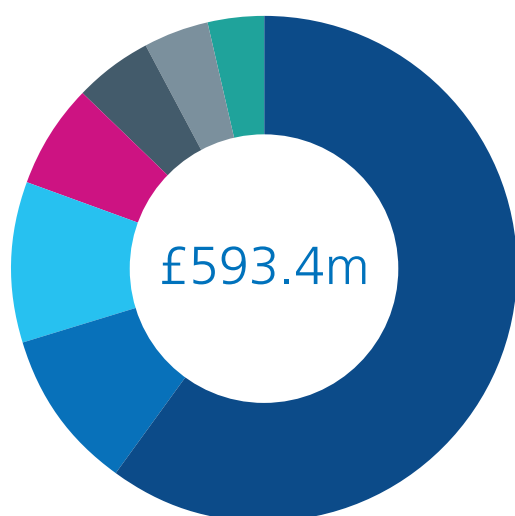
Analysis of Trust income



| | £m |
|-------------------------------|--------------|
| Elective patient activity | 98.8 |
| Non-elective patient activity | 126.0 |
| Outpatient and A&E | 96.2 |
| Community Services | 43.1 |
| Other clinical income | 239.4 |
| Total | 603.5 |

The largest proportion of Group income is generated from patient related activities which represent 90% of total income. The majority of this is derived from contracts with the Group's clinical commissioners. Education and training income accounts for a further 2.5%.

Analysis of Trust expenditure



| | £m |
|------------------------------------------|--------------|
| Pay | 356.4 |
| Drugs | 61.9 |
| Other clinical supplies | 61.1 |
| Other | 38.7 |
| General supplies and services | 29.7 |
| Service element of the PFI | 24.7 |
| Depreciation amortisation and impairment | 20.9 |
| Total | 593.4 |

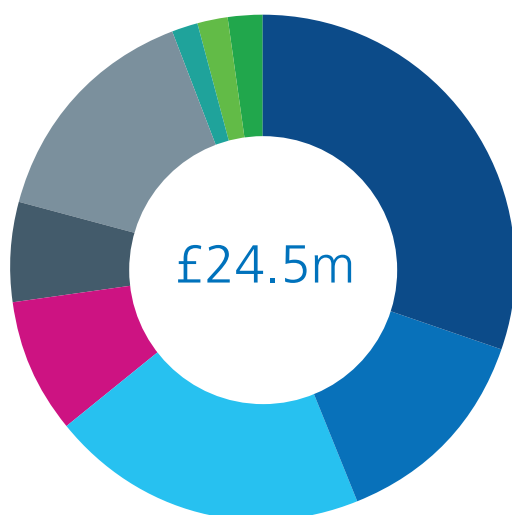
The largest proportion of the Trust's expenditure is spent on staff, accounting for 60% of operating expenses with both clinical supplies and drugs each accounting for a further 10%.



Capital Expenditure

The Trust has a rolling capital programme to maintain and develop its capital infrastructure. In 2017/18, the Trust invested £24.5 million of capital expenditure to enhance and expand the asset base. This included expenditure on the following schemes:

Analysis of Trust expenditure



| | £m |
|---------------------------|-------------|
| PFI lifecycle | 7.3 |
| Estates maintenance | 3.3 |
| Medical equipment | 4.9 |
| Radiotherapy development | 2.1 |
| IT infrastructure | 1.5 |
| Cancer Centre development | 3.6 |
| Cyber resilience | 0.4 |
| Primary care streaming | 0.9 |
| Other | 0.5 |
| Total | 24.5 |

The programme of capital expenditure was mainly funded by depreciation. The Radiotherapy development, Primary Care and Cyber resilience was funded by Department of Health Public Dividend Capital money and the Cancer Centre development was funded by contributions from Macmillan.

The Trust plans to continue to invest in new assets in 2018/19 including:

- Continued development in the Cancer Centre on the Friarage Hospital site;
- Investment in a new Energy Centre on the James Cook University Hospital site; and
- Development of the estate including replacement of medical equipment and IT upgrades.

Liquid Assets

Cash holdings amounted to £8.2million at 31 March 2018. The increase from last year has been held to cover commitments in April 2018.

Sustainability

We have a moral duty of care to ensure we function in the best interests of our local communities.

We have in place a Sustainable Development Management Plan (SDMP) which outlines how we legally maintain compliance, maintain the Trusts financial and economic resilience, and ensure we are adapting to social and environmental change.

Our aim is to become a better health care organisation for our patients; whilst enhancing the workplace for our staff, increasing business opportunities and reducing our carbon footprint all in the context of fulfilling our commitment to the NHS Standards Contract.



Sustainability means, among other things, spending public money well, smart and efficient use of natural resources and the building of healthy, resilient communities. By making the most of social, environmental and economic assets we can improve health in the immediate and long term even in the context of the rising cost of natural resources; by demonstrating that we consider social and environmental impacts, and ensuring that the legal requirements in the Public Services (Social Value) Act (2012) are met.

To fulfil our responsibilities we have the following mission statement:

South Tees Hospitals NHS Foundation Trust is one of the largest Trusts in the North of England and as such is one of the principal healthcare providers and employers. To that end it is imperative that the Trust accepts its responsibility towards the environmental impact it creates by reacting to climate change, and exploiting every opportunity to improve social, economic, and environmental sustainability. As a Trust we have a moral duty of care to ensure we function in the best interests of the local community and as so improve the health and wellbeing of all.

One of the ways in which we embed sustainability is through the use of our SDMP. The Board approved our SDMP and our plans for a sustainable future are well known across the Trust.

As a public sector body we acknowledge our responsibility towards creating a sustainable future, we help achieve that by delivering awareness campaigns to promote the benefits of sustainability to our staff, whilst seeking improvement. To demonstrate our commitment to the environment we achieved ISO 14001:2015 status in December 2017, we were the first NHS Trust in England to gain this accolade.

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

We have recently introduced an offensive waste stream which enables financial savings whilst achieving compliance with current legislation by segregating offensive waste (non-infected) from infectious waste. The benefits of this initiative are becoming evident with less waste needing to be incinerated which reduces our carbon footprint. In addition, more recycling opportunities are currently being introduced throughout our two acute hospital sites with the focus moving towards community areas.

Other Sustainability Initiatives

- **Reverse vending** – designed to compact empty 6 litre drums, utilised in renal services, endoscopy and pathology (in excess of 18,000 per year), by up to 50%, resulting in fewer collections by our waste contractor;
- **Recycling of theatre instrument sterile wraps** – these wraps contain polypropylene, of which the Trust currently uses 250,000 sheets per year;
- **Air conditioning timers** – used in non-clinical areas, the timers shut off air conditioning once a room is vacated.

Energy

Energy usage forms an important part of everyday life within the NHS. In line with our sustainability plan we are committed to reduce our energy usage and carbon emissions. Ongoing invest to save schemes are in place at the Friarage Hospital to replace conventional lighting with more efficient LED lighting complemented by automatic controls.

Plans are being investigated to replace the Energy Centre at James Cook University Hospital within the next two years to provide an innovative way to reduce our energy consumption and mitigate rises in costs due to government legislation.

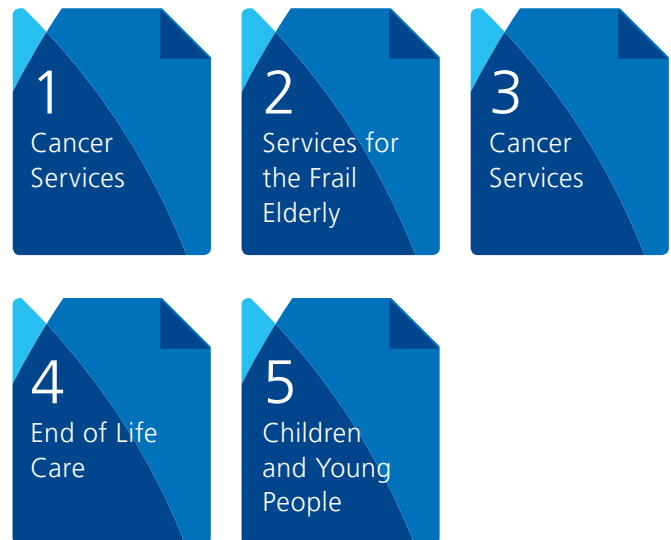


We will develop clinical and commercial strategies to ensure our long term sustainability

- 5.1 Engagement with the Integrated Care Systems (ICS)
- 5.2 Develop and Deliver Trust Wide Strategy
- 5.3 Develop and Deliver Centre Clinical Speciality Strategies
- 5.4 Develop Five Key Patient Pathway Strategies
- 5.5 Develop Enabling Strategies that Support and Deliver our Clinical Objectives and Patient Outcomes

The Trust continues to be an active partner in the development of the Integrated Care Systems (ICS) which were previously named Sustainability and Transformation Partnerships (STP) with the work ongoing with providers of health and social care; local commissioners; local authorities and specialist commissioners. This is also supported through the work of the Committee in Common to develop a blueprint for how local services across the Tees Valley will evolve and become sustainable by 2021. The Committee in Common continued to meet throughout the year with membership from South Tees Hospitals NHS Foundation Trust; County Durham and Darlington NHS Foundation Trust; and North Tees and Hartlepool NHS Foundation Trust Boards.

Throughout the year we developed five strategic plans to support our Centre's strategic objectives:





Sir Robert Ogden Cancer Centre

Work on our new multi-million pound cancer centre which will expand services at the Friarage Hospital in Northallerton has continued throughout the year.

The Centre will be called the Sir Robert Ogden Macmillan Centre after the North Yorkshire based philanthropist, who is jointly funding the project with Macmillan and the Trust.

This is Sir Robert Ogden's third similar project in partnership with the charity. Sir Robert and Lady Ogden have also contributed to the design process to realise their aim of creating a relaxing and comfortable environment for patients to help improve experience.

The scheme will provide the latest treatment creating a state-of-the-art facility for patients, carers and relatives from the North Yorkshire and South Tees areas including:

- A chemotherapy treatment lounge with capacity to treat up to 35 patients a day;
- Complementary therapy facilities;
- Treatment and consulting rooms;
- A Macmillan cancer information and support centre;
- Supporting accommodation (including telemedicine facilities).

Currently, the Friarage provides diagnostic cancer services for lung, upper GI, urology, gynaeology, lower GI, breast and haematology as well as skin cancer and brain tumours. It is also a treatment unit for colorectal, haematology, breast and lung cancer.

This new facility is planned to open during 2018 and is the start of an exceptionally exciting time for the development of cancer services at the Friarage, which will help us to ensure the highest quality of care is provided for our patients in a dedicated environment.

Teaching and training

We continue to be the lead Trust for the Tees based unit of Newcastle University's regional medical school with our teachings involved in the development and delivery of the medical student programme and in 2017/2018.

Our hospital is one of the flagship centres for providing the Practical Assessment of Clinical Examination (PACES) exam, on behalf of the Membership of the Royal Colleges of Physicians of the United Kingdom MRCP (UK), and in the last three years, the number of candidates taking the exam has increased by as much as 50%.



Academia and Research

The Trust is a leading partner in the Academic Health Science Network (AHSN) for the North East and North Cumbria, which aims to recognise the brilliant ideas originating from the region's health service, turning them into treatments, accessible technologies and medicines.

We are also a partner of the Northern Health Science Alliance (NHSA) which links eight universities and eight NHS Teaching Trusts with the Academic Health Science Networks (AHSNs) covering a population of over 15million people.

The NHSA acts as a single portal bringing together research, health science innovation and commercialisation to provide benefits for researchers, universities, hospitals, patients as well as commercial partners, and is an excellent platform to promote the value of the North of England to the global Innovation, Health and Wealth agenda.

During the year we continued to review the structure of our Institute for Learning, Research and Innovation which brings together research, teaching, development, training and innovation facilities to ensure we continue to drive excellence in education and the continuous professional development of our people.

Our ambition is to grow our reputation as a leading regional and national provider of safe, innovative, high quality care which is underpinned by a research-led clinical evidence base and we have also taken into consideration how the organisation can position itself to take a lead role in the development of the Tees-wide Education, Research and Innovation strategies which will be required to enable the delivery of the proposed Integrated Care Systems.

A new leadership structure was introduced in 2016/17 to support the strategic development of our Medical Education, Research and Innovation agenda.

To support the delivery of our overarching Clinical Objectives and Patient Outcomes we also developed a number of enabling strategies such as the Nursing and Midwifery Strategy.



Trust charity

We would like to thank our volunteers, patients, carers, staff and local communities who, throughout the year, have organised fundraising events, given donations and their valuable spare time to help enhance the services and environments of the Trust.

All of these have made an invaluable contribution to help improve the services we provide.

South Tees Hospitals Charity Mission

“to enhance the care, treatment and environment of patients”

In summary the charity seeks to:

- Keep services of the Trust at the forefront, delivering the best possible care by purchasing state-of-the-art equipment;
- Create the best possible environments for patients and staff;
- Enhance our staff training to keep teams at the leading edge of medical advances;
- Grow the level of charitable giving to ensure that the work can continue by supporting staff and supporters in their fundraising activities.

During the financial year 2017/18 voluntary income from donations totalled £595,000 (£828,000 in 2016/2017) and bequests totalled £401,000 (£210,000 in 2016/2017). Investment income of £195,000 (£169,000 in 2016/2017) was received as well as income from charitable activities totalling £20,000 (£389,000 in 2016/2017). The significant drop in charitable activities was as a result of removing courses and conferences from the charity back to the Trust.

One of the primary functions of the charity is to ensure that donations are processed, acknowledged and spent in their intended areas. Overseeing 282 funds, the charity administered the spending of £1,962,000 to enhance patient care and the environment.

Having worked in partnership with the Friends of the Friarage to launch the Friarage Scanner Appeal in 2013, we are pleased to announce the service was opened in April 2017. Our charity would like to thank all those that contributed the total incoming resources of £1.746m needed to fund this brand new service.

In August 2017, the charity also opened the fundraising and information hub located at the centre of the James Cook University Hospital which was made possible by the generosity of Endeavour SCH plc. The hub is used to accept donations from the public, handle staff queries about their funds and promote initiatives and appeals.

In 2018/19, the charity will continue to streamline the total number of funds and processes around accepting and spending funds to maximise efficiencies.



Investments

There are no significant differences between the carrying amount and the market value of the Trust's investment holdings.

Insurance cover

The Trust has not arranged specific insurance to cover the risk of legal action against its directors over and above what is covered by the NHS Litigation Authority.

2017/18 Consultations

The Trust did not undertake any public consultations during 2017/18. We are committed to working in partnership with stakeholders within our health economy and the Board aims to work at creating and maintaining good relationships and recognises the importance of engagement.

During 2017/18, the Trust worked closely with its local commissioners, local authorities, local Trusts, local networks, Newcastle University, Teesside University and Durham University, the Health and Wellbeing Board, Overview and Scrutiny Committee as well as other partners to develop an integrated health service to meet the needs of the patients. In addition regular meetings have taken place with Members of Parliament who represent the Trust's catchment areas.

Overseas operations

The Trust has no overseas operational activity and has received no commercial income from overseas activity during the year.

Better Payment Practice Code

Unless other terms are agreed, we are required to pay our creditors within 30 days of the receipt of goods or a valid invoice, whichever is later. This is to ensure that we comply with the Better Payment Practice Code. The Trust's performance against this metric is shown as follows:

| Non NHS | NHS |
|-----------------------|-----------------------|
| Target: 95% | Target: 95% |
| Result by number: 27% | Result by number: 45% |
| Result by value: 50% | Result by value: 62% |



he relatively small number and high value of NHS invoices means that a small number of late paid NHS invoices can result in dramatic shifts in the percentage paid on time. A detailed breakdown of the figures is shown below:

| | 2017/18 | | 2016/17 | |
|-------------------------------------------------|---------|---------|---------|---------|
| | Number | £000 | Number | £000 |
| Total non NHS trade invoices paid in the year | 90,150 | 275,430 | 91,162 | 275,790 |
| Total non NHS trade invoices paid within target | 24,259 | 137,082 | 38,022 | 166,509 |
| % of non NHS trade invoices paid within target | 27% | 50% | 42% | 61% |
| Total NHS trade invoices paid in the year | 2,000 | 19,090 | 2,788 | 13,864 |
| Total NHS trade invoices paid within target | 904 | 11,910 | 1,253 | 3,397 |
| % of NHS trade invoices paid within target | 45% | 62% | 45% | 25% |

Interest paid under the Late Payment of Commercial Debts (Interest) Act 1998 amounted to £81,068.

Annual Accounts

A full set of accounts has been prepared on a going concern basis and will be submitted to Parliament with the Annual Report by 12 July 2018. The accounts included within the Annual Report were prepared under schedule 7 of the National Health Service Act 2006 (paragraphs 24 and 25) and in accordance with directions given by NHS Improvement.

For the purpose of the Annual Report, the Trust is referred to as a separate entity with the exception of any reference to Group information which includes South Tees Hospitals Charity and Associated Fund. The Trust formed the South Tees Institute of Learning, Research and Innovation Limited Liability Partnership and South Tees Healthcare Management Limited to oversee operations and the transaction of these companies have not been consolidated within the Accounts on the basis of materiality.

Performance Analysis

Strategic direction
(looking forward)

Looking ahead to 2018/19 we have developed an Annual Plan to build on our strategic objectives whilst incorporating the Five Year Forward View and NHS Mandate.

The Executive Directors have prepared the 2018/19 budget following robust analysis of the key operational priorities and risks.

Our budget planning assumptions included identifying additional savings opportunities whilst negotiating with NHS Improvement on the level of Control Total for 2018/19. Following this review the Chief Executive and the Executive Team identified productivity and efficiency initiatives (£26.8m net) to address the Trust's financial gap. These productivity and efficiency plans were presented and approved by the Finance and Investment Committee with the Board accepting the revised Control Total offer from NHS Improvement for 2018/19.

The Board prepared budgets on the basis of the delivery of financial targets to place the Trust on a sustainable financial footing whilst ensuring the delivery of associated operational performance targets.

At the same time as working hard to achieve financial stability, the Board will continue to focus on the quality of the services we deliver, on developing and retaining a high-quality workforce and on playing a leading role in the wider health and social care system to which we belong.

Quality continues to drive our strategy. Our Executive Medical Directors and Director of Nursing promote a quality-focused culture throughout the Trust. We have a bespoke approach to quality improvement, based on lean manufacturing techniques. We are driving standardisation through our operational processes and implementing new operating standards for all our clinical services, underpinned by clear and consistent performance and quality measures.

We recognise that our greatest asset is our staff: to deliver our strategic vision we will need a highly skilled, committed and engaged workforce who will fulfil our commitment to provide safe, compassionate, high quality care to our patients, their families and carers and to the whole community. Having analysed our workforce requirements in detail, we are implementing a workforce strategy which will ensure that our workforce meets all the key requirements, both locally and nationally.

We also recognise that we will not be truly successful if we focus solely on our own organisational performance. We are an important part of a wider health and social care economy. Our aim is not simply to collaborate actively with partner organisations, but to be a leader of system-wide change. We are therefore playing a key role in pushing for efficiency gains and quality improvements in a number of different forums, including the Integrated Care System for Cumbria and the North East.

Counter fraud

We have established an anti-fraud service which is provided by Audit One. Our local counter fraud service works in line with standards issued for providers by NHS Protect relating to fraud, bribery and corruption.

Audit One lead on delivering a proactive and reactive programme of work with the Counter Fraud team who prepare a risk based plan each year based on risks identified locally, nationally and those arising from the NHS Protect quality assessment process. Work completed by our Internal Audit team provides assurance over the key financial controls and highlights any areas where the Trust may be exposed to the risk of fraud.

Going concern

The Trust has prepared its 2017/18 Annual Accounts on a Going Concern basis. After making enquiries, the directors have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

The Trust's budget and expenditure plans have been prepared using national guidance on tariff and inflationary factors with income based on agreements with commissioners.

This plan reports a surplus control total of £3.8m in 2018/2019 (surplus from continuing operations excluding impairments and donations and depreciation on donated or grant funded assets). The equivalent surplus control requirement in 2017/2018 amounted to £7.4m.

We will require further borrowing during 2018/2019 amounting to £12.9m in interim revenue support and the Trust has facilities in place with the Department of Health. The Trust is planning to utilise the first drawdown of the facility amounting to £2.0m in June 2018. In total in 2017/2018, the Trust borrowed £50.5m from the Department of Health. This included £11.9m as interim capital support, £33.9m as interim revenue support and £4.7m as interim revolving working capital support. This borrowing provided funding towards operational performance, delivery of the 2017/2018 capital programme and Sustainability and Transformation Funding.

The Trust has set testing efficiency targets, including cost improvement plans amounting to £26.8m in 2018/2019. We believe that this forward plan provides a realistic assessment of the Trust's position. We continue to develop a wider programme for delivery of recurrent savings and drive benefits from transformational change under the leadership of the Chief Executive (who originally joined the Trust in May 2015 as the Director of Transformation).

The Trust does not have any evidence indicating that the going concern basis is not appropriate as the Trust has not been informed by NHS Improvement that there is any prospect of intervention or dissolution within the next 12 months. In terms of the sustainable provision of services, there has been no indication from the Department of Health that the Trust will not continue to be a going concern and the Trust has received support through the Department of Health in each year from 2014/2015 to 2017/2018. The Trust is currently in discussions with the Department of Health and NHS Improvement over the early drawdown of interim support in 2018/2019.

The Trust has been in discussions with the Department of Health and NHS Improvement over the early drawdown of interim support in 2018/2019 and this support was received in June 2018.

The operational stability of the Trust is dependent on achieving the 2018/2019 efficiency plan together with the on-going financial support of the Department of Health. We believe that this plan is challenging. Based on on-going discussions and past experience we are confident that the 2018/2019 support required will be made available.

The Trust has therefore concluded the while there are clear risks associated with these assumptions, these

risks are not considered to represent a fundamental threat to the continuity of services provided by the Trust and hence to its ability to continue to be a going concern.

At the year-end, the Group reported a £6.4 million deficit control total against the £7.4m Control Total Surplus (difference to £9.4m deficit reported in accounts equates to £7.6m impact from impairments, £3.8m income from charitable donations, in-year depreciation on donated assets of £1.1m and an adjustment for a CQUIN risk reserve of £1.6m). The Trust is planning to deliver a surplus control total of £3.8m in 2018/2019. The group actual reported deficit for the year was £9.6m and the Trust continues to provide monthly performance updates to NHS Improvement.

We recognise the significant financial challenges within the NHS, the local and national health economy and the risk that represents to our going concern statement. The Board remains sighted on these issues and has mechanisms in place to understand and mitigate these risks as far as practicably possible. These accounts have been prepared under direction issued by Monitor which is part of the National Health Service Act 2006 as amended by the Health and Social Care Act 2012 which can be found at section four of this report.

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





2 Accountability Report



Directors Report

It is the responsibility of the Directors of the Trust to prepare the Annual Report and Accounts. The Board of Directors considers that the Annual Report and Accounts taken as a whole are fair, balanced and understandable, providing the information necessary for the public, patients, regulators and other stakeholders to assess the Trust's performance, business model and strategy.

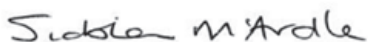
Every NHS Foundation Trust has its own governance structure. The basic governance structure of a NHS Foundation Trust includes:

- Membership;
- Council of Governors;
- Board of Directors.

This structure is well developed at the Trust, and can be found within the Trust's Constitution at: www.southtees.nhs.uk

South Tees Hospitals NHS Foundation Trust (STHFT) is headed by a Board of Directors with responsibility for the exercise of the powers and the performance of the NHS Foundation Trust. In addition to the basic governance structure, STHFT makes use of its Board Committees and Executive Groups which comprise of directors and senior managers as a practical way of dealing with specific issues.

Signed:



Date: 24 May 2018

[Siobhan McArdle](#)

Chief Executive & Accounting Officer

Signed:



Date: 24 May 2018

[Alan Downey](#)

Chairman

Foundation Trust Membership

We involve our Governors who represent the members from the Trust's constituent areas in developing our forward plans. By designing services and improving care it means the views of local people are being heard to improve the experience for patients, carers, visitors and staff.

On 1 April 1992 our original membership was established and since then we have strived to maintain and engage with our representative membership. In early 2018/19 we plan to establish a Membership Communication and Engagement Committee which will report directly to the Council of Governors and will be responsible for the Trust's Membership Communication and Engagement Strategy.

Most recently a Governor Task and Finish Group was established which reviewed the Trust's Constitution and made recommendations to the Council of Governors over changes to meet legal and regulatory requirements as well as changes to membership constituent areas.

Our membership consists of public and staff which are described in more detail below:

Public members

We have 4,808 public members covering Middlesbrough, Redcar and Cleveland, Hambleton and Richmondshire and the remainder of the United Kingdom.

A member of the public who is 16 years of age or over lives within the Trust's public constituent areas or who has been a patient and/or carer within the last 10 years can become a member of our Trust:

- Middlesbrough;
- Redcar and Cleveland;
- Hambleton and Richmondshire;
- Rest of England;
- Patient and/or Carer.

Staff members

Staff automatically become a member when joining the Trust on a contract of more than 12 months. This staff constituency also includes: Endeavour SCH Plc; Sovereign Hospital Services; Middlesbrough Council Hospital Social Work Team; and Cambridge Perfusion Services.

The tables below provide details of the Trust's membership:

| Constituency | Actual 31 March 2018 | Actual 31 March 2017 |
|--------------|----------------------|----------------------|
| Staff | 8,953 | 9,006 |

| Public Constituency | Actual 31 March 2018 | Actual 31 March 2017 |
|-----------------------------|----------------------|----------------------|
| Middlesbrough | 1,319 | 1,333 |
| Redcar and Cleveland | 1,333 | 1,359 |
| Hambleton and Richmondshire | 1,269 | 1,294 |
| Rest of England | 313 | 305 |
| Patient and/or Carers | 574 | 584 |

| Public membership | Number of members (31 March 2018) | Eligible membership |
|-------------------|-----------------------------------|---------------------|
| Age (years) | | |
| 16-21 | 29 | 25,427 |
| 22-65 | 2446 | 332,983 |
| 66+ | 2217 | 195,240 |
| Unknown | 196 | n/a |

We communicate and engage with our members, patients, carers and volunteers by a variety of ways, these include:

- Membership and Staff newsletter;
- STHFT website;
- Local media;
- Annual Members meetings.

As part of the work on-going across the Tees Valley area we will continue to work closely with our partnership organisations such as Middlesbrough Council, Redcar and Cleveland Council, North Yorkshire Council, South Tees CCG, Richmondshire and Whitby CCG, Durham University, Newcastle University, Teesside University, Healthwatch and many other organisations across the third sector.

Further information on membership or how to communicate with Governors can be found on our website: foundation.trust@nhs.net

Council of Governors

Our Council of Governors includes 33 seats; five represent Middlesbrough; five Redcar and Cleveland; five Hambleton and Richmondshire; one Rest of England; two Patient and/or Carers; three staff and 12 represent the views from our partner organisations.

The Council of Governors directly represents members of the public, staff, stakeholders and form an integral part of our governance structure.

The Council of Governors has a number of statutory duties. They appoint the Non-executive Directors including the Chairman to the Trust's Board of Directors. They also have a key role to hold Non-executive Directors individually and collectively to account for the performance of the Board whilst representing the interests of the Trust's members.

The Council of Governors collectively has responsibility to support the Trust when considering views of its members when developing forward plans and services. Our Governors were engaged with the formation of the Trust's operational plan for 2018/19 with some Governors forming part of the Friarage Hospital working group which is looking at the services provided at the Friarage Hospital.

Other statutory duties of the Council of Governors include:

- Appointment and removal of the Chairman and other Non-executive Directors;
- Approve the appointment of the Chief Executive;
- Decide and receive the remuneration of the Chairman and Non-executive Directors;
- Appointment and removal of the Trust's External Auditors;
- Receive the Trust's Annual Report and Annual Accounts;
- As necessary make recommendations and/or approve revisions to the Trust's Constitution.
- Approval of significant transactions;
- Approval of an application by the Foundation Trust to enter into a merger, acquisition, separation or dissolution;
- Review of the Trust's membership and engagement arrangements.

There were a number of changes to the Council of Governors during 2017/18 including elections that were held. Details of the composition and changes that occurred are described in the following table:

| Governor | Constituency | Term of Office | Number of Terms | Term due to end/ended | Council of Governor meeting attendance |
|-------------------------------|-----------------------------|----------------|-----------------|-----------------------|----------------------------------------|
| Public Elected Governors | | | | | |
| Rebecca Hodgson | Middlesbrough | 3 years | 1 | 30.11.19 | 6/10 |
| Alan Parton | Middlesbrough | 3 years | 2 | 31.03.18 | 10/10 |
| Geraldine Hart | Middlesbrough | 3 years | 1 | 31.03.18 | 7/10 |
| Carolyn Newton | Middlesbrough | 3 years | 2 | 30.11.19 | 10/10 |
| Ann Arundale | Middlesbrough | 3 years | 1 | 30.11.19 | 9/10 |
| William Davis | Redcar and Cleveland | 3 years | 3 | 31.03.18 | 7/10 |
| John Race | Redcar and Cleveland | 3 years | 2 | 31.03.18 | 6/10 |
| Judette Fletcher ¹ | Redcar and Cleveland | 3 years | 1 | 05.02.18 | 4/10 |
| Allan Jackson | Redcar and Cleveland | 3 years | 1 | 31.03.18 | 6/10 |
| David Wood ² | Redcar and Cleveland | 3 years | 1 | 24.04.17 | 0/10 |
| Plym Auty | Hambleton and Richmondshire | 3 years | 2 | 31.03.18 | 10/10 |
| Noel Beal | Hambleton and Richmondshire | 3 years | 2 | 31.03.18 | 10/10 |
| Janet Crampton | Hambleton and Richmondshire | 3 years | 1 | 31.11.19 | 6/10 |
| Graham Lane | Hambleton and Richmondshire | 3 years | 1 | 31.03.20 | 2/10 |
| Mike Holmes | Hambleton and Richmondshire | 3 years | 1 | 30.11.19 | 8/10 |
| Angela Seward | Rest of England | 3 years | 2 | 30.11.19 | 10/10 |
| Grant Reid | Patient and/or Carer | 3 years | 1 | 31.03.18 | 10/10 |
| Staff Elected Governors | | | | | |
| Stuart Finn | | 3 years | 1 | 31.03.19 | 6/10 |
| Jonathan Broughton | | 3 years | 2 | 31.03.19 | 6/10 |
| Dr Misra Bano-Mahroo | | 3 years | 1 | 10.08.20 | 6/6 |
| Michelle Payne ³ | | 3 years | 1 | 08.05.17 | 0/10 |

¹Judette Fletcher resigned 5 February 2018

²David Wood resigned 24 April 2017

³Michelle Payne resigned 8 May 2017

Appointed / Partnership Governors

| Governor | Partner Organisation | Date appointed | Council of Governor meeting attendance |
|-------------------------|-----------------------------------------|----------------|----------------------------------------|
| Abigail Barron | Hambleton, Richmondshire and Whitby CCG | March 2017 | 6/10 |
| Erik Scollay | Middlesbrough Council | January 2017 | 2/10 |
| Cllr Caroline Dickinson | North Yorkshire Council | July 2017 | 4/8 |
| Lynn Pallister | Redcar and Cleveland Council | October 2015 | 0/10 |
| Dr Adetayo Kasim | Durham University | April 2017 | 2/6 |
| Dr Stephen Jones | Newcastle University | January 2016 | 4/10 |
| Anne Binks | Teesside University | December 2015 | 3/10 |
| Dr Paul Crawshaw | Healthwatch | February 2015 | 0/10 |

Governor Elections

In August 2018, Dr Misra Bano-Mahroo was elected unopposed to the staff governor vacancy.

In March 2018, elections were held for public governor vacancies which included the following: two Middlesbrough constituency; two Hambleton and Richmondshire constituency; two Patient and/or Carer constituency; and five Redcar and Cleveland constituency. The outcome of elections is displayed in the table below:

Governor Election Results

| Constituency | Date of Election | Number of Nominations | Total Eligible to Vote | Turnout (%) |
|-----------------------------|------------------|-----------------------|------------------------|-------------|
| Hambleton and Richmondshire | 28.03.2018 | 397 | 1268 | 31.5% |
| Middlesbrough | 28.03.2018 | 206 | 1318 | 15.9% |
| Patient and/or Carer | 28.03.2018 | 85 | 573 | 15.4% |

- Jean Milburn and Alison Munkley were elected to the Middlesbrough constituency;
- Plym Auty was re-elected and David Hall was elected to the Hambleton and Richmondshire constituency;
- Philippa Larkin and Tink Wedgwood-Jones were elected to the Patient and/or Carer constituency;
- Susan Hutchinson, Barbara Hewitt, John Race, Alan Jackson were elected unopposed to the Redcar and Cleveland constituency.

Council of Governor Meetings

From 1 April 2017, the Council of Governors met on 10 occasions which included five meetings held in public and five meetings held in private:

- 9 May 2017
- 11 July 2017
- 10 October 2017
- 12 December 2017
- 13 March 2018

Following an internal election process Governors were invited to submit their interest for the Lead Governor position which resulted in Angela Seward being elected.

Council of Governor Committees

The Council of Governors delegates some of its powers to Committees of Governors and these matters are described within the Trust's Constitution which includes the Nomination Committee.

Further details on the workings of the Nomination Committee can be found within the Remuneration Report.

The Council of Governors established other groups including the Annual Operating Plan Group, Independent Complaints Review Panel, the Constitution Working Group, Quality Account Group, Governors Friarage Working Group with representation on the Friarage Clinical Steering Group. They also participated in PLACE assessments, Governor Drop-in sessions across out-patient departments and 15 Steps patient safety walkabouts on hospital wards.

The Annual Operating Plan Group met to consider the Trust's Operational Plans and review the development of the 2018/19 Operational Plan prior to its approval by the Board and submission to the Trust's regulator, NHS Improvement.

Governor training and development

During the year Governors have been provided with access to a range of training and development opportunities to further support them in their role which include inductions, learning and educational sessions held prior to Council of Governor meetings.

There are a number of ways members of the Trust and members of the public can communicate with the Council of Governors:

Telephone: 01642 854151

Email: stees.foundation.trust@nhs.net

Membership Office

STHFT

The Murray Building

James Cook University Hospital

Marton Road, Middlesbrough TS4 3BW

Declaration of Interests of the Council of Governors

All Governors are required to comply with the Council of Governors Code of Conduct which includes a requirement to declare any interests that may result in a potential conflict of interest in their role as Governor of the Trust. At every meeting of the Council of Governors there is a standing agenda item which requires Governors to make known any interest in relation to agenda items and any changes to their declared interest.

The Register of Governor's interests is held by the Company Secretary and is available for public inspection via the following address:

Company Secretary

STHFT

The Murray Building

James Cook University Hospital

Marton Road, Middlesbrough TS4 3BW

Board of Directors

The Board of Directors operates to the highest corporate governance standards. It is a unitary Board with collective responsibility for all areas of performance of the Trust such as clinical, operational and financial performance, governance and management.

The Board is legally accountable for the services provided by the Trust and has the following key responsibilities:

- Setting the strategic direction of the Trust whilst taking into account the Council of Governors' views;
- Ensuring adequate systems and processes are in place to deliver the Trust's Annual Operational Plan;
- Ensuring that services provided are safe, clean, personal care for its patients;
- Ensuring robust governance systems and processes are in place that are supported by an effective assurance framework that supports sound systems of internal control;
- Ensuring rigorous performance management to ensure the Trust achieves local and national targets;
- Measuring and monitoring the Trust's efficiency and effectiveness;
- Continuous improvement;
- Exercising its powers established under statute, as described with the Trust's Constitution which is available at: www.southtees.nhs.uk

The Board of Directors has resolved that certain powers and decisions may only be exercised or made by the Board in formal session. It also resolved that some powers are delegated to a Committee of Directors. These powers and decisions for the Board and the Council of Governors are set out in the Standing Orders, Reservation of Powers to the Board and Scheme of Delegation.

Further details on the workings of the Statutory Board Committees (Remuneration Committee and Audit Committee) can be found within the Remuneration Report. In addition to the statutory Board Committees, the Trust has additional Executive Operational Groups which were reviewed as part of the independent Well-led review.

The Board ensures that the public interests of patients and the local community are represented by working groups in place within and outside of the Trust which is in addition to the Council of Governor Committee structure.

Board composition and balance

The Board is satisfied that it has the appropriate balance and knowledge, skills and experience to enable it to carry out its duties effectively. This is supported by the Council of Governors which takes into account the collective performance of the Board.

Board of Director Meetings

The Board held four of its meetings in public and resolved that due to the confidential nature of business to be discussed 10 of its meetings were held in private.

All Board members undergo annual performance appraisals. The Chairman carries out the Non-executive Director and Chief Executive's performance appraisals. The Senior Independent Director carries out the annual performance appraisal for the Chairman; she meets collectively with Governors, meets with the Non-executive Directors, and meets separately with the Chief Executive before completing the Chairman's appraisal process.

The collective performance of the Board is evaluated through discussions and evaluation at Board development sessions, through review of the Board Assurance Framework and through independent re-reviews such as the independent Well-led review of Board governance. The outcome of the re-review resulted in significant improvements made which is explained further within the Annual Governance Statement.

Board of Directors Profiles

Non-executive Directors



Mr Alan Downey

Chair Designate then Chairman

Alan began his career as a Civil Servant in 1981, gaining experience in a wide range of policy areas and working closely with Ministers. He left the Civil Service in 1989 to join KPMG as a management consultant and was promoted to partner in 1997. Over his 25 year career with KPMG he has held various Board level positions including Chief Operating Officer of the company's UK consulting business and Chair of public sector practice across Europe, the Middle East and Africa. Following his retirement from KPMG in June 2014 he commenced as a Non-executive Director at South London and Maudsley NHS Foundation Trust and the Charity Commission.

Appointed as Chair Designate from 1 January 2018

Appointed Chairman from 1 April 2018 for a three year term



Mrs Amanda Hullick

Deputy Chair and Acting Chair

Amanda commenced as a Non-executive Director at the Trust in September 2014 after an international career in human resources and organisational development. Amanda worked at a senior level in a number of major private companies including Shell, ICI and Rolls Royce. In the public sector Amanda worked for British Rail and was instrumental in the work carried out to privatise the national rail service. Amanda is Australian by birth, married with two children and lives in York.

Appointed 1 September 2014 for a three year term

Reappointed 1 September 2017 for a further three year term

Acting Chair from 14 December 2016 to 31 March 2018 to cover during the Chair's absence.



Mrs Maureen Rutter

Senior Independent Director

Maureen is a registered nurse with an MBA and post graduate qualifications in teaching and palliative care. Following working in the NHS for 25 years Maureen worked in the voluntary sector as a Director of Macmillan Cancer Support responsible for East Midlands and the North of England and later Direct Services UK wide. Maureen was an appointed Governor of the Trust prior to her becoming a Non-executive Director of the Trust.

Appointed 2 September 2013 for a three year term

Re-appointed 1 September 2016 for a further three year term

Acting Deputy Chair from 14 December 2016 to 31 March 2018

Non-executive Directors



Mr Richard Carter-Ferris

Non-executive Director

Richard is a Chartered Accountant and an experienced finance professional having worked at a senior level in a number of large businesses. Richard's previous roles included Director of Internal Audit at Asda Wal*Mart, Global Financial Controller for GE Plastics, Finance Director of National Express East Coast and Finance Director of Vantage Airport Group. He is a self-employed consultant providing financial and non-executive support to a range of clients.

Appointed 1 August 2015 for a three year term



David Heslop

Non-executive Director

David has decades of experience developed in the finance and insurance industry. David became Director for the Teacher's Pension Scheme at Capita in 2015. Prior to joining Capita, David was a Chief Operating Officer for the Pension Protection Fund and had a 20 year career at Aviva, one of the UK's largest insurance and savings groups. David read statistics at City University and is a Fellow of the Royal Statistic Society and the Institute of Actuaries.

Appointed 1 August 2015 for a three year term



Jake Tompkins

Non-executive Director

Jake has worked in the subsea construction industry for nearly 20 years, providing services internationally to major operators and contractors. In 2008 Jake established Darlington based Modus Seabed Intervention, now one of the subsea sectors leading providers of autonomous and remotely operated vehicle services. Jake has a particular focus on technology and innovation and is a Non-executive Director for a number of private, public and third sector organisations.

Appointed 1 December 2016 for a three year term

Non-executive Directors



Mike Ducker

Non-executive Director

Mike has over 30 years' experience in the petrochemicals manufacturing industry on Teesside with ICI, Huntsman and SABIC. Mike has worked across a broad range of functions from Operations to Human Resources within the Tees Valley, and spent 10 years as the Chairman of the SABIC UK Pension Fund. He is a Trustee of two UK charities, and an advisor to the UK Government on Chemicals Sector Resilience. Mike lives near Thirsk, North Yorkshire.

Appointed 1 February 2018 for a three year term



Mike Reynolds

Non-executive Director

Mike is a Chartered Accountant having qualifying whilst working for Arthur Anderson & Co after reading Mathematics at Bristol University. Mike spent the majority of his career in industry as a Chief Finance Officer and worked for many years at Cape PLC, a multi-national contracting business, to become their Group Finance Director. Since 2011 Mike has been running a nursing home group and has three nursing homes.

Appointed 1 August 2015 for a three year term; left the Trust on 31 August 2017



Hugh Lang

Non-executive Director

Hugh worked as Group Airports Director of Peel Airports Group before joining the Trust as a Non-executive Director. His interests include the region's long-term economic development and the key drivers required to deliver positive growth.

Appointed 10 January 2011

Re-appointed 10 January 2014

Final re-appointment 10 January 2017 for a one year term, left the Trust on 31 December 2017

Executive Directors



Siobhan McArdle

Chief Executive and Accountable Officer

Siobhan was previously the Trust's Director of Transformation from May 2015. Prior to that Siobhan worked as a supervising consultant with PwC having worked with a number of major national companies before setting up her own management consultancy in 1998. Since then Siobhan has worked nationally and internally on strategic reviews, performance improvement and transformational change for a number of high profile private companies, as well as NHS organisations in the North East.

Appointed Interim Chief Executive on 1 October 2015

Appointed Chief Executive on 1 April 2016



Adrian Clements

Deputy Chief Executive/ Medical Director for Urgent and Emergency Care

Adrian commenced as a Consultant in Accident and Emergency Medicine in March 2001 and has served as Clinical Director for nine years before commencing the role of Medical Director for Urgent and Emergency Care on 1 April 2016.

Appointed voting director on 1 April 2016

Commenced as Deputy Chief Executive on 1 December 2017



Gill Hunt

Director of Nursing

Gill has 30 years' experience in the NHS and has held a number of senior nursing and management posts in the region.

Appointed voting director as Director of Nursing on 26 November 2015

Executive Directors



David Chadwick

Medical Director for Planned Care

David has worked as a consultant urologist in the Trust for over 20 years and is the Clinical Lead for Prostate Cancer and Robotic Surgery. David's previous roles included Clinical Director of Urology and Chief of Service for the Surgical Services Centre.

Appointed voting director on 1 April 2016



Sath Nag

Medical Director for Community Care

Sath is a Consultant in Acute Medicine, Diabetes and Endocrinology. Sath has held previous posts of Deputy Medical Director and Clinical Director for the Diabetes and Endocrine Directorate.

Appointed voting director on 3 May 2016



Simon Kendall

Medical Director for Clinical Diagnostic and Support Services

Simon has been a Cardiothoracic Surgeon since 1994 and had previously held the positions of Chairman of the Senior Medical Staff Committee, and Clinical Director and Chief of Service. Nationally he is the Honorary Secretary for the Society for Cardiothoracic Surgery.

Appointed voting member on 1 April 2016 until the Board restructure on 31 December 2017.

Currently Non-voting member

Executive Directors



Mike Stewart

Medical Director for Specialist Care

Mike was Chief of Service for Cardiothoracic Services before taking on the role of Medical Director for Specialist Care following the Trust's organisational restructure in 2016.

Appointed voting member on 1 April 2016 until the 31 December 2017 following the Board restructure-



Ruth James

Director of Quality and Performance

Ruth trained as a biomedical scientist and was a laboratory manager for a number of years before moving onto a number of business and operational management roles within the NHS.

Appointed voting director on 23 February 2015 and stood down from the Board 31 December 2017, left the Trust on 31 March 2018



Rob Cooper

Interim Director of Finance

Rob is a qualified accountant and has worked to support organisations that require financial recovery and organisational transformation.

Appointed voting director 1 April 2017 until 30 September 2017



Steven Mason

Interim Director of Finance

Steven is a qualified Chartered Accountant and has 35 years' experience of working within the public sector, mainly including health and social care. Prior to joining the Trust Steven was Chief Executive and Director of Finance at Northumberland County Council. Steven formerly had been Chief Executive and Director of Finance at North Durham Hospital and Deputy Finance Director at the Royal Victoria Infirmary.

Appointed voting director from 1 October 2017

Board of Director Attendance

| Non executive Directors | | Board attendance 2017/18 |
|----------------------------|---------------------------------------------------------------------------|--------------------------|
| Amanda Hullick | Vice Chair/Non-executive Director (Acting Chair from 14.12.16 - 31.03.18) | 16/16 |
| Alan Downey | Chair Designate from 1.01.18 to commencing as Chairman on 1.04.18) | 3/3 |
| Maureen Rutter | Senior Independent Director/Non-executive Director | 14/16 |
| Hugh Lang ¹ | Non-executive Director | 11/13 |
| Mike Reynolds ² | Non-executive Director | 2/7 |
| Richard Carter-Ferris | Non-executive Director | 14/16 |
| David Heslop | Non-executive Director | 13/16 |
| Jake Tompkins | Non-executive Director | 9/16 |
| Mike Ducker ³ | Non-executive Director | 2/3 |

¹Hugh Lang left the Trust 31 December 2017

²Mike Reynolds left the Trust 31 August 2017

³Mike Ducker appointed 1 February 2018

Independence of Non-executive Directors

The Board of Directors determine whether each Non-executive Director is independent in character and judgement and whether there are any relationships or circumstances which are likely to affect, or could affect, directors judgement. None of the current Non-executive Directors have served terms more than six years at the Trust and they have been members only of the Board and Board Committees and have not been members of the Trust's management or executive groups and therefore have retained significant independence from operational management of the Trust. Further details on directors' independence can be found within the Foundation Trust Code of Governance section of this report.

| Non executive Directors | | Board attendance 2017/18 |
|----------------------------|----------------------------------------------------------------------|--------------------------|
| Siobhan McArdle | Chief Executive | 14/16 |
| Adrian Clements | Deputy Chief Executive/ Medical Director for Urgent & Emergency Care | 15/16 |
| Rob Cooper ¹ | Interim Director of Finance | 8/8 |
| Steven Mason ² | Interim Director of Finance | 8/8 |
| Gill Hunt | Director of Nursing | 16/16 |
| Ruth James ³ | Director of Quality | 11/13 |
| David Chadwick | Medical Director for Planned Care | 14/16 |
| Sath Nag | Medical Director for Community Care | 15/16 |
| Simon Kendall ⁴ | Medical Director for Clinical Diagnostics and Support Services | 10/12 |
| Mike Stewart ⁵ | Medical Director for Specialist Care | 11/13 |

¹Rob Cooper, Interim Director of Finance from 1 April 2017 to 30 September 2017

²Steven Mason joined the Trust from September 2017 and Interim Director of Finance from 1 October 2017

³Ruth James stood down from the Board in December 2017 and left the Trust on 31 March 2018

⁴Voting member until 31 December 2017 when changed to Non-voting

⁵voting member until 31 December 2017 following Board restructure

Declaration of Interests of the Board of Directors

An annual review of the Board of Director's Register takes place alongside the Fit and Proper Person self-assessment which is in addition to any changes to Directors interests declared at the next routine meeting following the change to their interests.

The Board of Directors has a standing agenda item which requires Executive and Non-executive Directors to make it known of any interest in relation to agenda items and any changes to their declared interests.

The Register of Board interests is available for public inspection via the Trust's website or from the following address:

Company Secretary

STHFT
The Murray Building
James Cook University Hospital
Marton Road
Middlesbrough, TS4 3BW

Statement as to disclosure to Auditors

For every individual that is a Director at the time that this report was approved:

- So far as the Director is aware, there is no relevant audit information of which the Trust's auditor is unaware of; and
- The Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

A Director is regarded as having taken all the steps that they ought to have taken as a Director in order to do the things mentioned above when they have:

- Made such enquiries of his/her fellow Director and of the company's auditors for that purpose; and
- Taken such other steps (if any) for that purpose, as are required by his/her duty as a Director of the company to exercise reasonable care, skill and diligence.

Annual Remuneration Report

Annual Statement on Remuneration

We present to you the Directors' Remuneration Report for the financial period 2017/18.

The Nomination Committee is established by the Council of Governors to deal with Non-executive Directors remuneration and Terms of Office.

The Remuneration Committee is established by the Board of Directors and deals with the remuneration and Terms of Service for the Executive Directors and any other such senior managers.

The Remuneration Report includes the following:

- Senior Managers' Remuneration policy;
- The Annual Report on Remuneration including Directors' service contracts details and Governance requirements including Committee membership; attendance and business conducted during 2017/18.

Major Decisions on Remuneration in 2017/18:

The Trust's Remuneration and Nomination Committees aim is to ensure that Executive and Non-executive Directors' remuneration is set appropriately, taking into account relevant market conditions, and that Executive Directors are appropriately rewarded for their performance against goals and objectives linked directly to the Trust's objectives and that their pay is reasonable and comparable to other Executive Director pay. After careful consideration of national guidance, benchmarking and satisfactory appraisals, the Committee decides what level of increase in remuneration is appropriate. The Committee ensures the increase is fair and reflects benchmarking of Executive and Non-executive pay across the NHS.

During 2017/18 the Committees:

- Reviewed the remuneration for the Chair and Non-executive Director positions and approved an increase to the Non-executive Directors allowance to bring in line with regional counterparts;
- Approved Non-executive Director Service Contacts;
- Appointed Alan Downey to the Chairman position from 1 April 2018;
- Appointed Mike Ducker to the Non-executive Director vacant position;
- Set the Chief Executive's and Executive Directors objectives;
- Reviewed the pension scheme policy;
- Received senior manager appointment and termination updates quarterly;
- Approved the interim appointment and remuneration for the Interim Directors of Finance;
- Approved the Board revised structure;
- Approved to establish the roles of a Company Secretary and Director of Communications;
- Approved the Chief Executive and Senior Leadership Remuneration Review.

The Nomination and Remuneration Committees fulfil their responsibilities and report to either the Board of Directors or the Council of Governors.

Signed:



Date: 24 May 2018

Siobhan McArdle
Chief Executive &
Accounting Officer

Signed:



Date: 24 May 2018

Alan Downey
Chairman

Nomination Committee

The Council of Governors established the Nomination Committee for matters relating to the appointment and terms of office of Non-executive Directors including the Chairman. Attendance during 2017/18 is found below:

| | |
|----------------------------------------|-----|
| Amanda Hullick, Chair of the Committee | 6/6 |
| Angela Seward, Lead Governor | 6/6 |
| Noel Beal, Public Governor | 6/6 |
| Jon Broughton, Staff Governor | 6/6 |
| Mike Homes, Public Governor | 6/6 |
| Paul Crawshaw, Healthwatch Governor | 0/6 |

The Chief Executive and Director of Human Resources attend the meeting upon invitation to provide advice. At times when the Chairman's terms of office or performance appraisal is being considered the Chair would withdraw from the meeting.

During 2017/18 the Council of Governors through the Nomination Committee agreed and had oversight on the following:

- Ratified the remuneration of the Chair (£50,000), Deputy Chair (£20,000) and increased the Non-executive Director allowance to £15,000, to bring in line with regional counterparts. Chair of Audit Committee benchmark noted remuneration is £17,450, however, Richard Carter-Ferris choose to remain with the remuneration payment of £15,600, and also Jake Tomkins declined the increase to Non-executive Director allowance;
- Approved the second term of office for Amanda Hullick;
- Approved Non-executive Director Service Contacts;
- Approved an external search consultancy to support the recruitment for a Chair and Non-executive Director;

- Appointed Alan Downey to the Chairman position from 1 April 2018 and Chair Designate from January 2018;
- Appointed Mike Ducker to the vacant Non-executive Director position to commence on 1 February 2018.

Non-executive Directors can be terminated from office on resolution made by the Council of Governors in accordance with the Trust's Constitution.

Remuneration Committee

The Board of Directors established the Remuneration Committee which is responsible for matters relating to the remuneration of Executive Directors, including the Chief Executive and very senior managers. Attendance during 2017/18 is found below:

| | |
|----------------------------------------|-----|
| Amanda Hullick, Chair of the Committee | 8/8 |
| Alan Downey | 2/2 |
| Richard Carter-Ferris | 8/8 |
| Maureen Rutter | 8/8 |
| David Heslop | 6/8 |
| Jake Tompkins | 6/8 |
| Hugh Lang | 2/6 |
| Mike Reynolds | 2/3 |
| Mike Ducker | 1/2 |

During 2017/18 the Remuneration Committee agreed and had oversight on the following:

- Reviewed Executive Director pay against independent national benchmarking;
- Agreed the Chief Executive's objectives and allowances;
- Reviewed the pension scheme policy;
- Approved the interim appointments and remuneration for the Interim Directors of Finance;
- Approved the Board revised structure reducing the number of voting Medical Directors to three;
- Approved annual review of Executive Director remuneration to bring in line with benchmark data;
- Reviewed senior management remuneration and succession planning arrangements;
- Established the roles of a Company Secretary and Director of Communications.

In 2017/18 the Trust received independent local and national benchmarking information on Executive Director pay to market test remuneration levels (including those that are remunerated above the Prime Minister's salary). The Committee was assured that salaries above the threshold displayed within the Remuneration table within the Accountability Report are reasonable and comparable to other Executive Director pay.

Only members of the Nomination and Remuneration Committees are eligible to attend meetings, however, other members of the Board can be invited to attend to offer advice and to support the working of the Committees. These Committees may also invite individuals to attend as and when required to receive specialist and/or independent advice on any matter relevant to their roles and functions.

Senior Managers' Remuneration Policy

Executive Directors receive a fixed salary which is reviewed annually and determined by independent benchmarking against NHS organisations throughout the country with the use of NHS Provider benchmarking information, NHS Annual Reports and Accounts and knowledge of job descriptions, person specifications and market pay. Executive Directors are substantive employees and their contracts can be terminated by either party with six months' notice for the Chief Executive and three months' notice for all other Executive Directors. For the purpose of this Remuneration Report only voting members of the Board are considered as 'senior managers'.

Service Contracts

All Executive Director contracts contain between a three month and six month notice period. Non-executive Directors serve for three year terms and serve a maximum of six years subject to satisfactory performance (with additional years approved subject to satisfactory performance on an annual basis).

Non-executive Directors are not eligible to receive compensation for loss of office. The Council of Governors consider and set terms of office for Non-executive Directors beyond that to meet the needs of the Trust whilst taking into account NHS Improvement's guidance. Further details on each of the Non-executive Directors can be found in the Director's Report within this Annual Report.

Senior Manager Remuneration and Benefits

The authority and responsibility for controlling major activities is retained by the statutory Board of Directors who has voting rights this includes the voting Executive and voting Non-executive Directors (including the Chair).

Pension arrangements for the Chief Executive and Executive Directors are in accordance with the NHS Pension Scheme, the Accounting Policies for Pensions and relevant benefits are set out in the following tables:

Figures below are for the 12 month period from 1 April 2017 to 31 March 2018 for comparison purposes a table showing figures for the prior year is also included

| Name and title | Salary & fees (in bands of £5k) £000 | Taxable benefits (total to the nearest £100) £00 | Performance- related bonuses (in bands of £5k) £000 | Long-term performance- related bonuses (in bands of £5k) £000 | All pension- related benefits (in bands of £2.5k) £000 | Total £000 |
|----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------------------------|--------------------------------------------------------------------|------------------------------------------------------------------------------|-----------------------------------------------------------------------|---------------|
| Deborah Jenkins Chairman | - | - | - | - | - | - |
| Hugh Lang Non-executive Director | 10-15 | - | - | - | - | 10-15 |
| David Heslop Non-executive Director | 10-15 | - | - | - | - | 10-15 |
| Mike Reynolds Non-executive Director | 5-10 | - | - | - | - | 5-10 |
| Richard Carter-Ferris Non-executive Director | 15-20 | - | - | - | - | 15-20 |
| Amanda Hullick Acting Chairman and Non-executive Director | 50-55 | - | - | - | - | 50-55 |
| Maureen Rutter Acting Deputy Chairman and Senior Independent Director | 20-25 | - | - | - | - | 20-25 |
| Maxime Hewitt-Smith* Director of Finance | - | - | - | - | - | - |
| Steven Mason Acting Director of Finance | 100-105 | - | - | - | 32.5-35 | 135-140 |
| Rob Cooper Acting Director of Finance | 90-95 | - | - | - | - | 90-95 |
| Ruth James* Director of Quality and Performance and Patient Experience | 295-300 | - | - | - | 125-127.5 | 420-425 |
| Gill Hunt Director of Nursing | 125-130 | - | - | - | 25-27.5 | 150-155 |
| Caroline Parnell Director of Corporate Affairs | - | - | - | - | - | - |
| Siobhan McArdle* Chief Executive | 230-235 | - | - | - | 87.5-90 | 320-325 |
| David Chadwick Medical Director - Planned Care* | 225-230 | 2 | - | - | 87.5-90 | 315-320 |
| Adrian Clements Medical Director - Urgent and Emergency Care* | 230-235 | 2 | - | - | 90-92.5 | 325-330 |
| Simon Kendall Medical Director - Clinical Diagnostic/Support Services* | 175-180 | - | - | - | - | 175-180 |
| Sath Nag Medical Director - Community Care* | 235-240 | - | - | - | 52.5-55 | 290-295 |
| Mike Stewart Medical Director - Specialist Care* | 160-165 | - | - | - | - ** | 160-165 |
| Jake Tompkins Non-executive Director | 10-15 | - | - | - | - | 10-15 |
| Alan Downey Non-executive Director | 10-15 | - | - | - | - | 10-15 |
| Michael Ducker Non-executive Director | 0-5 | - | - | - | - | 0-5 |
| Band of Highest Paid Director's Total Remuneration in £000s (excluding redundancy payments and payments in lieu of notice) | | | 235-240 | | | |

(please note the salary for Medical Directors is in accordance with the NHS Consultant contract plus a Board responsibility allowance)

Figures below are for the 12 month period from 1 April 2016 to 31 March 2017

| Name and title | Salary & fees (in bands of £5k) £000 | Taxable benefits (total to the nearest £100) £00 | Performance-related bonuses (in bands of £5k) £000 | Long-term performance-related bonuses (in bands of £5k) £000 | All pension-related benefits (in bands of £2.5k) £000 | Total £000 |
|------------------------------------------------------------------------|--------------------------------------|--------------------------------------------------|----------------------------------------------------|--------------------------------------------------------------|-------------------------------------------------------|------------|
| Deborah Jenkins Chairman | 50-55 | - | - | - | - | 50-55 |
| Hugh Lang Non-executive Director | 10-15 | - | - | - | - | 10-15 |
| David Heslop Non-executive Director | 10-15 | - | - | - | - | 10-15 |
| Mike Reynolds Non-executive Director | 10-15 | - | - | - | - | 10-15 |
| Richard Carter-Ferris Non-executive Director | 15-20 | - | - | - | - | 15-20 |
| Amanda Hullick Acting Chairman and Non-executive Director | 25-30 | - | - | - | - | 25-30 |
| Maureen Rutter Acting Deputy Chairman and Senior Independent Director | 15-20 | - | - | - | - | 15-20 |
| Maxime Hewitt-Smith* Director of Finance | 160-165 | - | - | - | 80-82.5 | 240-245 |
| Steven Mason Acting Director of Finance | - | - | - | - | - | - |
| Rob Cooper Acting Director of Finance | - | - | - | - | - | - |
| Ruth James* Director of Quality and Performance and Patient Experience | 135-140 | - | - | - | 50-52.5 | 185-190 |
| Gill Hunt Director of Nursing | 120-125 | - | - | - | 267.5-270 | 385-390 |
| Caroline Parnell Director of Corporate Affairs | 170-175 | 3 | - | - | 30-32.5 | 205-210 |
| Siobhan McArdle* Chief Executive | 230-235 | - | - | - | 87.5-90 | 315-320 |
| David Chadwick Medical Director - Planned Care* | 225-230 | 12 | - | - | 82.5-85 | 310-315 |
| Adrian Clements Medical Director - Urgent and Emergency Care* | 200-205 | 3 | - | - | 270-272.5 | 475-480 |
| Simon Kendall Medical Director - Clinical Diagnostic/Support Services* | 235-240 | - | - | - | - | 235-240 |
| Sath Nag Medical Director - Community Care* | 235-240 | - | - | - | - ** | 235-240 |
| Mike Stewart Medical Director - Specialist Care* | 215-220 | - | - | - | 372.5-375 | 585-590 |
| Jake Tompkins Non-executive Director | 0-5 | - | - | - | - | 0-5 |
| Alan Downey Non-executive Director | - | - | - | - | - | - |
| Michael Ducker Non-executive Director | - | - | - | - | - | - |

Band of Highest Paid Director's Total Remuneration in £000s (excluding redundancy payments and payments in lieu of notice)

235-240

The figures for Taxable Benefits relate to lease cars.

* In accordance with NHS Improvement's NHS Foundation Trust Annual Reporting Manual s2.36, disclosure is now shown where one or more senior managers are paid more than £150,000 (currently equating to the Prime Minister's managerial and parliamentary salary).

Every salary approved by the remuneration committee has been appropriately externally benchmarked and salary levels set to ensure we are attracting the right skills and competencies.

** In accordance with NHS Improvement's NHS Foundation Trust Annual Reporting Manual s2.46, where the calculations for Pension-Related Benefits result in a negative value the result should be reported as zero.

Included within the statements is a payment made to the Director of Quality and Performance and Patient Experience who left the Trust on 31 December 2017. The payment of £209,000 comprises the cost of statutory redundancy to the end of the period of notice and a payment in lieu of notice.

The information included above for pension benefits has been supplied by NHS Pensions and a number of concerns have been raised by members of the Executive team on the information included in this disclosure. These concerns have been raised with NHS Pensions and the Trust is currently awaiting a response. If necessary, the Trust will amend the disclosure following receipt of this response.

The median total remuneration is a calculation based on Trust employees as at 31 March 2018. This number includes locum staff and the Trust's in-house nurse and clerical bank staff but excludes external agency staff. Any part time employee numbers are pro-rated to provide whole time equivalents.

- Hugh Lang left the Trust on 31 December 2017
- Mike Reynolds left the Trust on 31 August 2017
- Mike Stewart, following the Board restructuring stepped down from the Board on 31 December 2017
- Simon Kendall, following the Board restructuring became a non-voting member of the Board with effect from 1 January 2018
- Rob Cooper was appointed to the role of Interim Director of Finance on 1 April 2017, leaving on 30 September 2017 and Steven Mason was appointed on 1 September 2017 becoming the Interim Director of Finance with effect from 1 October 2017. (Maxime Hewitt-Smith was on secondment with effect from 1 April 2017 and left the Trust on 31 December 2017)
- Ruth James left the Trust on 31 December 2017
- Alan Downey was appointed to the role of Chair Designate from 1 January 2018 and Chairman from 1 April 2018
- Mike Ducker was appointed to the role of Non-Executive Director from 1 February 2018

Pension Information

| | Real increase in pension at pension age | Real increase to pension lump sum at pension age | Total accrued pension at pension age at 31 March 2018 | Lump sum at pension age related to accrued pension at 31 March 2018 | Cash equivalent transfer value at 1 April 2018 | Real increase in cash equivalent transfer value | Cash equivalent transfer value at 31 March 2017 | Employer's contribution to stakeholder pension |
|----------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------------|-------------------------------------------------------|---------------------------------------------------------------------|------------------------------------------------|-------------------------------------------------|-------------------------------------------------|------------------------------------------------|
| Executive Directors | Bands of £2,500 | Bands of £2,500 | Bands of £5,000 | Bands of £5,000 | £000s | £000s | £000s | £000s |
| Ruth James* Director of Quality and Performance and Patient Experience | 5-7.5 | 10-12.5 | 60-65 | 165-170 | 1,115 | 130 | 985 | 0 |
| Gill Hunt Director of Nursing | 0-2.5 | 2.5-5 | 45-50 | 135-140 | 814 | 68 | 746 | 0 |
| Siobhan McArdle* Chief Executive | 2.5-5 | 0 | 10-15 | 0 | 130 | 49 | 81 | 0 |
| David Chadwick Medical Director - Planned Care* | 2.5-5 | 2.5-5 | 40-45 | 105-110 | 755 | 97 | 658 | 0 |
| Adrian Clements Medical Director - Urgent and Emergency Care* | 2.5-5 | 2.5-5 | 60-65 | 155-160 | 1,055 | 83 | 972 | 0 |
| Sath Nag Medical Director - Community Care* | 2.5-5 | 0-2.5 | 35-40 | 85-90 | 572 | 45 | 527 | 0 |
| Mike Stewart Medical Director - Specialist Care* | 0 | 0 | 70-75 | 215-220 | 1,487 | 73 | 1,414 | 0 |
| Steven Mason Acting Director of Finance | 0-2.5 | 0 | 15-20 | 50-55 | 522 | 18 | 504 | 0 |

In accordance with NHS Improvement's Annual Reporting Manual, the pension-related benefits are calculated in line with the HMRC method as 20 times the pensionable pay plus the lump sum. Non-executive Directors are excluded as their pay is non-pensionable.

Notes to Senior Managers remuneration and Pension benefits

A Cash Equivalent Transfer (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 accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and from 2004-2005 the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV reflects the increase in CETV effectively funded by the employer. It excludes the increase in accrued pensions due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of this period.

Fair Pay Multiple

As a NHS Foundation Trust, the Trust is required to disclose the relationship between the remuneration of the highest paid Executive Director in their organisation and the median remuneration of the organisation's workforce (this excludes one-off severance payments and pension related benefits). For this Trust, Executive Directors are deemed those with voting rights on the Board, as disclosed in the salary table above. The highest paid director in the Trust is the Medical Director for Community Care.

The banded remuneration of the highest paid director at the Trust in 2017/2018 was £238,208 (2016/2017 £239,224). This was 11.0 times (2016/2017 10.9 times) the median remuneration of the workforce, which was £21,719 (2016/2017 £21,885). This exercise has included all staff employed by the Trust during the financial period, regardless of whether they were still employed at 31 March 2018. The remuneration figures used are based on the cost of the whole time equivalent of all staff identified as part of this exercise.

In 2017/2018, six employees received remuneration in excess of the highest paid director (five employees in 2016/2017). Remuneration ranged from £15,404 to £273,998 (2016/2017 £15,251 to £299,548). The starting point for the ranges for the financial periods is based on the minimum agenda for change pay scales. Total remuneration includes salary, non-consolidated performance-related pay, benefits in kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

The banded remuneration of the Chief Executive and the median remuneration of the workforce is as follows:

| | 2017/18 £ | 2016/17 £ |
|---------------------------------------------------------------------------------------------------------|--------------|--------------|
| Medium remuneration | 21,719 | 21,885 |
| Banded remuneration of highest paid director | £238,208 | 239,244 |
| Ratio between median remuneration and mid-point of the banded remuneration of the highest paid director | 11.0 | 10.9 |

Total remuneration includes salary, non-consolidated performance related pay and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Expenditure on consultancy

In 2017/18, expenditure on consultancy was £1.710 m (2016/17 £1.677 m). Consultancy expenditure in the year related mainly to support in developing and delivering the Trust's Financial Improvement Programme.

Staff exit packages

In 2017/18, the Trust agreed an exit package with 14 members of staff (these are in comparison to 47 exit packages agreed in 2016/17) which cost £0.572 m (2016/17 cost was £2.238m).

| Exit package cost band | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages by cost band |
|---------------------------------------|-----------------------------------|-----------------------------------|--------------------------------------------|
| <£10,000 | 0 | 2 | 2 |
| £10,000 - £25,000 | 2 | 2 | 4 |
| £25,001 - £50,000 | 1 | 3 | 4 |
| £50,001-£100,000 | 2 | 1 | 3 |
| £100,001 - £150,000 | 0 | 0 | 0 |
| £150,000 - £200,000 | 1 | 0 | 1 |
| Total number of exit packages by type | 6 | 8 | 14 |
| Total resource cost | £0.359 million | £0.213 million | £0.572 million |

| | Agreement Number | Agreement Amount (£) |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------|
| Voluntary redundancies including early retirement | 8 | 213 |
| Mutually agreed resignations (MARS) contractual costs | - | - |
| Contractual payment in Lieu of Notice | - | - |
| Exit Payment following Employment Tribunal or Court Order | - | - |
| Non-contractual payments requiring HMT approval | - | - |
| Total | 8 | 213 |
| (Of which: non-contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months of their annual salary) | - | - |

Governors' expenses

In accordance with the Trust's Constitution Governors are eligible to claim expenses for travel at rates determined by the Trust. Out of the Council of Governor membership there were 11 Governors who claimed expenses which totalled £1,842.63.

Directors' expenses

In 2017/18, there were 14 individuals who held the office of Director at the Trust (including those that left the Trust part of the year) with a total of £10,115.12 in expenses paid to 11 of those Directors. All costs paid related to the reimbursement of travel and subsistence costs and course expenses. Details of remuneration and benefits in kind can be found within the Remuneration table.

Analysis of staff costs

Details of the costs of our workforce are available within Note 5 on page 20 of the Financial Statements. The note includes information to support employee expenses and details of monthly average of people employed by the Trust.

Off-payroll engagements

Executive Director approval is required for all off-payroll engagements and the Trust reports to NHS Improvement as required in line with national requirements. Board approval via recommendations from the Remuneration Committee is required by any off-payroll Board member engagement.

Off-payroll engagements as of 31 March 2018, for more than £220 per day and that last for longer than six months

| | |
|--------------------------------------------------------------------------------|---|
| Number of existing engagements as of 31 March 2018* (of which): | 0 |
| Number that have existed for less than one year at time of reporting | 0 |
| Number that have existed for between one and two years at time of reporting | - |
| Number that have existed for between two and three years at time of reporting | - |
| Number that have existed for between three and four years at time of reporting | - |
| Number that have existed for four or more years at time of reporting | - |

All new off-payroll engagements, or those that reached six months in duration, between 1 April 2016 and 31 March 2017, for more than £220 per day and that last for longer than six months.

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|---|
| Number of new engagements, or those that reached six months in duration between April 1 2016 and 31 March 2017* | 0 |
| Number of above which include contractual clauses giving the trust the right to request assurance in relation to income tax and National Insurance obligations | 0 |
| Number for whom assurance has been requested (of which) | |
| Number for whom assurance has been received | - |
| Number for whom assurance has not been received | - |
| Number that have been terminated as a result of assurance not being received | - |

Off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2016 and 31 March 2017.

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|
| Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year | 0 |
| Number of individuals that have been deemed board members and/or, senior officials with significant financial responsibility, during the financial year (including both off-payroll and on-payroll engagements) | 0 |

The Audit Committee

The Audit Committee provides an independent and objective review of the establishment and maintenance of an effective system of integrated governance, risk management and internal control across the whole of the Trust's activities (both clinical and non-clinical), that supports the achievement of the Trust's objectives. It plays a pivotal role in supporting the Trust's governing body.

The Audit Committee comprises four Non-executive Directors and is chaired by Richard Carter-Ferris, Non-executive Director (the Chair of the Trust is not a member of the Audit Committee).

The Audit Committee met on five occasions during 2017/18 with the Interim Director of Finance, other Trust officers as well as internal and external auditors in attendance.

Membership and attendance is listed below:

| | |
|-----------------------|-----|
| Richard Carter-Ferris | 5/5 |
| Maureen Rutter* | 1/1 |
| Hugh Lang** | 4/5 |
| Mike Reynolds*** | 1/5 |

*commenced as Audit Committee member from 1 January 2018

**member of Audit Committee to 31 December 2017 until Non-executive Director role ended

*** member of Audit Committee to 31 August 2017 until Non-executive Director role ended

During 2017/18, the Audit Committee undertook an annual self-assessment against the HFMA standards for Audit Committees. It was identified that there were no significant issues that needed to be addressed.

The performance of the Trust's external auditors (KPMG) was assessed during the year against the auditing standards. There were no conflicts of interest that needed to be addressed by the Auditor or the Audit Committee during the year. The external Audit fee for the year was £55,915.

The Audit Committee met its responsibilities during 2017/18 by:

- Monitoring the integrity of the activities and performance of the Trust and any formal announcement relating to the Trust's financial performance;
- Monitoring all risk and control related disclosure statements (in particular the Annual Governance Statement and declarations of compliance with the CQC Well-led requirements), together with any accompanying Head of Internal Audit statement, External Audit Opinion or other appropriate independent assurances, prior to endorsement by the Board;
- Reviewed the Trust's standing orders, financial instructions and scheme of delegation;
- Reviewed the policies and procedures for all work related to fraud and corruption as set out in the Secretary of State's Directions and as required by the Counter Fraud and Security Management Service;
- Reviewed the schedule of losses and compensations, the annual fraud report and provided assurance to the Board following each of its meetings.

- Considered the risks associated with the year-end financial statements. These risks included valuation and impairment of property valuations should exclude VAT, revenue recognition and the preparation of the financial statements on a going concern basis (further information is included in Note 1.3 of the Accounts). Consideration of each of these risks included an assessment of the appropriate accounting treatment and the associated disclosures. In making these judgements the Audit Committee took into account the findings of the External Auditor, KPMG LLP.

Internal Audit

The Trust has an internal audit function provided by PWC which reviews, appraises and reports on the extent of compliance with, and the financial effect of relevant policies, plans and procedures, the adequacy and application of financial and other related management controls, the suitability of financial and other related management data, the extent to which the Trust's assets and interest are accounted for and safeguarded against any loss arising from fraud, bribery, corruption and other offences, waste, extravagance, inefficient administration and poor value for money or other causes.

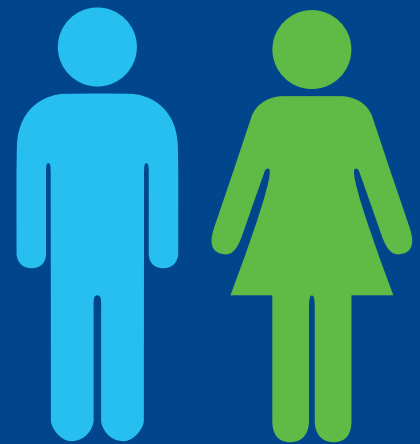
The Head of Internal Audit attends Audit Committee meetings and has the right of access to all Audit Committee members, the Chair and Chief Executive. At the beginning of the financial year a programme of work is agreed with the internal auditors and progress is reported against the programme at each meeting. The agreement with PWC complies with the guidance on reporting contained within the NHS Internal Audit Standards.

Staff Report






We hold our employees in the highest of regard and aim to recruit and retain the right numbers of staff, with the right skills, values and behaviours to deliver high quality care and excellent patient experience.

The Trust recognises that our greatest asset is our staff and to successfully achieve our strategic vision we will need a highly skilled, committed and engaged workforce who can fulfil our














commitment to provide safe, compassionate, high quality care to our patients, their families, carers and the community in a period of significant change. Our strategic intent is to build the capability of our people.











By Staff Group

| | Headcount | | FTE | |
|------------------------------------------------------------------------------------------------------------|-------------|---------|----------------|---------|
| | 2017/18 | 2016/17 | 2017/18 | 2016/17 |
|  Bank | 197 | 220 | 0.00 | 0.00 |
|  Fixed Term Temp | 491 | 662 | 434.76 | 565.51 |
|  Locum | 45 | 32 | 1.47 | 2.07 |
|  Permanent | 8220 | 8014 | 7063.29 | 6857.78 |
|  Total | 8953 | 8928 | 7499.52 | 7425.36 |




Age

| | Headcount | | FTE | |
|-----------------------------------------------------------------------------------------------|-------------|---------|----------------|---------|
| | 2017/18 | 2016/17 | 2017/18 | 2016/17 |
|  16-20 | 55 | 59 | 49.89 | 53.00 |
|  21-25 | 590 | 632 | 548.63 | 588.04 |
|  26-30 | 978 | 966 | 869.17 | 843.65 |
|  31-35 | 1008 | 993 | 849.52 | 822.05 |
|  36-40 | 1142 | 1108 | 937.94 | 910.87 |
|  41-45 | 1108 | 1200 | 928.41 | 992.8 |
|  46-50 | 1301 | 1282 | 1102.07 | 1091.64 |
|  51-55 | 1270 | 1331 | 1087.49 | 1123.29 |
|  56-60 | 953 | 862 | 760.70 | 678.54 |
|  61-65 | 427 | 379 | 301.82 | 261.91 |
|  66-70 | 90 | 96 | 51.47 | 52.12 |
|  71 & above | 31 | 20 | 12.4 | 27.45 |
|  Total | 8953 | 8928 | 7499.52 | 7425.36 |

Ethnicity

| | Headcount | | FTE | |
|-----------------------------------------------------------------------------------------------|-------------|---------|----------------|---------|
| | 2017/18 | 2016/17 | 2017/18 | 2016/17 |
|  Asian | 395 | 347 | 347.24 | 303.64 |
|  Black | 59 | 46 | 51.80 | 41.58 |
|  Mixed | 78 | 56 | 69.85 | 50.17 |
|  Not Stated | 596 | 736 | 489.30 | 606.82 |
|  Other | 131 | 131 | 115.64 | 113.62 |
|  Undefined | 1 | 0 | 0.00 | 0 |
|  White | 7693 | 7612 | 6425.70 | 6309.53 |
|  Total | 8953 | 8928 | 7499.52 | 7425.36 |

Gender

| | Headcount | | FTE | |
|--------------------------------------------------------------------------------------------|-------------|---------|----------------|---------|
| | 2017/18 | 2016/17 | 2017/18 | 2016/17 |
|  Female | 7310 | 7312 | 6053.71 | 6015.17 |
|  Male | 1643 | 1616 | 1445.82 | 1410.19 |
|  Total | 8953 | 8928 | 7499.52 | 7425.36 |

Gender Profile

The breakdown below includes information about staff at the end of the year in terms of male and female staff, directors, other managers and employees.

Female

7308

Directors
(Including CEO)

3

Senior Managers

—



Male

1635

Directors
(Including CEO)

4

Senior Managers

—

*The above figures are taken in accordance with the Occupation Code guidance – 'senior managers are classed as voting members of the Board and exclude those who retired or left the organisation during 2017/2018.

Health and Wellbeing

Public Health England estimated the cost to the NHS of staff absence due to poor health at £2.4bn a year, accounting for around £1 in every £40 of the total budget. Some reports have estimated this to be 27% higher than the UK public sector average, and 46% higher than the average for all sectors.

There are many factors that can affect this but in part this could be attributed to the fact that work can often be physically, emotionally and psychologically demanding and the NHS is one of few organisations that operate 24 hours a day, 365 days per year. As such this provides a unique challenge, but because of these reasons it is imperative that we put the health and wellbeing of our staff at the forefront of our workforce agenda.

Dr Steven Boorman, in the NHS Health and Wellbeing Review and NICE guidance outlined the link between staff health and wellbeing and patient care, including improvements in safety, efficiency and patient experience from introducing employer led health and wellbeing schemes. Therefore as a Trust set up to care for our community, we have a responsibility to care for our employees and have an opportunity to impact on their overall health, wellbeing and happiness.

As a Trust our aims for 2017/2018 included:

- Refresh of the Trust Wellbeing Strategy Group and ensure maximum support to the Trust Food and Drink Strategy Assurance Board;
- Respond and address the health and wellbeing priorities identified by staff through the 2016 NHS Staff Survey and the Extra Life Health and Wellbeing Survey (July 2017);
- Seek improvement on the score measurement on the health and wellbeing questions within the 2017 NHS Staff Survey.

Some of the key outcomes and improvements made during the 2017/18 are listed below:

- Food and Drink Strategy launched with associated action plan;
- Food and Drink Strategy Assurance Board meets every three months;
- Positive Flu campaign was delivered with over 72% take up which successfully met the CQUIN target for Flu;
- Health and Wellbeing events were held at The James Cook University Hospital and Friarage Hospital with focus on key health messages and promoting health services;
- Agreement was granted for ethically hospital appointments for employees;
- Multidisciplinary case conferencing with Occupational Health support was offered to employee's to support health and wellbeing needs;
- Training was delivered for managers to support sickness absence and management of employee health and wellbeing;
- 'Mindful Employer' pledge confirmed the Trust's continued commitment to mental health.

Sickness Absence

Managing sickness absence within the NHS continues to be challenging. It has remained a key focus for the organisation as we work with our staff, focusing on what line management can influence and do to support their staff.

In 2017/2018 the average sickness absence rate for the Trust was 4.23% – a 0.12% decrease on the previous year's figure of 4.35%. The year saw extremes of sickness levels with the Trust achieving its lowest ever recorded figure of 3.49% in June 2017, followed by a very demanding winter period with significant numbers of cold and flu cases that saw an absence rate of 5.44% in January 2018.

The Human Resources (HR) function has continued to work closely with the unions, Occupational Health and the leadership teams to productively and positively manage sickness across the Trust. They have also worked to develop excellent relationships with our clinical teams. Of particular note are our medical secretaries and booking teams who have supported the expedited significant appointments and procedures, all with the aim of getting our staff well sooner, allowing them to return to work and care for our patients. The HR team has continued to be a presence within the departments across the Trust, supporting line managers in the management and rehabilitation of staff currently absent from work through sickness.

Patient Connect

The first phase of the Patient Connect Service was launched in October 2017 to bring together all staff dealing with out-patient referrals, booking and patient contact, to enable the Trust to deliver a consistent and excellent standard of service to patients supported by skilled and knowledgeable staff, streamlined processes and modern technology.

Transfer of staff to this central hub will be undertaken in several phases facilitated through briefings and consultation where appropriate. Phase 1 is now complete and we anticipate the next phase to follow in 2018/2019.

The team was supported with customer care and systems training to underpin the standard of excellence we aim to achieve. Patient Connect activity is monitored via an electronic performance system which enables us to fully understand peaks and troughs in demand and consider ways in which processes or current practice can be further improved to provide a more accessible and flexible resource for patients.

Whilst staff moved across to Patient Connect, working within their current specialisms, staff were encouraged and developed to work across specialisms creating a more fluid flexible workforce responsive to demand. Staff will continue to be engaged in the review and improvement of processes to share best practice going forward.

Junior Doctors

In October 2016, the Junior Doctor contract was introduced by the Government via a phased implementation timetable.

At the end of March 2018, the Trust had 178 doctors in training on the 2016 contract. This accounted for 60% of all funded training posts. There are a number of doctors employed regionally by the Lead Employer Trust who were appointed prior to the new contract being introduced. This accounts for the other 40% who remain on the old contract that will be moved on to the 2016 contracts as and when current contracts expire. It is expected that this process will be completed by 2022.

A Junior Doctor Forum was established in early 2017 with membership increased in early 2018.

Throughout 2017/18 the Trust has experienced a vacancy rate of approximately 10% for junior doctors which are comparable to Trusts in the region. Vacancies are mitigated in a number of ways:

- Advanced Nurse Practitioners are being utilised to cover gaps in some areas and development of this is being discussed at each centres;
- The medical rota team continues to fill approximately 95% of all locum shifts each month with the majority; (approximately 91%) filled by internal locum cover as opposed to agency;
- A regional locum bank (Flexishift) hosted by the Lead Employer Trust is being piloted for a six month period from December 2017 to May 2018. Following evaluation of the pilot it is expected a longer term solution will be proposed.

Developing a sustainable workforce

We engage in local workforce planning to ensure our strategy supports the development of staff by encouraging skills, knowledge and behaviours to meet the changing needs of patients and service. We ensure there is a smooth transition from healthcare education programmes to employment within the Trust and this is underpinned by a clear process of support, which is developed and delivered in partnership with staff, managers and stakeholders.

The planning and delivery of curriculum enables staff to meet learning outcomes required by professional standards and we have schemes of work in place to ensure the content is up to date and relevant which ensures programmes are responsive to changes in technology and care delivery models.

Education governance arrangements measure performance against quality standards and continuous self-assessment allows us the opportunity to evaluate, develop and improve our learning programmes to meet the needs of our staff, patients and stakeholders. We have structures in place that promotes team working and a multi-professional approach to education and training.

Recruitment

Recruitment and retention of talented staff remains a challenge. Work continues to ensure the organisation achieves its key targets whilst being flexible enough to meet the future health and social care needs.

As a Trust we continue to strive to be innovative in our recruitment approach in order to attract the best talent nationally and in some cases globally. During the year we held a number of targeted recruitment campaigns which included:

- International recruitment campaign for radiology and anaesthetics - concentrating on countries with a larger ratio of radiologists and anaesthetists per 100,000 including Australia and New Zealand;
- Raised the profile of the Trust with attendance at events speaking with clinicians at: Edinburgh Anaesthesia Festival, Winter Scientific Meeting, Liverpool AAGBI conference and the Acute General Medical Careers fair;
- Headhunting approach via direct contacting candidates through LinkedIn, Indeed, networks, refer a friend etc;
- Trailing a new Consultant specific database called Clinicians Connected;
- Social media campaign –programmatic advertising used to directly contact potential applicants;
- Open days –targeting registered and student nurses;
- International recruiting –working with third party provider to source, interview and recruit nurses from the Philippines.

Employee Self Service

As part of our ongoing commitment to staff to improve accessibility to their personal data we rolled out an Employee Self Service (ESS) in all areas across the Trust which allows employees to:

- View payslips online;
- View their P60s (up to three years' history) and pension statements;
- Change personal details such as address, contact numbers and banking details;
- Access their personal details at home via a PC, smartphone or tablet.

Day Nursery

Playdays Nursery is an excellent onsite facility, offering quality and flexible childcare for our staff's children whilst they are at work. It was awarded a 'good' rating following our recent Ofsted inspection. During 2017/2018, the Trust has expanded the scope of membership to other NHS organisations and other public sector organisations.

Nursery fees are competitive in comparison to other local nurseries. It is considered a valuable service for our staff and we are fortunate that whilst other local Trust nurseries have been closed, our nursery continues to grow and offer our staff the flexibility and assurance that their children are being cared for to a high standard.

Equality, Diversity and Inclusion

It is widely accepted that diversity and inclusion leads to improved health and greater staff and patient experiences.

As an NHS Foundation Trust we adhere to the duties of the Equality Act 2010, which legally protects people from discrimination in the workplace and in wider society, and the Public Sector Equality Duty.

This includes:

- the production of annual workforce and patient monitoring reports;
- compliance with the Workforce Race Equality Standard;
- use of the Equality Delivery System (2) to identify our Equality and Diversity priorities;
- engagement with service users and employees (1000 voices / Staff Survey);
- staff are trained in equality and diversity through our mandatory training programme.

For project plans and employee consultation an equality impact assessment is carried out, and all our policies are applied consistently to ensure fair and open recruitment of people with disabilities, as well as ensuring that staff with disabilities can access appropriate training and development, promotional opportunities, and flexible working arrangements.

Our objectives for 2017/2018 included:








- a review of the current Equality and Diversity Objectives with key data collected to ensure robust reporting systems are in place to track progress;
- assessment to identify focus of efforts, linked to Trust priorities and EDS2 requirements;
- appointing an Equality and Diversity Lead and building a network of champions at all levels;
- establishing a fairness forum to enable an inclusive culture where everyone counts and is reflective of our communities.

The above work is led by the Trust Equality, Diversity and Inclusion Lead and the Fairness Forum meets on a monthly basis.

As an organisation we have many examples of how we are working to create an inclusive culture which include:

- a Non-executive Director Board Lead for Equality and Diversity;
- the Stepping Up programme, run by the NHS Leadership Academy which is a leadership development programme for black, Asian and minority ethnic (BAME) colleagues who work within healthcare (the NHS or an organisation providing NHS care). This is promoted within the Trust and all staff are given the opportunity to attend;
- the Trust has supported Project Choice which is an internship programme for individuals with physical and learning difficulties
- we are ranked seventh highest NHS Foundation Trust for supporting apprentice learners with disabilities;
- we have signed up to the Mindful Employer Charter for employers who are positive about Mental Health;
- plans are in place to promote NHS Equality and Diversity Week in May 2018.












Ethnicity

| | Headcount | | FTE | |
|-----------------------------------------------------------------------------------------------|-------------|---------|----------------|---------|
| | 2017/18 | 2016/17 | 2017/18 | 2016/17 |
|  Asian | 395 | 347 | 347.24 | 303.64 |
|  Black | 59 | 46 | 51.80 | 41.58 |
|  Mixed | 78 | 56 | 69.85 | 50.17 |
|  Not Stated | 596 | 736 | 489.30 | 606.82 |
|  Other | 131 | 131 | 115.64 | 113.62 |
|  Undefined | 1 | 0 | 0.00 | 0 |
|  White | 7693 | 7612 | 6425.70 | 6309.53 |
|  Total | 8953 | 8928 | 7499.52 | 7425.36 |








Gender

| | Headcount | | FTE | |
|--------------------------------------------------------------------------------------------|-------------|---------|----------------|---------|
| | 2017/18 | 2016/17 | 2017/18 | 2016/17 |
|  Female | 7310 | 7312 | 6053.71 | 6015.17 |
|  Male | 1643 | 1616 | 1445.82 | 1410.19 |
|  Total | 8953 | 8928 | 7499.52 | 7425.36 |




Religious Belief

| | Headcount | | FTE | |
|----------------------------------------------------------------------------------------------------------|-------------|---------|----------------|---------|
| | 2017/18 | 2016/17 | 2017/18 | 2016/17 |
|  Atheism | 706 | 569 | 635.44 | 507.85 |
|  Buddhism | 18 | 12 | 14.3 | 10.7 |
|  Christianity | 3800 | 3562 | 3217.71 | 2993.13 |
|  Do not wish to disclose | 3574 | 4095 | 2899.57 | 3322.28 |
|  Hinduism | 66 | 40 | 57.49 | 35.72 |
|  Islam | 134 | 80 | 120 | 69.57 |
|  Judaism | 1 | 1 | 1 | 0.75 |
|  Other | 619 | 545 | 531.74 | 469.93 |
|  Sikhism | 11 | 10 | 9.96 | 8.21 |
|  Undefined | 24 | 14 | 12.32 | 7.22 |
|  Total | 8953 | 8928 | 7499.53 | 7425.36 |

Sexual Orientation

| | Headcount | | FTE | |
|-----------------------------------------------------------------------------------------------------------|-------------|---------|----------------|---------|
| | 2017/18 | 2016/17 | 2017/18 | 2016/17 |
|  Bisexual | 19 | 13 | 15.79 | 11.58 |
|  Do not wish to disclose | 3414 | 4859 | 2764.92 | 4125.84 |
|  Gay | 45 | 32 | 43.68 | 30.2 |
|  Heterosexual | 5428 | 3996 | 4641.18 | 3237.77 |
|  Lesbian | 23 | 14 | 21.68 | 12.83 |
|  Undefined | 24 | 14 | 12.28 | 7.14 |
|  Total | 8953 | 8928 | 7499.53 | 7425.36 |

Disabled

| | Headcount | | FTE | |
|----------------------------------------------------------------------------------------------------------|-------------|---------|----------------|---------|
| | 2017/18 | 2016/17 | 2017/18 | 2016/17 |
|  No | 5062 | 4386 | 4288.98 | 3703.49 |
|  Not Declared | 3652 | 4340 | 3004.28 | 3550.14 |
|  Undefined | 12 | 7 | 7.92 | 4.39 |
|  Yes | 220 | 195 | 191.34 | 167.34 |
|  Prefer Not to Answer | 7 | 0 | 7.00 | 0 |
|  Total | 8953 | 8928 | 7499.52 | 7425.36 |

Employment Policies

The Joint Partnership Committee consists of Trust Management Side and Staff Side Representatives working in partnership to ensure that policies and procedures are fit for purpose, reflective of any changes to employment law and support equality and diversity within the workplace.

In 2017/2018, the Joint Partnership Committee (JPC) approved 15 policies which were then ratified by Operational Management Board. These included:

- Equality in Employment Policy;
- Buying Additional Annual Leave Policy;
- Exit Interview Guidance;
- Code of Conduct;
- Special Leave;
- Preceptorship Policy;
- Dignity at Work;
- Flexible Working Policy;
- Prevention of Illegal Working Policy;
- Correction and Recovery of Incorrect Payments through Payroll Guidance;
- Maternity, Paternity & Adoption;
- Relocation Policy;
- Grievance Procedure;
- Management of Poor Performance;
- Retirement Policy.



National NHS Staff Survey Results 2017

Staff Survey Report 2017

We achieved an overall stable set of results given the context of the organisation and NHS as a whole. Within this context it was encouraging to see that we showed improvement in six out of the nine areas measured. There are three areas in particular that will be addressed going forward.

While results are primarily intended for NHS organisations to review and make improvements where necessary, the Care Quality Commission will use them to monitor ongoing compliance with essential standards of quality and safety. The survey also supports accountability to the Secretary of State for Health for the delivery of the NHS Constitution.

Summary of performance

Details of the key findings from the latest NHS Staff Survey include:

- response rate compared with the prior year;
- areas of improvement from the prior year and deterioration;
- top 5 ranking scores;
- bottom 5 ranking scores.

Overall Staff Engagement

| Trust | 2017/18 (current year) | | Trust improvement/ deterioration |
|-------|------------------------|--------------------------------------------|-------------------------------------|
| | Trust | Benchmarking group (Trust type) average | |
| 3.76 | 3.73 | 3.78 | Decrease of 0.03 points |

Top 5 Ranking Scores

| Survey Question | 2016/17 (previous year) | 2017/18 (current year) | | Trust improvement/ deterioration |
|----------------------------------------------------------------------------------------------------|----------------------------|------------------------|--------------------------------------------|----------------------------------------------|
| | Trust | Trust | Benchmarking group (Trust type) average | |
| Percentage of staff / colleagues reporting most recent experience of harassment, bullying or abuse | 41% | 53% | 47% | Increased by 12% (higher score is better) |
| Staff satisfaction with the quality of work and care they are able to deliver | 3.92 | 4.01 | 3.90 | Increase by 0.09 (higher score is better) |
| Percentage of staff working extra hours | 69% | 68% | 71% | Decrease by 1% (lower score is better) |
| Percentage of staff agreeing that their role makes a difference to patients / service users | 91% | 91% | 90% | No change (higher score is better) |
| Percentage of staff experiencing discrimination at work in the last 12 months | 8% | 9% | 10% | Increase by 1% (lower score is better) |

Bottom 5 Ranking Scores

| Survey Question | 2016/17 (previous year) | 2017/18 (current year) | | Trust improvement/ deterioration |
|-------------------------------------------------------------------------------------------------------------|----------------------------|------------------------|--------------------------------------------|----------------------------------------------|
| | Trust | Trust | Benchmarking group (Trust type) average | |
| Percentage of staff reporting errors, near misses or incidents witnessed in the last month | 48% | 80% | 91% | Increase by 32% (higher score is better) |
| Percentage of staff experiencing physical violence from patients, relatives or the public in last 12 months | 12% | 18% | 14% | Increase by 6% (lower score is better) |
| Percentage of staff reporting good communication between senior management and staff | 27% | 25% | 33% | Decrease by 2% (higher score is better) |
| Effective use of patient / service user feedback | 3.65 | 3.54 | 3.69 | Decrease by 0.11 (higher score is better) |

National NHS Staff Survey Results 2017

1 Approach

Survey carried out

3 Oct 17 - 1 Dec 2017

Sample survey via paper submissions only

Response rate

33% 414 / 1326

2 Summary of Performance

Survey Results

6/9 Areas improved

Overall Score

3.73 -0.03 from previous year

3 Results Summary

Appraisals & support for development



2 / 3 questions improved

Equality and diversity



2 / 2 questions deteriorated

Errors and incidents



4 / 4 questions deteriorated

Health and wellbeing



3 / 3 questions improved

Working patterns



2 / 2 questions improved

Job satisfaction



4 / 6 questions improved

Managers



2 / 3 questions improved

Patient care and experience



2 / 3 questions improved

Violence, harassment and bullying



4 / 6 questions deteriorated

4 Key areas of improvement since 2016

Appraisals & support for development



Staff appraised in the last 12 months

84% 81% in 2016

Health and wellbeing



Interest in and action on - organisation and amangement

3.57 3.44 in 2016

Working patterns



Opportunity for flexible working patterns

48% 46% in 2016

Job satisfaction



Effective team working

3.77 3.71 in 2016

Managers



Support from immediate managers

3.77 3.70 in 2016

Patient care and experience



Staff satisfaction with the quality of work and care they re able to deliver

4.01 3.92 in 2016

5 Key areas of focus for 2018

Equality and diversity



Development of an E&D Strategy for 18/19

Non-executive Director has been appointed as the E&D lead for the Trust

Board to own detailed plan and delivery against targets

Errors and incidents



Further analysis required to triangulate data with other data sources

Further data gathering to be undertaken as appropriate

Develop an approach to gather qualitative insight in to causes and build plans to address for 18/19

Violence, harrassment and bullying



Identify clear support pathways for staff who have experienced any harrassment, bullying, abuse or violence when undertaking their roles

Create an integrated strategy with occupational health to deliver proactive support for employees

Develop a training programme for line managers and employees i.e spot the signs of bullying, resilience

NHS Trust Code of Governance

We have applied the principles of the NHS Foundation Trust Code of Governance (2006) which was updated in July 2014.

The Board has in place governance policies and procedures that reflect the principles of the NHS Foundation Trust Code of Governance which includes the following:

- Standing Orders of the Board and Council of Governors, Scheme of Delegation, and Standing Financial Instructions;
- Good quality performance reports are presented to the Board that meet the Trust's regulators requirements for quality, operational and financial performance;
- Induction programme for Executive and Non-executive Directors;
- At least half of the Board excluding the Chairman comprises independent Non-executive Directors;
- Non-executive Directors have regular meetings with the Chairman;
- Agreed the recruitment process for Non-executive Directors;
- Induction programme for Governors is in place;
- A Non-executive Director covers the Senior Independent Director role;
- Register of Board and Governor interests is in place and publicly available;
- Appraisal process is in place for Non-executive Directors and the Chair;
- Records of attendance are maintained for the Board of Directors and Council of Governors meetings;
- Indemnity insurance is in place to cover any such risks if they arise in respect of legal action against Directors;
- Process to raise any serious concerns and resolving disagreements between the Council of Governors and the Board is in place;
- Lead Governor in place who actively undertakes the role ;
- Private meetings are held with the Chair and Governors to discuss strategic and operational matters;
- Well-developed assurance reporting process is in place with the Chief Executive and supporting Directors presenting on quality, operational and financial performance as well as strategic developments at Council of Governors meetings;
- Embedded Council of Governors structure in place;
- Terms of Reference for the Remuneration Committees are in place for the Board;
- Recruitment process in place for Non-executive Director positions;
- Board evaluation has taken place throughout the year with a development plan in place;
- Well-led Board governance review undertaken by independent company;
- Annual Fit and Proper Person declarations are carried out and reported to the Board to ensure compliance;
- Code of Conduct is in place for the Board and Council of Governors;
- Going Concern Report is undertaken annually;
- Audit Committee provides robust arrangements;
- Council of Governors led appointment process for the appointment of external auditors and approved any extensions;
- Whistle-blowing Policy and Counter Fraud Policy and Plan are in place.

The Trust has applied the principles of the NHS Foundation Trust Code of Governance on a comply and 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. With the exception of the following the Trust departed from the Code during 2017/18:

A5.8 Policy for Governor engagement with the Board for circumstances when they have concerns

The Board recognises it does not have a defined policy in place but it does have strong working processes for Governors to raise concerns through regular meetings with the Chairman, the Lead Governor, Senior Independent Director and Company Secretary.

B1.2 At least half of the Board of Directors, excluding the Chairperson, should comprise of Non-executive Directors determined by the Board to be independent.

The Board departed from this for part of the year with compliance following the Board restructure which reduced the number of voting Medical Directors to three and changes to the Non-executive Directors

Application of the Modern Slavery Act

The Modern Slavery and Human Trafficking Act 2015 Act established a duty for commercial organisations to prepare an annual slavery and human trafficking statement to include the steps the organisation has taken during the year to ensure that slavery and human trafficking is not taking place in any of its supply chains or in any part of its own business.

Our Trust is the largest in the Tees Valley and we are fully aware of the responsibilities it bears towards patients, employees and the local community. Our senior procurement team regularly monitors and reviews its supply base and are all suitably qualified and uphold to the Chartered Institute of Purchasing and Supply code of conduct.

All members of our staff have a personal responsibility for the successful prevention of slavery and human trafficking with the procurement department taking lead responsibility for the supply chain.

Quality and Clinical Governance

The Care Quality Commission (CQC) has a role to ensure that health and social care services that are provided are done so safely, effectively, compassionately, and are of the highest quality. The CQC is responsible for monitoring, inspecting and regulating services to ensure they meet core standards of quality and safety and publish their findings to help people choose their care provider. Its last Comprehensive Inspection report was published on 28 October 2016 rating the Trust as 'Good'. The Trust has had regard to NHS Improvement's Standing Operating Framework and CQC requirements in arriving at its overall evaluation of the Trust's performance, internal control and Board Assurance Framework and has appropriate action plans in place to improve the governance of quality, should it be necessary to do so.

NHS Improvement's Single Oversight Framework

Single Oversight Framework

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

- Quality of care;
- Finance and use of resources;
- Operational performance;
- Strategic change;
- 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.

Finance and use of resources

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

| Area | Metric | 2017/18 scores | | | | 2016/17 scores | |
|--------------------------|------------------------------|----------------|----|----|----|----------------|----|
| | | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 |
| Financial sustainability | Capital service capacity | 4 | 4 | 4 | 4 | 4 | 4 |
| | Liquidity | 3 | 4 | 4 | 4 | 4 | 4 |
| Financial efficiency | I&E margin | 4 | 3 | 4 | 4 | 4 | 4 |
| Financial controls | Distance from financial plan | 4 | 1 | 1 | 1 | 4 | 3 |
| | Agency spend | 1 | 1 | 1 | 1 | 1 | 1 |
| Overall scoring | | 3 | 3 | 3 | 3 | 3 | 3 |

Segmentation

The Trust is currently in segment 3 – 'Mandated Support' which includes segmentation support for providers within this segment as described below:

"Providers receiving mandated support for significant concerns: there is actual or suspected breach of licence, and a Regional Support Group has agreed to seek formal undertakings from the provider or the Provider Regulation Committee has agreed to impose regulatory requirements."

The primary concern for the Trust in this context is the requirement to achieve the Trust financial Control Total.

This segmentation information is the Trust's position as at 31 March 2018. Current segmentation information for NHS Trusts and Foundation Trusts is published on the NHS Improvement website.

Statement of Accounting Officer's Responsibilities

Statement of the Chief Executive's responsibilities as the Accounting Officer of South Tees Hospitals 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 on Monitor by the NHS Act 2006, has given Accounts Directions which require South Tees Hospitals 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 South Tees Hospitals NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year. In preparing the accounts, the Accounting Officer is required to comply with the requirements of the 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 Group Accounting Manual) have been followed, and disclose and explain any material departures in the financial statements;
- assess the Group and parent Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;

- use the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Group and parent Trust without the transfer of its services to another public sector entity.

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 such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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. The Accounting Officer is also responsible for ensuring that the use of public funds complies with the relevant legislation, delegated authorities and guidance.

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

Signed:



Date: 24 May 2018

Siobhan McArdle

Chief Executive & Accounting Officer

Annual Governance Statement

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 risk of failure to achieve policies, aims and objectives and therefore can 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 the Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 March 2018 and up to the date of approval of the Annual Report and Accounts.

Capacity to handle risk

Risk leadership – I am responsible for risk management across organisational, financial and clinical activities. The Risk Committee established by the Board of Directors reviews and sets the Risk Management Strategy for the Trust and has continued to monitor progress against the strategy during 2017/18.

The Trust has a Senior Independent Director and in line with the NHS Foundation Trust Code of

Governance the role of the Senior Independent Director is to be made available to Governors and members (including staff) should they have any concerns that they feel unable to raise via normal channels of communication with the Chair, Chief Executive, or any other Board members, or where such communication remains unresolved or would be inappropriate. The Trust has in place a Freedom to Speak up Guardian to act in a genuinely independent and impartial capacity to support staff who raises whistleblowing concerns; we have a Guardian of Safe Worker to assure the safety of the Trust's doctors; and also have a designated Executive and Non-executive Director to oversee the reporting, reviewing and investigation of deaths.

Risk training – Controls are in place to ensure that all Trust staff have the appropriate skills and expertise to perform their duties. Mandatory training included essential training needs and risk management processes such as fire, health and safety, manual handling, resuscitation, infection control, safeguarding patients, blood transfusion and information governance. Root cause analysis training is provided to staff who have direct responsibility for risk management within their area of work and lessons learned when things go wrong are shared via corporate, centres and divisional governance systems.

Risk and control framework

The Risk Management Strategy is aligned to the Department of Health guidance and provides a framework for managing risks across the Trust. The strategy provides a systematic approach to the management of risks to ensure that risk assessment is an integral part of clinical, managerial and financial processes across the Trust.

Risks are identified proactively through risk assessment processes from Board, Board Committees, Operational Management Board and across all Centres, wards, departments and divisions. The Trust's quality management system includes harm review and morality reviews and quality is managed reactively through the monitoring of key objectives,

incidents, complaints and claims. These risks are evaluated through the use of a risk assessment matrix and controlled through a risk register system. An independent Well-led review was carried out by an external organisation to assess compliance against NHS Improvement's Well-led Framework. There is delegated responsibility for risks at every level across the Trust. The Audit Committee has continued to oversee the system of internal control and overall assurance processes associated with risk management.

The Board of Directors receives summary reports following every Board Committee meeting via the Chair's Logs and receives assurances in relation to the management of serious untoward incidents, including never events, reports on complaints and claim incidents. In addition to this the Trust's governance processes ensure there are mechanisms in place to receive and act upon alerts and recommendations made by relevant central bodies.

Board Assurance Framework

The Board Assurance Framework provides the Trust with a system to identify and monitor risks to meeting the Trust's strategic objectives. Each risk is mapped to corresponding controls and assurances.

The Board of Directors has a process in place to ensure the content of the Assurance Framework is managed effectively and fit for purpose. The Board and the Risk Committee reviews the Assurance Framework with the Executive Risk Committee providing assurance on the effectiveness of the risk culture of the Trust. The Executive Director with delegated responsibility for managing and monitoring each risk on the Assurance Framework is clearly identified. The Audit Committee which includes Non-executive Directors (excluding the Chairman), oversees the system of internal control and the overall assurance process associated with risk.

During 2017/18, the Board ensured on-going assessment of in-year and future risks. Major risks related to:

- Management of the ongoing PFI contract, in particular the progress of the lifecycle maintenance programme;
- Effectiveness of financial control systems;
- Delivering excellence in patient quality outcomes and experience;
- Referral to Treatment performance;
- Compliance with the four hour A&E and cancer standards;
- Pharmacy;
- Recruitment and retention of skilled key staff.

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

The financial plan is approved by the Board of Directors and submitted to NHS Improvement our independent regulator (in exercising its powers conferred by Monitor). This plan includes forward projections and is monitored by the Finance and Investment Committee with key performance indicators and financial sustainability metrics also reviewed monthly by the Operational Management Board and the Board of Directors at each of its meetings.

2017/18 was the fourth year of the Trust's financial recovery plan which included a surplus Control Total of £7.4m for 2017/2018 (excluding capital donations, depreciation on donated assets and impairment charges).

During 2017/18, the Trust successfully delivered £15.9m of efficiencies against the £30.2m recovery target, of which £13.0m was recurring with the full year efficiencies totalling £19.3m. Despite the efficiencies achieved, the Trust ended the year £13.6m behind plan. To ensure the achievement of the Trust's control total in 2018/2019 a further £26.8m of efficiencies are planned to be delivered through a robust programme, with the Executive Director leads being held accountable for the delivery of efficiencies to support the achievement of the control total; and regular performance

monitoring taking place through Executive Director and Operational Management Board meetings.

Financial governance arrangements are managed within the corporate governance framework which includes Standing Orders, Standing Financial Instructions and a Scheme of Delegation. Financial governance is supported by internal and external audit to ensure economic, efficient and effective use of resources and monitored by the Audit Committee.

During 2017/18, the Interim Director of Finance requested a change to the Internal Audit Programme to include a review of the key financial processes in place at the Trust to provide assurance on the financial control framework. The audits undertaken included: Procurements and Accounts Payable, Income Generation and Recording and Accounts Receivable, Financial Management and Month End Processing. The audit reports included a total of 19 recommendations of which four were classified high, 10 medium and five low. These findings were consistent with the Interim Director of Finance's views which initiated a targeted programme of action.

The high priority recommendations related to:

- Private Patient Income;
- Journal Entry;
- Aged Creditors;
- Contract Renewal.

The Trust reviews its private patient income as part of its monthly close down and recognises that its private patient procedures require reviewing and standardising.

In 2017/18, the Trust strengthened controls around journal entry to improve the control environment within Financial Management; compensating controls existed throughout the year as a function of monthly budget management and the review of significant variances.

The Aged Creditors position is closely managed within the Finance Department as a consequence of the cash position of the Trust, with the recommendation relating to a more formal documentation method. The Trust has found that the current approach adopted has minimised

operational issues throughout the Trust.

Procurement has a defined work programme in place which is aimed at securing the maximum financial benefits for the Trust. The Trust accepts the need to review its existing practices to ensure a standardised approach is achieved. In 2018/19 work will be undertaken to strengthen the link between the procurement function and clinical services to ensure a formalised approach is in place for contract renewals.

As a direct result of these audit findings, the overall Internal Audit opinion changed from 'generally satisfactory with some improvements required' to 'substantial improvement required'.

The Interim Director of Finance advised the Board that the recommendations related to discreet parts of the system. He was satisfied that these issues are discreet and that the issues and the aggregate of these issues are sufficiently covered by other controls within the Finance and Procurement Departments. The Board determined that these issues do not, in aggregate, represent a critical risk to the overall financial control framework of the Trust.

Centres and corporate departments are responsible for the delivery of financial and other performance targets via a performance management framework which incorporates service reviews with the Executive Directors.

There were changes made to the Board during 2017/18 which included: Mr Alan Downey commenced as Chair Designate from January 2018 taking on the role of Chairman from 1 April 2018; Ms Amanda Hullick continued as Acting Chair until 31 March 2018; Mrs Maureen Rutter, Non-executive Director covered the Deputy Chair position until 31 March 2018; Mr Mike Reynolds, Non-executive Director left the Trust on 31 August 2017 and Mr Hugh Lang, Non-executive Director left the Trust on 31 December 2017. Mr Adrian Clements, Medical Director for Urgent and Emergency Care commenced as the Deputy Chief Executive on 1 December 2017; Mrs Ruth James, Director of Quality stood down from her Board position in December 2017 and left the Trust on 31 March 2018; and five voting Medical Directors were reduced to three (Mr Adrian Clements, Dr Sath Nag and Mr David Chadwick).

The Director of Finance, Mrs Maxime Hewitt-Smith was on secondment during the year with Mr Rob Cooper covering the role on an interim basis from April to October 2017 and Mr Steven Mason covering the role on an interim basis from October 2017.

All changes were approved by the Nomination and Remuneration Committees and/or were made following recommendations from the independent Well-led Review.

Information Governance

Information Governance is assessed as part of a process using the Information Governance Toolkit. The Trust's Risk Register is updated with identified information risks. As part of the national requirements, the Trust's information risks are assessed and reported to the Department of Health via the Information Governance (IG) Incident Reporting Tool. In 2017/18, the Trust reported four Information governance incidents to the Information Governance Commissioner which were scored at level two.

There were four level 2 IG incidents reported through the IG Toolkit in 2017/2018. These related to:

- one incident of loss of an inadequately protected device;
- three incidents of inappropriate disclosure of patient information (wrong address, information misfiled in records).

All incidents were fully investigated and actions were taken to reduce the risk of re-occurrence; the Information Commissioner's Office has closed three of the incidents and no formal action was taken.

The Trust has successfully achieved a minimum of level two against the 45 standards of the Information Governance Toolkit with the Trust's overall compliance score for 2017/2018 submitted as 71%, green – satisfactory.

I am pleased to report that the Trust was not directly affected by the global cyber-attack on 12 May 2017. However, at that time precautionary actions were taken and external IT links and IT systems

were shut down and were fully restored over a period of days. The Trust has actions in place to safeguard its infrastructure and continues to work on strengthening its longer term resilience plans to minimise future risk to cyber-attacks.

Annual Quality Report

The directors are required under the Health Act 2009 and the National Health Service Quality Accounts Regulations 2010 (as amended) to prepare Quality Accounts each financial year. NHS Improvement (in exercising its powers conferred by Monitor) issued guidance to NHS Foundation Trust Boards on the form and content of annual Quality Reports, which incorporate the above legal requirements, in the NHS Foundation Trust Annual Reporting Manual.

The development of the Quality Report included a range of information obtained via feedback from staff, patients, governors and external stakeholders to identify the priorities for quality improvement. The Annual Quality Report is supported internally through the Board Assurance Framework. The Board has a dedicated Quality Assurance Committee and all data and information is reviewed through this Committee and supported through a Quality Strategy. The Board regularly reviews quality improvement against set targets and identified projects. This Committee is chaired by a Non-executive Director and provides assurances to the Board in relation to the Trust's compliance against the CQC registration requirements.

The Trust is fully compliant with the CQC registration requirements, with its last Comprehensive Inspection report published on 28 October 2016 rating the Trust as 'Good'. As a provider of NHS services under the licence of the CQC the Trust must comply with the requirements of the NHS provider licence which forms the legal basis for NHS Improvement's oversight for NHS Foundation Trusts.

For the second consecutive year the Trust has been below the threshold for Trust attributed cases of *Clostridium difficile*, with 48 Trust attributed cases against an upper threshold of 55 in 2017/18. In addition a reduction of 15% in staphylococcus

aureus bacteraemia was achieved. This reflects the significant amount of work undertaken within the organisation and in collaboration with our Commissioners to continue to tackle health care associated infection.

Our 1000 Voices Real Time Patient Experience Programme was fully implemented across all inpatient areas, for the first time giving consistent quantitative and qualitative feedback to our clinical teams. The use of verbatim patient comments has enabled the voice of the patient to be clearly heard in real time at ward level. This has then enabled staff to act to make the small required changes which has made a significant difference to our patients.

With a focus on improving medication safety, the organisation achieved a reduction in omitted doses, and in particular for critical medicines. The quality priorities for 2018/19 include:

Safety:

- Improving medication safety;
- Improving incident reporting (to drive safety culture);
- Reducing harm from HCAI with a focus on gram negative blood stream infection.

Patient Outcomes:

- Strengthening the mortality process;
- Improving the early review of emergency patients by a consultant across the week;
- Ensuring safe and effective discharge.

Patient Experience:

- Developing and implementing the patient experience strategy;
- Improving the care of patients with mental health concerns and those in vulnerable groups; through a holistic and collaborative approach;
- Improving communication with our patients with particular focus on reducing the amount of conflicting information patients receive.

Each priority has an executive lead, who is responsible for securing improvements in line with agreed deliverables.

The organisation continues to focus on eliminating avoidable harm in the areas of both falls and pressure ulcers using the Safety@SouthTees Forum as the driver for service improvements in the acute and community setting. The aim is to improve the safety of our patients and the quality of their care by effective use of data, effective educational delivery methods and effective leadership.

Overarching clinical strategies in the areas of frailty, children and young adults, cancer and end of life care will continue to underpin the clear vision of delivering excellence in patient outcome and experience in 2018/19.

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, the senior leadership team, senior managers and clinical leads within the Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the Quality Report included within this Annual Report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee, Quality Assurance Committee, Finance and Investment Committee, Risk Management Committee and Operational Management Board who plan to address weaknesses and ensure continuous improvement of the systems in place.

The Board Assurance Framework provides me with an opinion about the effectiveness of the assurance framework and the internal controls that manage the risks to the organisation achieving its principle

objectives. Internal audit provides me with an opinion on the effectiveness of the assurance framework and internal controls reviewed as part of the internal audit plan. Work undertaken by internal audit is reviewed by the Board Committees, including the Audit Committee. During 2017/18, the Trust directed internal audit to areas of perceived high risk within the Finance and Procurement Departments. The outcome of these Audits has resulted in a change of the overall opinion as mentioned above. This position was discussed in detail by the Audit Committee meeting held on 21 May 2018 and the Board on 24 May 2018. It was determined that the Trust has risk management processes in place to manage and mitigate these risks including the Board Assurance Framework and Corporate Risk Register which are reviewed by the Risk Committee with significant risks detailed within the Chief Executive's Report and Integrated Performance Report presented to the Board at each of its meetings. This provides me and the Board with evidence of the effectiveness of controls in place to manage risks to achieve the Trust's principal objectives.

The Trust commissioned an independent Well-led Review in 2017 and since that time the Trust has made significant improvements with regard to Board governance and *Clostridium difficile*. As a result of that NHS Improvement considered the Trust to be fully compliant with its licence for Board Governance and *Clostridium difficile*. A compliance certificate was issued by NHS Improvement in 81 October 2017 and a revised enforcement undertaking was issued to supersede the previous undertaking in relation to financial suitability.

My review is also informed by the external audit opinion, inspections carried out by the CQC and other external agencies and visits of accreditation. In assessing and managing risks, the Trust has well established processes to ensure the effectiveness of the systems of internal control. The Trust has assessed compliance with the NHS Foundation Trust condition 4 (FT governance). The Audit Committee reviewed the assessment in detail at its meeting on

21 May 2018 and confirmed one material risk had been identified. The Trust believes that effective systems and processes are in place to maintain and monitor the following conditions:

- the effectiveness of governance structures;
- the responsibility of Directors and Committees;
- reporting lines and accountabilities between the Board, its Committees and the executive team;
- the submission of timely and accurate information to assess risks to compliance with the Trust's licence;
- the degree and rigour of oversight the Board has over the Trust's performance.

These conditions are detailed further within the Corporate Governance Statement; the validity of this is assured by the Audit Committee.

Conclusion

The Board believes it has effective governance assurance systems in place and is continuing to strengthen and improve upon these. The control issues identified by internal audit are being managed and addressed within the overall Trust framework. This framework enables identification of issues and control risks and is designed to manage organisational objectives and minimise the Trust's exposure to risk. Internal and external audit reviews, audits, inspections and the Trust's governance systems are all part of the overall process to identify risks. When identified these risks are reported through the Trust's Assurance Framework and Corporate Risk Register and managed and improved upon within the overall framework of the Trust.

Signed:



Date: 24 May 2018

Siobhan McArdle
Chief Executive & Accounting Officer



Independent auditor's report

to the Council of Governors of South Tees Hospitals NHS Foundation Trust

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. Our opinion is unmodified

We have audited the financial statements of South Tees Hospitals NHS Foundation Trust ("the Trust") for the year ended 31 March 2018 which comprise the Group and Trust Statement of comprehensive income, Group and Trust Statements of financial position, Group and Trust Statements of changes in taxpayers' equity, Group and Trust Statements of cash flows and the related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group and the Trust's affairs as at 31 March 2018 and of the Group's and Trust's income and expenditure for the year then ended; and
- the Group and the Trust's financial statements have been properly prepared in accordance with the Accounts Direction issued under paragraphs 24 and 25 of Schedule 7 of the National Health Service Act 2006, the NHS Foundation Trust Annual Reporting Manual 2017/18 and the Department of Health Group Accounting Manual 2017/18.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview

| | |
|---------------------------------------|---------------------------------------|
| Materiality: | £8.0m (2017:£6.4m) |
| Group financial statements as a whole | 1.3% (2017: 1.1%) of Operating Income |

| | |
|-----------------|---------------------------------------|
| Coverage | 100% (2017: 100%) of Operating Income |
|-----------------|---------------------------------------|

Risks of material misstatement vs 2017

| | |
|------------------------|----------------------------------------|
| Recurring risks | Valuation of land and buildings |
|------------------------|----------------------------------------|



2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters (unchanged from 2017) in arriving at our audit opinion above, together with our key audit procedures to address those matters and our findings ("our results") from those procedures in order that the Trust's Council of Governors as a body may better understand the process by which we arrived at our audit opinion. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters

The key audit matter relates to the Group and the parent Trust.

| | The risk ^{1a} | Our response |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Valuation of land and buildings and accounting for impairments £203 million; (2017: £206 million)</p> <p><i>Refer to page 57 Audit Committee Report, Accounts Section 1.3 of Note 1 to the Accounts (accounting policy) and Note 9 of the Accounts (financial disclosures).</i></p> | <p>Subjective valuation:</p> <p>Land and buildings are required to be maintained at up to date estimates of current value in existing use (EUV). For specialised assets where no market value is readily ascertainable, EUV is the depreciated replacement cost of a modern equivalent asset that has the same service potential as the existing property (DRC).</p> <p>There is significant judgement involved in determining the appropriate basis (EUV or DRC) for each asset according to the degree of specialisation, as well as over the assumptions made in arriving at the valuation. The DRC basis requires an assumption as to whether the replacement asset would be situated on the existing site or, if more appropriate, on an alternative site, with a potentially significant effect on the valuation. Furthermore, replacement cost is decreased if VAT on replacement costs is deemed to be recoverable.</p> <p>The majority of the Trust estate is held under PFI arrangements under which the VAT on construction costs is recoverable. The valuer has provided DRC valuations net of VAT on the assumption that replacement assets would be provided using the existing PFI arrangements or through a subsidiary facilities management company. This has a material impact on the valuation.</p> <p>The Group's external valuers performed a full valuation, supported by inspection, as at 22 March 2018 and indexed this to determine the valuation as at 31 March 2018.</p> <p>Accounting treatment</p> <p>Consideration is also required as to whether revaluation gains and impairment losses are processed through other operating income/expense, or recognised in other comprehensive income. This treatment could have significant impact on the reported surplus or deficit for the year.</p> | <p>Our procedures included:</p> <ul style="list-style-type: none"> — Assessing valuer's credentials: We assessed the competence, capability, objectivity and independence of the Trust's external valuer and considered the terms of engagement of, and the instructions issued to, the valuer for consistency with the requirements of the NHS Group Accounting Manual; — Methodology choice: We assessed the appropriateness of the valuation bases and assumptions applied by the valuers; — Historic comparisons: We considered the Group's history of VAT recovery through its PFI arrangement and the existing and future plans for its commercial subsidiary and critically assessed the consistency of this judgement with the evidence presented; — Data comparisons: We critically assessed, in light of our knowledge of the Group's assets and changes in market conditions, whether any significant movements in values since the last full valuation were appropriate; — Accounting analysis: We re-performed the gain or loss on revaluation calculation for all applicable assets and checked whether the accounting entries were consistent with the NHS Group Accounting Manual; — Assessing transparency: We considered the adequacy of the disclosures about the key judgements and degree of estimation involved in arriving at the valuation and the related sensitivities. <p>Our Results</p> <ul style="list-style-type: none"> — We found the valuation of land and buildings, and accounting for impairments, to be acceptable. |

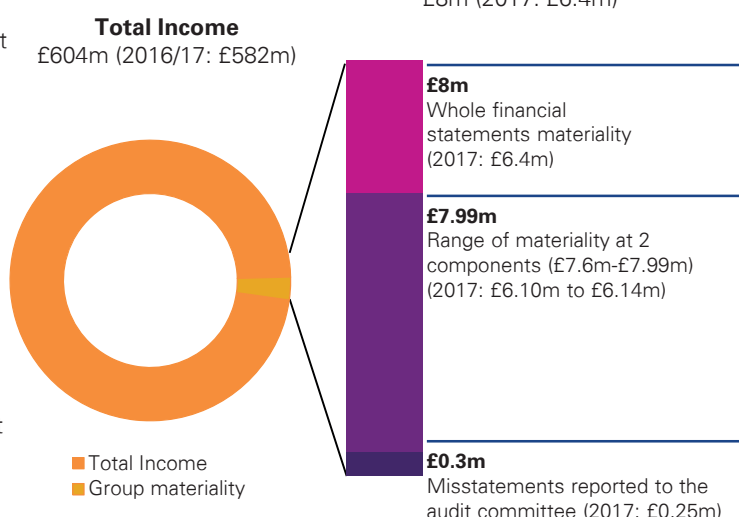
3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £8 million (2016/17: £6.4 million), determined with reference to a benchmark of operating income (of which it represents approximately 1.3% (2016/17: 1.1%)). We consider operating income to be more stable than a surplus-related benchmark.

Materiality for the parent Trust's financial statements as a whole was set at £7.99 million (2016/17: £6.14 million), determined with reference to a benchmark of operating income (of which it represents approximately 1.3% (2016/17: 1.1%)).

We agreed to report to the Audit Committee any corrected and uncorrected identified misstatements exceeding £0.30 million (2016/17: £0.25 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

The group's two (2017: two) reporting components were subject to full scope audits for group purposes. The components within the scope of our work accounted for the percentages illustrated opposite.



4. We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Remuneration report

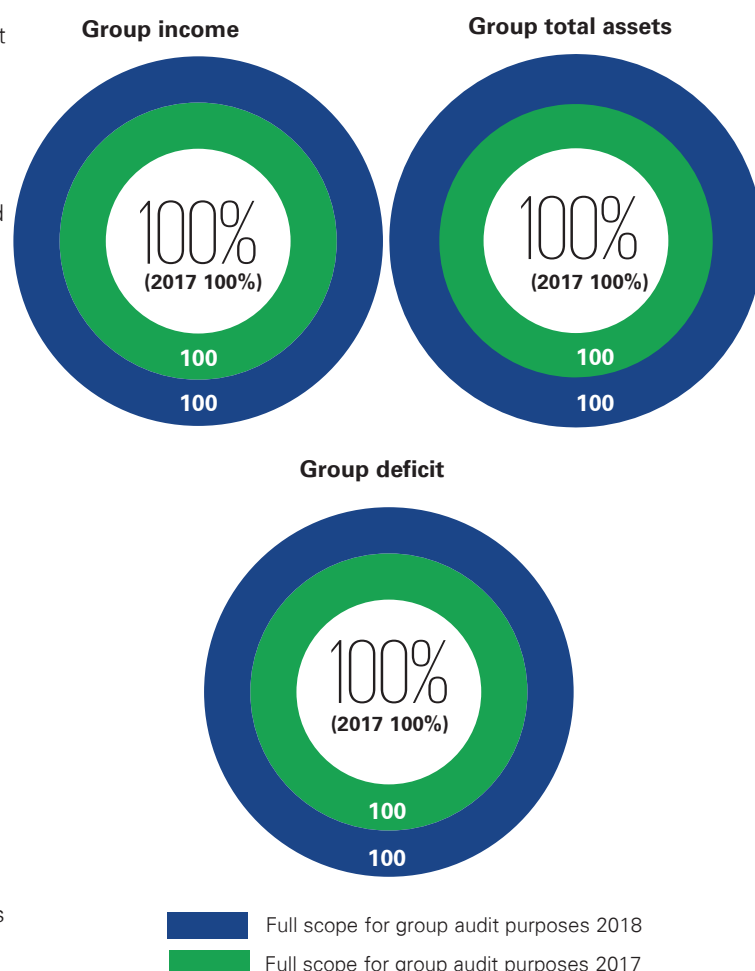
In our opinion the part of the remuneration report to be audited has been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2017/18.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for stakeholders to assess the Group's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- the Annual Governance Statement does not reflect the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2017/18, is misleading or is not consistent with our knowledge of the Group and other information of which we are aware from our audit of the financial statements.

We have nothing to report in these respects.



6. Respective responsibilities

Accounting Officer's responsibilities

As explained more fully in the statement set out on page 75, the Accounting Officer is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Group and parent Trust without the transfer of its services to another public sector entity.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

We have nothing to report on the statutory reporting matters

We are required by Schedule 2 to the Code of Audit Practice issued by the Comptroller and Auditor General ('the Code of Audit Practice') to report to you if:

- any reports to the regulator have been made under Schedule 10(6) of the National Health Service Act 2006.
- any matters have been reported in the public interest under Schedule 10(3) of the National Health Service Act 2006 in the course of, or at the end of the audit.

We have nothing to report in these respects.

Our conclusion on the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources is adverse

Under the Code of Audit Practice we are required to report if the Trust has not made proper arrangements for securing economy, efficiency and effectiveness in the use of resources.

Adverse conclusion

As a result of the matters outlined in the basis for adverse conclusion paragraph below, we are unable to satisfy ourselves that in all significant respects South Tees Hospitals NHS Foundation Trust put in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2018.

Basis for adverse conclusion

- In July 2014 NHS Improvement issued a notice of enforcement undertakings. NHS Improvement concluded that the Trust had failed to establish and effectively implement systems or processes to ensure compliance with its duty to operate efficiently, economically and effectively. The Trust remained subject to this enforcement notice at 31 March 2018.
- During 2017/18 the Group received repayable revenue support of £33.9m, interim working capital support of £9.1m and interim capital support of £11.9m (2016/17: £37.7m). The 2018/19 plan requires further borrowing of £29.8m. The Group deficit for the year was £9.6m (2016/17: £20.1m). In addition, the annual internal audit opinion for 2017/18 concluded that substantial improvements are required to improve the adequacy and effectiveness of governance, risk management and control.

Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

The Trust is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources..

Under Section 62(1) and Schedule 10 paragraph 1(d), of the National Health Service Act 2006 we have a duty to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in the 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 the use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. We planned our work in accordance with the Code of Audit Practice and related guidance. Based on our risk assessment, we undertook such work as we considered necessary.

Report on our review of the adequacy of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required by guidance issued by the C&AG under Paragraph 9 of Schedule 6 to the Local Audit and Accountability Act 2014 to report on how our work addressed any identified significant risks to our conclusion on the adequacy of the Trust's arrangements to secure economy, efficiency and effectiveness in the use of resources. The 'risk' in this case is the risk that we could come to an incorrect conclusion in respect of the Trust's arrangements, rather than the risk of the arrangements themselves being inadequate.

We carry out a risk assessment to determine the nature and extent of further work that may be required. Our risk assessment includes consideration of the significance of business and operational risks facing the Trust, insofar as they relate to 'proper arrangements'. This includes sector and organisation level risks and draws on relevant cost and performance information as appropriate, as well as the results of reviews by inspectorates, review agencies and other relevant bodies.

The significant risks identified during our risk assessment are set out below together with the findings from the work we carried out on each area.

| Significant Risk | Description | Work carried out and judgements |
|------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Enforcement Undertakings | <p>In July 2014 Monitor issued a notice of enforcement undertakings. Monitor concluded that the Trust had failed to establish and effectively implement systems or processes to ensure compliance with its duty to operate effectively, economically and efficiently.</p> <p>Two elements that led to this conclusion related to financial sustainability and board governance. The Trust remains subject to this enforcement action.</p> | <p>Our work included:</p> <ul style="list-style-type: none">— We reviewed correspondence with NHSI/Monitor and obtained documentation on the enforcement undertakings. <p>Our findings on this risk area:</p> <ul style="list-style-type: none">— As a result of the enforcement undertakings we concluded that the Trust does not have adequate arrangements in place for planning its finances effectively to support the sustainable delivery of its strategic priorities and maintaining statutory functions, or for acting in the public interest, through demonstrating and applying the principles and values of sound governance. |
| Financial Sustainability and Internal Control | <p>The Trust's control total for 2017/18 was a surplus of £7.4m, but it reported a deficit of £6.2m. The Trust has submitted its annual plan for the 2018/19 financial year based on the achievement of a £3.8m surplus. This includes the receipt of £13.9m of Sustainability and Transformation Funding which is dependent on the Trust's results. It is forecast that an additional £29.8m of borrowing will be required during the year.</p> <p>Internal audit identified areas where substantial improvements are required to improve the adequacy and effectiveness of governance, risk management and control.</p> <p>Due to the significant financial challenges facing the Trust we determined that financial sustainability and the adequacy of internal control represented significant risks to our value for money conclusion.</p> | <p>Our work included:</p> <ul style="list-style-type: none">— An assessment of the process for forecasting and monitoring cash levels and the associated financial controls;— A review of correspondence with the main Clinical Commission Groups from which the Trust receives income;— An assessment of the Trust's funding arrangements and consideration of borrowing facilities in place and the level of borrowing which is anticipated to be needed in the foreseeable future;— A review of internal audit reports and findings and liaison with the internal auditors over the scope of their work. <p>Our findings on this risk area:</p> <ul style="list-style-type: none">— The Trust did not achieve its control total in the 2017/18 financial year and continues to be reliant on further borrowings to meet its short term funding requirements;— The internal auditor's opinion on the internal control environment concluded that substantial improvements are required to improve the adequacy and effectiveness of governance, risk management and control;— As a result of the above we concluded that the Trust does not have adequate arrangements in place for planning its finances effectively to support the sustainable delivery of its strategic priorities and maintaining a sound system of internal control. |

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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

CERTIFICATE OF COMPLETION OF THE AUDIT

We certify that we have completed the audit of the accounts of South Tees Hospitals NHS Foundation Trust in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice issued by the National Audit Office.



Paul Moran

for and on behalf of KPMG LLP (Statutory Auditor)

Chartered Accountants

Quayside House

110 Quayside

Newcastle upon Tyne

NE1 3DX

15 June 2018





3 Quality Report 2017 - 2018

| | |
|--------------------------------------------------------------------------------------------------------------------|-----------|
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Part 1

Statement on quality from the Chief Executive

I am delighted to introduce the 2017/2018 Quality Report as Chief Executive of South Tees Hospitals NHS Foundation Trust.

With patient safety and quality at the heart of everything we do, we are committed to ensuring our resources are used effectively in order to provide safe services and the very highest standards of care for our patients. This report outlines achievements and successes against our quality priorities over the past 12 months and our priorities for 2018/19.

For the second consecutive year the Trust has been below the threshold for Trust attributed cases of *Clostridium difficile*, with 48 cases against an upper threshold of 55 in 2017/18. In addition a reduction of 15% in staphylococcus aureus bacteraemia was achieved in the same year. This reflects the significant amount of work undertaken both in the organisation and in collaboration with our commissioners in tackling health care associated infection.

With a focus on improving medication safety, the organisation has achieved a reduction in omitted doses, and in particular for critical medicines.

Our 1000 voices real time patient experience programme has been fully implemented across all inpatient areas, for the first time giving consistent quantitative and qualitative feedback to our clinical teams. The use of verbatim patient comments has meant that the voice of the patient has been clearly heard in real time at ward level. Staff have been able to act to make the small changes which make a big difference to our patients.

Operationally, our other three key quality measures, which directly link to the outcomes and experience of our patients, were:

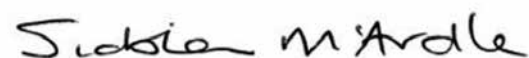
- **Four-hour accident and emergency waiting time target** - our year-end performance was 95.68% against a target of 95%. We are incredibly proud of this performance particularly given levels of activity and patient acuity over the winter period;
- **62-day cancer wait target for first definitive treatment for all cancers** – our year-end performance was 85.44% against a target of 85%. This demonstrates considerable improvement with sustained compliance since November 2017;
- **Referral to Treatment (RTT) 18-week target** – our year-end performance was 91.45% against a national target of 92%. Although this is disappointing there are clear plans in place in 2018/19 to secure improvements.

Despite challenging financial and operational pressures on our services, and the NHS as a whole, we have seen some significant improvements this year which we are immensely proud of.


We continue to promote a quality focused culture throughout our organisation to ensure we deliver excellence in both patient outcome and experience.

To the best of my knowledge, the information contained in this Quality Account is accurate.

Signed:



Date: 24 May 2018
Siobhan McArdle



Part 2

Priorities for improvement and statements of assurance from the board



Priorities for improvement

Review of progress with the 2017/18 quality priorities

In last year's quality account we identified the following as our quality priorities:



Safety @ South Tees

Reducing harm from
healthcare associated
infection

Reducing the harm from
pressure ulcers and falls

Improving medication safety



Right care, right time, right place

Improving the response to the
deteriorating patient

Improving the mortality review
process

Ensuring patients receive care in
the right place at the right time



Listening and improving

1000 voices patient
experience programme

Supported by our clinical strategy

The following section summarises the progress made against the goals identified for each priority.



Safety @ South Tees

Reducing harm from Health Care Acquired Infections (HCAI)

Our goals:

- To reduce the incidence of clostridium difficile infections;
- To reduce the incidence of staphylococcus aureus infections.

Progress to date:

There has been significant progress in reducing clostridium difficile infections in the Trust in 2017/18. The threshold was to have no more than 55 cases; this was achieved with a total of 48 Trust attributed cases for the year. Although this is a slight increase from the previous year (48 vs 43) the overall number of clostridium difficile infections in the Trust reduced by 9%. This demonstrates that the actions implemented through the HCAI annual plan and clostridium difficile action tracker have been effective. There has been 1 case of Methicillin Resistant Staphylococcus Aureus (MRSA) bacteraemia and 34 cases of Methicillin Sensitive Staphylococcus Aureus (MSSA) bacteraemia in 2017/18 which is a 15% reduction in Staphylococcus Aureus infections compared to 2016/17. Work to reduce infection in patients with invasive devices in situ was part of the infection prevention action plan for 2017/18 and will continue to be part of the Infection Prevention and Control (IPC) team's focus for 2018 /19 as we acknowledge that there are still many infections such as MSSA that are associated with the insertion and subsequent management of an invasive device

Several initiatives have been introduced by the Trust in order to improve performance on HCAI, these include:

Improving surveillance for Escherichia coli (E. coli)

Reducing infections such as E. coli is a national priority with the stated aim of a 50% reduction in gram negative bacteraemia by 2021. Acknowledging that the majority of these infections have a community onset we have contributed to and submitted a health–economy wide action plan in conjunction with our two Clinical Commissioning Groups (CCGs).

Resource has been deployed from the current IPC team from January 2018 to facilitate a more in-depth analysis of cases which will then inform future practice and policy and drive reductions for these infections.



The Trust is continuing to actively participate in the newly formed Tees-wide Health and Social Care Infection Prevention and Control Collaborative (TIPCC). The overall purpose of this group is to develop and deliver local strategies to ensure that no person is harmed by a preventable infection. This aim will be enacted through the delivery of the agreed health economy action plan for the reduction of E. coli in the first instance, but also to look for further opportunities to work across the health economy in other aspects of infection prevention in the wider public.

The Trust has participated in a number of national and regional workshops facilitated by the Academic Health Science Network (AHSN) and NHS Improvement (NHS I) to advance the current local action plans into a more cohesive plan for the region in terms of commonality where there are opportunities to develop solutions together.

Dedicated IPC post for care homes

The Trust hosted an Infection, Prevention and Control (IPC) Nurse post to facilitate education and training to care home staff as well as support the management of patients with infection within these environments. This post is funded by both the Tees Clinical Commissioning Group and the Local Authority through the Better Care Fund (BCF). The post has been highly successful in acting as a conduit across the health economy and has gained further funding for 2018 /19.

Refresh and re-launch of High Impact Interventions

The national High Impact Interventions known as the Saving Lives programme was refreshed and relaunched in April 2017. This audit programme along with a monthly return of numbers of patients with invasive devices has facilitated targeted interventions to improve assurance of standardised practice in relation to peripheral cannula and urinary catheters.

Reducing antimicrobial prescribing

The Trust has continued reducing its antibiotic consumption as part of the national Reducing the Impact of Serious Infections (Antimicrobial Resistance and Sepsis) Commissioning for Quality and Innovation (CQUIN) scheme. Once again in 2017/18, the aim was to decrease overall antibiotic prescribing by 1%, as well as lowering the amount used of two specific antibiotic groups; the baseline for all three arms was the 2016 calendar year. The antibiotic pharmacist has continued to support this initiative through regular audits and education regarding appropriate antibiotic prescribing. The Trust achieved the reduction in the use of the two specific antibiotic groups but narrowly missed the overall reduction of antibiotic prescribing target.

The Trust was the first pilot site for the national Antibiotic Review Kit (ARK) trial looking to improve antibiotic review outcomes. Following on from this, a further revision to the short stay inpatient drug chart has been made to support the ARK antibiotic review concepts. Also, helping the reductions within the two specific antibiotic categories was the introduction of prescribing flowcharts for their use alongside giving them both "protected antimicrobial" status within the Trust, which meant that they are only used when absolutely appropriate.



Diarrhoea management

Weekly audits of patient records are completed to ensure appropriate management of patients who present with diarrhoea the results of which are shared with clinical matrons and ward managers.

A service review of the IPrevention and Control (IPC) team has afforded the opportunity for a dedicated Infection Prevention and Control Nurse (IPCN) to be based with the Emergency Department and admission units. This provides visible support for risk assessment, clinical management of patients presenting with diarrhoea, use of isolation facilities as well as bed occupancy. This, along with an IPC Nurse being on duty 7 days per week has facilitated the early identification and timely management of patients who may have an infection. Further iterations of the Diarrhoea Assessment Tool have been piloted to reflect the unique risk factors in a number of specialties.

Deep clean programme

During the bed re-configuration on the James Cook site there was the opportunity to deep clean 5 ward areas during 2017/18. A refurbishment of ward 4, the renal ward, has also seen an improvement in the bathroom facilities for our patients on this ward.

Cleaning monitoring meetings

These meetings take place monthly with our Private Finance Initiative (PFI) partners, who manage the cleaning services, to ensure agreed actions are delivered. The delivery of consistently high cleaning standards requires constant purpose so joint monitoring by the Trust and the PFI partner takes place on a weekly basis and is reported to the monthly cleaning standards meeting and the Infection Prevention Action Group (IPAG).

A new process of screening requests for enhanced cleaning has been introduced within the Infection Prevention and Control (IPC) team. This has resulted in a significant reduction of inappropriate requests and facilitates cleaning resources to be directed appropriately which has had a positive impact in patient flow.



Reducing harm from pressure ulcers and falls

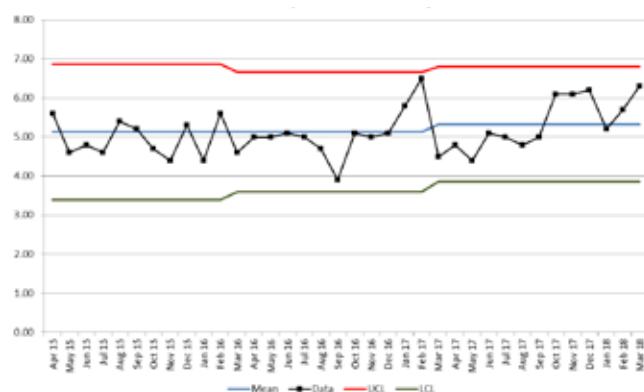
Our goals:

- To achieve a rate of less than 5 falls per 1000 bed days;
- To reduce the number of falls resulting in serious harm or fracture;
- To reduce Trust acquired category 2 pressure ulcers (the first signs of damage).

Progress to date:

The rate of falls across 2017/18 is 5.4 falls per 1000 bed days. This exceeds the goal of 5 per 1000 bed days for the year.

Rate of falls per 1000 bed days



Source: CBIS

The graph above shows a sustained increase in the rate of falls in 2017/18 with the rate increasing above the target of 5 per 1000 bed days in October 2017 and continuing to the year end.

This is disappointing, but we know that harm predominantly occurs to frail older adults and this is a group that is increasing within our population. Wards that admit older, more frail individuals, often with multiple risk factors including a history of previous falls, faints, or dizziness, cognitive or sensory impairment, impaired gait, muscle strength and balance problems, and an acute illness are more likely to have higher than average falls rates.

A number of wards with a high fall rate, high acuity and level of frailty are working with the corporate nursing team to test quality improvement initiatives using service improvement methodology, Plan Do Study Act cycles (PDSA). These interventions and actions are aimed at risk reduction and include improving continence care, use of safety huddles and deployment of staff during times of heightened risk (staff change over and breaks). A trial of movement sensors was carried out in community hospitals. It was found that the use of the sensors did not lead to a reduction in falls and therefore the use of such aids needs to be patient specific rather than routine.

The reduction target has been met in respect of falls resulting in fracture with a 14% reduction, as shown in the next table.

Number of falls resulting in a fracture

| 16/17 | Q1 | Q2 | Q3 | Q4 | 17/18 |
|-------|----|----|----|----|-------|
| 44 | 11 | 10 | 9 | 8 | 38 |

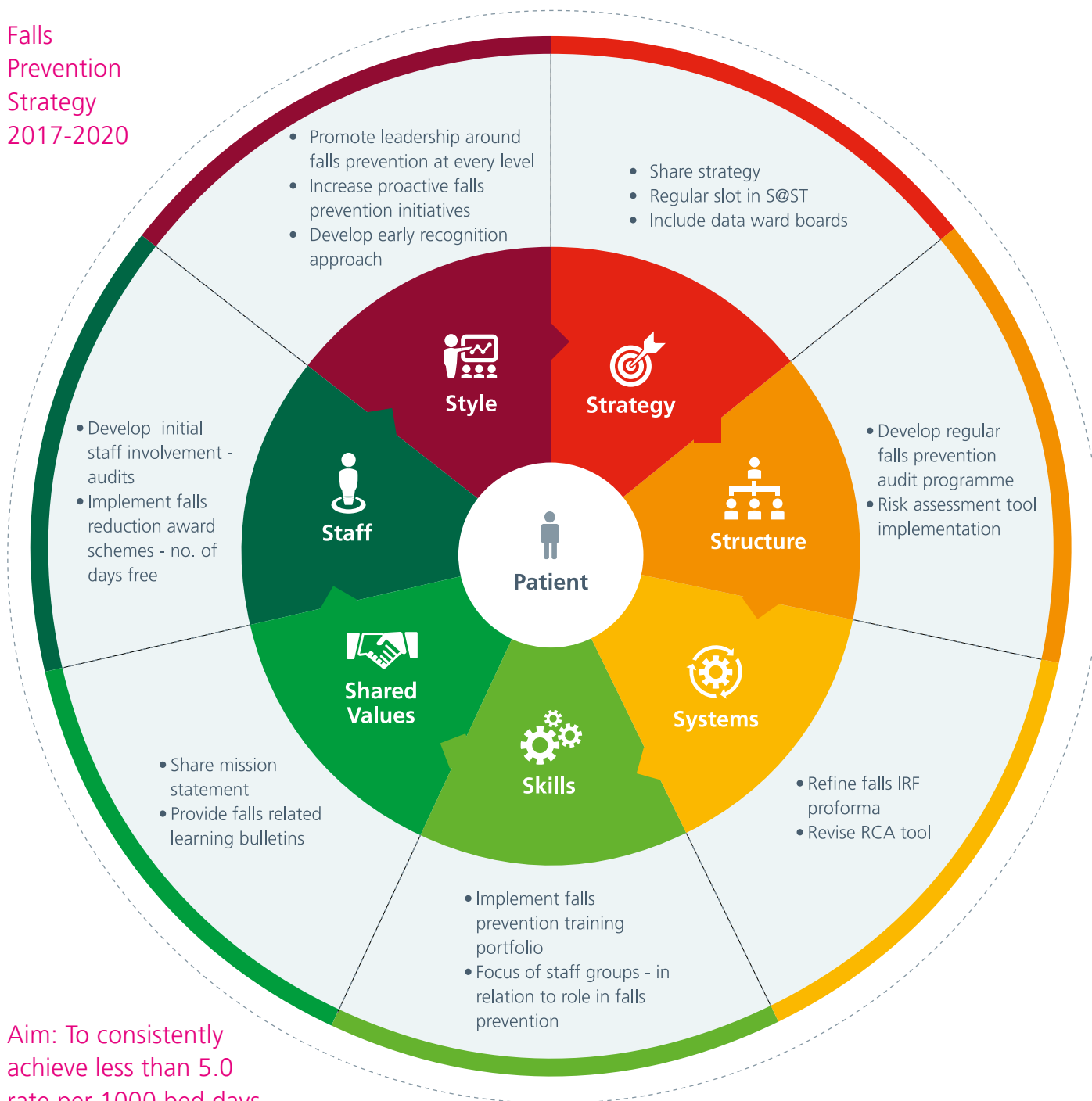
Data source: Datix

2017/18 QUALITY PRIORITIES REVIEW SAFETY @ SOUTH TEES



The falls strategy was launched in 2017/18. The strategy focuses on interventions and action across the 7 domains as shown in the diagram below:

Falls Prevention Strategy 2017-2020





Through analysis of incident data it has been identified that continence issues are often contributory factors in a patient fall. This has led to an increased focus on continence with a pilot of a continence assessment, care plan and catheterisation pathway completed at the Friarage Hospital. The pilot ended in March 2018 and once evaluation has been completed this will be rolled out across the organisation.

A revised intentional rounding chart has been implemented and is currently being evaluated. However it has been noted that the compliance with completion of the rounding chart can be inconsistent. Our aim is to improve compliance and achieve further reduction in pressure ulcers. There is continued focus on the use of this chart with monthly audit and actions at ward and centre level.

Pressure ulcers

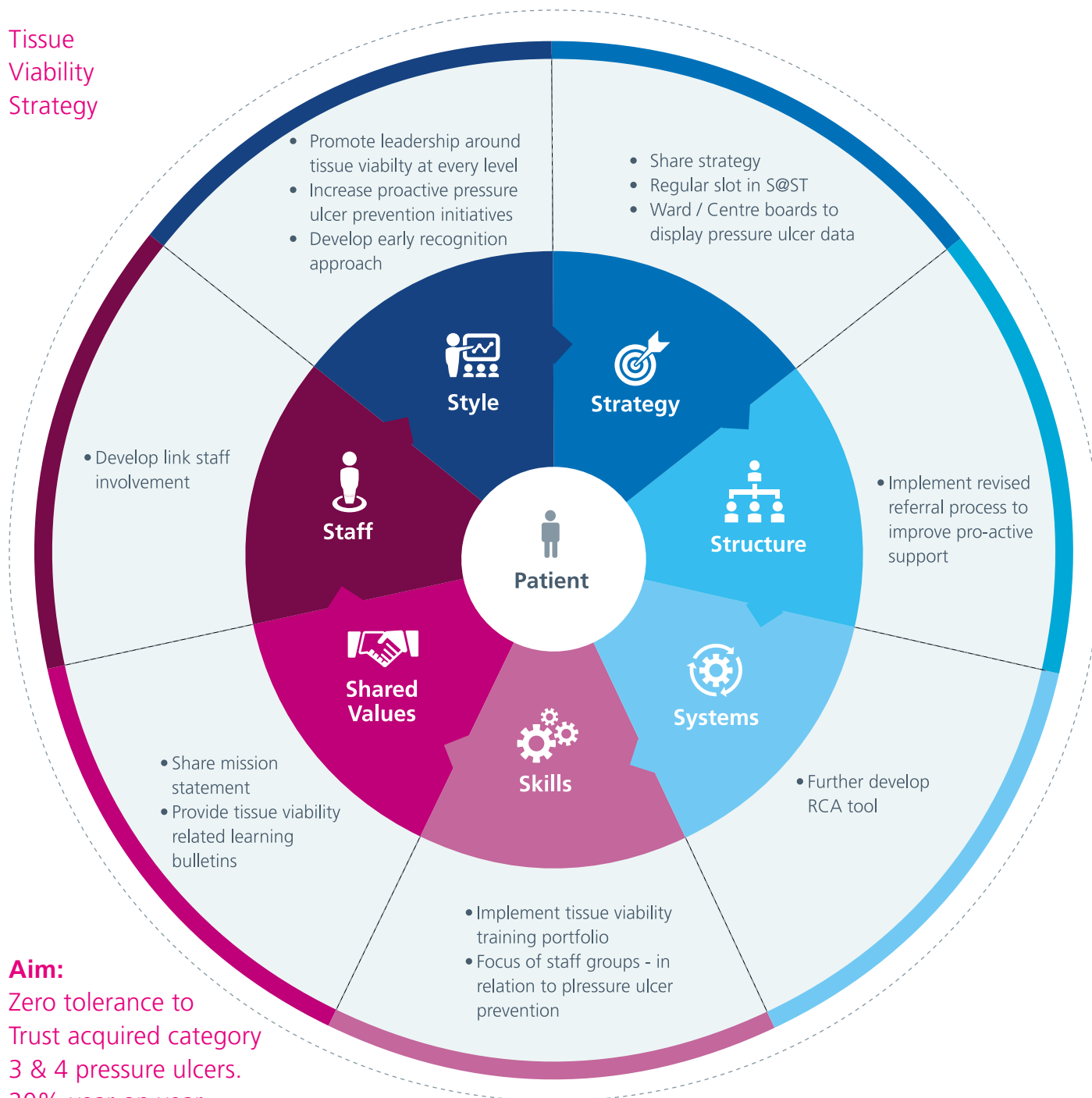
The Trust changed the reporting of pressure ulcers in April 2017. This meant that pressure ulcers were classed as Trust attributed if they occurred after the patient had been in our care for 72 hours or received 3 or more visits per week from the community nursing team. This has meant that comparison with 2016/17 data is not possible, therefore a quarter on quarter reduction of category 2 pressure ulcers in 2017/18 was set along with zero tolerance of category 3 and 4 pressure ulcers (the most serious). The quarter on quarter reduction was achieved in quarter 3 and a reduction in the most serious category 3 and 4 pressure ulcers can be seen.

| | 16/17 | Q1 | Q2 | Q3 | Q4 | 17/18 |
|------------------------|-------|-----|-----|-----|-----|-------|
| Category 1 | 301 | 51 | 51 | 42 | 33 | 177 |
| Category 2 | 1150 | 112 | 133 | 110 | 144 | 499 |
| Category 3 (avoidable) | 46 | 16 | 13 | 5 | 9 | 43 |
| Category 4 (avoidable) | 2 | 0 | 1 | 0 | 0 | 1 |



The Tissue Viability 'strategy on a page' was launched in 2017. This demonstrates the vision and direction for tissue viability, with effective domains against which to report progress in education and practice for clinical teams and for the tissue viability service itself.

Tissue Viability Strategy



Aim:
Zero tolerance to Trust acquired category 3 & 4 pressure ulcers.
20% year on year reduction of category 2 pressure ulcers



Medication safety

Our goals:

- To increase the percentage of medicines reconciliation completed within 24 hours;
- To decrease the percentage of omitted doses with a particular focus on critical medicines.

Progress to date:

The governance of medication safety has changed this year with it being a key focus for the organisation. The Safer Medication Practice Group now directly reports into the Quality Assurance Committee so that there is a greater oversight of medicines management at a high level. This is now chaired by the Director of Nursing and has improved the learning from medication errors across the organisation.

Significant progress has been made over the last year on the audit of medicines security within the Pharmacy department which has reduced the risk, with most areas scoring as low risk. Further work is ongoing with regards to ward based medicines security, and the pharmacy team is currently working with the clinical matrons to implement an action plan.

In June 2017 the main Pharmacy department was inspected by its regulatory body the General Pharmaceutical Council (GPhC). This inspection covered all of the standards a registered pharmacy is expected to achieve which fall into 5 main principles:

- Governance;
- Staff;
- Premises;
- Services including Medicines Management;
- Equipment and Facilities.

The overall rating for the organisation was 'Good'. This is the first time this style of inspection has occurred so there is no comparable rating. This provides assurance to the organisation that the Pharmacy department is compliant with GPhC standards.

The lack of a clinical pharmacy service at weekends and vacant posts has meant that the level 2 medicines reconciliation rate within 24 hours has not exceeded over 60% this year, with some months figures falling below 40%. A small weekend Clinical Pharmacy Service based front of house will be implemented following recruitment to vacancies as well as a restructure of the management team to ensure pharmacists are focused on delivering a clinical service.

A key focus across the organisation has been omitted doses, particularly for critical medicines. Audit data has shown a reduction in both omitted doses and omitted critical doses this year. January 2018 figures included the lowest overall percentage of critical omitted doses to date at 1.64%. The percentage of all omitted doses in the prior year was 4.54%.

2017/18 QUALITY PRIORITIES REVIEW SAFETY @ SOUTH TEES



Further work is ongoing to target specific areas that consistently have a high number of omitted doses, and a medicines management dashboard has now been launched across all wards to show the visibility of the pharmacy audit results to the ward staff.

| | March to May 2017 | | July 2017 | | August 2018 | | September 2018 | | October 2018 | |
|---------------------------|-------------------|--------------------|------------------|--------------------|------------------|--------------------|------------------|--------------------|------------------|--------------------|
| Centre Ward | % of ALL omitted | % CRITICAL omitted | % of ALL omitted | % CRITICAL omitted | % of ALL omitted | % CRITICAL omitted | % of ALL omitted | % CRITICAL omitted | % of ALL omitted | % CRITICAL omitted |
| TRUST | 5.58% | 4.14% | 4.84% | 2.71% | 4.97% | 3.26% | 5.38% | 3.80% | 6.07% | 4.11% |
| Community Care | 7.22% | 5.79% | 6.27% | 2.95% | 5.27% | 3.72% | 6.81% | 7.04% | 7.12% | 4.53% |
| Specialist & Planned Care | 5.22% | 3.62% | 3.85% | 2.68% | 4.56% | 2.87% | 4.24% | 2.07% | 5.77% | 4.26% |
| Urgent & Emergency Care | 4.90% | 3.97% | 6.02% | 2.03% | 6.59% | 4.35% | 4.53% | 2.53% | 3.69% | 0.52% |

| | November 2017 | | December 2017 | | January 2018 | | February 2018 | | March 2018 | |
|---------------------------|------------------|--------------------|------------------|--------------------|------------------|--------------------|------------------|--------------------|------------------|--------------------|
| Centre Ward | % of ALL omitted | % CRITICAL omitted | % of ALL omitted | % CRITICAL omitted | % of ALL omitted | % CRITICAL omitted | % of ALL omitted | % CRITICAL omitted | % of ALL omitted | % CRITICAL omitted |
| TRUST | 4.22% | 2.15% | 4.65% | 2.78% | 4.54% | 1.64% | 5.49% | 2.73% | 5.35% | 4.10% |
| Community Care | 3.19% | 1.36% | 5.44% | 3.12% | 4.70% | 3.42% | 7.47% | 3.08% | 5.10% | 2.76% |
| Specialist & Planned Care | 4.86% | 2.53% | 4.62% | 2.62% | 4.44% | 1.17% | 4.35% | 2.57% | 5.51% | 4.37% |
| Specialist & Planned Care | 2.74% | 0.85% | 3.01% | 3.10% | 4.93% | 3.50% | 9.74% | 3.46% | 5.23% | 5.59% |



Right Time, Right Care, Right Place

Improving the response to the deteriorating patients

Our goals:

- To comply with updated National Institute of Health and Care Excellence (NICE) guidance;
- To achieve national Commissioning for Quality and Innovation CQUIN goals;
- Improve the response to the Early Warning Score (EWS) trigger.

During 2017/18 the Trust had CQUIN targets that required sepsis screening in the Emergency Department (ED) and inpatient areas to reach 90% of eligible patients. This was already being achieved in the Emergency Department as they use an electronic patient record which makes this mandatory. As can be seen in the table that follows, it was not being achieved in the inpatient areas at the start of the year. The Trust invested in an additional module for the Vitalpac system (an electronic tool for recording physiological observations such as blood pressure and temperature), that identifies patients at risk of sepsis and ensures that the screen takes place.

| | Q1 | Q2 | Q3 | Q4 |
|--------------------------------------------------------------------------------------------|-----|-----|------|------|
| % of patients that are screened for sepsis in the ED department that trigger for screening | 93% | 94% | 100% | 100% |
| % of patients that are screened for sepsis in inpatient areas that trigger for screening | 61% | 69% | 100% | 100% |

The second part of the CQUIN scheme was for 90% of patients with a diagnosis of sepsis to received appropriate antibiotics within 1 hour. The table below demonstrates that there was an improved performance in Q2 and Q3. Operational pressures in Q4 are thought to have been a contributory factor in the reduced compliance. Intensive work to raise awareness is in place to ensure sustained compliance at all times of the year.

| | Q1 | Q2 | Q3 | Q4 |
|-----------------------------------------------------------------------------------------|-----|-----|-----|-----|
| % of patients with sepsis that received antibiotics within 1 hour in the ED department. | 72% | 81% | 84% | 61% |
| % of patients with sepsis that received antibiotics within 1 hour in inpatient areas. | 78% | 97% | 93% | 76% |

2017/18 QUALITY PRIORITIES REVIEW RIGHT TIME, RIGHT CARE, RIGHT PLACE



Since the implementation of the Vitalpac system in 2014 there has been 100% compliance with the taking of a full set of observations. This is instrumental in the early recognition of the deteriorating patient. In order to build on this work the Trust also monitors the percentage of observations that are taken on time. Observations should be taken at prescribed intervals depending on how poorly the patient is, this ensures that patients are observed frequently enough when poorly and not disturbed unnecessarily when they are not. It is expected that 95% of observations will be taken on time. The following table shows that there is still considerable variation across the organisation and this remains a priority moving into 2018/19.

| | Average % taken on time | Min % taken on time | Max % taken on time |
|-----------|-------------------------|---------------------|---------------------|
| April | 82 | 72 | 95 |
| May | 81 | 67 | 96 |
| June | 82 | 70 | 94 |
| July | 82 | 62 | 94 |
| August | 82 | 67 | 93 |
| September | 82 | 68 | 94 |
| October | 82 | 67 | 94 |
| November | 82 | 67 | 92 |
| December | 81 | 67 | 93 |
| January | 79 | 65 | 91 |
| February | 81 | 67 | 92 |
| March | 81 | 64 | 94 |

Data source : Vitalpac performance

2017/18 QUALITY PRIORITIES REVIEW RIGHT TIME, RIGHT CARE, RIGHT PLACE



A further measure is that 18-22% of observations are taken at night, ensuring that the patient is monitored adequately throughout a 24 hour period. The table below shows that there has been a small improvement in the number of wards that are compliant with this through the year but this also continues to be a focus for the coming year.

| | % taken at night | Min % taken at night | Max % taken at night | Number of wards compliant with 18-22% at night |
|-----------|------------------|----------------------|----------------------|------------------------------------------------|
| April | 16 | 2.1 | 27 | 7 |
| May | 17 | 2.5 | 26 | 8 |
| June | 16 | 2.4 | 26 | 7 |
| July | 16 | 4.5 | 26 | 7 |
| August | 16 | 2.2 | 27 | 6 |
| September | 16 | 1.7 | 27 | 6 |
| October | 16 | 1.3 | 26 | 10 |
| November | 17 | 1.7 | 27 | 6 |
| December | 17 | 4 | 27 | 9 |
| January | 17 | 2.5 | 27 | 9 |
| February | 17 | 5.3 | 33 | 9 |
| March | 17 | 2.3 | 27 | 10 |

Data source : Vitalpac performance

Once the patient has been triggered as deteriorating there is an escalation process for staff to follow. The critical care outreach team conducted a review each year to understand how well this process is followed. The results below show that performance has stayed about the same as the previous year.

| | 2016/17 | | 2017/18 | |
|-----------------------------------------|---------|----|---------|----|
| | % | No | % | No |
| Total number of patients that triggered | 75 | | 108 | |
| No action taken | 35% | 26 | 38% | 41 |
| Action taken but not documented | 15% | 11 | 21% | 23 |
| Action taken and documented | 51% | 38 | 41% | 44 |

Data source: Local audit

2017/18 QUALITY PRIORITIES REVIEW RIGHT TIME, RIGHT CARE, RIGHT PLACE



This could be further supported with an additional module in the Vitalpac system which would allow recording of the action taken in response to the patient triggering. This is currently monitored through monthly case note audits by the ward managers. The Trust also holds panel reviews for unexpected deaths and recognition of the deteriorating patient.

Forty eight acutely ill panel reviews have been conducted with ward based teams; these are identified through the following mechanisms:

- Cardiac arrests;
- Incidents related to recognition and response;
- Local morbidity and mortality meetings;
- Unplanned admission to critical care;
- Learning Disability Mortality Review (LeDeR) programme;
- Peri-arrest patients

Analysis of the contributory factors for the incident occurring is supported by the Yorkshire Contributory Factors Framework. Examples of emerging themes have been highlighted as:

- Normalisation of the 'sick' patient;
- Lack of recognition – single parameter triggers;
- Lack of recognition – altered mental state;
- Patients in incorrect location;
- Transfers of care;
- Lack of comprehensive handover;
- Non-compliance with escalation pathway;
- Potential to make earlier decisions – escalation plans;
- Reluctance to escalate to senior medics.

Learning from incidents is strongly supported by engagement from ward teams during the investigation process which is shared to a wider audience through various forums. Examples of initiatives that have been developed as a result of learning are an enhanced structured Hospital at Night (H@N) handover and the introduction of a 'safe patient transfer bundle'.

In summary, there have been some significant improvements made during the year, particularly in relation to the identification and treatment of sepsis. There are however, still a number of opportunities to improve the care we provide to patients and as we move into 2018/19 we need to identify how we can better report and act on the data available to us.



Improving the mortality review process

Our goals:

- Quarterly publication of findings from Quarter 2 onwards;
- More than 60% of deaths receive case record review by Quarter 4.

The National Quality Board published Learning from Deaths guidance in March 2017 and a suggested dashboard for publication of information on avoidable deaths on a quarterly basis in 2017/18 by all NHS Trusts and Foundation Trusts. The guidance comes in response to the Care Quality Commission's (CQC) report Learning, Candour and Accountability published in December 2016.

The guidance required each Trust to publish an updated policy by the end of September 2017 on how it responds to, and learns from, deaths of patients who die under its management and care. There are three levels of scrutiny that a provider can apply to the care provided to someone who dies: (i) death certification (ii) case record review and (iii) investigation. The policy should set out how the Trust manages each of these steps.

The regional Mortality Group continues to support the development of case record review across the North East and North Cumbria including the need to work across the system particularly with the mental health providers.

The Trust has published its Responding to Deaths policy and the dashboard for deaths has been presented to Board of Directors and published on the website quarterly from Quarter 2.

The Trust was one of four Trusts that contributed to the regional project that published results in September 2017.

The Mortality Group was established in January 2012, chaired by Dr Diane Monkhouse, Consultant in Anaesthesia and Critical Care to coordinate mortality

reporting on a Trust wide basis. The review of deaths began in October 2013 and has continued on a weekly basis. The reports are circulated to clinical directors, mortality leads and other interested parties.

The group has taken on the responsibilities as set out in the Learning from Deaths guidance.

The Trust has been collaborating with the Academic Health Science Network (AHSN) regional pilot that is developing a standardised approach to mortality review. The on-line tool for capturing reviews has been used for both Trust level and specialty reviews since January 2017. So far 714 Trust level reviews and 373 specialty reviews covering seven specialties have been entered onto the system. Discussions have recently been held with Specialist and Planned Care Centre with a view to getting more of their 22 specialties to use the on-line tool in 2018/19.

Currently only about 40% of deaths receive a case record review. The review process will be strengthened by the introduction of medical examiners in 2018/19. This role will review the death including contact with the team that cared for the patient at the time of death, a review of case records and making contact with the family to see if they have any questions or concerns. If any issues are identified, this will trigger a more detailed review. The team have been recruited and started in April 2018. This will mean that all deaths in acute hospitals in the Trust will receive a review.

2017/18 QUALITY PRIORITIES REVIEW RIGHT TIME, RIGHT CARE, RIGHT PLACE



Ensuring patients receive care in the Right Place, at the Right Time

Our goals:

- To achieve the Commissioning for Quality and Innovation (CQUIN) milestones for supporting proactive discharge;
- To achieve the CQUIN milestones for personalised care support planning and support in long term conditions;
- To reduce delayed transfers of care;
- To improve the quality and timeliness of discharge information.

In 2017/18 there was a CQUIN scheme to support proactive discharge which involved mapping existing discharge pathways and identifying improvements to be made. The overall aim of the scheme was to increase the proportion of patients admitted via a non-elective route to their usual place of residence within 7 days of admission by 2.5%. This exercise was completed and a number of projects were identified.

Through the implementation of these projects patients have been able to return home more quickly with a 2.5% (44.49% vs 47.08%) point increase in discharges in the identified patient group.

The Trust identified the Specialist Weight Management Team to implement personalised care and support planning. In this year they have trained the team in motivational interviewing which enables them to have a supportive conversation with patients to identify a care plan that is relevant to them and covers all of the conditions that they may be suffering from.

The Trust planned to implement Clinical Noting, which is an electronic system for capturing the clinical information about a patient, replacing the need for paper notes. This would have allowed a review of the discharge information and the process for ensuring that it is collated and sent to GPs in a timely way. It has been used in Paediatrics, however it was hoped that this would be rolled out more widely across the organisation. Due to some technical issues this has not been possible and the Trust is exploring options for a more comprehensive electronic patient record in the coming year.

2017/18 QUALITY PRIORITIES REVIEW RIGHT TIME, RIGHT CARE, RIGHT PLACE



| Project | Details |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Referrals | Work has been ongoing with wards and Social Care to identify patients who are not yet medically fit, but it is known they will likely require social care input. Notifications are sent to Social Care to allow for preliminary work and preparation in an attempt to reduce length of stay once the patient is medically fit. |
| Discharge to Assess | Discharge to assess pilot was ongoing in Tees between January and March 18. |
| Trusted Assessor | Trusted assessor model is embedded in the Hambleton Richmond and Whitby CCG area for commissioned beds (not private care home providers) which are managed by the organisation's Single Point Of Referral (SPOR) team. In the South Tees CCG area the trusted assessor post is currently out to advertisement. |
| Care Home Selection (CHS) | Currently the organisation has a 'Care Home Selection' service based on site supporting with complex placements to care homes. |
| Medipack | Increased awareness of medipacks, expanding opportunity to community hospitals. |
| Pneumatic Tube | Implementation of pneumatic tube, re focused approach and awareness campaign raised through the intranet and communications portal throughout March 18. |
| Pharmacy Availability | Pharmacy availability to be reviewed in relation to closing times, including weekends. The information from the Medworxx system was utilised to allocate effective additional pharmacy resource over the recent Easter Bank Holiday and will similarly be used for forthcoming Bank Holidays and winter pressures planning. |



Listening and Improving

1000 Voices Patient Experience Programme

Our goals:

- To complete full rollout of inpatient real time data collection and develop mechanisms to share and utilise at centre and organisational level;
- To further develop data collection and implement improvements for patients with dementia / frailty and their carers;
- Implement the birth reflection pathway in maternity services;
- Develop feedback mechanisms into outpatient departments;
- Further develop feedback mechanisms in care closer to home project.

The Trust implemented real time data collection of patient feedback in January 2017. A team of Patient Experience Facilitators visits every ward each month and using a structured questionnaire (based on the National Inpatient Survey) talks to patients about their experience in hospital. They capture the survey responses and the patient's comments and this is used to feedback any immediate issues to senior staff on the ward. This is then followed by a report within 24 hours of the visit. By July 2017 all inpatient wards were on the programme and receiving monthly reports. A questionnaire that can be completed by relatives has been developed for critical care areas and the neonatal unit so that these areas are able to receive relevant feedback.

The questionnaire provides feedback across 10 domains as well as an overall score.

1. Consistency and Co-ordination
2. Doctors
3. Nurses
4. Cleanliness
5. Medication
6. Kindness and Compassion
7. Dignity
8. Involvement
9. Pain Control
10. Noise at Night

The feedback is provided at ward, clinical centre and Trust level to allow comparisons across wards and also trends over time.

2017/18 QUALITY PRIORITIES REVIEW LISTENING AND IMPROVING



Comments are individually themed using a set framework and this is presented graphically to allow the identification of trends and themes at ward, centre and Trust level.

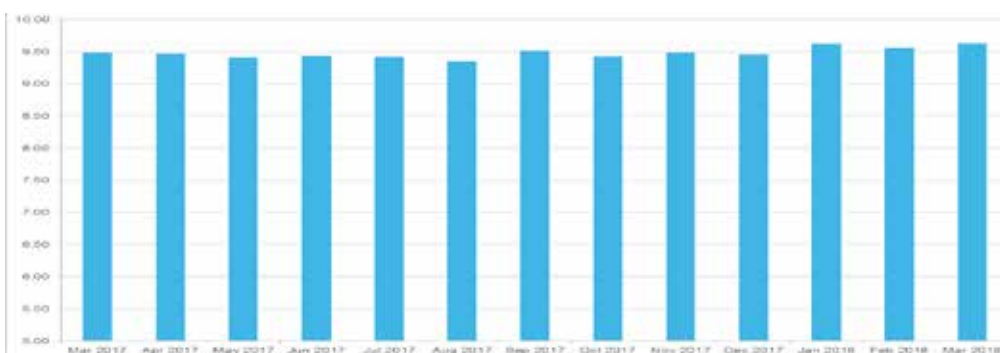
The programme has provided the wards with information that was previously not available, and receiving comments verbatim in real time has really allowed staff to understand the impact of their actions. It also allows them to receive positive feedback immediately.

Alongside this, the Trust has developed a governor 'drop in' programme for the outpatients department. During the visit the governors will talk to staff and patients as well as making general observations. This is fed back to the department manager and followed up with a report.

The Patient Experience Team continues to work with the strategic lead and lead nurse for frailty / dementia to further develop the way in which we collate the experiences of these patients. This work will continue into 2018/19 as the strategy is rolled out across the organisation.

The team from the Real Time Patient Experience Programme has spoken with 4661 patients in 2017/18 and has seen an increase in the overall domain scores in this period.

Domain Score



Source: Real Time patient experience database

The domains of consistency and co-ordination, noise at night and cleanliness have scored below nine across the year. The information from these surveys is now presented alongside data about pressure ulcer, falls and Health Care Acquired Infections (HCAIs) at senior meetings so that a more complete picture including patient observations is included. There are two main issues identified in the consistency and co-ordination domain: a) lack of understanding or confusion about their care b) patients not understanding what they are told by the doctors because too much medical jargon is used. A quality priority for 2018/19 has been established to address these concerns.

A second quality priority is the further development and implementation of the Patient Experience Strategy which will build on the work completed in this year and pick up the elements that have not been completed this year.

2018 - 2019 Quality Priorities

The Quality Account Priorities are a sub-set of the Quality Improvement Objectives within the Trust's annual plan. In order to select priorities for 2018/19 a full review of trends in incidents, complaints, the Patient Advice and Liaison Service (PALS), claims and patient feedback was conducted. In addition to this a review of national requirements, Care Quality Commission (CQC) concerns, Clinical Commissioning Group (CCG) concerns and contractual requirements identified further areas of concern. Staff were also asked about their priorities for Quality Improvement in the coming year. The Board of Directors has agreed the following as Quality Priorities for 2018/19 in the Quality Account.

Quality Priorities 2018-2019



Safety

Improving medication safety
Improving incident reporting
(to drive safety culture)
Reducing harm from HCAI
with a focus on E-coli



Outcomes

Strengthening mortality process
Improving early review of
emergency patients by a
consultant across the week
Ensuring safe and effective
discharge



Patient Experience

Develop and implement the
patient experience strategy
Improving the care of patients
with mental health concerns
and those in vulnerable
groups through a holistic and
collaborative approach
Improving communication with
our patients and particularly
focusing on reducing the
amount of conflicting
information patients receive



2018/19 QUALITY PRIORITIES SAFETY



Safety

Priority Improving medication safety

Executive lead: Gill Hunt **Operational Lead:** Julie Swaddle

Why we chose this priority:

The organisation continued to make progress against this priority in 2017/18 but recognises that there are further improvements that can be made particularly around medicines reconciliation including improving the productivity and efficiency of staff as well as continuing the work to keep omitted doses to a minimum. It is therefore felt that this is an important priority to continue into 2018/19.

Goals:

- To increase the percentage of medicines reconciliation within 24 hours
- To continue to ensure the omitted doses of the Trust remain below 5% consistently including that of critical medicines

How will we do this?

Implement medication safety dashboards in all inpatient areas in Q1. Provide education and training to ensure staff are aware of metrics on a monthly basis. Ensure performance and learning is embedded in multi-professional ward safety huddles.

- Review the pharmacy workforce model to improve the productivity and efficiency of staffing levels to increase medicines reconciliation, a restructure of staff to allow more medicines management technicians has occurred and will go live in Q2. A weekend service will be implemented in the acute admission units in Q2

- Implement a pilot of automated medicines cabinets in the Emergency Department and Critical Care areas at the James Cook University Hospital, if successful to create a business case for further areas with high omitted doses
- Ambition to procure and implement an Electronic Prescribing System during 2018/19 (as part of an Electronic Patient Record) as a key enabler to improving medication safety

How will we know how we have done?

- Increase medicines reconciliation to 70% by Q4
- Maintain omitted doses of all medicines at less than 5%
- Maintain omitted doses of critical medicines below 3%

Who will this be reported to?

Safer Medication Practice Group
Quality Assurance Committee

2018/19 QUALITY PRIORITIES SAFETY



Safety

Priority Improving incident reporting to drive a safety culture

Executive lead: Gill Hunt Operational Lead: Emma Carter

Why we chose this priority:

The Trust has identified a reduction in the number of incidents and near misses reported and has been flagged as a potential under reporter of incidents by the CQC. The reporting of incidents and the lessons learnt from this is a key element of driving a high performing safety culture.

Goals:

- To improve the safety culture within the organisation by encouraging staff to report incidents and near misses and improve feedback of lessons learnt

How will we do this?

- Education and awareness training
- Survey of staff to identify barriers to reporting
- Improve near miss reporting
- Review incident reporting form
- Review feedback process to reporters of incidents
- Streamline final approval process
- Streamline root cause analysis process for falls and pressure ulcers

How will we know how we have done?

- Quarter on quarter increase in incident reporting
- Increased feedback of lessons learnt at ward, centre and Trust level

Who will this be reported to?

Quality Assurance Committee



Safety

Priority Reducing harm from HealthCare Associated Infections (HCAs) with a focus on gram negative bacteraemia

Executive lead: Gill Hunt Operational Lead: Judith Connor

Why we chose this priority:

Consolidating our performance in achieving our HCAI reductions, the organisation is seeking to further improve its infection prevention and control working with the centres to support the national ambition of reducing all gram negative blood stream infection by 50% by 2021.

Goals:

- To reduce the incidence of E. coli blood stream infections
- To improve continence care within the acute hospital for frail / older people

How will we do this?

- Review the contributory factors leading to an E-coli blood stream infection by individual case review to inform action planning across the health economy, from Q1.
- Work with local nursing homes to improve education and training in continence management and urinary catheter care.
- Develop and implement guidance for the treatment of urinary tract infection in frail / older people.

- Reduce the number of urinary catheters inserted in the hospital setting
- Implement urinary catheter pathway across the hospital and community setting
- Be an active partner in the Tees wide Infection Prevention and Control Collaborative developing and implementing strategies to improve hydration in older people.

How will we know how we have done?

- Number of Trust assigned E. coli cases
- Number of urinary catheters inserted
- Number of patients with a urinary catheter who have a pathway in place

Who will this be reported to?

Infection Prevention Action Group
Quality Assurance Committee

2018/19 QUALITY PRIORITIES OUTCOMES



Outcomes

Priority Strengthening the mortality review process

Executive lead: Simon Kendall

Operational Lead: Tony Roberts

Why we chose this priority:

Learning from Deaths is a national priority, with guidance provided by the National Quality Board in 2017 and a Trust Responding to Deaths policy published in September 2018 detailing the approach the Trust is taking.

Goals:

- To strengthen arrangements for Learning from Deaths in care in the Trust

How will we do this?

- Establish a Medical Examiner (ME) Service in Q1. This includes discussing all deaths with bereaved families and attending teams, and reviewing healthcare records.
- Review in more detail all deaths identified by medical examiners.
- Where appropriate ensure deaths are investigated thoroughly

How will we know how we have done?

- Medical examiner service implemented and lessons learned and actions taken identified
- Learning from Deaths dashboard published quarterly in public Board papers reporting death, number reviewed or investigated and proportion judged to be due to problems in care. Report themes identified and actions taken to address concerns.
- Audit of the medical examiner processes by Internal Audit team.

Who will this be reported to?

Mortality Surveillance Group

Quality Assurance Committee



Outcomes

Priority Improving the early review of emergency patients by a consultant across the week

Executive lead: Sath Nag Operational Lead: Jonathan Kelly

Why we chose this priority:

This remains a national priority and is consistent with organisational focus on the delivery of high quality front of house services. It is important that patients admitted as an emergency are seen by an appropriate consultant in order to receive the right plan of care in a timely manner.

Goals:

To increase the percentage of emergency patients that are seen by an appropriate consultant within 14 hours.

How will we do this?

- Participate in the six monthly national audits
- Develop specialty specific action plans

How will we know how we have done?

- Improved compliance in second audit of 2018/19

Who will this be reported to?

Quality Assurance Committee
Operational Management Board

2018/19 QUALITY PRIORITIES OUTCOMES



Outcomes

Priority Ensuring safe and effective discharge

Executive lead: Gill Hunt Operational Lead: Helen Day

Why we chose this priority:

South Tees has incurred a number of incident reports and feedback from stakeholders that indicate our discharge planning could be improved in terms of safety and patient experience

Goals:

To ensure safe and effective discharge for our patients

How will we do this?

- By end of Q1 develop and pilot a discharge care plan (currently a checklist on discharge) on five in patient wards where prevalence of incidents and complaints are higher. This will be rolled out across the organisation by the end of Q3 and evaluated in Q4.
- Ensure all incidents and complaints relating to discharge are reviewed and relevant actions put in place in a new 'Discharge Working Group' to commence May 2018.
- In Q1 develop and pilot a 'criteria led discharge' tool to enable a safe and efficient process in defined patient groups.

How will we know how we have done?

- Decreasing trend in incidents, complaints, PALS enquires and GP alerts.
- Improved patient flow measured by increased numbers of patients discharged before 12 with no associated quality concerns.

Who will this be reported to?

Quality Assurance Committee

Operational Management Board



Patient Experience

Priority Develop and implement patient experience strategy

Executive lead: Siobhan McArdle Operational Lead: Gill Hunt

Why we chose this priority:

This builds on the work completed in 2017/18 setting the strategic direction for patient experience across the organisation, ensuring patient experience is captured across the full patient pathway

How will we do this?

- Launch the Patient Experience Strategy in Q1
- Develop mechanisms for service improvement and organisational learning
- Ensure the patient voice is evident from 'Ward to Board'

How will we know how we have done?

- Patient experience captured across the full patient pathway
- Strategic and operational groups in place and effective
- Centre governance meeting minutes

Who will this be reported to?

Quality Assurance Committee



Patient Experience

Priority Improving the care of patients with mental health issues through a holistic and collaborate approach

Executive lead: Gill Hunt Operational Lead: Helen Day

Why we chose this priority:

Approximately 30% of patients with long term physical health problems have mental health disorders compared with 9% of the general population. Approximately 46% of patients with mental health problems also have a physical health condition. The lifespan of people with severe mental illness (SMI) is shorter compared to the general population.

Mental and physical health needs have traditionally been treated as separate entities leading to fragmented and inconsistent care resulting in poor outcomes and patient experience.

How will we do this?

Develop and initiate a 'Treat as One' Trust strategy and progress the following as key priorities:

- Implement a targeted program that ensures all staff have a relevant depth of understanding of mental health dependent on their role.
- Develop and pilot a Mental Health Screening and Intervention Programme. This will be in defined and appropriate inpatient and outpatient groups.
- Develop and pilot a system to ensure collection and utilisation of patient experience data from those patients with mental health disorders.

How will we know how we have done?

- A robust targeted plan will be in place and by April 2018 e-learning Mental Health Awareness' will be established as a mandatory component of clinical education for all clinical staff that interact with patients. A 40% compliance will be achieved by end of 2018/19 and 95% compliant by 2019/20.
- A minimum of 3 clinical directorates with defined groups of patients will perform mental health screening as part of their clinical assessment processes. In turn we will expect to see an increase in referral to community psychological therapy organisations.
- Completion of a successful pilot and evidence of service improvement initiatives in the pilot areas.

Who will this be reported to?

Quality Assurance Committee

Board of Directors



Patient Experience

Priority Improving communication with our patients particularly focusing on reducing the amount of conflicting information patients receive

Executive lead: David Chadwick Operational Lead: Judith Connor

Why we chose this priority:

It has been recognised through the analysis of complaints and real time patient experience feedback that there are some occasions where patients do not understand some of the medical information that they have been given or feel that they do not understand their plan of care.

How will we know how we have done?

- Improvement in scores in the Co-ordination and Consistency domain in 1000 voices programme

Who will this be reported to?

Patient Experience Sub Group

Quality Assurance Committee

How will we do this?

- Triangulate existing sources of patient feedback to understand where further work is required and the areas of good practice
- Empower patients to seek clarification from medical staff
- Provide education and awareness for medical staff using patient feed back
- Review of communication during ward rounds
- Review of how board round decisions are communicated to patients
- Review of visiting hours
- Pilot ward manager / matron ward rounds



Statements of Assurance from the Board

Statements of Assurance from the Board

Review of services

During 2017/18, the Trust provided and/or sub-contracted 75 relevant health services.

We have reviewed all of the data available on the quality of care of in 75 of these relevant health services.

The income generated by the relevant health services reviewed in 2017/18 represents 100% of the total income generated from the provision of relevant health services by the Trust for 2017/18.

Participation in Clinical Audit

The Trust has a well-structured Clinical Audit Programme which is regularly reviewed to ensure it reflects the needs of our acute and community

services. We know that high quality clinical audit enhances patient care and safety, and provides assurance of continuous quality improvement.

During 2017/18, 39 national clinical audits and seven national confidential enquiries covered relevant health services that the Trust provides.

During 2017/18, we participated in 95% of national clinical audits and 100% of national confidential enquiries we were that we were eligible to participate in.

The national clinical audits and national confidential enquiries that we were eligible to participate in, and for which data collection was completed during 2017/18, are listed below alongside the number of cases submitted to each audit or enquiry as a percentage of the number of registered cases required by the terms of that audit or enquiry:

| Title | Eligible | Participated | % cases |
|----------------------------------------------------------------------------------------------------------------------|----------|--------------|---------|
| Adult Critical Care (Case mix programme - ICNARC CMP) | ✓ | ✓ | 100% |
| British Thoracic Society Adult Bronchiectasis Audit | ✓ | ✓ | 100% |
| British Thoracic Society National Bronchoscopy Audit 2017 | ✓ | ✓ | 100% |
| CEM 2017-2018 Fractured Neck of Femur | ✓ | ✓ | 100% |
| CEM 2017-2018 Pain in Children | ✓ | ✓ | 100% |
| CEM 2018-2017- procedural sedation | ✓ | ✓ | 100% |
| Elective Surgery (National PROMs Programme) | ✓ | ✓ | 63% |
| Endocrine and Thyroid National Audit | ✓ | ✗ | NA |
| National Clinical Audit of Specialist Rehabilitation for Patients with Complex Needs following Major Injury (NCASRI) | ✓ | ✓ | 100% |
| National Comparative Re-audit of Patient Blood Management in Adults undergoing scheduled surgery | ✓ | ✓ | 100% |
| National Comparative re-audit of red cell and platelet transfusion in adult haematology patients | ✓ | ✓ | 100% |
| National Comparative Audit of Transfusion Associated Circulatory Overload (TACO) | ✓ | ✓ | 100% |
| National Emergency Laparotomy Audit (NELA) | ✓ | ✓ | 100% |

| Title | Eligible | Participated | % cases |
|--------------------------------------------------------------------------------------------------------|----------|--------------|---------|
| National Joint Registry – JCUH | ✓ | ✓ | 94% |
| National Joint Registry – FHN | ✓ | ✓ | 97% |
| National Neurosurgical Audit Programme | ✓ | ✓ | 100% |
| National Ophthalmology Audit | ✓ | ✓ | 42% |
| Perioperative Anaphylaxis in the UK - 6th National Audit Project of the Royal College of Anaesthetists | ✓ | ✓ | 100% |
| Severe Trauma (Trauma Audit & Research Network) | ✓ | ✓ | 100% |
| British Association of Urological Surgeons (Cystectomy) | ✓ | ✓ | 100% |
| British Association of Urological Surgeons (Nephrectomy) | ✓ | ✓ | 100% |
| British Association of Urological Surgeons (Prostatectomy) | ✓ | ✓ | 100% |
| National Bowel Cancer Audit (NBOCAP) | ✓ | ✓ | 100% |
| National Lung Cancer Audit (NLCA) | ✓ | ✓ | 100% |
| Oesophago-gastric Cancer Audit | ✓ | ✓ | 100% |
| National Prostate Cancer Audit | ✓ | ✓ | 100% |
| Acute Myocardial Infarction and other Acute Coronary Syndromes (MINAP) | ✓ | ✓ | 100% |
| Adult cardiac surgery (ACS) | ✓ | ✓ | 100% |
| Cardiac Arrhythmia (Heart Rhythm management Audit) | ✓ | ✓ | 100% |
| Coronary Angioplasty (interventions) audit | ✓ | ✓ | 100% |
| Intensive Care National Audit and Research (ICNARC) data - for Cardiothoracic ICU | ✓ | ✓ | 100% |
| National Heart Failure Audit | ✓ | ✓ | 100% |
| National Cardiac Arrest Audit | ✓ | ✓ | 100% |
| National Vascular Registry | ✓ | ✓ | 100% |
| Assessment and Management of Psoriasis BAD National Audit | ✓ | ✓ | 100% |
| National Bariatric Surgery Registry | ✓ | ✓ | 100% |
| National Chronic Obstructive Pulmonary Disease (COPD) Audit Programme – pulmonary rehabilitation | ✓ | ✓ | 100% |
| National Chronic Obstructive Pulmonary Disease (COPD) Audit Programme – pulmonary rehabilitation | ✓ | ✓ | 100% |

| Title | Eligible | Participated | % cases |
|------------------------------------------------------------------------------------------|----------|--------------|---------|
| National Diabetes Footcare Audit (NDFA, part of NDA) | ✓ | ✓ | 100% |
| National Diabetes Inpatient audit | ✓ | ✓ | 100% |
| Parkinson's Audit: (incorporating Occupational Therapy | ✓ | ✓ | 100% |
| Renal Replacement therapy (renal registry) | ✓ | ✓ | 100% |
| Falls and Fragility Fractures Audit programme (FFFAP), Inpatient falls | ✓ | ✓ | 100% |
| National audit of breast cancer in older people | ✓ | X | NA |
| National audit of Dementia Delirium spotlight audit | ✓ | ✓ | 100% |
| National Hip Fracture Database (FFFAP) | ✓ | ✓ | 100% |
| Sentinel Stroke National Audit programme (SSNAP) | ✓ | ✓ | 100% |
| British Thoracic Society Paediatric Bronchiectasis Audit | ✓ | ✓ | 100% |
| National Diabetes Audit – Paediatric | ✓ | ✓ | 100% |
| National Neonatal Audit (NNAP) | ✓ | ✓ | 100% |
| National Pregnancy in Diabetes audit | ✓ | ✓ | 90% |
| Paediatric Intensive Care (PICANet) | ✓ | ✓ | 100% |
| Learning Disability Mortality Review Programme (LeDeR) | ✓ | ✓ | 78% |
| The National Maternal, New-born and Infant Review Programme | ✓ | ✓ | 98% |
| National Confidential Enquiry into Patient Outcome or Death (NCEPOD) Acute Heart Failure | ✓ | ✓ | 100% |
| NCEPOD Cancer in Children, Teens and Young Adults | ✓ | ✓ | 100% |
| NCEPOD Chronic Neurodisability | ✓ | ✓ | 66% |
| NCEPOD Perioperative Diabetes | ✓ | ✓ | Ongoing |
| NCEPOD Pulmonary Embolism | ✓ | ✓ | Ongoing |
| NCEPOD Young Peoples Mental Health | ✓ | ✓ | 81% |

The reports of 13 national clinical audits were reviewed by the provider in 2017/18 and we intend to take the following actions:

| Title of Audit | Actions |
|----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Adult Cardiac Surgery (ACS) | No actions required |
| Diabetes Foot Care Audit | Patients who are discharged from the secondary care foot service (podiatry or Multidisciplinary Team (MDT) clinic) to be given a 'Foot Attack' booklet with contact details and verbal information re self-presentation |
| Intensive Care National Audit and Research Centre (ICNARC) Cardiac Intensive Care unit | No actions required |
| Learning Disability Mortality Reviews (LeDeR) | Action plan in place to improve documentation around the following areas; death notification, initial review, level of learning disability, past medical history, normal residency, pen portrait, usual medication / at time of death, timeline for circumstances of death, escalation decisions, reasonable adjustments, evidence of mental capacity assessment, requirement for multi- agency review |
| National Bariatric Surgery Registry | The Trust has implemented standardised hospital care pathways for all patients with a resultant decrease in readmissions / hospital stay |
| 2016 National Comparative Audit of Red Cell and Platelet Transfusion | An audit programme was implemented including a. Audit of consent b. Re-audit of red cell use c. Re-audit of platelet use The Trust has participated in the national 2017 audit and is waiting for publication of the results. |
| National Diabetes Audit | There were main areas highlighted as requiring improvement which were reducing medication/ insulin errors, reducing frequency of hypoglycaemia, reducing inappropriate use of Intravenous (IV) insulin, including after Diabetic Ketoacidosis (DKA), and improving foot risk assessment. Actions to address these points are education sessions to junior doctors and diabetes training day, increasing consultant and MDT foot clinics |
| National Hip Fracture Database (FFFAP) | The Trust continued to participate in the "Hip QIP Scaling Up" programme run by the Health Foundation and Northumbria Healthcare NHS Foundation Trust to improve the care of hip fracture patients, part of which has been the employment of a full-time Nutritional Assistant to improve the nutrition of these frail and vulnerable patients. On the back of our Improved Nutritional Programme – it would appear that the rate of pressure sores in this patient group has reduced significantly. Our Physiotherapists trialled the use of Red Zimmer Frames for use by dementia patients and also launched communal exercise classes for the elderly hip fracture patients |

| Title of Audit | Actions |
|--------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| National Confidential Enquiry into Patient Outcome and Death (NCEPOD) – acute non-invasive ventilation (NIV) | The audit showed there was a lack of clinical lead for NIV service – There is an identified lead in most areas that provide NIV outside of critical care, however there is no specific time allocated in the job plan for this. There is also an issue around coding NIV which is being addressed. |
| NCEPOD – Treat as One | A group has been set up to ensure that patients with potential or pre-existing mental health disorders have their holistic health needs appropriately treated and managed whilst under the care of the Trust by appropriately skilled staff. A five year strategy is being rolled out in A&E and the Medical Assessment Unit (MAU). |
| Royal College of Emergency Medicine (RCEM) Consultant sign off audit | To increase awareness of the audit findings to medical and nursing staff and to use the daily 'huddle' when key messages are passed on to staff to ensure that standards are adhered to |
| RCEM Moderate and severe asthma audit | To improve Peak Expiratory Flow Rate (PEFR) recordings, educate and reinforce at huddles, improve discharge planning and documentation. Discharge proforma to be generated |
| Trauma Audit and Research Network (TARN) | No actions required |

Local Clinical Audits

The reports of local clinical audits reviewed Trust in 2017/2018 are shown below, and we intend to take the following actions to improve the quality of healthcare provided.

| Title of Audit | Actions |
|--------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Cardiac Anaesthetic Record Keeping | Present audit results to the department to increase awareness and improve quality, reinforce importance of adhering to the national guidelines, adopt a minimum set of cardiac anaesthetic specific data to generate an auditable standard for future record keeping |
| Hypothermic Babies on Transfer to Postnatal Ward | <ul style="list-style-type: none"> Remove risk of maternal and infant separation Initiation and maintenance of breastfeeding Decrease risk of early onset jaundice and hypoglycaemia Prevention of delayed discharge Improved bed availability within postnatal area Decrease workload amongst postnatal staff and neonatal staff |

| Title of Audit | Actions |
|--------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mckinley T34 Syringe Pump Audit | <p>Highlight results to head of nursing and clinical leads and to reinforce new Palliative Care Guidelines to all areas. Community teams to highlight to GPs through Gold Standard Framework (GSF) meetings.</p> <p>Reinforce good practice around hourly checks and re-audit</p> <p>Review syringe driver charts section for nurse to check when setting up a syringe driver to ensure service is up to date.</p> |
| Percutaneous Tibial Nerve Stimulation (PTNS) Audit against National Institute for Health and Care Excellence (NICE) guidelines | <p>Modify the PTNS proforma to document consent and provision of patient information leaflet medical management which must be completed prior to PTNS.</p> <p>Males should complete the bladder and bowel sections of the electronic questionnaire that they receive both before and after treatment.</p> <p>An additional simple subjective assessment of effectiveness of PTNS should be sought, e.g. patient global improvement rating.</p> <p>More use of bladder scans rather than catheter volumes to assess voiding dysfunction.</p> |
| Dialysis catheter insertion practice | <p>Improve antibiotic use in temporary line insertions and echocardiogram (ECG) or ultrasound use in all procedures.</p> |
| Navigation Audit – A&E | <p>No actions required</p> |
| Neck of Femur Fracture presenting in James Cook A&E | <p>An early X-ray request and early identification of the FIB /pain killers for the patient should be addressed.</p> <p>Analgesia use needs to be addressed, both pre-hospital and post arrival, along with time to x-ray and admission to ward.</p> |
| Compliance with NICE Guidelines of Treatment of Diabetic Retinopathy with Intravitreal Ranibizumab | <p>No actions required</p> |
| Resuscitation Trolley/Equipment | <p>To re-invigorate the use of daily and monthly checklists to ensure that daily checks are completed.</p> |
| Review of Care of the Dying Audit | <p>More education for ward staff regarding end of life documentation, recognition of preferred place of care, training regarding mouth care.</p> |
| Audit of Basal Cell Carcinoma Management | <p>No actions required as standards exceeded</p> |
| Record Keeping – Specialist Palliative Care Team | <p>Individual teams have developed action plans to address issues identified.</p> |

Clinical effectiveness

Clinical research is a national and Trust priority. We are part of the Clinical Research Network North East and North Cumbria (CRN NENC). There is a clear link between research activity, clinical effectiveness and improved patient experience. A recent large-scale study demonstrated that patients cared for in NHS hospitals that have a high level of participation in clinical research have lower mortality rates and improved clinical outcomes. This effect was not just limited to those people who took part in the trials, but was significant across the entire patient population. It is therefore important that the Trust continually develops clinical research, bringing new therapies and new treatments to the people of Teesside and the wider area.

The Trust's active engagement in research is reflected by the high number of research studies being undertaken. In 2016/17 the Trust recruited over 3000 patients to research for the first time since National Institute for Health Research (NIHR) records began, with a final total of 3640 patients enrolled in 205 different research studies. The Trust is ranked in the top 5% of NHS Trusts in the country for the number of actively recruiting studies and top 10% for number of recruited patients.

The number of patients receiving relevant health services provided or sub-contracted by the Trust in 2017/18 that were recruited during that period to participate in research approved by a Research Ethics Committee is 3000.

The Trust is routinely meeting the NIHR target deadlines (40 days from receiving a complete research application) for setting up new trials to help ensure that there are minimal avoidable delays to research activity and income. In order to continue improving the support available for clinical research delivery, the Trust has established a new Clinical Research Lead position and individual Research Nurse Team Leads as part of a restructure.

The Trust continues to successfully deliver major NIHR grant funded trials and this year was awarded further NIHR research grants to sponsor and deliver two major Trauma and Orthopaedic Trials, (PROFHER 2 and PRESTO) with other grant applications partway through the application process.

The Trust has received accolades from the NIHR for achieving global, European and UK first patient recruits for several high profile commercial trials. Income from participation in research continues to rise despite the challenging financial climate. Total income generated from research in the financial year to date is £862,000.

Patient engagement

We routinely appoint patient representatives to the steering committees of our NIHR grant funded studies and carry out other patient and public involvement activity for individual trials, for instance focus group sessions.

An appointment has been made to the Research and Development Patient and Public Involvement lead post; the lead is overseeing the appointment of Research Patient Ambassadors for the Trust, who will be asked for their views on the Trust's research activity and the best way to communicate with and engage patients and the wider public in research. The lead is also overseeing the development of a video about research to be played in clinic waiting areas.

Goals agreed with commissioners - use of the Commissioning for Quality and Innovation (CQUIN) payment framework

A proportion of the Trust's income in 2017/18 was conditional on achieving quality improvement and innovation goals agreed between the Trust and any person or body we entered into a contract, agreement or arrangement with for the provision of relevant health services, through the CQUIN payment framework.

Further details of the agreed goals for 2017/18 and for the following 12 month period are available on request from the Quality Assurance Team, South Tees Hospitals NHS Foundation Trust, the James Cook University Hospital, Marton Road Middlesbrough TS4 3BW or email quality.assurance@stees.nhs.uk.

The following table demonstrates the income conditional upon achievement of the CQUIN measures and the payment received by the Trust for the last 2 financial years.

| | Income conditional upon achievement of the CQUIN measures | Payment received by the Trust |
|----------|-----------------------------------------------------------|-------------------------------|
| 2016/17 | £11,134,237 | £8,680,911 |
| *2017/18 | £9,292,000 | £8,430,000 |

*Please note that this figure is estimated

Care Quality Commission (CQC) registration

We are required to register with the CQC and our current registration status is 'registered without conditions'.

The CQC has not taken enforcement action against the Trust during 2017/18.

CQC rating

The CQC inspected the Trust in June 2016 and published its findings in October 2016. The ratings matrix can be found below:

Overview and CQC Inspection Ratings

| | | |
|-----------------|------------|--------|
| Overall Good | Safe | Good ● |
| | Effective | Good ● |
| | Caring | Good ● |
| | Responsive | Good ● |
| | Well-led | Good ● |

This inspection was a focused re-inspection and our rating improved from Requires Improvement to Good.

All services and domains were rated as Good, with Maternity and Gynaecology receiving a rating of Outstanding for the well led domain and Community Services receiving an Outstanding rating for the Caring domain. There were no requirement notices issued as a result of this report.

The Trust has not participated in any special reviews or investigations by the CQC during the reporting period.

NHS number and General Medical Practice Code Validity

The Trust submitted records during 2017/18 to the secondary uses service for inclusion in the Hospital Episode Statistics which are included in the latest published data.

The percentage of records in the published data which:

Included the patient's valid NHS number was:

- 99.8% for admitted patient care;
- 100.0% for outpatient care; and
- 99.4% for accident and emergency care.

Included the patient's valid General Medical Practice Code was:

- 100% for admitted patient care;
- 100% for outpatient care; and
- 100% for accident and emergency care.

Information Governance (IG) Toolkit attainment levels

The Trust also assesses itself against Department of Health information governance and standards using the IG toolkit – an online system which members of the public can also view.

Using the toolkit, we can develop a strategy and annual work programme to raise our level of compliance year-on-year, and also improve our information risk management process.

The Trust has achieved the required minimum level two standard on all 45 of the 45 standards of the National Information Governance Toolkit.

The Trust's Information Governance Assessment Report overall score for 2017/18 was 71% and was graded green.

Clinical coding

The Trust was not subject to a Payment by Results Clinical Coding Audit during 2017/18 by the Audit Commission.

Learning from Deaths

During 2017/18, 2,113 patients of the Trust died. This comprised the number of deaths which occurred in each quarter of the reporting period:

| Q1 | Q2 | Q3 | Q4 |
|-----|-----|-----|-----|
| 479 | 486 | 583 | 565 |

By 31 March 2018, 525 Case Record Reviews and 42 investigations had been carried out in relation to 2,113 deaths above.

In 42 cases, a death was subjected to both a Case Record Review and an investigation. The number of deaths in each quarter for which a Case Record Review or an investigation was carried out was:

| Q1 | Q2 | Q3 | Q4 |
|-----|-----|-----|-----|
| 193 | 117 | 114 | 101 |

Three deaths, representing 0.1% of the patient deaths during the reporting period, are judged to be more likely than not to have been due to problems in the care provided to the patient. In relation to each quarter, this consisted of:

| Q1 | Q2 | Q3 | Q4 |
|----------|----------|----|----------|
| 1 (0.2%) | 1 (0.2%) | 0 | 1 (0.2%) |

These numbers have been estimated using an adapted version of the Preventable Incident, Survival and Mortality Study (PRISM) methodology. Deaths are reviewed by a central team led by an Intensive Care Consultant. Each review results in two grades, one for quality of care and one for preventability of the death.

The reviews highlighted the following learning points and recommendations:

- A failure to recognise the deterioration in the patient's condition**
This was identified as an individual failure and the individual has reflected on their practice. In a broader context safety huddles have been strengthened to ensure that this is picked up with additional training in caring for the acutely ill patient. The Trust reviews all cases of delays in escalating a deteriorating patient so that lessons learnt can be identified and shared across the organisation
- Recognition that senior input is required when discussing treatment options with patients.**
This has been recognised in the Quality Priority for this to ensure that patients receive consistent information to enable them to make informed decisions
- Delays in accessing appropriate scans for the patient.**
A process review has been undertaken to ensure that delays are minimised for patients particularly when a transfer to another hospital is required.

399 Case Record Reviews and no investigations were completed after 31/03/2017 which related to patient deaths which took place before the start of the reporting period.

One representing 0.2% of the deaths before the reporting period are judged to be more likely than not to have been due to the problems in the care provided to the patient. This number has been estimated using an adapted version of the Preventable Incident, Survival and Mortality Study (PRISM) methodology. Deaths are reviewed by a central team led by an intensive care consultant. Each review results in two grades, one for quality of care and one for preventability of the death.



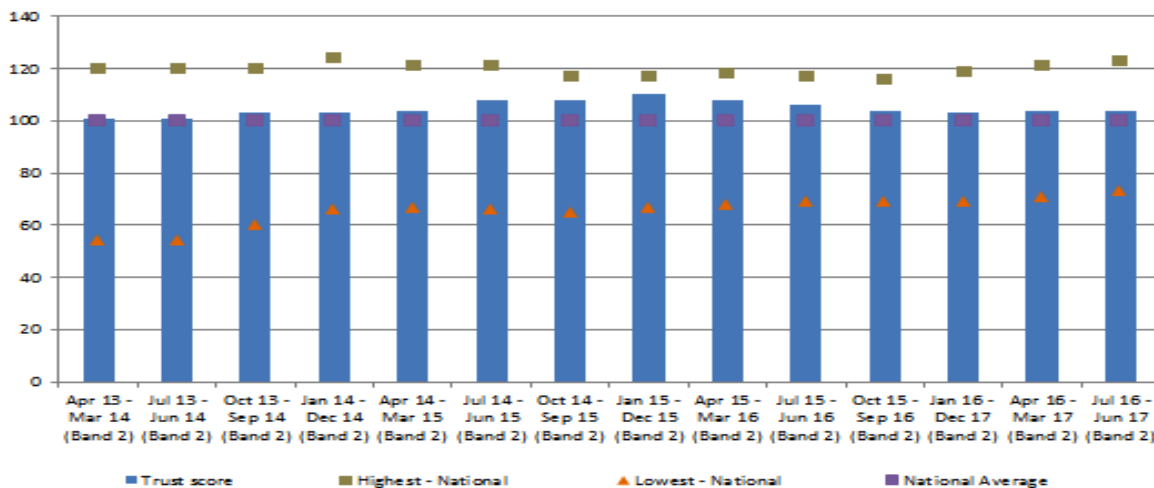
Reporting against core indicators

In addition to the progress with our locally identified Quality Priorities and our performance against national performance targets, we also monitor measures from the NHS Outcomes Framework. The data reported below is the publicly available data from NHS Digital; we have included benchmarking data where this is available. The most recently available data from the NHS Digital has been used however, it should be noted that due to the nature of some of the measures and the data collection systems, the time period reported for some of the measures may be some time in the past.

The NHS Outcome Framework has five domains within which are grouped together measures for monitoring progress. The Quality Account regulations require a selection of these to be included in this report and these are described below under the heading of the relevant domain.

Domain 1 - Preventing people from dying prematurely

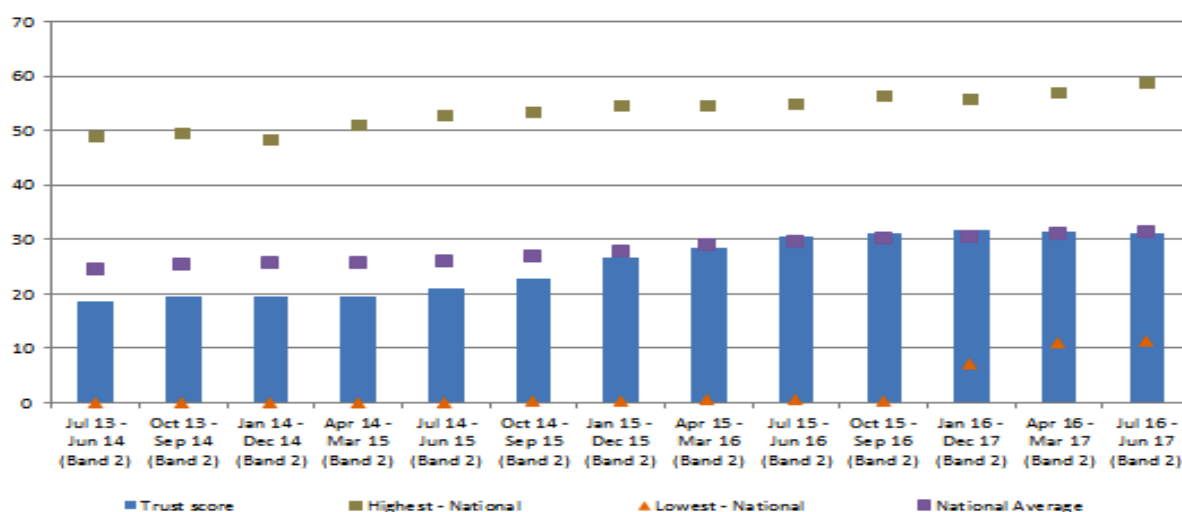
Summary Hospital Level Mortality Indicator (SHMI)



Data source: NHS Digital

The Trust considers that this data is as described for the following reasons: the Trust experiences approximately as many deaths as would be expected, given the patients it serves and the range of services it delivers. Thus the SHMI is approximately 100 (i.e. observed and expected mortality rates are approximately the same). The categorisation of the SHMI into band two means that the mortality is within the expected range.

% of patient deaths with palliative care coded at either diagnosis or specialty level



Data source: NHS Digital

The percentage of patient deaths with specialist palliative care coding has continued to rise to 23.8% in the latest data release. This is in line with national trends.

The Trust is taking the following actions to improve the indicators and the quality of its services; in 2013 the Trust established a Mortality Surveillance Group to coordinate hospital mortality monitoring and improvement activity. This includes reviewing the range of statistics available to monitor hospital mortality, overseeing a weekly clinical review of hospital deaths so that common themes can be identified and lessons can be learnt to improve the quality of its services. The Specialist Palliative Care Team (SPCT) has reviewed its processes for identifying patients and recording its input into the care of individual patients. This has resulted in more patients being identified by the SPCT. This has required an expansion of the team but is an improvement in the service provided to patients.

The Trust has implemented quality improvements that might reasonably be expected to impact on mortality indicators. These include improving identification and management of deteriorating patients (moving from a paper-based system to an electronically recorded Early Warning Score and use of the Electronic Patient Record in the Emergency Departments and Acute Assessment Units), identifying and managing patients with sepsis, prevention of falls, further reductions in infections and medication errors as well as the implementation of innovations as recommended by National Institute of Care and Excellence (NICE) guidance. The Trust also completed a project focussing on the care of patients with pneumonia (the largest group of deaths included in the SHMI in any acute hospital is patients with pneumonia). This work has made the diagnosis and treatment of these patients faster and may have impacted on mortality in this key group of patients.

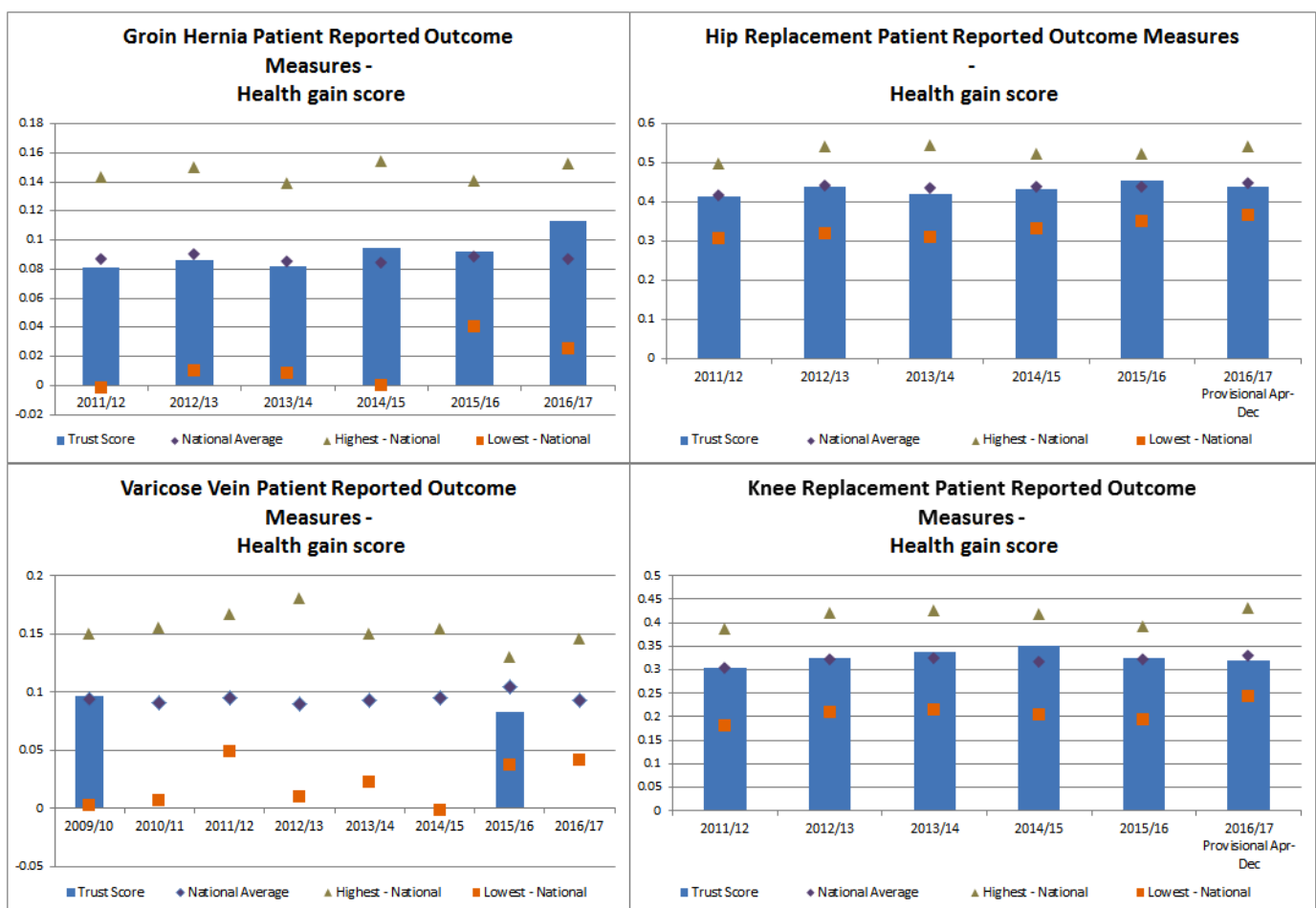
Domain 2 - Enhancing quality of life for people with long-term conditions

No applicable indicators

Domain 3 - Helping people to recover from episodes of ill health or following injury

Patient Reported Outcome Measures (PROMs)

PROMs measure a patient's health status or health-related quality of life at a single point in time, and are collected through short, self-completed questionnaires. This health status information is collected from patients through PROMs questionnaires before and after a healthcare procedure and provides an indication of the outcomes or quality of care delivered to NHS patients (HSCIC website <http://www.hscic.gov.uk/proms>). The score reported is an adjusted health gain score based on case mix, a higher number indicates a better health gain.



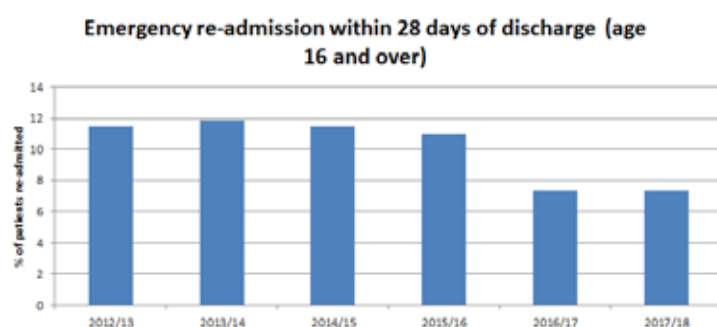
Data source: NHS Digital

The Trust considers that this data is as described for the following reasons: the specialist review and pre-assessment process ensures that patients are offered the procedure likely to deliver the most benefit and best outcome. In 2017/18 there were not enough returns to allow analysis for groin hernia, a procedure that relatively low numbers of patients undergo (34 eligible in 2017/18). The national requirement to collect PROMs for groin hernia and varicose vein patients ended in September 2017. Data will be completed for all patients already included in the process before this date.

The health gain scores for hip replacements and knee replacements are in line with the national average. No score is reported for varicose veins as the returns from patients have been too low.

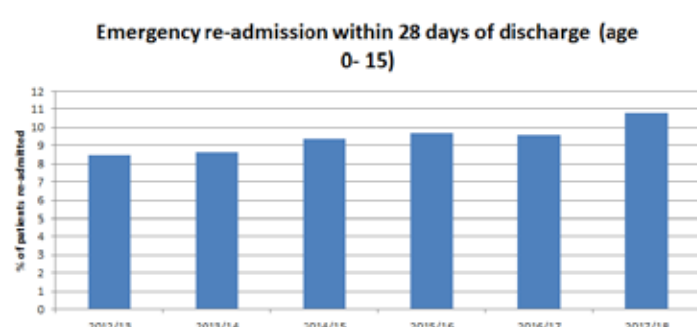
We have taken the following action to improve these scores, and the quality of services: providing regular feedback of the scores to clinical teams and benchmarking performance across the NHS and other hospitals in the North East, through a regular report produced by the North East Quality Observatory System (NEQOS), to ensure the quality of services is maintained.

Re-admission within 28 days



The Trust considers that this data is as described for the following reasons: the percentage of re-admissions for patients aged over 16 remained at around 11% between 2013/13 and 2015/16, before falling in 2016/17. The reduced figure has been sustained in 2017/18.

The percentage of re-admission for children aged 0 to 15 years increased slightly year on year % between 2013/13 and 2015/16, before stabilising in 2016/17 and remaining similar in 2017/18. The Paediatric service has an open access day unit facility where

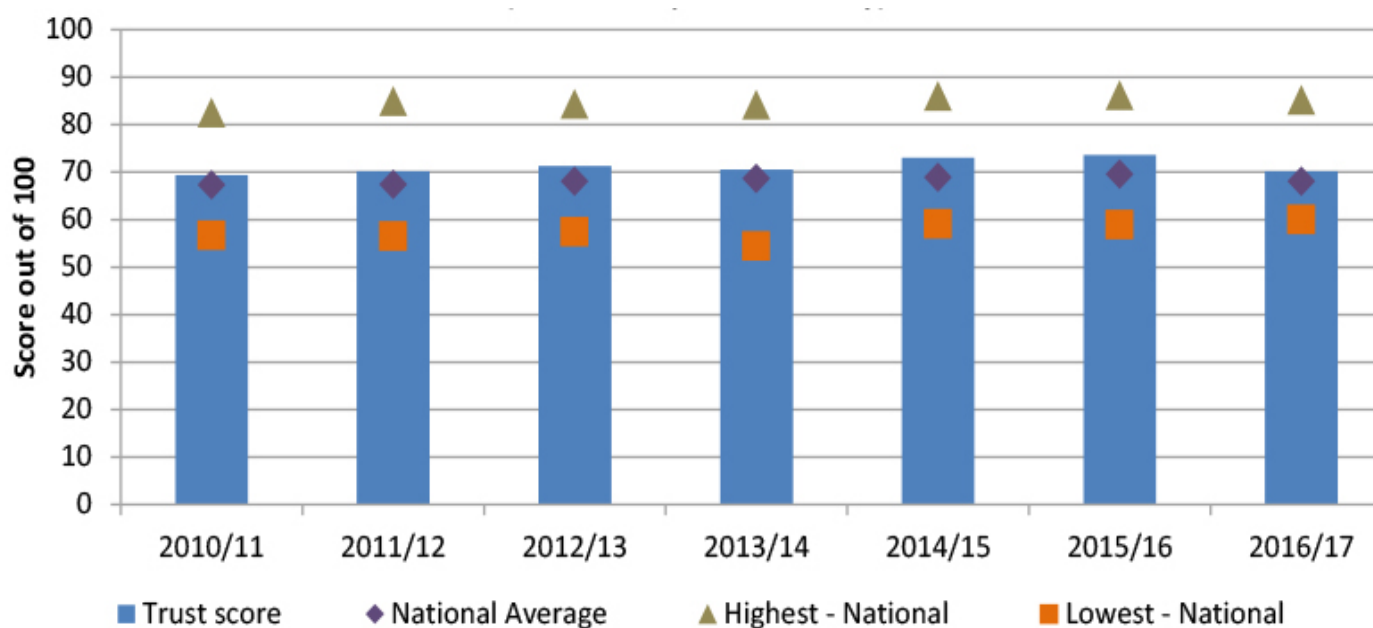


children that have had a recent acute admission or a long term chronic condition can return if they deteriorate.

We intend to take the following actions to improve these percentages, and the quality of our services: there has been considerable work undertaken in individual pathways, for example alcohol dependency, pain management and chronic obstructive pulmonary disease (COPD). The Rapid Response service and the Integrated Community Care Team will support those patients at high risk of re-admission.

Domain 4 - Ensuring people have a positive experience of care

Responsiveness to the personal needs of patients (National Inpatient Service)

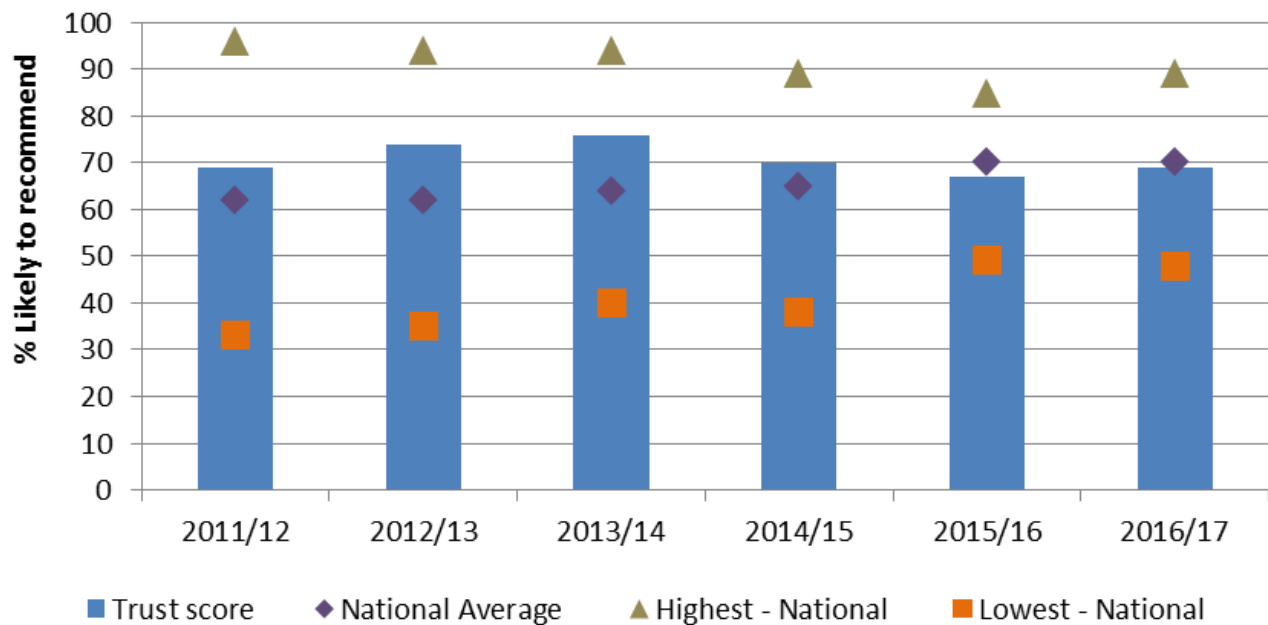


Data source: NHS Digital

We consider that this data is as described for the following reasons: the Trust clinical standards focus on delivering care in a sensitive and person-centred way.

The Trust intend to take the following actions to improve this data, and the quality of services: the Trust has fully rolled out its Real Time Patient Experience Programme in 2017/18 which uses questions from the National Inpatient Survey. This enables staff to recognise and respond to patient queries and concerns in real time.

Staff who would recommend the Trust as a provider of care to their family and friends



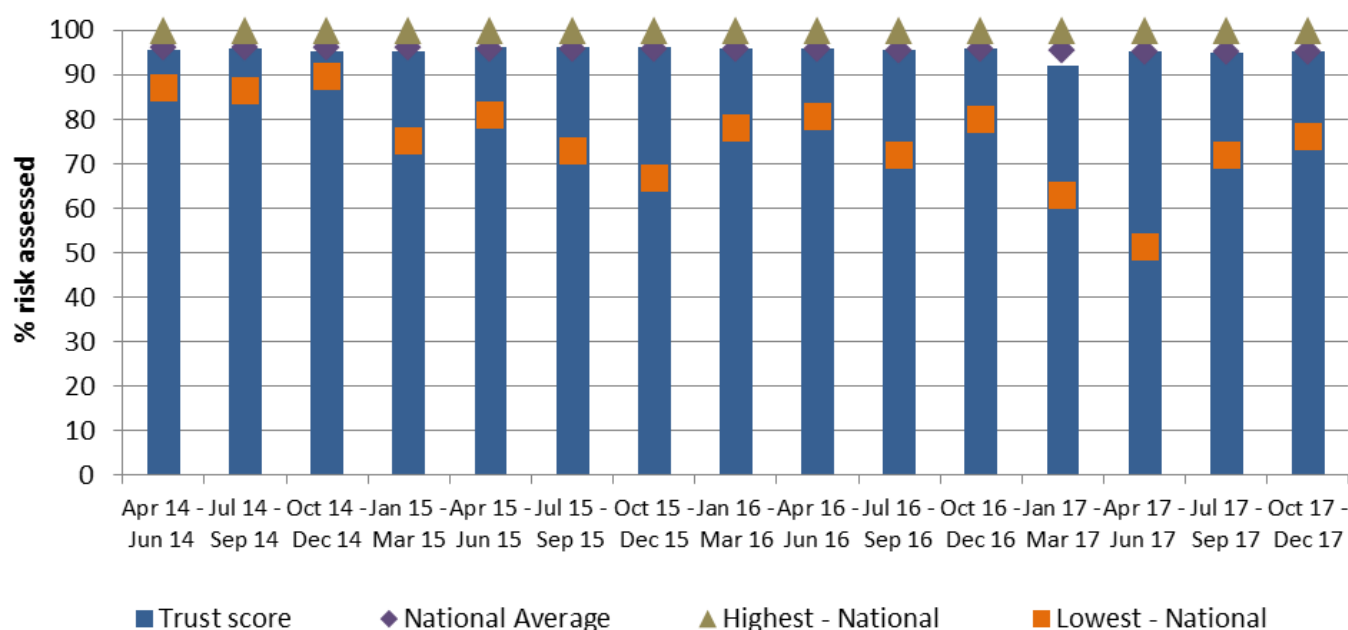
Data source: NHS Digital

We consider that this data is as described for the following reasons; the Trust scores have been consistent over the last five years.

The Trust intends to take the following actions to improve this percentage, and so the quality of its services; the Trust continues to work with staff to improve the quality of care provided to patients. In addition, the Trust promotes the achievements of staff in delivering high quality care through regular staff bulletins, staff briefings and offering opportunities for staff feedback.

Domain 5 - Treating and caring for people in a safe environment and protecting them from avoidable harm

Patients that were admitted to hospital and who were risk assessed for venous thromboembolism (VTE) during the reporting period.

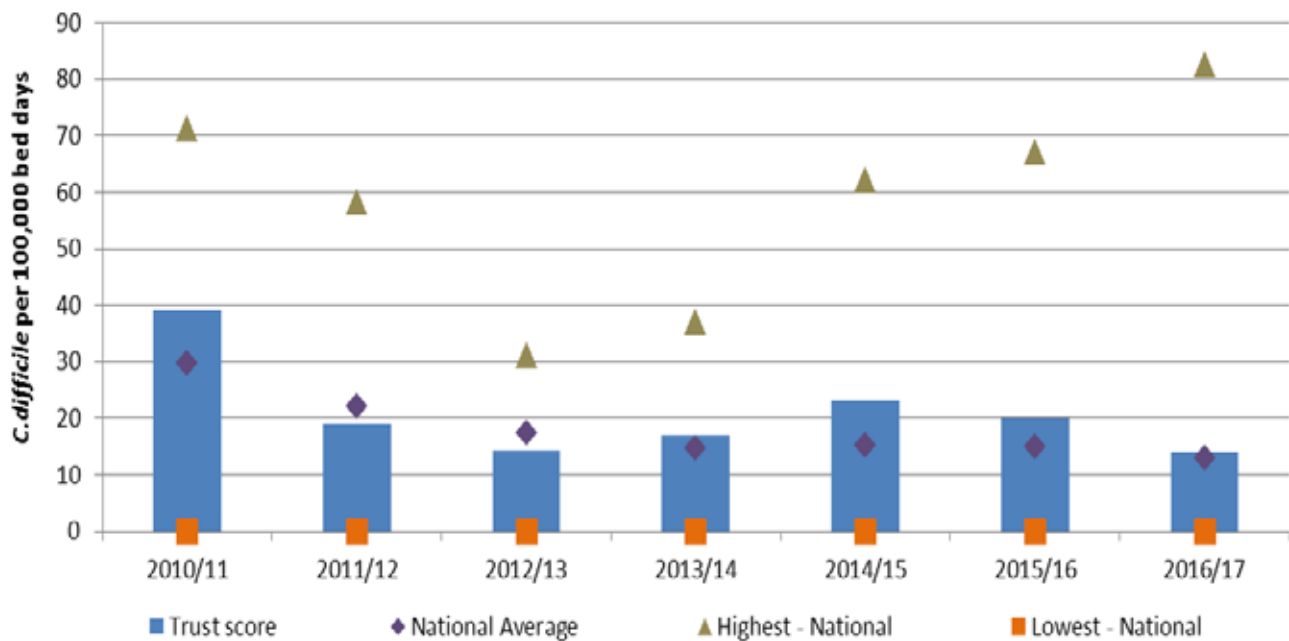


Data source: NHS Digital

We consider that this data is as described for the following reasons; the Trust monitors compliance on a monthly basis and has achieved the required standard.

We have taken the following actions to improve this percentage, and the quality of services; the completion of a VTE risk assessment is monitored monthly through audit to ensure that the actions required following assessment are completed, as well as the recording that the assessment has taken place.

Rate per 100,000 bed days of cases of clostridium difficile (C.difficile) infection reported within the Trust amongst patients aged 2 or over.

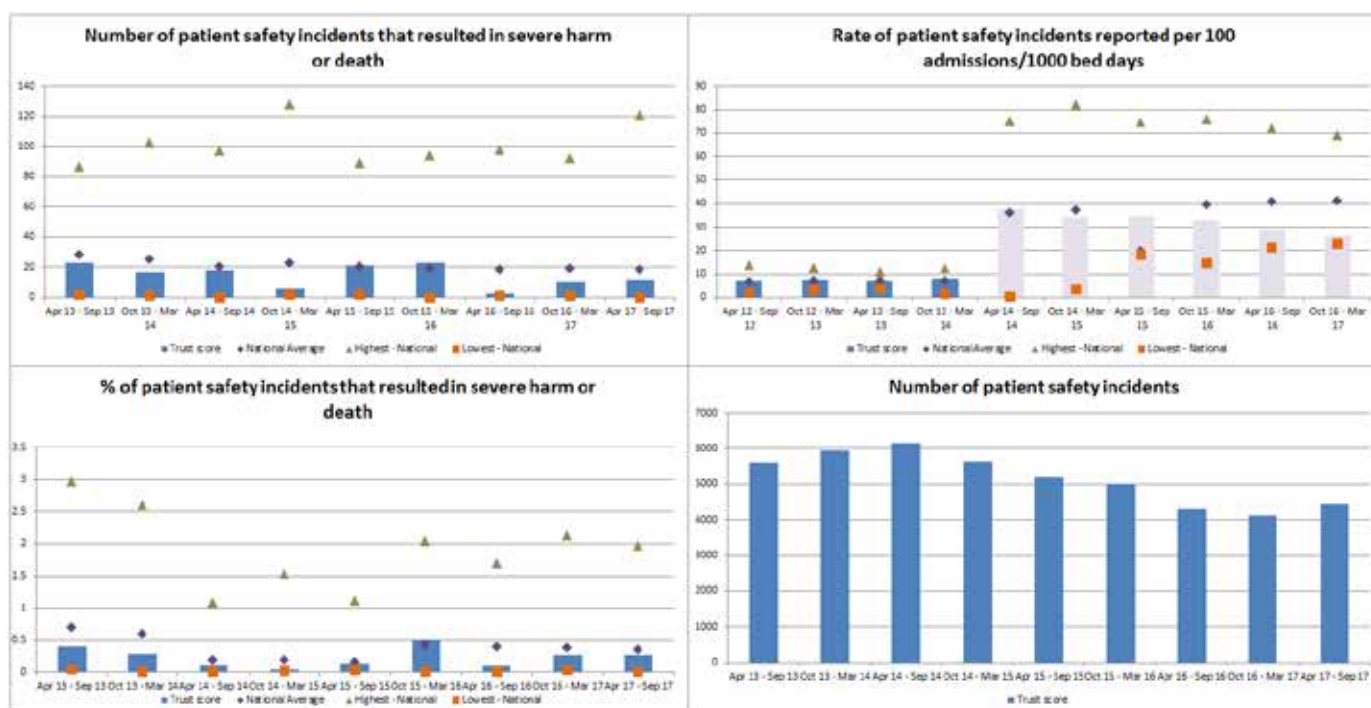


Data source: NHS Digital

We consider that this data is as described for the following reasons; the Trust is committed to driving down healthcare acquired infections, and achieved its lowest ever incidence clostridium difficile infections in 16/17.

The Trust has taken the following actions to improve this rate, and the quality of services; the Trust has a comprehensive action plan for the prevention of Trust attributed clostridium difficile infections which is monitored through the Infection Prevention Action Group. In addition to this, all Trust attributed cases have a full root cause analysis and are reviewed at a panel chaired by the Consultant in Infectious Diseases.

Rate of patient safety incidents reported within the Trust and the number and percentage of such patient safety incidents that resulted in severe harm or death



Data source: NHS Digital

The indicator for patient safety incidents has changed from incidents per 100 admissions shown in blue above to that per 1000 bed days shown in light purple.

The Trust considers that this data is as described for the following reasons; the Trust has recognised that the rate of incidents and the number of incidents reported has fallen.

We are taking a number of actions to improve this number: this has been identified as a Quality Priority for 2018/19. The actions include providing education and awareness training, a review of the incident reporting form, and streamlining final approval of incidents and root cause analysis for falls and pressure ulcers.





Part 3

Other Information

An overview of the quality of care based on performance in 2017/18 against indicators

This section of the Quality Account contains a review of our quality performance during 2017/18. It also includes comments on the development and content of the Quality Account provided by a range of external stakeholders.

We are continuously exploring new ways to improve quality and safety, making innovative use of the data collected.

Information about quality of care is collated in the form of a dashboard at ward, clinical centre and Trust level, and

is reviewed monthly. This information is shared with the Board of Directors, Board of Governors, senior clinicians, managers and governors to provide assurance the Trust is on track to deliver its key targets.

The following section reviews the work of a range of quality work streams during 2017/18: these have been selected as key indicators by the Board that demonstrate the quality of care provided by this organisation.

Pressure ulcers

As reported on page 12 the Trust has continued to focus on the reduction of pressure ulcers in both acute and community settings throughout 2017/18. Along with the launch of the Tissue Viability Strategy, a number of other initiatives have been trialled or implemented throughout the year. The safety@stees collaborative has pressure ulcers and falls as a standing item and this is an opportunity to monitor performance and share good practice.

A poster has been distributed to all clinical areas to provide detail on how to grade and record pressure ulcers. In addition to this clinical areas are displaying the number of days free from pressure ulcers.

It had been identified that there was an increase in heel related pressure ulcers; this led to trials of a hybrid mattress with integral heel support and education on measures that can be taken to prevent these.

Falls

In addition to the work described on page 9, there has been successful collaborative working and targeted interventions in some of our community hospitals that have led to a sustained reduction in falls. This has included interventions such as improvements in way finding, continence and delirium care planning, medication reviews and interventions to prevent de-conditioning.

Through analysis of incident data it was identified that the toilets in some areas were too low and contributing to patients falling. These toilets have been raised by 10cm and a wheel chair / assisted toilet created.

The incident reporting form for falls is being strengthened to enable more detailed reporting and identification of trends and themes to inform further improvement initiatives.

In year there has been a particular focus on the recording of lying and standing blood pressure to identify those patients that are more at risk of falling.

The remit of the Falls Review Panel has been increased to include those patients that have had three or more falls to identify the learning from these cases.

Duty of candour

Central to the Trust's strategy to improve patient safety is our commitment to improving communication between healthcare professionals and patients and/or carers when a patient is harmed as a result of a patient safety incident. This communication is known as 'Being Open'. 'Being Open' involves apologising and explaining what happened. It ensures communication is open, honest and occurs as soon as possible following an incident. 'Being Open' about what happened and discussing incidents promptly, fully and compassionately can help patients cope better with the after-effects. Incidents can incur extra costs through litigation and further treatment; openness and honesty can help prevent such events becoming formal complaints and litigation claims. 'Being Open' is a process rather than a one off event. The Duty of Candour is the statutory and regulatory requirement of the 'Being Open' process and applies when a patient safety incident results in moderate harm, major (severe) harm or death.

Clinical effectiveness

Dying in hospital – mortality

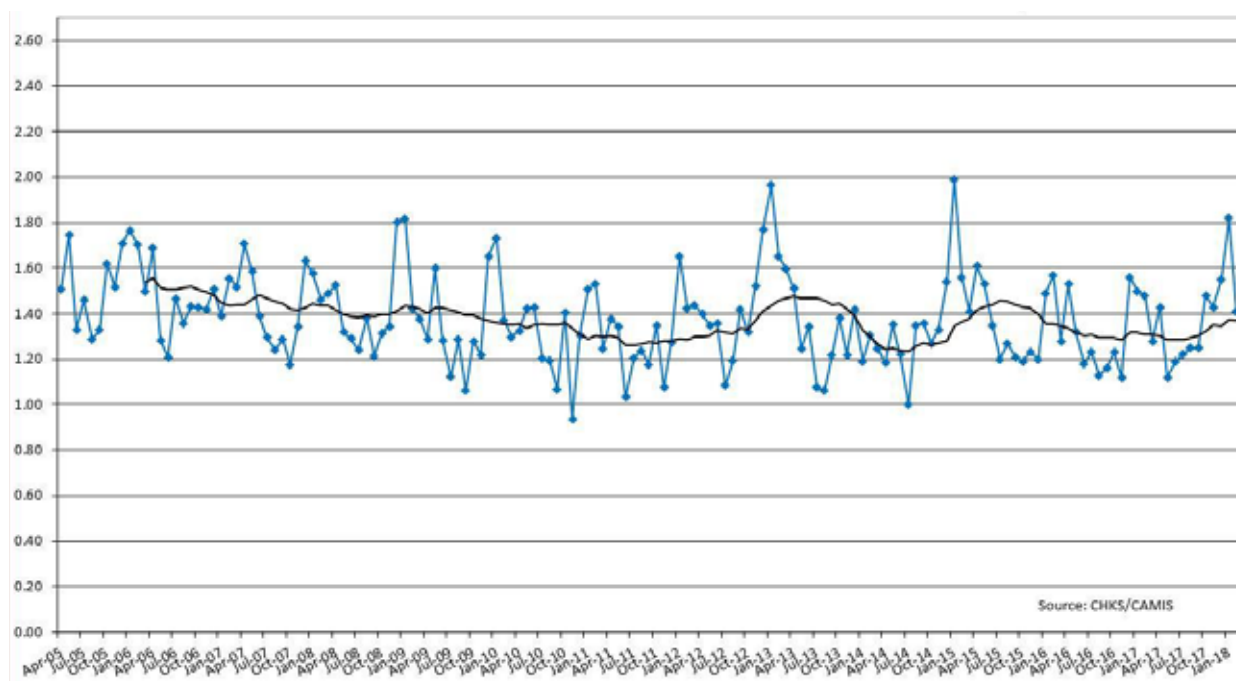
Hospital mortality rates: how many people die in different hospitals as a proportion of the number of people who are admitted to the hospital, are not easy to compare across the NHS. Simply knowing how many people died at each hospital would be misleading as hospitals see different numbers of patients and provide different services to patients with different levels of risk. However, for an individual hospital or Trust it is important to monitor a number of measures of mortality as collectively they can provide alerts about the quality of care provided in the organisation.

The basic measure is to monitor the proportion of people who die in hospital and this number, known

as the unadjusted mortality rate, is monitored on a weekly basis. Risk adjusted measures can take account of the different levels of risk to some extent. They are calculated by estimating the risk of death for each patient with specific medical conditions and comparing the actual death rate with the total estimated rate that can be expected from the predicted risks.

Mortality statistics are reported to the Board of Directors on a quarterly basis and have been since 2008. As well as unadjusted mortality, the Summary Hospital-level Mortality Indicator (SHMI) and Hospital Standardised Mortality Ratio (HSMR) are standard nationally defined measures that are routinely monitored. Although similar in approach, these measures vary in their specifics and so produce different results.

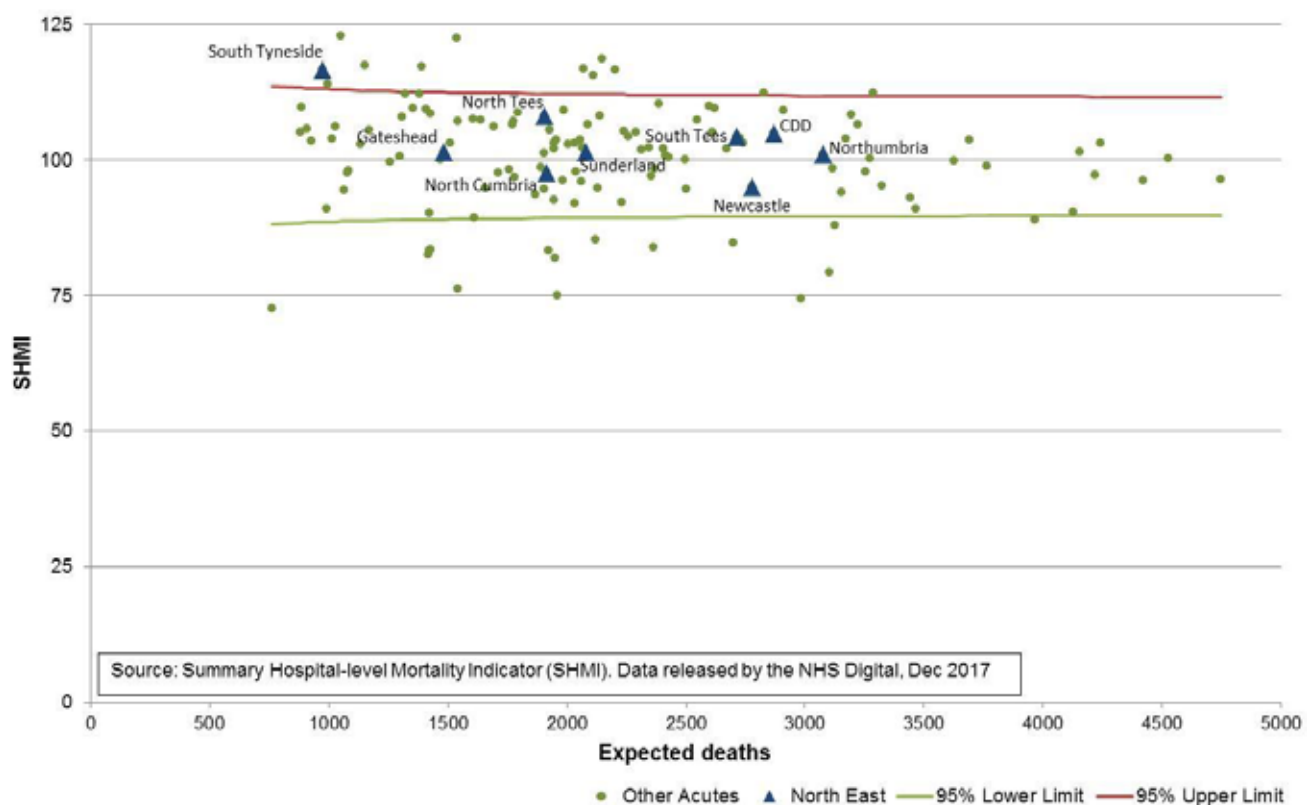
Unadjusted Mortality Rate April 2005 – Feb 2018 including rolling 12 month average



Source: CHKS/CAMIS

Unadjusted mortality measures the number of deaths as a percentage of patient inpatient and day case spells, excluding well babies (less than 28 days old). It is most useful for seeing the pattern of deaths through time. Looking at the trend from April 2005 to February 2018 it can be seen that a winter peak is experienced in most years, especially in 2013, 2015 and 2017. The peak in January 2015 in particular was severe but of short duration and reflects the amount of respiratory infections in the community. The peak between October 2017 and January 2018 again reflects the amount and severity of respiratory infections including influenza in the community, as primary causes of death and underlying other conditions such as sepsis, renal failure and other acute medical conditions.

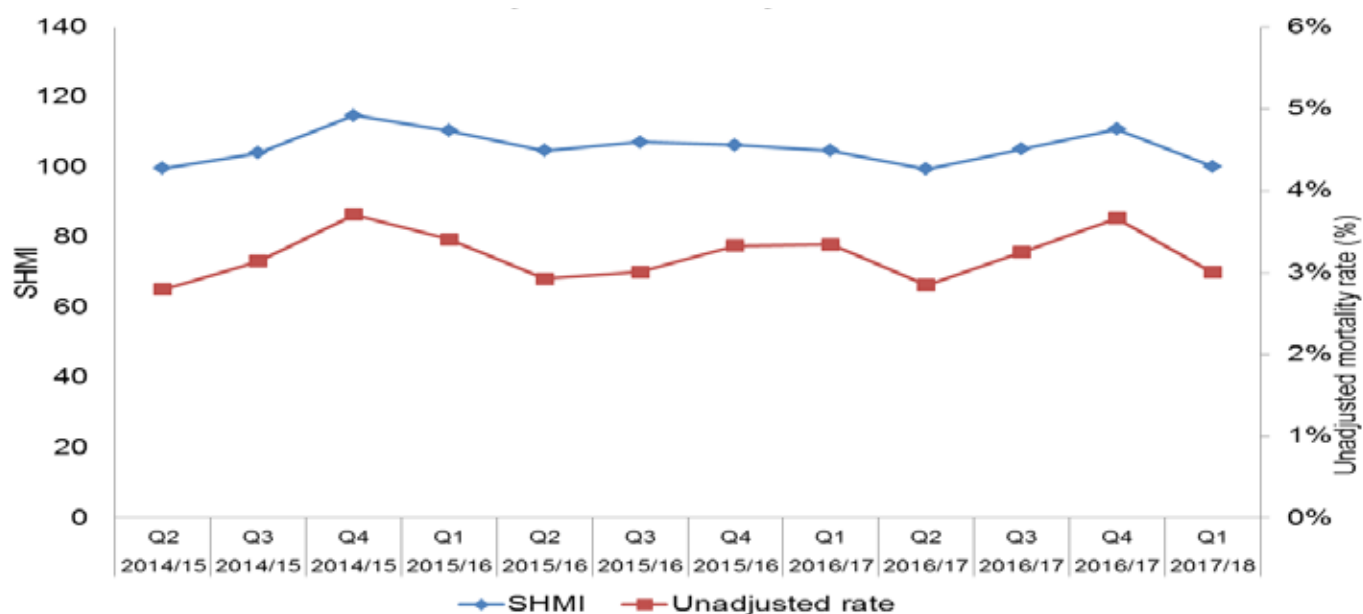
SHMI with 95% Control Limits and with adjustment for over-dispersion for July 2016 – June 2017



Source: SHMI Data Release NHSDigital Dec 2017

The Summary Hospital-level Mortality Indicator is designed to allow comparison between Trusts across the NHS. It includes deaths in hospital as well as deaths within 30 days of discharge from hospital. The SHMI for the Trust has been As Expected (i.e. within the amount of variation that can be anticipated by chance) in all data releases to date and the SHMI is currently 105 (July 2016 to June 2017). This means that the number of deaths in hospital or within 30 days of discharge from hospital is slightly higher than the number expected using a statistical model.

SHMI and Unadjusted Mortality Rate for South Tees

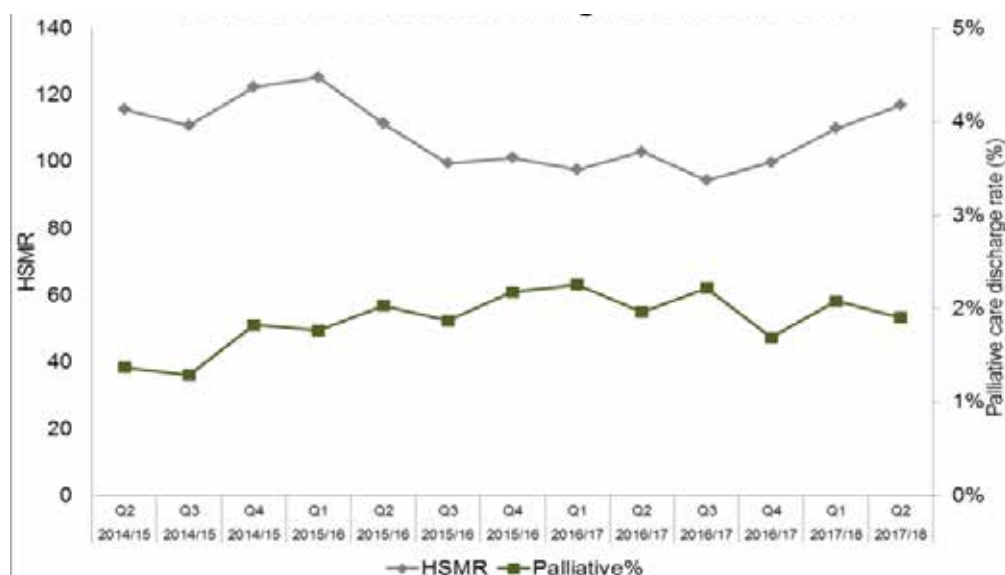


Source: NEQOS Hospital Mortality Monitoring Report 35. Data extracted from HED Dec 2017.

The SHMI is monitored on a quarterly basis and broadly reflects the unadjusted rate for deaths included in the SHMI.

An alternative risk adjusted measure which uses around 80% of in-hospital deaths is called the Hospital Standardised Mortality Ratio (HSMR). It uses a more complex risk model which includes adjustment for specialist palliative care (care provided by a specialist team to a small proportion of more complex patients receiving palliative care in the hospital).

HSMR and Palliative Care Coding for South Tees



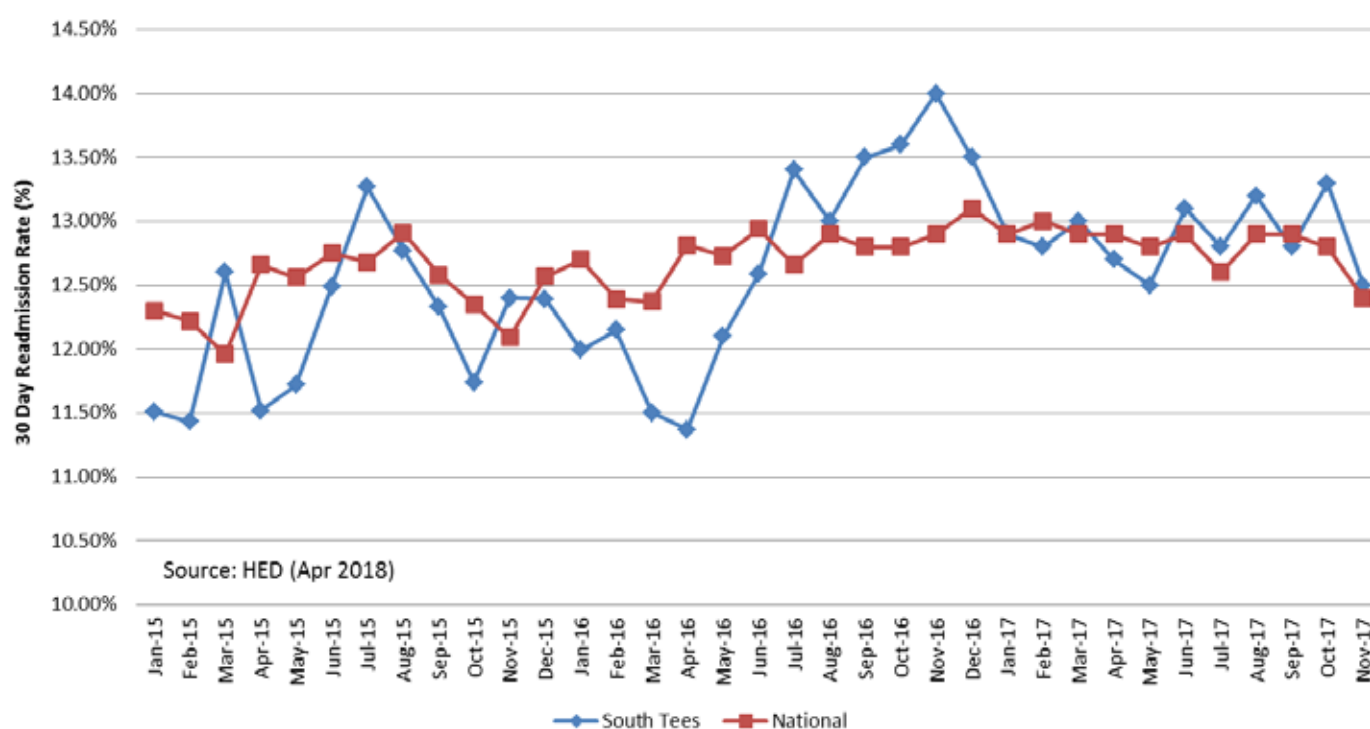
HSMR for the Trust in the period October 2016 to September 2017 was 105 giving the Trust a rating of As Expected.

HSMR adjusts for patients that are coded as receiving specialist palliative care. In the past, the relatively low rate of specialist palliative care coding (the Trust was in lowest fifth of Trusts nationally) adversely affected the HSMR. A review of coding practices to try to ensure that all patients who receive specialist palliative care are included and increased staffing levels within the Specialist Palliative Care Team saw a 15 point decrease in the Trust's HSMR over the previous year and that improvement is continually monitored.

No mortality alerts have been issued over the year.

Re-admissions

30 day readmission rate following an unplanned readmission (Payment by Results)



Source: HED (March 2018)

Over the period illustrated, 30 day readmissions for the Trust have averaged 12.58% compared to the national average of 12.68%. For some patients this further admission is not linked to their recent hospital stay but for others, they have returned to hospital because of complications after their discharge. These complications may be related to their needs not being adequately established at pre-assessment, through acquiring an infection during their hospital stay or maybe down to their rehabilitation not progressing as planned. The graph demonstrates that the re-admission rate has stayed static over the period reported.

There has been considerable work undertaken in individual pathways, for example alcohol dependency, pain management and COPD. The Rapid Response Service and the Integrated Community Care team will support those patients at high risk of re-admission.

Nutrition and hydration – getting the balance right

It is nationally recognised that today, an unacceptable number of people are becoming malnourished when they are in hospital. They become malnourished because their appetite or food intake is reduced due to their illness, the impact of treatment or interventions that they are receiving, or they don't get the right food that they can eat or the help they need to eat it.

Being malnourished increases the risk of infection and increases the length of time it will take them to recover.

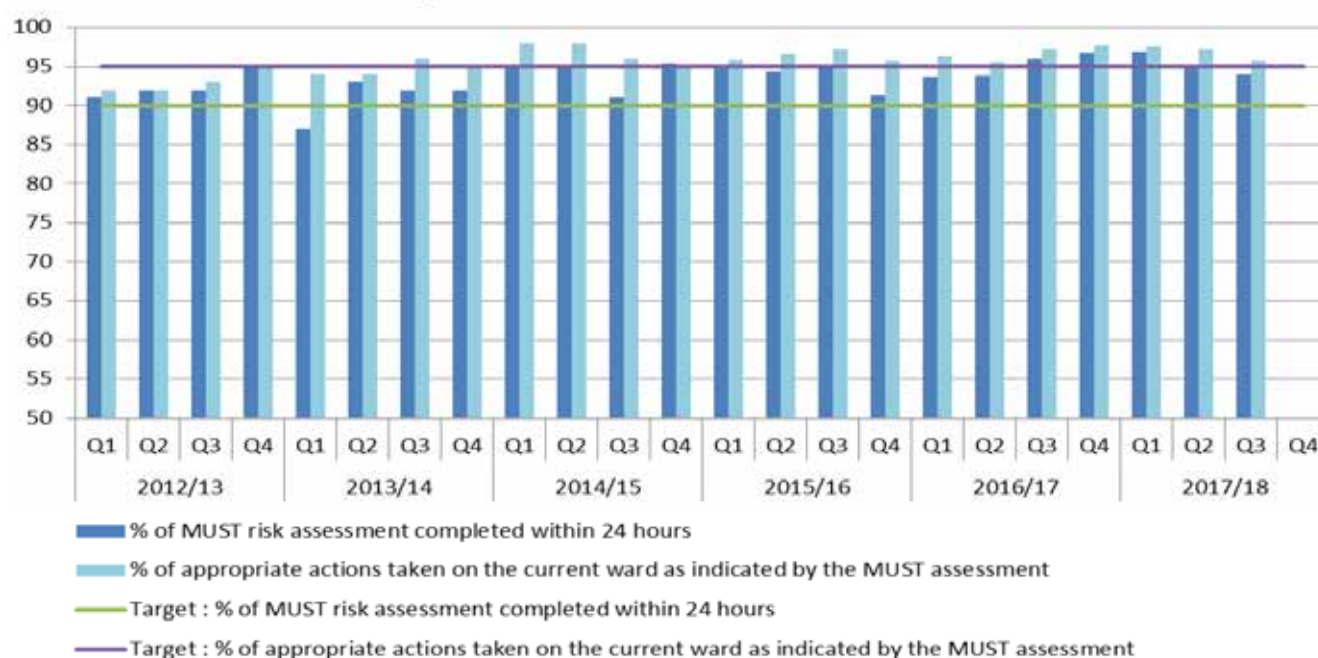
We have a proactive and organised approach to combating malnutrition, overseen by the Nutrition Steering Committee, and its importance is recognised as a key priority for the organisation

The Trust aims to:

- Ensure all patients are screened to assess their risk of malnutrition and that this is appropriately acted upon;
- Ensure we meet the needs of patients who require help with eating or drinking;
- Provide choices of food and drink for people to meet their diverse needs making sure the food and drink we provide is nutritionally balanced and supports their recovery.

Patients are assessed on admission using the Malnutrition Universal Screening Tool (MUST), which is a validated screening tool to detect malnutrition in adult patients. The following graph demonstrates the compliance with using the tool and taking the appropriate actions.

Compliance with MUST assessments



Data source: Local audit

Compliance is monitored via ward managers' monthly audits and the clinical assurance rounds, and if any issues are highlighted targeted training is arranged locally.

Nutrition training

Nutrition training is now a regular item on the following training programmes:

Preceptorship – three times a year

Community Care Centre – monthly

Frailty Champions – monthly

Nutrition Assistant and Nutrition Pathway on ward 34

Since April 2017 a Nutrition Pathway has been running on ward 34 for patients admitted with a fractured neck of femur. This was introduced as part of the Hip fracture Quality Improvement (HIP QIP) scaling up programme.

This involved:

- Appointing a nutrition assistant to the ward;
- The routine prescription of nutritional supplement to all fractured neck of femur patients;
- More emphasis on the provision of snacks and appropriate meals to this patient group.

Results have been positive:

- Successful implementation of a finger food menu;
- More positive mealtime experience e.g. regular afternoon tea.

Nutrition and Dysphagia training in care homes

Over the past year a significant focus has been on improvement in nutritional screening and management of 'at risk' patients in the care home setting: Development and delivery of the nutrition and dysphagia training strand of the Better Care Fund project commenced in April 2017. The main project aim is to reduce the number of acute hospital admissions by upskilling staff in nursing/care homes across South Tees to more effectively identify and manage residents' nutrition and dysphagia related problems. To date 32 care homes have received nutrition training and 42 have received dysphagia training. The pilot project is due to end in September 2018 dependent on funding, with audit results so far showing positive results. These include, reduction in the number of inappropriate dietetic referrals, increased accuracy of must scoring (59% to 71% post training), increased adherence to local malnutrition pathways, reduction in the cost of inappropriate nutritional supplement prescribing, increased knowledge of safe feeding positions, suitable foods for textured diets, knowledge of correct amount of thickener in stage drinks (49% to 88% post training) and being able to identify the signs of swallowing difficulties.

Seven day services

The government launched the Seven Day Services Programme to ensure that patients that are admitted as an emergency receive high quality consistent care, whatever day they enter hospital. Ten clinical standards were identified initially with four priority standards for implementation by 2020.

These four standards mean that emergency patients:

1. don't wait longer than 14 hours to initial consultant review
2. get access to diagnostic tests with a 24-hour turnaround time - for urgent requests, this drops to 12 hours and for critical patients, one hour
3. get access to specialist, Consultant-directed interventions
4. with high-dependency care needs receive twice-daily specialist Consultant review, and those patients admitted to hospital in an emergency will experience daily Consultant-directed ward rounds

The Trust is compliant with standards b to c, and is therefore focussing on increasing compliance with the initial consultant review within 14 hours. Following an audit in September 17 that showed 68% compliance with the standard the Trust has:

- Included this standard as one of the Quality Priorities for 2018/19;
- Engaged with Clinical Directors to develop specialty level actions;
- Extended Consultant cover in acute assessment units until 2200 hrs to improve care for patients admitted between 1700 and 2200 hrs;
- Appointed an Operational Lead to drive compliance in the acute assessment units.

Patient experience

The Trust has a number of sources that it can use to understand the patient experience in the organisation, and as discussed on page 15, we have implemented a Real Time Patient Experience Programme across all inpatient wards.

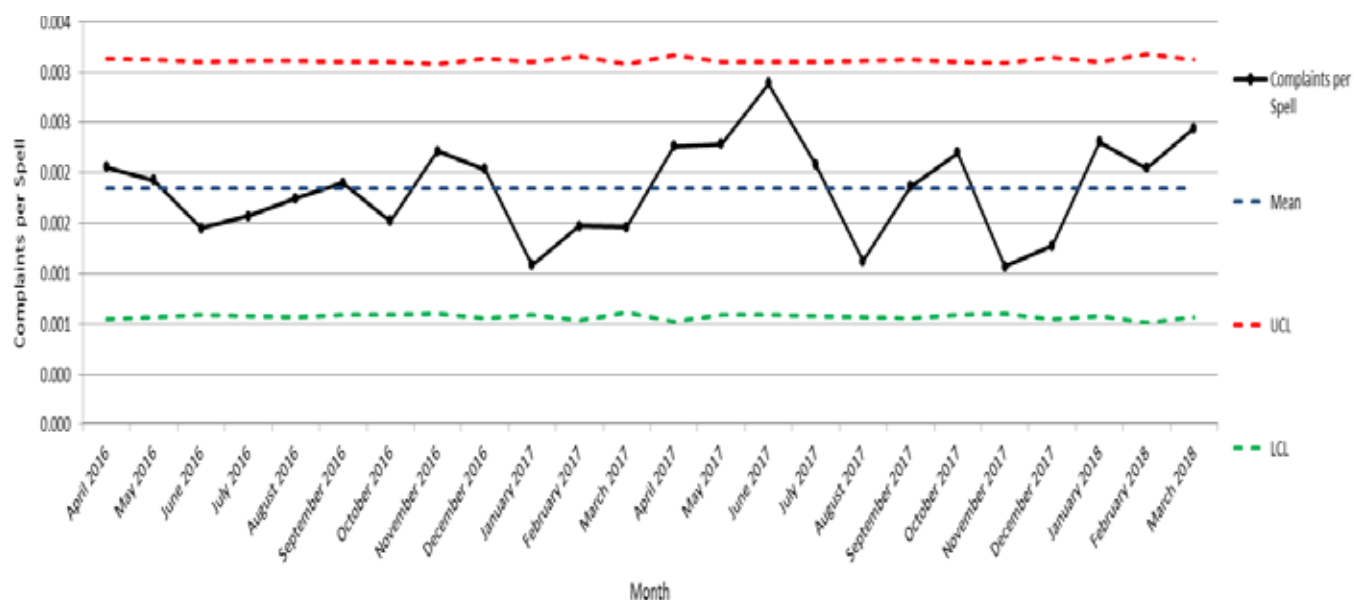
In addition to this, we analyse our complaints, Patient Advice and Liaison (PALs) enquiries and compliments to understand the experience of our patients.

| | 2016/17 | 2017/18 | | | | |
|-----------------------------|---------|---------|-----|-----|-----|-------|
| | Total | Q1 | Q2 | Q3 | Q4 | Total |
| Number of Formal Complaints | 346 * | 115 | 86 | 79 | 105 | 385 |
| Number of PALs | 1888 | 472 | 539 | 520 | 589 | 2120 |
| Number of Compliments | 423 | 95 | 87 | 60 | 74 | 316 |

*A revised figure for the number of complaints reported in 2016/17 has now been included. The complaint figure reported in 2016/17 was 256, 90 less than now quoted. Where a complaint had been re-opened during the year, the complaint was excluded from the total figure. However, this also excluded the initial complaint which should have been included in the total figure.

It can be seen that there has been an 11% increase in formal complaints and a 12% increase in PALs enquiries.

Trust received complaints per spell - 24 month period



In quarter three (October 2017 to December 2017) the published rate for the Trust was 16.5 per 10,000 finished Consultant episodes against the Acute England rate of 37.6 per 10,000 finished consultant episodes.

Friends and Family Test (FFT)

We continue to deliver the Friends and Family Test in line with national guidance. Inpatients or maternity patients will be offered a card before discharge to complete. Patients that attend A&E, outpatients, as a day case and some community services will be sent a text message in the two days following the attendance.

| | APRIL 17 | | | | MAY 17 | | | | JUNE 17 | | | |
|----------------|---------------|---------|-----------------------|---------|---------------|---------|-----------------------|---------|---------------|---------|-----------------------|---------|
| | Response Rate | | % likely to recommend | | Response Rate | | % likely to recommend | | Response Rate | | % likely to recommend | |
| | Trust | England | Trust | England | Trust | England | Trust | England | Trust | England | Trust | England |
| Inpatient | 13% | 25% | 97% | 96 | 8% | 26% | 97% | 96% | 14% | 25% | 99% | 96% |
| A&E | 5% | 13% | 93% | 87% | 6% | 13% | 92% | 87% | 6% | 13% | 88% | 91% |
| Antenatal | | | 92% | 97% | | | 100% | 96% | | | 100% | 96% |
| Birth | 6% | 24% | 100% | 96% | 10% | 24% | 98% | 97% | 11% | 24% | 95% | 97% |
| Postnatal ward | | | 100% | 95% | | | 98% | 95% | | | 97% | 95% |
| Post natal | | | 100% | 98% | | | - | 98% | | | - | 98% |
| Outpatient | | | 92% | 93% | | | 93% | 93% | | | 93% | 94% |
| Community | | | 98% | 96% | | | 97% | 96% | | | 93% | 96% |

| | JULY 17 | | | | AUGUST 17 | | | | SEPTEMBER 17 | | | |
|----------------|---------------|---------|-----------------------|---------|---------------|---------|-----------------------|---------|---------------|---------|-----------------------|---------|
| | Response Rate | | % likely to recommend | | Response Rate | | % likely to recommend | | Response Rate | | % likely to recommend | |
| | Trust | England | Trust | England | Trust | England | Trust | England | Trust | England | Trust | England |
| Inpatient | 9% | 26% | 99% | 96% | 12% | 26% | 98% | 96% | 11% | 25% | 98% | 96% |
| A&E | 5% | 13% | 90% | 86% | 12% | 14% | 92% | 87% | 5% | 13% | 90% | 87% |
| Antenatal | | | 100% | 96% | | | | 96% | | | 100% | 97% |
| Birth | 14% | 24% | 100% | 97% | 17% | 23% | 100% | 96% | 22% | 22% | 97% | 96% |
| Postnatal ward | | | 93% | 94% | | | 98% | 94% | | | 92% | 94% |
| Post natal | | | - | 98% | | | | 98% | | | - | 98% |
| Outpatient | | | 95% | 93% | | | 93% | 94% | | | 94% | 93% |
| Community | | | 91% | 96% | | | 98% | 96% | | | 96% | 96% |

| | OCTOBER 17 | | | | NOVEMBER 17 | | | | DECEMBER 17 | | | |
|----------------|---------------|---------|-----------------------|---------|---------------|---------|-----------------------|---------|---------------|---------|-----------------------|---------|
| | Response Rate | | % likely to recommend | | Response Rate | | % likely to recommend | | Response Rate | | % likely to recommend | |
| | Trust | England | Trust | England | Trust | England | Trust | England | Trust | England | Trust | England |
| Inpatient | 6% | 25% | 97% | 96% | 8% | 25% | 98% | 96% | 8% | 21% | 98% | 95% |
| A&E | 5% | 13% | 91% | 87% | 5% | 13% | 91% | 87% | 3% | 12% | 93% | 85% |
| Antenatal | 100% | 96% | | | | | | | | | 80% | 97% |
| Birth | 12% | 23% | 100% | 96% | | | | | 14% | 19% | 100% | 97% |
| Postnatal ward | | | 100% | 94% | | | | | | | 94% | 95% |
| Post natal | | | - | 98% | | | | | | | - | 98% |
| Outpatient | | | 94% | 93% | | | 94% | 94% | | | 92% | 94% |
| Community | | | 98% | 96% | | | 99% | 96% | | | 97% | 96% |

| | JANUARY 18 | | | |
|----------------|---------------|---------|-----------------------|---------|
| | Response Rate | | % likely to recommend | |
| | Trust | England | Trust | England |
| Inpatient | 5% | 23% | 99% | 95% |
| A&E | 5% | 12% | 91% | 86% |
| Antenatal | | | - | 97% |
| Birth | 9% | 23% | 100% | 97% |
| Postnatal ward | | | 92% | 95% |
| Post natal | | | N/A | 98% |
| Outpatient | | | 92% | 94% |
| Community | | | 96% | 96% |

The Trust performs well against national data with the percentage of patients that are very likely or likely to recommend, with performance generally in line or higher than the national average.

Response rates are lower than the national average and the Trust has tried different methodologies to improve this. In addition to this programme the Trust's real time programme and postal surveys also capture this information alongside the survey information.

Listening to and acting on complaints and concerns

We value all feedback received; negative or positive. The following goals were set in order to improve the experience and satisfaction of service users who provide feedback.

Our goals:

- Map current patient and carer engagement activities and identify gaps to inform the development of a patient and carer engagement strategy;
- Sustain and continue to improve the timeliness of responding to formal complaints, with 80% receiving a response within 25 working days;
- Improve the quality of first responses and the take up of local resolution meetings with the aim of reducing 're-opened' complaints;
- Survey of those who have been involved in the complaint handling process to identify further opportunities for improvement;
- Publish information on complaints and actions taken on the Trust website site;
- Improving the quality of our responses through training in letter writing skills .

Progress to date:

Following a number of changes that were implemented in 2016/17 there has been a sustained improvement from around 70% of complaints responses being issued within the required timeframe at Quarter 4 2017 to 82% by Quarter 4 2018.

We use a web based Datix module to record and track complaints. This provides staff with a single system tracking complaints. It also allows all correspondence to be linked to the complaint record making it easier to advise complainants on current progress / status. The Trust has a standard that complaints will be responded to within 25 days and 40 days if the complaint is particularly complex. The time frame for response is determined by the complexity of the complaint or if a meeting has been arranged outside of the original deadline date.

The Trust offers an 'Excellence in Patient Outcome and Experience' initiative, which includes how queries and complaints are handled. An interactive training

session has been developed by the corporate training team with the aim of improving complaint responses. This session has been designed to enable reflection on actions that are taken and involvement in achieving our overall goals and vision. The session is open to all staff and four sessions have been held in 2017/18 with further session planned for 2018.

The Independent Complaints Review Panel is a bi-monthly meeting chaired by a patient representative; the panel reviews a sample of complaint responses and 're-opened' complaints to ensure the Trust is meeting the Patients Association Standards. Members have adapted these standards to produce a set of South Tees standards to help focus on what is required. The quality of complaints reviewed by the panel has continued to improve. The terms of reference for the complaints review panel and the complaints leads meetings have been revised and feedback from these meetings is helping in the development of thematic analysis and lessons learned bulletins which will be shared across the organisation in the coming months.

Further actions planned for the coming months include:

- Publish the updated Trust wide Complaints Handling Policy;
- Continue to review 're-opened' complaints to determine a more streamlined approach and ensure we are listening to the views of complainants in respect of the quality of our responses;
- Work to maintain and improve the response rates for formal complaints;
- Attendance at a regional complaints manager's forum to learn from and share experiences of complaints handling and best practice;
- Work with the communications team and the Complaint Review Panel to determine what information would be useful to display on the Trust's website;
- Conduct a satisfaction survey for complainants.

National Patient Surveys

During 2017/8, the Trust has received the report from three national patient surveys, the findings of which is summarised below.

National Cancer Patient Experience Survey 2016

This is the sixth survey and is designed to monitor national progress on cancer care and to provide information to drive local quality improvements.

The Trust received the final report in July 2017. 819 patients responded giving a response rate of 71%, this is higher than the national average of 67%

The organisation scored higher than expected on two of the 59 questions:

- Patient found it easy to contact their Cancer Nurse Specialist;
- Patients can get understandable answers to important questions all or most of the time.

This reflects the impact of the new role of cancer care co-ordinators which support patients through their pathway. The organisation did not score lower than expected on any of the questions

The results from this survey show that the organisation has sustained the good performance achieved in the previous year's survey, with increases in performance around privacy and dignity as well as the questions highlighted above.

The Trust has focused on the living with and beyond cancer agenda in line with the national agenda. We have been working to promote the Macmillan Cancer Information Centre and ensuring that patients are signposted to appropriate voluntary sector and third sector charities.

National Inpatient Survey

This is the fourteenth survey of adult inpatients. The survey was sent to 1,250 patients that had an overnight inpatient stay who were discharged in July 2016. 548 patients responded giving a response rate of 45% which is in line with the national average. The Trust received the final report in May 2017.

The Trust was better than most Trusts on one question:

- After you used the call bell, how long did it usually take before you got help?

The Trust was "not worse than most Trusts" on any questions.

National Emergency Department Survey

The survey was sent to 1,250 patients that attended the Emergency Department in September 2016. 254 patients responded giving a response rate of 28% which is the same as the national average. The Trust received the final report in October 2017.

The Trust was better than most Trusts on six of the 45 questions:

1. How long did you wait with the ambulance crew before your care was handed over to Emergency Department staff?
2. How long did you wait before being examined by a doctor or a nurse?
3. Were you told how long you would have to wait to be examined?
4. Overall, how long did your visit to the Emergency Department last?
5. If you needed attention, were you able to get a member of medical or nursing staff to help you?
6. Before you left the department did you get the results of your tests?

The Trust was not "worse than most Trusts" on any questions.

National Children and Young People's Inpatient and Day Case Survey 2016

The survey was sent to 1,250 patients that had an overnight inpatient stay and were discharged in November or December 2016. 262 patients responded giving a response rate of 21% which is slightly below the national average of 26%.

The Trust was better than most Trusts on two questions:

1. Did staff involve you in decisions about your child's care and treatment?
2. Before the operations or procedures did hospital staff explain to you what would be done?

The results of the above surveys are used in conjunction with the information from the internal postal surveys, Real Time Patient Experience Programme, complaints and PALs enquiries to inform service development.

National Staff Survey

Each year NHS staff are invited to take part in the NHS Staff Survey, the largest survey of staff opinion in the UK. It gathers views on staff experience at work around key areas, which include:

- Appraisal and Development;
- Health and Wellbeing;
- Staff Engagement and Involvement;
- Raising Concerns.

While results are primarily intended for NHS organisations to review and make improvements where necessary, the Care Quality Commission will use them to monitor ongoing compliance with essential standards of quality and safety and the survey also supports accountability to the Secretary of State for Health for the delivery of the NHS Constitution.

In 2017 the survey was carried out between 3 October 2017 and 1 December 2017. The survey was sent to a sample of 1236 staff with a response rate of 33% which is below the national average of 43%. Key findings are as follows.

National Staff Survey

Equality and Diversity

| Key Finding | Trust Score 2017 | Change since 2016 | Ranking, compared with combined acute and community Trusts |
|---------------------------------------------------------------------------------------------------|------------------|-------------------|------------------------------------------------------------|
| KF20 % experiencing discrimination at work in last 12 months | 9% | No change | Below (better than average) |
| KF21 % believing the organisation provides equal opportunities for career progression / promotion | 86% | -1% | Average |

Errors and Incidents

| Key Finding | Trust Score 2017 | Trust Score 2016 | National 2017 average for combined acute and community Trusts |
|---------------------------------------------------------------------------------------------------------|------------------|------------------|---------------------------------------------------------------|
| KF 28 Percentage of staff witnessing potentially harmful errors, near misses or incidents in last month | 27% | 25% | 29% |
| KF 29 Percentage of staff reporting errors, near misses or incidents witnessed in the last month | 80% | 87% | 91% |
| KF 30 Fairness and effectiveness of procedures for reporting errors, near misses and incidents | 3.66 | 3.70 | 3.73 |
| KF31 Staff confidence and security in reporting unsafe clinical practice | 3.57 | 3.69 | 3.67 |

Violence, Harassment and Bullying

| Key Finding | Trust Score 2017 | Trust Score 2016 | National 2017 average for combined acute and community Trusts |
|-----------------------------------------------------------------------------------------------------|------------------|------------------|---------------------------------------------------------------|
| KF 26 - Percentage of staff experiencing harassment, bullying or abuse from staff in last 12 months | 26% | 22% | 24% |

Patient Experience Measures

| Key Finding | Trust Score 2017 | Trust Score 2016 | National 2017 average for combined acute and community Trusts |
|-------------------------------------------------------------------------------------------------|------------------|------------------|---------------------------------------------------------------|
| KF 2 - Staff satisfaction with the quality of work and care they are able to deliver | 4.01 | 3.92 | 3.90 |
| KF3 - Percentage of staff agreeing that their role makes a difference to patients/service users | 91% | 91% | 90% |
| KF 32 Effective use of patient / service user feedback | 3.54 | 3.65 | 3.69 |

In addition to this the Trust is monitored on the following key findings:

Overall Staff Engagement Indicator

The Overall Staff Engagement Indicator for the Trust in 2017 is 3.73. This is a slight decrease on the 2016 score (3.76).

The engagement score has been calculated using the questions that make up Key Findings 1, 4 and 7. These Key Findings relate to the following aspects of staff engagement:

| Key Finding | Change since 2016 | Ranking, compared with combined acute and community Trusts |
|----------------------------------------------------------------------------------|--------------------------|------------------------------------------------------------|
| KF 1 - Staff recommendation of the Trust as a place to work or receive treatment | No change | Below (worse than average) |
| KF 4 - Staff motivation at work | No change | Below (worse than average) |
| KF 7 - Staff ability to contribute towards improvements at work | Decrease (worse than 16) | Below (worse than average) |

Key areas of focus for 2018

- Development of an Equality and Diversity Strategy for 2018/19;
- Non-executive Director has been appointed has an Equality and Diversity Lead for the Trust;
- Board to own a detailed Equality and Diversity Plan and delivery against targets;
- Identify clear support pathways for staff who have experienced any harassment, bullying, abuse or violence when undertaking their roles;
- Create an integrated strategy with occupational health to deliver proactive support for employees;
- Develop a training programme for line managers and employees; including spot the signs of bullying and resilience.

Performance against key national priorities

| | 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | |
|-----------------------------------------------------------------------------|--------|--------|--------|--------|--------|-----|
| Safety | | | | | | |
| Clostridium (c.) difficile – meeting the C.difficile objective | 57 | 76 | 61 | 43 | 48 | 55 |
| All cancers: 62 day wait for first treatment from | | | | | | |
| Urgent GP referral for suspected cancer | 84.70% | 85.30% | 79.10% | 81.10% | 85.44% | 85% |
| NHS Cancer Screening Service Referral | 94.80% | 92.60% | 89.80% | 89.00% | 94.55% | 90% |
| 18 weeks referral to treatment time (RTT) | | | | | | |
| Incomplete pathways | 95.20% | 95.70% | 93.20% | 92.20% | 91.45% | 92% |
| Accident & Emergency | | | | | | |
| 4 hour maximum wait in A&E from arrival to admission, transfer or discharge | 96.70% | 94.90% | 95.80% | 95.33% | 95.68% | 95% |
| Diagnostics waits: | | | | | | |
| % patients waiting 6 weeks or less for a diagnostic test | 99.60% | 98.70% | 98.82% | 99.15% | 97.46% | 99% |



Annex 1 - Statements from Clinical Commissioning Groups and Healthwatch

NHS South Tees Clinical Commissioning Group and NHS Hartlepool and Stockton Clinical Commissioning Group (received 9 May 2018)

South Tees Hospitals NHS Foundation Trust Quality Report

NHS South Tees Clinical Commissioning Group (STCCG) is pleased to provide a response to the Trusts Quality Account 2017/18 and would like to thank the Trust for inviting the commissioners to contribute to its development this year. The CCG looks forward to actively engaging with the Trust in future years. The response has been jointly agreed with NHS Hartlepool and Stockton on Tees CCG and is provided as follows:

As commissioners, we are committed to commissioning high quality services from the Trust and take seriously our responsibility to ensure that patients' needs are met by the provision of safe, high quality services and that the views and expectations of patients and the public are listened to and acted upon.

In so far as we have been able to check the factual details, the CCGs view is that the information provided within the annual quality account is an accurate and fair reflection of the Trust's performance for 2017/18.

It is recognised that the Trust has worked hard in reducing *Clostridium difficile* infections (CDI) during 2017/18. Therefore, the results are disappointing by showing a slight increase on the previous year. It is also noted the Trust has achieved a reduction of Methicillin Resistant *Staphylococcus Aureus* (MRSA) bacteraemia with 1 case being assigned to the Trust during 2017/18. Alongside Methicillin Sensitive *Staphylococcus Aureus* (MSSA) this provides an overall reduction of 15% in *Staphylococcus* infections. Work to reduce infections with patients with invasive devices has improved the MRSA infection rate and needs to be continued.

Understandably both the CCGs and Trust remain concerned about the impact on patient outcomes and quality of care; therefore they will continue to work collaboratively and monitor progress against the planned improvements and the challenging targets for the year ahead. One such target is to meet the national priority of reducing infections such as *E Coli* bacteraemia by 50% by 2021. The Trust's proactive work by joining the Tees wide Health and Social Care Infection Prevention and Control Collaborative will hopefully aid in meeting this target. The CCG acknowledge the introduction of a number of IPC initiatives that will aid this work, including basing IPC staff in the emergency department to assist with early identification of potential infections and subsequently supporting frontline staff in managing patients with infections effectively.

Medication safety has been recognised by the Trust as a key risk area, in particular medicines reconciliation and medicines omissions. The ongoing work by the Safer Medication group led by the Director of Nursing, is evidence of the positive work in progress by the Trust. Work within the pharmacy to improve medicine reconciliation requires further investment of time to achieve success and the CCG are supportive of this being a priority for 2018/19. Encouragingly, the main Pharmacy department was inspected by its regulatory body the General Pharmaceutical Council (GPhC), achieving an overall rating of 'Good'.

With regards to omitted medications, the CCG recognises the work undertaken to date which has supported improvements in reducing omissions, including critical medicines. It would be useful

to understand why some areas are consistently underperforming in medicines omission compared to others (higher rate in Community Care), although the CCG are pleased to note that the Trust have further work planned to target such areas.

Of concern is the overall reduction in reporting of incidents and near misses, something also flagged by the CQC. The CCG are hopeful that the forthcoming work in this area, will demonstrate an improvement over the next year.

The CCGs wish to acknowledge the continued work that the Trust has undertaken to improve the response to the deteriorating patient with SEPSIS screening in the emergency department and inpatient areas to reach the CQUIN target of 90% of eligible patients. Inpatient areas at the start of the year were not achieving this target, however, with the investment of the Vitalpac system, this has improved significantly. The CCG are pleased to see that both areas in the last 6 months have achieved 100%. Patient observations still show room for improvement and the CCG support the Trust's acknowledgement of this need and note plans are in place to improve on this over 2018/19 with further investment in additional Vitalpac systems.

The CCG note the Trust's positive response to the National Quality Boards recommendation for all NHS Trusts to publish a dashboard for information on avoidable deaths on a quarterly basis, which the Trust has achieved. In addition, the CCGs recognise the ambitious aim of the Trust to review all deaths in the acute setting this forthcoming year, by recruitment a team of medical examiners. This is indeed ambitious with 40% of deaths currently receiving a review. This ensures the Trust meets the CQC guidance of report Learning, Candour and Accountability published in December 2016 and demonstrates a clear commitment to learning from deaths.

The CCG is encouraged by the 1,000 voices data collection of patient feedback in that it gives the staff real time feedback and changes can be made if required immediately with the patient satisfaction that their voice is heard and acted on.

The CCG support the Trust's plan to make these issues a quality priority for 2018/19. There are a number of challenges still facing the Trust. Firstly, the concerning rise in complaints (11%) and PALs (12%)

received throughout 17/18. Secondly, staff feedback remains at a similar level to last year, whether staff would recommend the Trust, their response to making improvements or their overall motivation. The responses remain below the national average.

Emergency readmission rates were successfully reduced during the 2016/17 period and this reduction was sustained during 2017/18 for the over 16 year old population. However, the CCGs would like to highlight the increasing rate of readmission rates for the 0-15 year population and question what measures the Trust have considered to tackle this?

The Trust has continued to focus on the reduction of pressure ulcers in both acute and community settings throughout 2017/18. Along with the launch of the tissue viability strategy, a number of other initiatives have been trialled or implemented throughout the year. The safety@stees collaborative has pressure ulcers and falls as a standing item and this is an opportunity to monitor performance and share good practice. However, the figures for both falls and pressure ulcers within the Trust, still indicate there is continued work to be done in gaining a sustained reduction/improvement in these areas. The CCG is keen to see the outcome of the initiatives to reduce the number of heel pressure ulcers.

During 2017/18, working in partnership with neighbouring CCGs, the collaborative focus on detailed analysis of specific issues has continued; involving CCG and Trust staff during monthly performance clinical meetings and the refresh of the Clinical Quality Review Group. In addition the CCGs have been asked to join Trust internal assurance committees and commissioner assurance visits to provide insight and assurances of the quality of care being delivered to patients.

Commissioners support the identified quality priorities for 2018/19 and acknowledge that these will underpin continued progress by the Trust in meeting their quality improvement goals. The CCGs look forward to continuing to work in partnership with the Trust to assure the quality of services commissioned on behalf of their population in 2018/19.

NHS Hambleton, Richmondshire and Whitby CCG (received 25 May 2018)

South Tees Hospitals NHS Foundation Trust Quality Report

Thank you for sharing the draft of South Tees Hospital Foundation Trust Quality Account for 2017/18. NHS Hambleton, Richmondshire & Whitby Clinical Commissioning Group (HWCCG) is pleased to receive information about the Trust's achievements and quality priorities and welcomes the opportunity to provide feedback.

This Quality Account has been reviewed in accordance with the Department of Health and Social Care (Quality Accounts) Amendment Regulations 2017.

We are committed to ensuring the provision of high quality services for our population and take seriously our responsibility to commission services that not only meet quality and safety standards, but also listen and respond to patient feedback to help inform service developments.

Overall HRWCCG considers the Quality Account of 2017/18 to be a fair reflection of the Trust's performance and acknowledges the progress made to improve patient safety, outcomes and experience.

The key successes and challenges of the 2017/18 quality priorities are clearly reflected in the Quality Account. The CCG particularly notes:

- The reduction in health care associated infection (HCAI) rates, especially the C.diff rates which has delivered under the annual target threshold figure now for the second consecutive year. The CCG is pleased to see actions implemented being reflected in the figures and congratulates the Trust for maintaining improvement through 2017/18. As the focus shifts towards E.coli and GNBSI in 2018/19 we are looking forward to working with the Trust on more focused activity at the interface of secondary, primary and tertiary care settings, to ensure learning is translated across the system.

- The disappointing failure to reduce the rate of falls in line with the Trusts own ambition for 2017/18, although acknowledge the reduction seen in falls with fracture by 14%. However, also note the efforts made towards targeted support to hot spot areas, use of PDSA cycles as an improvement methodology to determine solutions at ward level and exploration of indirect contributory factors such as the use of continence assessments and safety huddles to reduce the risk.
- The development of the falls prevention and tissue viability strategies 'on a page' which enables the vision around falls prevention and the reduction of pressure ulcers to be effectively shared with all staff.
- The work undertaken to strengthen the processes around learning from deaths and adoption of the responsibilities as set out in the Learning from Deaths guidance (and including the LeDeR process). Whilst the Trust's target of 60% of deaths to undergo a review by Q4 2017/18 was not achieved, the Trust continues to contribute and learn from regional collaboration and the CCG is encouraged by the introduction of the medical examiner role which should see this measure improve in 2018/19.
- The strengthening and embedding of the 1000 voice patient experience programme, ensuring real time patient feedback data is fed back into the system and helping to drive improvements at source.

- The work undertaken to improve quality of patient care through the 2017/18 CQUIN, particularly in relation to responding to the needs of the deteriorating patient and identification/timely treatment of sepsis. In addition, the collaborative work undertaken around supporting proactive discharge is encouraging in terms of implementation of the trusted assessor model, discharge to assess and other processes implemented that have helped to expedite timely discharge. However, as stated in our last quality account review, the CCG is keen to ensure quality of patient discharge is not compromised at the expense of 'the need for speed' and would have welcomed information on patients (and GP) experience of discharge triangulated from incidents and complaints data to illustrate this.

In relation to the quality priorities identified for 2018/19, the CCG agrees with and supports the improvement ambitions around medication safety, improving incident reporting and continued emphasis on ensuring safe and effective discharge, having particular interest in the activity planned/actioned at the Friarage Hospital. The CCG is also pleased to hear of the work planned to develop the patient experience strategy and improving communication with patients to reduce the amount of conflicting information that is received.

We look forward to working with the Trust in 2018/19 to ensure that despite the challenging financial times ahead there remains a coordinated, collaborative approach towards safeguarding the quality and safety of services provided to our patient population, whilst developing new ways of working to deliver improvements across pathways of care that have local impact.

I hope you find this review helpful. Please do not hesitate to contact me should you have any queries or require any further information.

Gill Collinson

Chief Nurse

Healthwatch Tees (received 21 May 2018)

South Tees Hospitals NHS Foundation Trust Quality Report

Page 5 - Reducing harm from Healthcare Associated Infections (HCAI): staphylococcus aureus bacteraemias are still being associated with the insertion of invasive devices, albeit at an apparently reducing rate. Do all clinical staff receive regular updating of essential Infection Prevention and Control (IPC) skills or does this only take place in those clinical areas following the diagnosis of cases of HCAI?

Healthwatch South Tees welcomes the appointment of a dedicated IPC nurse for community care homes and the basing of an IPC nurse in the Emergency Department and admission units. Are these IPC nurses in addition to existing IPC staff or are they redeployments of existing staff?

Page 25 – Reducing harm from gram negative bacteraemias: this will also require sufficient input from IPC nursing staff in a training capacity to ensure invasive procedures are carried out safely and that there is safe management of urinary catheterisation.

Page 8 – Reducing harm from pressure ulcers and falls: the Trust falls rate exceeded the 2017/18 goal, to what extent might this result have been affected by staff shortages?

Healthwatch South Tees is pleased to note the reduction in prescribing of two specific groups of antibiotics in its bid to reduce antibiotic resistance but disappointed that the Trust failed to achieve an overall reduction of 1% in antibiotic prescribing.

Page 14 – Improving the response to deteriorating patients: has the lack of pharmacists in post been a factor in the failure to achieve appropriate antibiotic cover within one hour in some patients with sepsis?

Page 34 - Healthwatch South Tees is pleased to note the level of the Trusts active involvement in clinical research and its links to clinical effectiveness, not least because this is likely to have a positive impact on quality of care.

Page 43 – Re-admission rates: there is a need to

ensure that the Integrated Community Care Team is always directly informed of discharged patients with a high risk of emergency re-admission and that this important communication is not only channelled through the patients discharge letter to their GP.

Page 47 – Quality of Care: maintaining continence, avoiding pressure ulcers and falls associated with toileting are associated with frail elderly patients, an increasing population who are particularly prone to prolonged length of stay. Will the Trust be able to provide the necessary rehabilitation services required by this patient group following their admission?

Page 61 – NHS staff survey: why such a low response rate (33%) which is likely to introduce bias in interpreting the results? It is noted that overall staff engagement indicators are worse than average.

Page 64 – Performance against key national priorities: performance against the urgent GP referral target for suspected cancer is unacceptable.

There is nothing in the report on bed occupancy yet high occupancy rates (<85%) may impact adversely on quality of care. Does the Trust have any comments regarding occupancy rates in South Tees hospitals?

Kind regards

Natasha Judge

Healthwatch South Tees Development & Delivery Manager

North Yorkshire Scrutiny of Health Committee (received 15 May 2018)

Over the past 12 months, the North Yorkshire Scrutiny of Health Committee has continued to liaise with South Tees Hospitals NHS Foundation Trust to better understand some of the pressures that they face.

It is recognised that staff shortages, particularly in emergency medicine, nursing and anaesthesia can have a significant impact upon what services can be delivered from what site and for how long. The Trust contributed to an in-depth investigation into health and social care workforce pressures that were undertaken by the Scrutiny of Health Committee in the autumn of 2017. The information, data and analysis provided helped the committee to appreciate the issue across the whole system and the support of the trust was much appreciated.

It is also recognised that the rural nature of the county and the length of time that it can take to travel to and from appointments can have an impact upon how services are planned and delivered. The committee, however, remains committed to ensuring that people are not excluded from services based upon where they live. The presumption is that you should be able to access the same type and quality of care no matter where you live in North Yorkshire.

The current financial pressures within the health system in North Yorkshire are of great concern. Whilst there are doubts as to whether the funding formula for health is fair and concerns that it disadvantage rural areas, we need to work together to find a way to make the money that we have work the hardest and result in good outcomes across the health and social care system.

The Scrutiny of Health Committee remains committed to a system-wide view of services that helps to ensure that decisions on the planning and delivery of health care are not made in isolation and that the key role that a broad base of community services have

to play is not overlooked. This will not be easy going forward as the health commissioners and providers in the county are pulled in three different directions as the new NHS integrated systems for planning and delivery in the West, South and North of the county are put in place.

County Councillor Jim Clark

North Yorkshire Scrutiny of Health Committee

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF GOVERNORS OF SOUTH TEES HOSPITALS NHS FOUNDATION TRUST ON THE QUALITY REPORT

We have been engaged by the Council of Governors of South Tees Hospitals NHS Foundation Trust to perform an independent assurance engagement in respect of South Tees Hospitals NHS Foundation Trust's Quality Report for the year ended 31 March 2018 (the 'Quality Report') and certain performance indicators contained therein.

Scope and subject matter

The indicators for the year ended 31 March 2018 subject to limited assurance consist of the following two national priority indicators (the indicators):

- percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period;
- A&E: maximum waiting time of four hours from arrival to admission, transfer or discharge.

We refer to these national priority indicators collectively as the 'indicators'.

Respective responsibilities of the directors and auditors

The directors are responsible for the content and the preparation of the Quality Report in accordance with the criteria set out in the *NHS Foundation Trust Annual Reporting Manual* issued by NHS Improvement.

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that:

- the Quality Report is not prepared in all material respects in line with the criteria set out in the *NHS Foundation Trust Annual Reporting Manual* and supporting guidance;
- the Quality Report is not consistent in all material respects with the sources specified in the *Detailed requirements for quality reports for foundation trusts 2017/18* ('the Guidance'); and
- the indicators in the Quality Report identified as having been the subject of limited assurance in the Quality Report are not reasonably stated in all material respects in accordance with the NHS Foundation Trust Annual Reporting Manual and the six dimensions of data quality set out in the *Detailed Requirements for external assurance for quality reports for foundation trusts 2017/18*.

We read the Quality Report and consider whether it addresses the content requirements of the NHS Foundation Trust Annual Reporting Manual and consider the implications for our report if we become aware of any material omissions.

We read the other information contained in the Quality Report and consider whether it is materially inconsistent with:

- Board minutes and papers for the period April 2017 to May 2018;
- papers relating to quality reported to the board over the period April 2017 to May 2018;
- feedback from commissioners, dated 9 May 2018 and 25 May 2018;
- feedback from governors, dated 8 May 2018;
- feedback from local Healthwatch organisations, dated 21 May 2018;
- feedback from Overview and Scrutiny Committee, dated 15 May 2018;
- the trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009;
- the 2016 national patient survey, dated 31 May 2017;

- the 2017 national staff survey, dated 6 March 2018;
- Care Quality Commission Inspection, dated October 2016;
- the 2017/18 Head of Internal Audit's annual opinion over the trust's control environment, dated 29 May 2018; and
- any other information included in our review.

We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with those documents (collectively, the 'documents'). Our responsibilities do not extend to any other information.

We are in compliance with the applicable independence and competency requirements of the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics. Our team comprised assurance practitioners and relevant subject matter experts.

This report, including the conclusion, has been prepared solely for the Council of Governors of South Tees Hospitals NHS Foundation Trust as a body, to assist the Council of Governors in reporting the NHS Foundation Trust's quality agenda, performance and activities. We permit the disclosure of this report within the Annual Report for the year ended 31 March 2018, to enable the Council of Governors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the indicator. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors as a body and South Tees Hospitals NHS Foundation Trust for our work or this report, except where terms are expressly agreed and with our prior consent in writing.

Assurance work performed

We conducted this limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – 'Assurance Engagements other than Audits or Reviews of Historical Financial Information', issued by the International Auditing and Assurance Standards Board ('ISAE 3000'). Our limited assurance procedures included:

- evaluating the design and implementation of the key processes and controls for managing and reporting the indicator;
- making enquiries of management;
- testing key management controls;
- limited testing, on a selective basis, of the data used to calculate the indicator back to supporting documentation;
- comparing the content requirements of the NHS Foundation Trust Annual Reporting Manual to the categories reported in the Quality Report; and
- reading the documents.

A limited assurance engagement is smaller in scope than a reasonable assurance engagement. The nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw allows for the selection of different, but acceptable measurement techniques which can result in materially different measurements and can affect comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision of these criteria, may change

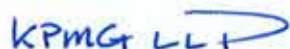
over time. It is important to read the quality report in the context of the criteria set out in the *NHS Foundation Trust Annual Reporting Manual* and supporting guidance.

The scope of our assurance work has not included governance over quality or the non-mandated indicator, which was determined locally by South Tees Hospitals NHS Foundation Trust.

Conclusion

Based on the results of our procedures, nothing has come to our attention that causes us to believe that, for the year ended 31 March 2018:

- the Quality Report is not prepared in all material respects in line with the criteria set out in the *NHS Foundation Trust Annual Reporting Manual* and supporting guidance;
- the Quality Report is not consistent in all material respects with the sources specified in the Guidance; and
- the indicators in the Quality Report subject to limited assurance have not been reasonably stated in all material respects in accordance with the *NHS Foundation Trust Annual Reporting Manual* and the six dimensions of data quality set out in the Guidance.



KPMG LLP
Chartered Accountants
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

15 June 2018

Annex 2 - Statement of directors' responsibilities in respect of the quality report

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

NHS Improvement has issued guidance to NHS Foundation Trust Boards on the form and content of annual quality reports (which incorporate the above legal requirements) and on the arrangements that NHS Foundation Trust Boards should put in place to support the data quality for the preparation of the Quality Report.

In preparing the Quality Report, directors are required to take steps to satisfy themselves that:

- the content of the Quality Report meets the requirements set out in the NHS Foundation Trust Annual Reporting Manual 2017/18 and supporting guidance
- the content of the Quality Report is not inconsistent with internal and external sources of information including:
 - Board minutes and papers for the period April 2017 to May 2018
 - Papers relating to Quality reported to the Board over the period April 2017 to May 2018
 - Feedback from the NHS South Tees and Hartlepool and Stockton Clinical Commissioning Groups dated 9/05/2018)
 - Feedback from the NHS Hambleton, Richmond and Whitby Clinical Commissioning Group dated 25/05/2018
 - Feedback from Healthwatch Tees dated 21/05/2018
 - Feedback from North Yorkshire Scrutiny of Health Committee dated 15/05/2018
 - Feedback from the Governors dated
 - The Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 8/5/2018
 - The 2017 national staff survey 06/03/2018
- The 2016 national patient survey dated 31/05/2017
- The Head of Internal Audit's annual opinion over the Trust's control environment dated 29 May 2018
- CQC inspection report dated October 2016
- the Quality Report presents a balanced picture of the NHS foundation Trust's performance over the period covered;
- the performance information reported in the Quality Report is reliable and accurate;
- there are proper internal controls over the collection and reporting of the measures of performance included in the Quality Report, and these controls are subject to review to confirm that they are working effectively in practice;
- the data underpinning the measures of performance reported in the Quality Report is robust and reliable, conforms to specified data quality standards and prescribed definitions, is subject to appropriate scrutiny and review; and
- the Quality Report has been prepared in accordance with NHS Improvement's annual reporting manual (which incorporates the Quality Accounts regulations) (published at www.monitor-hsft.gov.uk/annualreportingmanual) as well as the standards to support data quality for the preparation of the Quality Report.

The directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the Quality Report.

By order of the Board

Signed:



Date: 24 May 2018

Siobhan McArdle
Chief Executive &
Accounting Officer

Signed:



Date: 24 May 2018

Alan Downey
Chairman

Annex 3: How to provide feedback on the account

We welcome feedback on this report and suggestions for the content of future reports.

If you wish to comment please go to the Quality Accounts page on the Trust website (www.southtees.nhs.uk).

Annex 4: Glossary of Terms

18 Week RTT

This refers to the right to start your Consultant-led treatment within a maximum of 18 weeks from referral, unless you choose to wait longer, or it is clinically appropriate that you wait longer. The Trust monitors this monthly.

A&E

Accident and Emergency (usually refers to a hospital casualty department).

Academic Health Science Network (AHSN)

There are 15 Academic Health Science Networks (AHSNs) across England established by NHS England in 2013 to spread innovation at pace and scale – improving health and generating economic growth.

Acute

A condition of short duration that starts quickly and has severe symptoms.

Assurance

Confidence, based on sufficient evidence that internal controls are in place, operating effectively and objectives are being achieved.

Antibiotic Review Kit (ARK)

ARK is developing and testing a bundle of strategies – the 'Antibiotic Review Kit' – to help doctors, nurses, pharmacists and patients stop antibiotics in hospital when they are no longer needed.

Better Care Fund (BCF)

The national fund was set up to support moving resources into social care and community services and to support the avoidance of admissions to hospital.

Board of Directors (of Trust)

The role of the Trust's Board is to take corporate responsibility for the organisation's strategies and actions. The chair and non-executive directors are lay people drawn from the local community and accountable to the Council of Governors. The Chief Executive is responsible for ensuring that the Board is empowered to govern the organisation and to deliver its objectives.

Care Quality Commission

The Care Quality Commission (CQC) replaced the Healthcare Commission, Mental Health Act Commission and the Commission for Social Care Inspection in April 2009. The CQC is the independent regulator of health and social care in England. It regulates health and adult social care services, whether provided by the NHS, local authorities, private companies or voluntary organisations. Visit: www.cqc.org.uk

Clinical audit

Clinical audit measures the quality of care and services against agreed standards and suggests or makes improvements where necessary.

Clinical Commissioning Group (CCG)

These are NHS organisations set up by the Health and Social Care Act 2012 to organise the delivery of NHS services in England. They are clinically led groups that include all of the practitioner groups in their geographical area with the aim of giving GPs and other clinicians the power to influence commissioning decisions for their patients. These organisations are overseen by NHS England.

Clinician

Professionally qualified staff providing clinical care to patients.

Commissioners

Commissioners are responsible for ensuring adequate services are available for their local population by assessing needs and purchasing services. Clinical Commissioning Groups are the key organisations responsible for commissioning healthcare services for their area. They commission services (including acute care, primary care and mental healthcare) for the whole of their population, with a view to improving their population's health.

Commissioning for Quality and Innovation (CQUIN)

High Quality Care for All included a commitment to make a proportion of providers' income conditional on quality and innovation, through the Commissioning for Quality and Innovation (CQUIN) payment framework.

Consultant

Senior physician or surgeon advising on the treatment of a patient.

Daycase

Patient who is admitted to hospital for an elective procedure and is discharged without an overnight stay.

Department of Health

The Department of Health is a department of the UK government with responsibility for government policy for England alone on health, social care and the NHS.

Diabetic Ketoacidosis (DKA)

This is a potentially fatal condition where a severe lack of insulin means the body cannot use glucose for energy, and the body starts to break down other body tissue as an alternative energy source. Ketones are the by-product of this process. Ketones are poisonous chemicals which build up and, if left unchecked, will cause the body to become acidic – hence the name 'acidosis'.

Echocardiogram (ECG)

An echocardiogram is a test that uses ultrasound to evaluate your heart muscle and heart valves.

Elective

A planned episode of care, usually involving a day case or in patient procedure.

Emergency

An urgent unplanned episode of care.

Escherichia coli (E. Coli)

E. Coli is a Gram-negative, facultative anaerobe, rod-shaped, coliform bacterium of the genus *Escherichia* that is commonly found in the lower intestine of warm-blooded organisms.

Finished Consultant Episode

An NHS term for a consultant episode which has ended due to discharge, transfer or death. A consultant episode is the time a patient spends in the continuous care of one consultant using hospital site or care home bed(s) of one health care provider or, in the case of shared care, in the care of two or more consultants.

Foundation Trust

A type of NHS Trust in England that has been created to devolve decision-making from central government control to local organisations and communities so they are more responsive to the needs and wishes of their local people. NHS Foundation Trusts provide and develop healthcare according to core NHS principles – free care, based on need and not on ability to pay. NHS Foundation Trusts have members drawn from patients, the public and staff, and are governed by a Board of Governors comprising people elected from and by the membership base.

Health Care Associated Infections (HCAI)

These are infections that are acquired as a result of healthcare interventions. There are a number of factors that can increase the risk of acquiring an infection, but high standards of infection control practice minimise the risk of occurrence.

Health Act

An Act of Parliament is a law, enforced in all areas of the UK where it is applicable. The Health Act 2009 received Royal Assent on 12 November 2009.

Healthcare

Healthcare includes all forms of healthcare provided for individuals, whether relating to physical or mental health, and includes procedures that are similar to forms of medical or surgical care but are not provided in connection with a medical condition, for example cosmetic surgery.

Healthcare Quality Improvement Partnership

The Healthcare Quality Improvement Partnership was established in April 2008 to promote quality in healthcare, and in particular to increase the impact that clinical audit has on healthcare quality in England and Wales. It is led by a consortium of the Academy of Medical Royal Colleges, the Royal College of Nursing and national voices.

Healthwatch

Healthwatch are the national consumer champion in health and care. They have been given significant statutory powers to ensure the voice of the consumer is strengthened and heard by those who commission, deliver and regulate health and care services.

High Quality Care for All

High Quality Care for All, published in June 2008, was the final report of the NHS Next Stage Review, a year-long process led by Lord Darzi, a respected and renowned surgeon, and around 2000 frontline staff, which involved 60,000 NHS staff, patients, stakeholders and members of the public.

Hospital Episode Statistics (HES)

Hospital Episode Statistics is the national statistical data warehouse for England of the care provided by NHS hospitals and for NHS hospital patients treated elsewhere.

Inpatient

Patient requiring at least one overnight stay in hospital.

Malnutrition Universal Screening Tool (MUST)

'MUST' is a five-step screening tool to identify adults who are malnourished, at risk of malnutrition (undernutrition), or obese. It also includes management guidelines which can be used to develop a care plan. It is used in hospitals, community and other care settings and can be used by all care workers.

Multidisciplinary Team (MDT)

A Multidisciplinary Team is a group of health care workers who are members of different disciplines (professions e.g. doctors, nurses, physiotherapists etc.), each providing specific services to the patient.

National Confidential Enquiry into Patient Outcome and Death (NCEPOD)

National Confidential Enquiry into Patient Outcome and Death. Visit: <http://www.ncepod.org.uk/>

National Institute for Health Research (NIHR)

The NIHR (National Institute for Health Research) funds health and care research and translates discoveries into practical products, treatments, devices and procedures, involving patients and the public in all work. NIHR ensures the NHS is able to support the research of other funders to encourage broader investment in, and economic growth from, health research. NIHR works with charities and the life sciences industry to help patients gain earlier access to breakthrough treatments, and train and develop researchers to keep the nation at the forefront of international research.

National Institute for Health and Care Excellence (NICE)

The National Institute for Health and Care Excellence is an independent organisation responsible for providing national guidance on promoting good health and preventing and treating ill health. Visit: www.nice.org.uk

National Patient Safety Agency

The National Patient Safety Agency is an arm's-length body of the Department of Health, responsible for promoting patient safety wherever the NHS provides care. Visit: www.npsa.nhs.uk

National patient surveys

The National Patient Survey Programme, coordinated by the Care Quality Commission, gathers feedback from patients on different aspects of their experience of recently received care, across a variety of services/ settings.

NHS Improvement (NHSI)

NHS Improvement is responsible for overseeing Foundation Trusts and NHS Trusts, as well as independent providers that provide NHS-funded care. It supports providers to give patients consistently safe, high quality, compassionate care within local health systems that are financially sustainable

Overview and Scrutiny Committees

Since January 2003, every local authority with responsibility for social services (150 in all) has had the power to scrutinise local health services. Overview and Scrutiny Committees take on the role of scrutiny of the NHS – not just major changes but the ongoing operation and planning of services. They bring democratic accountability into healthcare decisions and make the NHS more publicly accountable and responsive to local communities.

Patient

Those in receipt of health care.

Patient Reported Outcome Measures (PROMs)

PROMs measure a patient's health status or health-related quality of life at a single point in time, and are collected through short, self-completed questionnaires. This health status information is collected from patients through PROMs questionnaires before and after a procedure and provides an indication of the outcomes or quality of care delivered to NHS patients.

Peripheral Cannula

A peripheral cannula is the catheter placed inside a vein in the arm or hand for intravenous (IV) access to the circulatory system. The purpose of the cannula is to add fluids or medication to the bloodstream, or to remove blood for diagnostic testing.

Plan Do Study Act (PDSA)

This is model for improvement that provides a framework for developing, testing and implementing changes leading to improvement. It is based in scientific method. The use of PDSA cycles enables changes to be tested on a small scale, building on the learning from these test cycles in a structured way before wholesale implementation. This gives stakeholders the opportunity to see if the proposed change will succeed and is a powerful tool for learning from ideas that do and don't work. This way, the process of change is safer and less disruptive for patients and staff.

Private Finance Initiative (PFI) Partnership

The PFI is a way of creating Public-Private Partnerships (PPPs) by funding public infrastructure projects with private capital

Patient-Led Assessments of the Care Environment (PLACE)

PLACE assessments () provide motivation for improvement by providing a clear message, directly from patients, about how the environment or services might be enhanced.

Providers

Providers are the organisations that provide relevant health services, for example NHS Trusts and their private or voluntary sector equivalents.

Registration

From April 2009, every NHS Trust that provides healthcare directly to patients must be registered with the Care Quality Commission (CQC). In 2009/10, the CQC is registering Trusts on the basis of their performance in infection control.

Regulations

Regulations are a type of secondary legislation made by an executive authority under powers given to them by primary legislation in order to implement and administer the requirements of that primary legislation.

Research

Clinical research and clinical trials are an everyday part of the NHS. The people who do research are mostly the same doctors and other health professionals who treat people. A clinical trial is a particular type of research that tests one treatment against another. It may involve either patients or people in good health, or both.

Risk

The possibility of suffering some form of loss or damage or the possibility that objectives will not be achieved.

Risk Assessment

The identification and analysis of relevant risks to the achievement of objectives.

Secondary Uses Service (SUS)

The Secondary Uses Service is designed to provide anonymous patient-based data for purposes other than direct clinical care such as healthcare planning, commissioning, public health, clinical audit and governance, benchmarking, performance improvement, medical research and national policy development.

Service user

An individual who uses a health care service, including those who are not in need of treatment, such as blood donors, carers or those using screening services.

Summary Hospital-level Mortality Index (SHMI)

The Summary Hospital-level Indicator (SHMI) reports mortality at Trust level across the NHS in England using standard and transparent methodology. It looks at deaths following hospital treatment which take place in or out of hospital for 30 days following discharge and is based on all conditions.

South Tees Hospitals NHS Foundation Trust

Includes the Friarage Hospital (FHN) and James Cook University Hospital (JCUH) and from April 2011, community services in Hambleton, Richmondshire, Middlesbrough, Redcar and Cleveland.

Specialist

Someone devoted to the care of a particular part of the body, or a particular aspect of diagnosis, treatment or care.

Ultrasound

Ultrasound is a type of scan that uses sound waves to produce images of the inside of your body. It's used to detect changes in the appearance, size or outline of organs, tissues and vessels, or to detect abnormal masses, such as tumours.

Urinary Catheter

A urinary catheter is a latex, polyurethane or silicone tube that is inserted in to the patient's bladder via the urethra to allow urine to drain freely from the bladder for collection.







4 Annual Accounts

For the year 1 April 2017
to 31 March 2018

Foreword to the Accounts

South Tees Hospitals NHS Foundation Trust

These accounts, for the period ended 31 March 2018 have been prepared by South Tees Hospitals NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 of the National Health Service Act 2006.

Signed:



Date: 24 May 2018

Siobhan McArdle

Chief Executive & Accounting Officer



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

| | | Group | | Trust | |
|------------------------------------------------------------|------|-----------------|-----------------|-----------------|-----------------|
| | | 2017/18 | 2016/17 | 2017/18 | 2016/17 |
| | Note | £000 | £000 | £000 | £000 |
| Operating income | 3 | 604,025 | 582,021 | 603,488 | 581,572 |
| Operating expenses | 4 | (594,381) | (585,580) | (593,365) | (584,120) |
| OPERATING SURPLUS / (DEFICIT) | | 9,644 | (3,559) | 10,123 | (2,548) |
| FINANCE COSTS: | | | | | |
| Finance income | 7 | 238 | 196 | 44 | 31 |
| Finance costs - financial liabilities | 8.1 | (17,709) | (16,202) | (17,709) | (16,202) |
| Finance costs - unwinding of discount on provisions | 22 | (15) | (45) | (15) | (45) |
| PDC dividends payable | | (1,320) | (2,243) | (1,320) | (2,243) |
| NET FINANCE COSTS | | (18,806) | (18,294) | (19,000) | (18,459) |
| (Loss) / Gain on disposal of assets | 8.3 | (484) | 1,193 | (484) | 1,193 |
| Movement in fair value of other investments | 14 | 40 | 604 | 0 | 0 |
| DEFICIT FOR THE YEAR | | (9,606) | (20,056) | (9,361) | (19,814) |
| Other comprehensive income | | | | | |
| Will not be reclassified to income and expenditure: | | | | | |
| Impairments | 9.1 | (10,557) | (6,954) | (10,557) | (6,954) |
| Revaluation gains on property, plant and equipment | 9.1 | 11,873 | 415 | 11,873 | 415 |
| Other reserve movements | | 49 | (139) | 0 | 0 |
| TOTAL OTHER COMPREHENSIVE INCOME / (EXPENSE) | | 1,365 | (6,678) | 1,316 | (6,539) |
| TOTAL COMPREHENSIVE (EXPENSE) | | (8,241) | (26,734) | (8,045) | (26,353) |

The notes on pages 5 to 42 form part of these accounts. The reconciliation below provides further detail to support the references to the Control Total as detailed within the Annual Report.

| Analysis of the deficit for the year | | Group | | Trust | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|------|---------|----------|---------|----------|
| | | 2017/18 | 2016/17 | 2017/18 | 2016/17 |
| | Note | £000 | £000 | £000 | £000 |
| Deficit for the financial period | | (9,606) | (20,056) | (9,361) | (19,814) |
| Net impairment of property, plant, equipment and intangible assets | 4.1 | 7,556 | 9,955 | 7,556 | 9,955 |
| Capital donations, donated asset depreciation and CQUIN risk reserve | | (4,375) | (1,005) | (4,375) | (1,005) |
| Deficit for the financial period before impairments, capital donations and depreciation on donated assets (reconciliation to the Trust NHSI Control Total) | | (6,425) | (11,106) | (6,180) | (10,864) |

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

| | | Group | | Trust | |
|----------------------------------------------|------|------------------|------------------|------------------|------------------|
| | | 31 March | 31 March | 31 March | 31 March |
| | | 2017/18 | 2016/17 | 2017/18 | 2016/17 |
| | Note | £000 | £000 | £000 | £000 |
| Non-current assets | | | | | |
| Property, plant and equipment | 9 | 254,192 | 259,432 | 254,192 | 259,432 |
| Intangible assets | 10 | 3,998 | 3,299 | 3,998 | 3,299 |
| Trade and other receivables | 17 | 1,556 | 1,412 | 1,556 | 1,412 |
| Other investments | 14 | 5,420 | 5,917 | 0 | 0 |
| Total non-current assets | | 265,166 | 270,060 | 259,746 | 264,143 |
| Current assets | | | | | |
| Inventories | 15 | 11,651 | 11,478 | 11,647 | 11,478 |
| Trade and other receivables | 17 | 84,910 | 51,622 | 85,565 | 53,114 |
| Cash and cash equivalents | 16 | 9,988 | 7,558 | 8,213 | 4,572 |
| Total current assets | | 106,549 | 70,658 | 105,425 | 69,164 |
| Total assets | | 371,715 | 340,718 | 365,171 | 333,307 |
| Current liabilities | | | | | |
| Trade and other payables | 18 | (60,896) | (65,979) | (60,621) | (65,033) |
| Borrowings | 19 | (15,188) | (8,476) | (15,188) | (8,476) |
| Provisions | 22 | (666) | (501) | (666) | (501) |
| Total current liabilities | | (76,750) | (74,956) | (76,475) | (74,010) |
| Total assets less current liabilities | | 294,965 | 265,762 | 288,696 | 259,297 |
| Non-current liabilities | | | | | |
| Borrowings | 19 | (222,144) | (186,356) | (222,144) | (186,356) |
| Provisions | 22 | (918) | (1,048) | (918) | (1,048) |
| Total non-current liabilities | | (223,062) | (187,404) | (223,062) | (187,404) |
| Total assets employed | | 71,903 | 78,358 | 65,634 | 71,893 |
| Financed by taxpayers' equity: | | | | | |
| Public dividend capital | | 160,748 | 158,962 | 160,748 | 158,962 |
| Income and expenditure reserve | | (155,395) | (146,217) | (155,395) | (146,217) |
| Revaluation reserve | | 33,805 | 32,672 | 33,805 | 32,672 |
| Other reserves | | 26,476 | 26,476 | 26,476 | 26,476 |
| Others' equity | | | | | |
| Charitable fund reserve | 13 | 6,269 | 6,465 | 0 | 0 |
| Total taxpayers' equity | | 71,903 | 78,358 | 65,634 | 71,893 |

The notes on pages 5 to 42 form part of these accounts.

The financial statements on pages 1 to 42 were approved by the Board on 24 May 2018 and signed on its behalf by:

Signed: Steven P. Mason (Interim Director of Finance)

Date: 24th May 2018

Signed: Siobhan M. Ardle (Chief Executive)

Date: 24th May 2018

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2018

| | Public Dividend Capital (PDC) £000 | Income and Expenditure Reserve £000 | Revaluation Reserve £000 | Other reserves £000 | Trust total £000 | Charitable funds reserve £000 | Group total £000 |
|---------------------------------------------------------------------------|---------------------------------------------|----------------------------------------------|--------------------------------|------------------------|---------------------|-------------------------------------|---------------------|
| Taxpayers' equity at 1 April 2016 | 156,833 | (127,425) | 40,233 | 26,476 | 96,117 | 6,846 | 102,963 |
| Changes in taxpayers' equity for 2016/17 | | | | | | | |
| (Deficit)/surplus for the year | 0 | (19,814) | 0 | 0 | (19,814) | (242) | (20,056) |
| Revaluation gains and impairment losses on property, plant and equipment. | 0 | 0 | (6,539) | 0 | (6,539) | 0 | (6,539) |
| Total comprehensive (expense) / income for the year | 0 | (19,814) | (6,539) | 0 | (26,353) | (242) | (26,595) |
| Public dividend capital received | 2,129 | 0 | 0 | 0 | 2,129 | 0 | 2,129 |
| PDC adjustment for cash impact of legacy transfer | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other transfers between reserves | 0 | 1,022 | (1,022) | 0 | 0 | (139) | (139) |
| Taxpayers' equity at 31 March 2017 | 158,962 | (146,217) | 32,672 | 26,476 | 71,893 | 6,465 | 78,358 |
| Taxpayers' equity at 1 April 2017 | 158,962 | (146,217) | 32,672 | 26,476 | 71,893 | 6,465 | 78,358 |
| Changes in taxpayers' equity for 2017/18 | | | | | | | |
| Surplus/(deficit) for the year | 0 | (9,361) | 0 | 0 | (9,361) | (245) | (9,606) |
| Revaluation gains and impairment losses on property, plant and equipment. | 0 | 0 | 1,316 | 0 | 1,316 | 0 | 1,316 |
| Total comprehensive expense for the year | 0 | (9,361) | 1,316 | 0 | (8,045) | (245) | (8,290) |
| Public dividend capital received | 1,786 | 0 | 0 | 0 | 1,786 | 0 | 1,786 |
| Public dividend capital repaid | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other transfers between reserves | 0 | 183 | (183) | 0 | 0 | 49 | 49 |
| Taxpayers' equity at 31 March 2018 | 160,748 | (155,395) | 33,805 | 26,476 | 65,634 | 6,269 | 71,903 |

Note: Additional PDC received by the Trust during the year related to funding from the Department of Health for investment in Accident and Emergency streaming, ICT Cyber Security and Digital Pathology. The amount shown as 'Other Reserves' represents the value of assets transferred to South Tees Hospitals NHS Foundation Trust following the acquisition of the former Northallerton Health Services NHS Trust, over and above the value of Public Dividend Capital repayable on dissolution of that Trust.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

| | | Group | | Trust | |
|------------------------------------------------------------|------|-----------------|----------|-----------------|----------|
| | Note | 2017/18 | 2016/17 | 2017/18 | 2016/17 |
| | | £000 | £000 | £000 | £000 |
| Cash flows from operating activities | | | | | |
| Operating surplus from continuing operations | | 9,644 | (3,559) | 10,123 | (2,548) |
| Non-cash income and expense | | | | | |
| Depreciation and amortisation | 4 | 13,376 | 12,616 | 13,376 | 12,616 |
| Net impairments | 4 | 7,556 | 9,955 | 7,556 | 9,955 |
| (Increase) / decrease in trade and other receivables | | (26,262) | 3,561 | (26,587) | 2,945 |
| (Increase) / decrease in inventories | 15 | (173) | 1,218 | (169) | 1,218 |
| (Decrease)/increase in trade and other payables | | (2,316) | (1,602) | (1,645) | (1,008) |
| Increase / (decrease) in provisions | 22 | 20 | (2,747) | 20 | (2,747) |
| Other movements in operating cash flows | | (476) | (376) | 100 | (2,501) |
| Net cash generated from operations | | 1,369 | 19,066 | 2,774 | 17,930 |
| Cash flows from investing activities | | | | | |
| Interest received | 7 | 238 | 196 | 44 | 31 |
| Purchase of intangible assets | 10 | (1,496) | (307) | (1,496) | (307) |
| Purchase of property, plant and equipment | 9 | (21,980) | (29,945) | (21,980) | (29,945) |
| Sales of property, plant and equipment | | 0 | 1,761 | 0 | 1,761 |
| Net cash used in investing activities | | (23,238) | (28,295) | (23,432) | (28,460) |
| Cash flows from financing activities | | | | | |
| Public dividend capital received | | 1,786 | 2,129 | 1,786 | 2,129 |
| Loans received | | 54,949 | 37,700 | 54,949 | 37,700 |
| Loans repaid | | (8,601) | (4,179) | (8,601) | (4,179) |
| Capital element of finance lease rental payments | | (1,026) | (1,151) | (1,026) | (1,151) |
| Capital element of private finance initiative obligations | | (3,286) | (3,184) | (3,286) | (3,184) |
| Interest on loans | 8 | (2,758) | (1,735) | (2,758) | (1,735) |
| Interest element of finance leases | 8 | (820) | (635) | (820) | (635) |
| Interest element of private finance initiative obligations | 8 | (14,050) | (13,806) | (14,050) | (13,806) |
| PDC dividend paid | | (1,895) | (2,792) | (1,895) | (2,792) |
| Net cash used in financing activities | | 24,299 | 12,347 | 24,299 | 12,347 |
| Decrease in cash and cash equivalents | | 2,430 | 3,118 | 3,641 | 1,817 |
| Cash and cash equivalents at 1 April | | 7,558 | 4,440 | 4,572 | 2,755 |
| Cash and cash equivalents at 31 March | 16 | 9,988 | 7,558 | 8,213 | 4,572 |

1. Accounting policies

NHS Improvement, in exercising the statutory functions conferred on Monitor, is responsible for issuing an accounts direction to NHS Foundation Trusts under the NHS Act 2006. NHS Improvement has directed that the accounts of NHS Foundation Trusts shall meet the accounting requirements of the Department of Health Group Accounting Manual (DH GAM), which shall be agreed with the Secretary of State. Consequently, the following accounts have been prepared in accordance with the DH GAM 2017/18 issued by the Department of Health. The accounting policies contained in that manual follow International Financial Reporting Standards (IFRS) and HM Treasury's Financial Reporting Manual to the extent that they are meaningful and appropriate to NHS Foundation Trusts. Where the NHS Foundation Trust Annual Reporting Manual permits a choice of accounting policy, the accounting policy which 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 by the Trust are described below. They have been applied consistently during the financial year when 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 and certain financial assets and financial liabilities.

1.2 Basis of consolidation

The Trust is the corporate trustee to South Tees Hospitals Charity and Associated Funds which is registered with the Charity Commission, registration number 1056061. The Trust has assessed its relationship to the charitable fund and determined it to be a subsidiary as the Trust has the power to govern the financial and operating policies of the charitable fund to obtain benefits from its activities for the Trust, its patients and its staff.

The charitable fund's statutory accounts are prepared to 31 March and in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Financial Reporting Standard (FRS) 102. On consolidation, adjustments have been made to the charity's income, expenditure, assets and liabilities to:

- recognise and measure them in accordance with the Trust's accounting policies; and
- eliminate in full all intra-group transactions and balances.

During 2016/17 the Trust formed the South Tees Institute of Learning, Research and Innovation LLP and South Tees Healthcare Management Limited to oversee operations. The financial year end of both companies is 31 May 2018 and this will be the second year end for both companies. Operations will begin in 2018/19 and due to the limited transactions of these companies in 2017/18 these companies have not been consolidated on the basis of materiality.

1.2.1 Alignment to accounting policies

The accounting policies and accounts of the charitable fund have been reviewed and are consistent with those of the Trust apart from the charitable fund's accounting policies on funds and investments. Details of the accounting policies that are different and have been aligned to those of the trust are outlined below:

Fund balances

Funds held by the charitable fund can be both restricted and un-restricted. Donations come in for specific funds and each fund has its own objectives/purpose. If a general donation is made and no specific fund is identified then the monies will be paid into the General Purpose Fund, which is used to benefit patients and staff of the Group and Trust. Funds specific to wards or departments are held as un-restricted designated funds. Legacies and donations received for a specific purpose or 'trust' are recorded and accounted for as restricted funds.

Investments

Investments are stated at market value as at the balance sheet date. The Consolidated Statement of Financial Position includes the net gains and losses arising on revaluation and disposals throughout the year.

At the financial reporting date, the Trust does not have any other interests in organisations that would classify as a subsidiary. Further information covering the nature and value of the consolidation of the charitable fund is included in Note 13 to the Accounts.

1.3 Critical accounting judgements and key sources of estimation in applying the Trust's accounting policies

In the application of the Group and 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.

The estimates and assumptions that have a significant risk of causing a material adjustment to the accounts are highlighted below:

a) Incomplete inpatient and critical care spells - the Group and Trust prepares an estimate of income generated for incomplete spells at the year end. This estimate is based on an equivalent month end date and partially coded data to provide a basis for calculation.

b) Asset valuation and indices - the valuation of land and buildings is based on building cost indices provided by and used by the District Valuer in his valuation work. These indices are based on an indication of trend of accepted tender prices within the construction industry as applied to the Public Sector.

"c) Basis of PP&E valuation - Specialised property is valued at depreciated replacement cost. The cost of VAT has been excluded from the full trust estate specialised property valuations from 1 April 2014. The Trust estate is predominantly PFI assets. This significant management judgement was made on the basis that:

- (i) the majority of the James Cook Hospital is currently under a PFI arrangement and the Trust recovers the VAT on the Unitary Payment. When the Trust recognised the property as an asset in 2009/10 in its first IFRS-based accounts it appropriately excluded VAT from the initial measurement of FV.
- (ii) The majority of non-PFI assets relate to the Friarage Hospital, which transferred to the Trust in 2006. The Friarage Hospital would have formed part of the PFI development if it had been part of the Trusts assets at the date of the development.
- (iii) The Trust considers that when, in the future, it procures a significant replacement of its estate, it would do so through a PFI arrangement and expects to recover the VAT on the PFI payments.

(iv) The Trust has set up a subsidiary undertaking and taken appropriate guidance that this entity will be able to recover VAT on capital projects.

d) Basis of asset impairments - an assessment is made each year as to whether an asset has suffered an impairment loss. "

e) Private Finance Initiative (PFI) schemes - as part of the South Tees Hospitals PFI scheme, the Group and Trust is required to pay the operator for lifecycle replacement assets. A judgement has been made that payment for the assets is accounted for in line with the operator's model over the life of the scheme. Where there is a variation between the model and the timing of actual asset replacement, the variation is dealt with as a prepayment. The prepayment is reversed at the point when asset replacement occurs.

1.3.1 Going concern

The day to day operations of the Trust are funded from agreed contracts with NHS commissioners. The uncertainty in the current economic climate has been mitigated by agreeing contracts with Clinical Commissioning Groups, Local Authorities and NHS England for a further year and these payments provide a reliable stream of funding reducing the Trust's exposure to liquidity and financing problems.

The Trust's budget and expenditure plans have been prepared using national guidance on tariff and inflationary factors with income based on agreements with Commissioners. These plans outline a surplus control total in 2017/18 and an in year borrowing requirement.

The Trust set testing efficiency targets in 2017/18 which included a Cost Improvement Plan of £30.2 million. In 2018/19 the target has initially been set at £26.8 million and the Trust believes that this forward plan provides a challenging but realistic assessment of the Trust's position.

The Trust does not have any evidence indicating that the going concern basis is not appropriate as the Trust has not been informed by NHS Improvement that there is any prospect of intervention or dissolution within the next 12 months. In terms of the sustainable provision of services, there has been no indication from the Department of Health that the Trust will not continue to be a going concern and the Trust received support through the Department of Health from 2014/15 through to 2017/18. The Trust has included an Interim Revenue and Capital Support requirement amounting to £20.9 million during the year in the Annual Plan for 2018/19 and is in discussions with NHS Improvement and the Department of Health over the early use of this facility in June. The operational stability of the Trust is dependent on the Trust achieving the 2018/19 Efficiency Plan and the Trust believes that the 2018/19 Cost Improvement Plan is challenging but realistic. Based on recent discussions and past experience the Trust is confident that the funding support required in 2018/19 will be made available. The Trust has therefore concluded that while there are clearly risks associated with these assumptions these risks are not considered to represent a fundamental threat to the continuity of services provided by the Trust and hence to its ability to continue to be a going concern.

Taking the above into account, the Directors believe that it is appropriate to prepare the financial statements on a going concern basis.

1.3.2 Key sources of estimation uncertainty

The amounts included within Provisions, Note 22, are based upon advice from relevant external bodies, including the NHS Litigation Authority and NHS Pensions Agency.

On 31 March 2018 Land and Buildings were revalued using the Modern Equivalent Valuation methodology by the District Valuer (who is an appropriately qualified member of the Royal Institute of Chartered Surveyors). From 1 April 2014 these valuations did not include VAT. (note 1.3)

1.4 Income

Income in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable. The main source of income for the Group and Trust is contracts with commissioners in respect of healthcare services.

Income relating to inpatient and critical care spells that are part-completed at the year end are apportioned across the financial years as follows:

- Inpatient spells are apportioned on the basis of the average month end value of the part completed spells; and
- Critical care is valued by applying local tariffs agreed with commissioners to estimate the level of income due to be recognised at the point of discharge.

Where income is received for a specific activity that is to be delivered in the following financial year, that income is deferred.

The Group and Trust receives income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid e.g. by an insurer. The Group and Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit that the individual has lodged a compensation claim. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts.

Research and development income is recognised when the conditions attached to the grant are met. Education and training income is recognised either in equal instalments over the financial year or if the income can be identified with specific expenditure, in line with the expenditure. Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

1.5 Employee benefits

1.5.1 Short-term employee benefits

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

1.5.2 Pension costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is 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, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

Employer's pension cost contributions are charged to operating expenses as and when they become due.

For early retirements, other than those due to ill health, the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to operating expenses at the time the Group and Trust commits itself to the retirement, regardless of the method of payment.

1.6 Expenditure on other goods and services

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment and inventories unused at the end of the financial year.

1.7 Property, plant and equipment

1.7.1 Recognition

Property, plant and equipment is capitalised if:

- 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 will be supplied to, the Group and Trust;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably;
- the item has a cost of at least £5,000; and
- 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 significant cost and different asset lives, the components are treated as separate assets and depreciated over their own useful economic lives.

1.7.2 Valuation

All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are measured subsequently at fair value. Land and buildings used for the Group and Trust's services or for administrative purposes are stated in the Statement of Financial Position at their re-valued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:

- Land and non-specialised buildings (dwellings) – market value for existing use; or
- Specialised buildings – depreciated replacement cost.

A standard approach to depreciated replacement cost valuations has been adopted based on HM Treasury guidance and the concept of Modern Equivalent Asset (MEA) Valuations. The valuation included in the Statement of Financial Position at 31 March 2018 is based on an alternative site MEA valuation, undertaken specifically in accordance with the HM Treasury guidance which states that such valuations are an option if the Group and Trust's service requirements can be met from the alternative site. The valuation has been adjusted from 1 April 2014 to exclude VAT in line with existing VAT regulations on recovery from the cost of construction (in line with the existing PFI arrangement on the James Cook Site).

Properties in the course of construction for service or administration

purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are re-valued and depreciation commences when they are brought into use.

Professional valuations are carried out by the District Valuer of the Revenue and Customs Government Department. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual in so far as these terms are consistent with the agreed requirements of the Department of Health and HM Treasury. Asset lives have been reviewed by Cushman and Wakefield Ltd as at 1 April 2016.

1.7.3 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.

1.7.4 Depreciation

Freehold land is considered to have an infinite life and is not depreciated. Otherwise, depreciation is charged to write off the costs or valuation of property, plant and equipment on a straight line basis over their remaining useful economic lives, in a manner consistent with the consumption of economic or service delivery benefits.

The estimated useful life of an asset is the period over which the Group and Trust expects to obtain economic benefits or service potential from the asset. This is specific to the Group and Trust and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over the shorter of their estimated useful lives or the lease term. See note 9.4 for further information on asset lives.

1.7.5 Revaluation gains and losses

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation impairment previously recognised in operating expenses, in which case they are recognised in operating income.

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

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

1.7.6 Impairments

In accordance with the Department of Health group Accounting Manual, impairments that are due to a loss of economic benefits or 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 arising from a loss of economic benefit or 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 expenses 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.

1.8 Intangible assets

1.8.1 Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of being sold separately from the rest of the Group and Trust's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the Group and Trust; where the cost of the asset can be measured reliably, and where the cost is at least £5,000 and where the asset has a life of 1 year or more.

1.8.2 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.

1.8.3 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.

Intangible assets are subsequently 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 are surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 or IFRS 5.

1.8.4 Amortisation

Intangible assets are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

1.9 Donated, government grant and other funded assets

Donated and grant funded non-current assets are capitalised at their fair value on receipt. These are valued, depreciated and impaired as described above for purchased assets. The donation/grant is credited to income at the same time that the asset is capitalised, unless the donor has imposed a condition that the future economic benefits embodied in the grant/donation 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.

1.10 Revenue government and other grants

Government grants are grants from government bodies other than revenue from NHS bodies for the provision of services. Grants from the Department of Health, including those from the Big Lottery Fund, are accounted for as Government Grants. Where the Government Grant is used to fund revenue expenditure, it is taken to the Statement of Comprehensive Income to match the expenditure.

1.11 Leases

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

1.11.1 Finance lease

Where substantially all risks and rewards of ownership of a leased asset are borne by the Group and Trust, the asset along with the corresponding liability is recorded at the commencement of the lease as property, plant and equipment. The value that both are recognised at 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 annual rental is split between the repayment of the liability and a finance cost to achieve a constant rate of finance over the life of the lease. The annual finance cost is calculated by applying the implicit interest rate to the outstanding liability and 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.

1.11.2 Operating leases

Other leases are regarded as operating leases and the rentals are charged to operating expenses on a straight-line basis over the lease term. Operating lease incentives received are added to the lease rentals and charged to operating expenses over the life of the lease.

1.11.3 Leases of Land and Buildings

Where a lease is for land and buildings, the land and building components are separated and assessed as to whether they are operating or finance leases.

1.12 Private Finance Initiative (PFI) transactions

HM Treasury has determined that government bodies shall account for infrastructure PFI schemes where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, as interpreted in HM Treasury's Financial Reporting Manual and following the principles of the requirements of IFRIC 12. The PFI asset is recognised as an item of property, plant and equipment at its fair value together with a financial liability to pay for it in accordance with IAS 17.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

- a) Payment for the fair value of services received;
- b) Payment for the PFI asset, including finance costs; and
- c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

The service charge is recognised in operating expenses and the finance cost is charged to Finance Costs in the Statement of Comprehensive Income.

1.12.1 Services received

The fair value of services received in the year is recorded under the relevant expenditure headings within 'operating expenses'.

1.12.2 PFI Asset

The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17. Subsequent measurements to fair value are kept up to date in accordance with the Group and Trust's approach for each relevant class of asset in line with the principles of IAS 16.

1.12.3 PFI liability

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the fair value of the PFI assets and is subsequently measured as a finance lease liability in accordance with IAS 17.

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is charged to 'Finance Costs' within the Statement of Comprehensive Income.

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with IAS 17, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred. In substance, this amount is a finance cost in respect of the liability and the expense is presented as a contingent finance cost in the Statement of Comprehensive Income.

1.12.4 Lifecycle replacement

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the Group and Trust's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a liability or prepayment will be recognised.

Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised. The deferred income is released to operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

1.12.5 Assets contributed by the Trust to the operator for use in the scheme

Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the Group Statement of Financial Position.

1.12.6 Other assets contributed by the Trust to the operator

Assets contributed (e.g. cash payments, surplus property) by the Group and Trust to the operator before the asset is brought into use, which are intended to defray the operator's capital costs, were recognised initially as prepayments during the construction phase of the contract. Subsequently, when the asset was made available to the Trust, the prepayment was treated as an initial payment towards the finance lease liability and was set against the carrying value of the liability.

1.13 Inventories

Inventories are valued at either current or net realisable value using the weighted average cost formula. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks. Work-in-progress comprises goods in intermediate stages of production. Partially completed contracts for patient services are not accounted for as work-in-progress.

Provision is made for obsolete, slow moving and defective stock whenever evidence exists that a provision is required.

1.14 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.

1.15 Provisions

Provisions are recognised when the Group and Trust has a present legal or constructive obligation as a result of a past event, it is probable that the Group and Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision in the Statement of Financial Position is the best estimate of the expenditure required to settle the obligation, taking into account the risks and uncertainties. Where the effect of the time value of money is significant, the estimated risk adjusted cash flows required to settle the obligation are discounted using 3 real time HM Treasury discount rates that range from -2.42% in the short term to -1.56% for long term cash flow expectations. This excludes early retirement provisions and injury benefit provisions which both use the HM Treasury's pension discount rate of 0.10% in real terms.

The Trust created a provision for redundancy in the year to cover the costs of restructuring required to deliver the efficiency targets identified within the Annual Plan. The provision will cover cost arising from severance and early retirements.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

1.15.1 Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the Group and Trust pays an annual contribution to the NHSLA which, in return, settles all clinical negligence claims. The contribution is charged to expenditure. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the Group and Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Group and Trust is disclosed at Note 22 but is not recognised in the Group and Trust's accounts. Since financial responsibility for clinical negligence cases transferred to the NHSLA at 1 April 2002, the only charge to operating expenditure in relation to clinical negligence in 2017/18 relates to the contribution to the Clinical Negligence Scheme for Trusts.

1.15.2 Non-clinical risk pooling

The Group and Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Group and Trust pays an annual contribution to the NHS Litigation Authority and, in return, receives assistance with the costs of claims arising. The annual membership contributions, and any excesses payable in respect of particular claims are charged to operating expenses as and when they become due.

1.16 Carbon Reduction Commitment Energy Efficiency (CRC) Scheme

The CRC scheme is a mandatory cap and trade scheme for non-transport CO₂ emissions. The Group and Trust is registered with the CRC scheme and has surrendered to the Government an allowance for every tonne of CO₂ emitted during the year. The Group and Trust has accounted for the purchase of the allowances from government, their subsequent actual surrender and has recognised a liability, in settlement of the obligation amounting to £15.60 per tonne of CO₂ emissions.

1.17 Financial Instruments and financial liabilities

1.17.1 Recognition

Financial assets and financial liabilities which arise from contracts for the purchase or sale of non-financial items, which are entered into in accordance with the Group's normal purchase, sale or usage requirements. They are recognised when the Group becomes party to the financial instrument contract or when performance occurs i.e. when receipt or delivery of the goods or services is made.

Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases are described in policy 1.11.1.

1.17.2 De-recognition

All financial assets are de-recognised when the rights to receive cash flows from the assets have expired or the Group has transferred substantially all of the risks and rewards of ownership. Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

1.17.3 Classification and measurement

The Group currently holds financial assets 'at fair value through income and expenditure' in the form of Investments. The Group does not hold any financial liabilities 'at fair value through income and expenditure' or any 'available for sale' financial assets that would require a fair value calculation and adjustment to the income statement

1.17.4 Loans and receivables

Loans and receivables are non-derivative financial assets and liabilities with fixed or determinable payments which are not quoted in an active market. They are included in current assets and non-current and current liabilities. After initial recognition, they are measured at amortised cost, less any impairment. The Group's outstanding NHS borrowings, NHS and non-NHS receivables balances, accrued income and cash and cash equivalents have been classified as financial instruments and further information is available in Note 23.

1.17.5 Financial liabilities

All other financial liabilities, after initial recognition, are measured 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. The Group's outstanding NHS and non-NHS payables balances have been classified as financial instruments and further information is available in Note 23.

Loans from the Department of Health are recognised at historical cost. The Group does hold instruments that would fall into this category in the form of finance leases and the PFI Scheme (see Accounting Policy 1.11 and 1.12 for further information).

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 is not capitalised as part of the cost of those assets.

1.17.6 Impairment of financial assets

At the end of the reporting period, the Group assesses whether any financial assets carried at amortised cost should be impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the Statement of Comprehensive Income and the carrying amount of the asset is reduced through the creation of a provision for impairment of receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through expenditure to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1.18 Value Added Tax

Most of the activities of the Group are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.19 Foreign currencies

The Group's functional currency and presentational currency is sterling. A transaction which is denominated in a foreign currency is translated into sterling at the spot exchange rate ruling on the date of the transaction. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March. Resulting exchange gains and losses for either of these are recognised in the Group's income or expense in the period in which they arise.

1.20 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Group and Trust has no beneficial interest in them. However, details of third party assets are disclosed in Note 26 to the accounts in accordance with the requirements of HM Treasury's Financial Reporting Manual.

1.21 Public Dividend Capital (PDC) and PDC dividend

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS Trust. 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. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32 and 39.

An annual charge, reflecting the cost of capital utilised by the Group and Trust, is payable to the Department of Health as PDC dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for donated assets, average daily cash balances held with the Government Banking Services (GBS), excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and any PDC dividend balance receivable or payable. In accordance with the requirements laid down by the Department of Health, 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.

1.22 Losses and Special Payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had NHS Foundation Trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). However, the note on losses and special payments is compiled directly from the losses and compensations register which reports amounts on an accruals basis with the exception of provisions for future losses.

1.23 Accounting standards that have been issued but have not yet been adopted

The following accounting standards, amendments and interpretations have been issued by the IASB and IFRIC which have not been applied by the Trust in these financial statements. The adoption of IFRS 9 and IFRS 14 is not expected to have a significant impact on the Group's results. The Group is in the process of assessing the impact on the financial statements from the adoption of IFRS 15 and IFRS 16.

- IFRS 9 Financial instruments (application required for accounting periods beginning on or after 1st January 2018);
- IFRS 14 Regulatory Deferral Accounts (Not yet EU endorsed);
- IFRS 15 Revenue from contracts with customers (application required for accounting periods beginning on or after 1st January 2018);
- IFRS 16 Leases (application required for accounting periods beginning on or after 1 January 2019);
- IFRS 17 Insurance Contracts (application required for accounting periods beginning on or after 1 January 2021);
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (application required for accounting periods beginning on or after 1 January 2018); and
- IFRIC 23 Uncertainty over Income Tax Treatments (application required for accounting periods beginning on or after 1 January 2019).

The DH GAM for 2018/19 was published on 27 April 2018. This contains final guidance on the implementation of new accounting standards for NHS Bodies and South Tees Hospitals NHS Foundation Trust will review and implement this guidance for that period.

1.24 Accounting standards issued that have been adopted early

There have not been any accounting standards issued with an effective date of 1 April, 2018, that have been adopted early.

1.25 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who makes the strategic decisions, is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board.

2. Operating segments

The Group received £544.199 million under contracts with commissioners during the year (£527.909 million in 2016/17) from Clinical Commissioning Groups and NHS England, which equates to 90% (91% in 2016/17) of total Trust income. There were no other significant external customers amounting to more than 10% of total income.

The Group has reviewed the process of reporting the financial performance at a trust wide level to the Board. Only limited divisional information is reported and this is similar in the nature of the products and services provided, the nature of the production process, the type of class of customer for the product or service, the method used to provide our services and the nature of the regulatory environment.

The Board is the chief decision making body within the Group and receives monthly updates on the financial position. These reports provide a global update on the Group's actual position compared to plan on expenditure, income, current surplus/deficit and progress on capital investment. The current position on cash balances is reported in conjunction with an updated risk rating. The figures reported to the Board are consistent with those included within these accounts.

On the basis of the information provided to the Board it has been determined that there is only one operating segment, that of healthcare.

3. Operating income

| 3.1 Income from activities by classification | Group | | Trust | |
|---------------------------------------------------|----------------|----------------|----------------|----------------|
| | 2017/18 | 2016/17 | 2017/18 | 2016/17 |
| | £000 | £000 | £000 | £000 |
| Elective income | 98,790 | 102,676 | 98,790 | 102,676 |
| Non elective income | 125,979 | 114,382 | 125,979 | 114,382 |
| First outpatient income | 26,431 | 26,514 | 26,431 | 26,514 |
| Follow up outpatient income | 51,656 | 53,534 | 51,656 | 53,534 |
| Other NHS clinical income | 182,070 | 170,589 | 182,070 | 170,589 |
| Accident and emergency income | 18,149 | 17,111 | 18,149 | 17,111 |
| Community services | 43,098 | 45,239 | 43,098 | 45,239 |
| Private patient income | 1,153 | 1,039 | 1,153 | 1,039 |
| Other non-protected clinical income | 267 | 180 | 267 | 180 |
| Total income from activities | 547,593 | 531,264 | 547,593 | 531,264 |
| Research and development | 4,699 | 6,753 | 4,699 | 6,753 |
| Education and training | 15,840 | 15,592 | 15,840 | 15,592 |
| Charitable and other contributions to expenditure | 3,943 | 2,105 | 3,943 | 2,105 |
| Non-patient care services to other bodies | 3,547 | 7,930 | 3,547 | 7,930 |
| Sustainability and Transformation fund income | 12,343 | 3,650 | 12,343 | 3,650 |
| Charitable fund - incoming resources | 537 | 449 | 0 | 0 |
| Other income* | 15,523 | 14,278 | 15,523 | 14,278 |
| | 56,432 | 50,757 | 55,895 | 50,308 |
| Total income from continuing operations | 604,025 | 582,021 | 603,488 | 581,572 |

* Other income includes consideration arising from car parking charges £2.755 million (2016/17 £2.721 million), income in respect of recovered staff costs £0.581 million (2016/17 £0.548 million), staff accommodation £1.089 million (2016/17 £0.943 million), clinical tests £0.509 million (2016/17 £0.441 million), creche services £0.669 million (2016/17 £0.637 million) and catering £0.250 million (2016/17 £0.242 million).

Under the Terms of Authorisation the Group's total activity income from Commissioner Requested Services amounts to £544.301 million (2016/17 £528.149 million). All other activity income relates to Non-Commissioner Requested Services.

| 3.2 Income from activities by source | 2017/18 | 2016/17 |
|--------------------------------------------------|----------------|----------------|
| | £000 | £000 |
| Group and Trust | | |
| NHS foundation trusts | 43 | 60 |
| Clinical Commissioning Groups and NHS England | 544,199 | 527,909 |
| NHS other | 59 | 180 |
| Non-NHS - overseas patients (non-reciprocal) (*) | 267 | 258 |
| Non-NHS - private patients | 1,153 | 1,039 |
| Non-NHS - other | 150 | 0 |
| NHS Injury Scheme | 1,722 | 1,818 |
| Total income from activities | 547,593 | 531,264 |

(*) Cash payments received in year from overseas visitors, where patients are charged directly by the Trust, and relating to invoices raised in the current and prior years amounted to £0.044 million (£0.092 in 2016/17). Additions to the provision for the impairment of receivables amounted to £0.370 million (no increase in 2016/17) and the Trust did not write off any charges in year (£0.006 million in 2016/17).

Injury cost recovery is subject to a provision for impairment of receivables of 22.84% (2016/17 22.94%) to reflect expected rates of collection.

4. Operating expenses

| 4.1 Operating expenses comprise: | Group | | Trust | |
|-----------------------------------------------------|----------------|----------------|----------------|----------------|
| | 2017/18 | 2016/17 | 2017/18 | 2016/17 |
| | £000 | £000 | £000 | £000 |
| Services from NHS Foundation Trusts | 4,771 | 5,487 | 4,771 | 5,487 |
| Services from NHS Trusts, CCGs and NHS England | 193 | 106 | 193 | 106 |
| Services from other NHS bodies | 33 | 29 | 33 | 29 |
| Purchase of healthcare from non NHS bodies | 5,767 | 6,052 | 5,767 | 6,052 |
| Employee expenses - executive directors | 2,458 | 2,238 | 2,458 | 2,238 |
| Employee expenses - non-executive directors | 172 | 177 | 172 | 177 |
| Employee expenses - staff (*) | 353,760 | 344,814 | 353,760 | 344,814 |
| Employee expenses - charitable fund | 231 | 253 | 0 | 0 |
| Drug costs | 61,858 | 57,128 | 61,858 | 57,128 |
| Supplies and services - clinical | 61,067 | 64,919 | 61,067 | 64,919 |
| Supplies and services - general | 29,715 | 30,051 | 29,715 | 30,051 |
| Research and development | 155 | 108 | 155 | 108 |
| Establishment | 2,264 | 2,406 | 2,264 | 2,406 |
| Transport | 4,733 | 4,324 | 4,733 | 4,324 |
| Premises | 24,017 | 23,811 | 24,017 | 23,811 |
| Increase in provision for impairment of receivables | 492 | 71 | 492 | 71 |
| Increase/(decrease) in other provisions | 216 | 180 | 216 | 180 |
| Change in provisions discount rate | 16 | 127 | 16 | 127 |
| Inventories written down | 67 | 186 | 67 | 186 |
| Depreciation of property, plant and equipment | 12,639 | 11,950 | 12,639 | 11,950 |
| Amortisation of intangible assets | 737 | 666 | 737 | 666 |
| Net impairments of property, plant and equipment | 7,496 | 9,950 | 7,496 | 9,950 |
| Impairments of intangible assets | 60 | 5 | 60 | 5 |
| Audit fees - audit services - statutory audit | 55 | 55 | 55 | 55 |
| - audit services - charitable fund | 3 | 19 | 0 | 0 |
| Audit related assurance services | 12 | 12 | 12 | 12 |
| Clinical negligence | 14,461 | 10,327 | 14,461 | 10,327 |
| Legal fees | 190 | 279 | 190 | 279 |
| Consultancy costs (*) | 1,710 | 1,677 | 1,710 | 1,677 |
| Internal audit costs | 161 | 231 | 161 | 231 |
| Training, courses and conferences | 923 | 795 | 923 | 795 |
| Patient travel | 76 | 91 | 76 | 91 |
| Early retirements (*) | 0 | 52 | 0 | 52 |
| Redundancy (*) | 657 | 2,305 | 657 | 2,305 |
| Other services | 1,196 | 1,243 | 1,196 | 1,243 |
| Hospitality | 35 | 2 | 35 | 2 |
| Insurance | 349 | 352 | 349 | 352 |
| Losses, ex gratia and special payments | 302 | 149 | 302 | 149 |
| Other resources expended - charitable fund | 782 | 1,188 | 0 | 0 |
| Other | 552 | 1,765 | 552 | 1,765 |
| | 594,381 | 585,580 | 593,365 | 584,120 |

(*) within operating expenses costs arising from redundancy of £0.657 million (2016/17 £2.305 million) related to restructuring expenses incurred to facilitate transformational change.

4.2 Limitation on external auditors' liability

The Companies (Disclosure of Auditor Remuneration and Liability Limitations Agreements) Regulations 2008 (SI 489/2008), requires disclosure of the limitation of the external auditors' liability. The limitation amounts to £1.000 million, as stated within the external auditors' engagement letter, dated 9 March 2018.

4.3 Operating leases

4.3.1 Arrangements containing an operating lease

| Payments recognised as an expense | 2017/18 £000 | 2016/17 £000 |
|-----------------------------------------|---------------------|---------------------|
| Group and Trust | | |
| Minimum lease payments | 734 | 623 |
| | <u>734</u> | <u>623</u> |
| Total future minimum lease payments | 2017/18 £000 | 2016/17 £000 |
| Payable: | | |
| Not later than one year | 648 | 532 |
| Between one and five years | 36 | 566 |
| Total | <u>684</u> | <u>1,098</u> |

5. Employee expenses and numbers

5.1 Employee expenses (including Executive Directors' costs)

| | 2017/18 Total | 2016/17 Permanently employed | 2016/17 Other | Total |
|-----------------------------------------------------------------------------------|------------------|---------------------------------|------------------|----------------|
| Group and Trust | £000 | £000 | £000 | £000 |
| Salaries and wages | 288,099 | 285,542 | 2,557 | 277,037 |
| Social security costs | 27,067 | 27,067 | 0 | 26,069 |
| Pension costs - defined contribution plans employer contributions to NHS Pensions | 31,956 | 31,956 | 0 | 30,937 |
| Termination benefits | 657 | 657 | 0 | 2,305 |
| Agency/contract staff | 9,382 | 0 | 9,382 | 13,359 |
| Charitable fund staff | 231 | 231 | 0 | 253 |
| Total staff costs | 357,392 | 345,453 | 11,939 | 349,960 |
| Costs capitalised as part of assets | (286) | (286) | 0 | (350) |
| Total staff costs excluding capitalised costs | 357,106 | 345,167 | 11,939 | 349,610 |

The executive costs covers 13 directors (2016/17, 13) and consists of salaries amounting to £2.027 million (2016/17 £1.762 million), employers NI contributions £0.261 million (2016/17 £0.260 million) and employers superannuation contributions £0.170 million (2016/17 £0.216 million). Included within these values the highest paid director receives a salary amounting to £0.239 million (2016/17 £0.235 million), employers NI contributions £0.032 million (2016/17 £0.031 million) and £nil for employers superannuation contributions (2016/17 £0.034 million). The Trust agreed an exit package with a director amounting to £0.130 million (2016/17 £0.120 million). For further information on Directors' remuneration and pension benefits please refer to the Remuneration Report in the Trust's Annual Report.

5.2 Monthly average number of people employed

| | 2017/18 Total | 2016/17 Permanently employed | 2016/17 Other | Total |
|---------------------------------------------------------------------------|------------------|---------------------------------|------------------|---------------|
| Group and Trust | Number | Number | Number | Number |
| Medical and dental | 901 | 901 | 0 | 873 |
| Administration and estates | 1,384 | 1,384 | 0 | 1,458 |
| Healthcare assistants and other support staff | 682 | 682 | 0 | 585 |
| Nursing, midwifery and health visiting staff | 2,482 | 2,482 | 0 | 2,439 |
| Nursing, midwifery and health visiting learners | 1,233 | 1,233 | 0 | 1,189 |
| Scientific, therapeutic and technical staff | 1,117 | 1,117 | 0 | 1,173 |
| Total | 7,799 | 7,799 | 0 | 7,717 |
| Number of staff (WTE) engaged in capital projects (included above) | 8 | | | 9 |

Note: the figures represent the Whole Time Equivalent as opposed to the number of employees.

5.3 Staff exit packages

| Exit package cost band Group and Trust | 2017/18 | | | 2016/17 | | |
|----------------------------------------------|-----------------------------------|-----------------------------------|--------------------------------------------|-----------------------------------|-----------------|--------------------------------------------|
| | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages by cost band | Number of compulsory redundancies | Number of other | Total number of exit packages by cost band |
| < £10,000 | 0 | 2 | 2 | 1 | 6 | 7 |
| £10,000 to £25,000 | 2 | 2 | 4 | 2 | 5 | 7 |
| £25,001 to £50,000 | 1 | 3 | 4 | 5 | 12 | 17 |
| £50,001 to £100,000 | 2 | 1 | 3 | 2 | 10 | 12 |
| £100,001 to £150,000 | 0 | 0 | 0 | 4 | 0 | 4 |
| £150,001 to £200,000 | 1 | 0 | 1 | 0 | 0 | 0 |
| > £200,001 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total number of exit packages by type | 6 | 8 | 14 | 14 | 33 | 47 |
| Total resource cost £000 | 359 | 213 | 572 | 889 | 1,349 | 2,238 |

Redundancy and other departure costs have been paid in accordance with NHS Agenda for Change terms and conditions. Exit costs are accounted for in full in the year of departure. Where the Group has agreed to early retirements, the additional costs are met by the Group and not by the NHS Pension Scheme. Ill health retirement costs are met by the NHS Pension scheme and are not included in the table.

5.4 Staff exit packages

| Exit packages: non-compulsory departure payments Group and Trust | 2017/18 | | 2016/17 | |
|----------------------------------------------------------------------------|------------|---------------------------|------------|---------------------------|
| | Agreements | Total value of agreements | Agreements | Total value of agreements |
| | Number | £000 | Number | £000 |
| Voluntary redundancies including early retirement contractual costs | 8 | 213 | 33 | 1,349 |
| Total | 8 | 213 | 33 | 1,349 |

5.5 Retirements due to ill-health

During 2017/18 there were 6 (2016/17, 4) early retirements from South Tees Hospitals NHS Foundation Trust agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £0.355 million (2016/17, £0.405 million). The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

6. Pension costs

Past and present employees are covered by the provisions of the 2 NHS Pensions Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is 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, the 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 the scheme for the accounting period.

In order that the defined benefit obligations recognised in the accounts 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 the scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period.

This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2018, is based on the valuation data as at 31 March 2017, updated to 31 March 2018 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 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 (England and Wales) 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 scheme (taking into account its recent demographic experience), and to recommend contribution rates payable by employees and employers.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The next actuarial valuation is to be carried out as at 31 March 2016 and is currently being prepared. The direction assumptions are published by HM Treasury which are used to complete the valuation calculations, from which the final valuation report can be signed off by the scheme actuary. This will set the employer contribution rate payable from April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this employer cost cap assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

The formal valuation used for funding purposes has been carried out on valuation data as at March 2012 and has informed the contribution rate of 14.38% used from 1 April 2018.

c) Scheme provisions

The NHS Pension Scheme provided defined benefits, which are summarised below. The list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met before these benefits can be obtained.

Annual pensions

The scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th for the 1995 section and the best of the last 3 years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.

With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as "pension commutation"

Pensions indexation

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in the Consumer Price Index (CPI) in the twelve months ending 30 September in the previous calendar year.

Ill-health retirement

Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity.

Early retirements other than ill-health

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the employer.

Death benefits

A death gratuity of twice their final year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable.

Additional Voluntary Contributions (AVCs)

Members can purchase additional service in the NHS Scheme and contribute to money purchase AVCs run by the Scheme's approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

Other pension funds

Where the organisation has employees who are members of other schemes, disclosures will be required in respect of them too. Scheme members have the option to transfer their pension between the NHS Pension Scheme and another scheme when they move into or out of NHS employment.

7 Finance income

| | Group | | Trust | |
|-------------------------------------|----------------|---------|----------------|---------|
| | 2017/18 | 2016/17 | 2017/18 | 2016/17 |
| | £000 | £000 | £000 | £000 |
| Interest on bank accounts | 44 | 31 | 44 | 31 |
| Charitable fund - investment income | 194 | 165 | 0 | 0 |
| | 238 | 196 | 44 | 31 |

8 Finance costs

| | Group | |
|----------------------------------------------|----------------|---------|
| 8.1 Finance costs - interest expenses | 2017/18 | 2016/17 |
| | £000 | £000 |

Group and Trust

Loans from Department of Health:

| | | |
|----------------------------------------|--------------|-----|
| - Capital loans | 895 | 951 |
| - Revenue support | 401 | 216 |
| - Revolving working capital facilities | 1,462 | 568 |

| | | |
|----------------|------------|-----|
| Finance leases | 820 | 635 |
|----------------|------------|-----|

| | | |
|----------------------------------------------|-----------|----|
| Interest on late payment of commercial debts | 81 | 26 |
|----------------------------------------------|-----------|----|

Finance costs in PFI obligations

| | | |
|----------------------------|--------------|-------|
| - Main finance cost | 8,136 | 8,399 |
| - Contingent finance costs | 5,914 | 5,407 |

| | | |
|--------------|---------------|--------|
| Total | 17,709 | 16,202 |
|--------------|---------------|--------|

| 8.2 Impairment of assets (property, plant and equipment) | 2017/18 | 2016/17 |
|-----------------------------------------------------------------|----------------|---------|
| Group and Trust | £000 | £000 |

Income and Expenditure:

| | | |
|-------------------|---------------|--------|
| Impairment of PPE | 10,052 | 10,015 |
|-------------------|---------------|--------|

| | | |
|---------------------------------|-----------|---|
| Impairment of intangible assets | 60 | 5 |
|---------------------------------|-----------|---|

| | | |
|--------------------------------|----------------|------|
| Reversal of impairments of PPE | (2,556) | (65) |
|--------------------------------|----------------|------|

Other Comprehensive Income:

| | | |
|--------------------|---------------|-------|
| Revaluation losses | 10,557 | 6,954 |
|--------------------|---------------|-------|

| | | |
|------------------|-----------------|-------|
| Revaluation gain | (11,873) | (415) |
|------------------|-----------------|-------|

| | | |
|--------------|--------------|--------|
| Total | 6,240 | 16,494 |
|--------------|--------------|--------|

Further information on impairments is available within Note 9.3 to the Accounts.

| 8.3 Gain on disposal of assets | 2017/18 | 2016/17 |
|-----------------------------------------------------|----------------|---------|
| Group and Trust | £000 | £000 |
| Gain on disposal of land and buildings | 0 | 1,467 |
| Losses on disposal of property, plant and equipment | (484) | (274) |
| Total | (484) | 1,193 |

9. Property, plant and equipment

| 9.1 Property, plant and equipment comprise the following: | Land | Buildings excluding dwellings | Dwellings | Assets under construction | Plant and | Transport equipment | Information Technology | Furniture and fittings | Total |
|-----------------------------------------------------------|--------------|-------------------------------|--------------|---------------------------|---------------|---------------------|------------------------|------------------------|----------------|
| 2016/17 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Cost or valuation at 1 April 2017 | 3,966 | 326,260 | 1,255 | 9,504 | 85,806 | 52 | 20,555 | 2,419 | 449,817 |
| Additions purchased | 0 | 5,476 | 0 | 2,628 | 2,837 | 0 | 675 | 65 | 11,681 |
| Additions leased | 0 | 0 | 0 | 0 | 464 | 0 | 0 | 0 | 464 |
| Additions donated and government granted | 0 | 0 | 0 | 253 | 1,651 | 0 | 14 | 0 | 1,918 |
| Reclassifications from assets under construction | 0 | 794 | 0 | (1,665) | 532 | 0 | 339 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 | (1,380) | 0 | 0 | 0 | (1,380) |
| Revaluation losses charged to revaluation reserve | 0 | (10,557) | 0 | 0 | 0 | 0 | 0 | 0 | (10,557) |
| Revaluation surpluses credited to revaluation reserve | 0 | 11,862 | 11 | 0 | 0 | 0 | 0 | 0 | 11,873 |
| Cost or valuation at 31 March 2018 | 3,966 | 333,835 | 1,266 | 10,720 | 89,910 | 52 | 21,583 | 2,484 | 463,816 |
| Accumulated depreciation at 1 April 2017 | 0 | 125,339 | 91 | 118 | 48,849 | 51 | 13,713 | 2,224 | 190,385 |
| Disposals | 0 | 0 | 0 | 0 | (896) | 0 | 0 | 0 | (896) |
| Impairments | 0 | 9,589 | 197 | 0 | 65 | 0 | 201 | 0 | 10,052 |
| Reversal of impairments | 0 | (2,556) | 0 | 0 | 0 | 0 | 0 | 0 | (2,556) |
| Provided during the year | 0 | 3,146 | 23 | 0 | 7,761 | 0 | 1,643 | 66 | 12,639 |
| Accumulated depreciation at 31 March 2018 | 0 | 135,518 | 311 | 118 | 55,779 | 51 | 15,557 | 2,290 | 209,624 |
| Net book value at 1 April 2017 | | | | | | | | | |
| Owned | 3,966 | 19,680 | 1,164 | 6,675 | 32,790 | 0 | 5,644 | 172 | 70,091 |
| Private Finance Initiative | 0 | 177,397 | 0 | 1,010 | 0 | 0 | 0 | 0 | 178,407 |
| Finance Lease | 0 | 360 | 0 | 0 | 1,861 | 0 | 895 | 0 | 3,116 |
| Government granted | 0 | 782 | 0 | 0 | 740 | 0 | 262 | 0 | 1,784 |
| Donated | 0 | 2,702 | 0 | 1,701 | 1,566 | 1 | 41 | 23 | 6,034 |
| Net book value total at 1 April 2017 | 3,966 | 200,921 | 1,164 | 9,386 | 36,957 | 1 | 6,842 | 195 | 259,432 |
| Net book value at 31 March 2018 | | | | | | | | | |
| Owned | 3,966 | 17,842 | 955 | 7,843 | 29,067 | 0 | 5,361 | 177 | 65,211 |
| Private Finance Initiative | 0 | 175,575 | 0 | 0 | 0 | 0 | 0 | 0 | 175,575 |
| Finance Lease | 0 | 280 | 0 | 0 | 1,728 | 0 | 502 | 0 | 2,510 |
| Government granted | 0 | 811 | 0 | 376 | 571 | 0 | 117 | 0 | 1,875 |
| Donated | 0 | 3,809 | 0 | 2,383 | 2,765 | 1 | 46 | 17 | 9,021 |
| Net book value total at 31 March 2018 | 3,966 | 198,317 | 955 | 10,602 | 34,131 | 1 | 6,026 | 194 | 254,192 |

9.2 Prior year - Property, plant and equipment comprise the following:

| 9.2 Prior year - Property, plant and equipment comprise the following: | Land | Buildings excluding dwellings | Dwellings | Assets under construction | Plant and | Transport equipment | Information Technology | Furniture and fittings | Total |
|------------------------------------------------------------------------|--------------|-------------------------------|--------------|---------------------------|---------------|---------------------|------------------------|------------------------|----------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Cost or valuation at 1 April 2016 | 3,966 | 322,290 | 1,219 | 12,041 | 76,772 | 52 | 16,864 | 2,419 | 435,623 |
| Additions purchased | 0 | 26 | 0 | 6,746 | 8,805 | 0 | 626 | 0 | 16,203 |
| Additions leased | 0 | 2,919 | 0 | 3,270 | 0 | 0 | 0 | 0 | 6,189 |
| Additions donated and government granted | 0 | 134 | 0 | 1,464 | 141 | 0 | 0 | 0 | 1,739 |
| Reclassifications from assets under construction | 0 | 7,749 | 0 | (13,983) | 3,627 | 0 | 2,607 | 0 | 0 |
| Reclassifications from intangibles assets | 0 | 0 | 0 | (34) | 0 | 0 | 458 | 0 | 424 |
| Disposals | 0 | (283) | 0 | 0 | (3,539) | 0 | 0 | 0 | (3,822) |
| Revaluation losses charged to revaluation reserve | 0 | (6,954) | 0 | 0 | 0 | 0 | 0 | 0 | (6,954) |
| Revaluation surpluses credited to revaluation reserve | 0 | 379 | 36 | 0 | 0 | 0 | 0 | 0 | 415 |
| Cost or valuation at 31 March 2017 | 3,966 | 326,260 | 1,255 | 9,504 | 85,806 | 52 | 20,555 | 2,419 | 449,817 |
| Accumulated depreciation at 1 April 2016 | 0 | 112,364 | 68 | 118 | 44,812 | 49 | 12,203 | 2,125 | 171,739 |
| Disposals | 0 | 0 | 0 | 0 | (3,254) | 0 | 0 | 0 | (3,254) |
| Impairments | 0 | 9,801 | 0 | 0 | 71 | 0 | 143 | 0 | 10,015 |
| Reversal of impairments | 0 | (65) | 0 | 0 | 0 | 0 | 0 | 0 | (65) |
| Provided during the year | 0 | 3,239 | 23 | 0 | 7,220 | 2 | 1,367 | 99 | 11,950 |
| Accumulated depreciation at 31 March 2017 | 0 | 125,339 | 91 | 118 | 48,849 | 51 | 13,713 | 2,224 | 190,385 |
| Net book value at 1 April 2016 | | | | | | | | | |
| Owned | 3,966 | 20,089 | 1,151 | 8,404 | 26,508 | 0 | 2,914 | 242 | 63,274 |
| Private Finance Initiative | 0 | 185,862 | 0 | 2,288 | 0 | 0 | 0 | 0 | 188,150 |
| Finance Lease | 0 | 440 | 0 | 0 | 2,716 | 0 | 1,288 | 0 | 4,444 |
| Government granted | 0 | 793 | 0 | 782 | 910 | 0 | 407 | 21 | 2,913 |
| Donated | 0 | 2,742 | 0 | 449 | 1,826 | 3 | 52 | 31 | 5,103 |
| Net book value total at 1 April 2016 | 3,966 | 209,926 | 1,151 | 11,923 | 31,960 | 3 | 4,661 | 294 | 263,884 |
| Net book value at 31 March 2017 | | | | | | | | | |
| Owned | 3,966 | 19,680 | 1,164 | 6,675 | 32,790 | 0 | 5,644 | 172 | 70,091 |
| Private Finance Initiative | 0 | 177,397 | 0 | 1,010 | 0 | 0 | 0 | 0 | 178,407 |
| Finance Lease | 0 | 360 | 0 | 0 | 1,861 | 0 | 895 | 0 | 3,116 |
| Government granted | 0 | 782 | 0 | 0 | 740 | 0 | 262 | 0 | 1,784 |
| Donated | 0 | 2,702 | 0 | 1,701 | 1,566 | 1 | 41 | 23 | 6,034 |
| Net book value total at 31 March 2017 | 3,966 | 200,921 | 1,164 | 9,386 | 36,957 | 1 | 6,842 | 195 | 259,432 |

9.3 Property, plant and equipment - revaluation

Revaluation exercises were undertaken as at 31 March, 2018 on the Group and Trust's owned land and buildings by Mr. M. Riordan, a Royal Institute of Chartered Surveyors (RICS) qualified valuer, from the District Valuation Service for the North East, Yorkshire and Humberside. The exercise was undertaken in accordance with the HM Treasury's Modern Equivalent Asset (MEA) recommendation adjusting the valuation undertaken at 31 March, 2017, for average movements in building cost indices and location factors over a 3 year period.

The exercise at 31 March, 2018, identified a revaluation increase of £3.872 million over the James Cook and Friarage sites. The resulting impairments and changes in valuation are summarised in Note 8.2.

9.4 Economic lives of property, plant and equipment

The economic asset lives are as follows:

| | Min life Years | Max life Years |
|-------------------------------|-------------------|-------------------|
| Buildings excluding dwellings | 15 | 90 |
| Dwellings | 62 | 62 |
| Plant and machinery | 1 | 15 |
| Transport equipment | 7 | 7 |
| Information technology | 3 | 10 |
| Furniture and fittings | 5 | 12 |

This represents the current range of asset lives relating to these assets.

9.5 Capital management

The Trust's capital programme is approved on an annual basis via Capital Group, Investment Management Group, Finance Investment Committee with final approval through the Board of Directors. The full plan is included in the Annual Plan submitted to NHS Improvement. The capital programme for the year amounted to £24.5 million and included essential investment on the medical equipment replacement programme, site reconfiguration, Information technology replacement including Clinical Noting and lifecycle works under the PFI contract.

9.6 Donated assets

There are no restrictions or conditions imposed by the donor on the use of a donated asset reported within the Trust's Statement of Financial Position.

10 Intangible assets

10.1 Intangible assets

| 2017/18 | Computer software purchased | Assets under construction | Total |
|--------------------------------------------------|-----------------------------|---------------------------|--------------|
| Group and Trust | £000 | £000 | £000 |
| Gross cost at 1 April 2017 | 6,640 | 288 | 6,928 |
| Additions purchased | 696 | 385 | 1,081 |
| Additions donated | 39 | 376 | 415 |
| Reclassifications from assets under construction | 77 | (77) | 0 |
| Gross cost at 31 March 2018 | 7,452 | 972 | 8,424 |
| Accumulated amortisation at 1 April 2017 | 3,629 | 0 | 3,629 |
| Impairments charged to operating expenses | 60 | 0 | 60 |
| Provided during the year | 737 | 0 | 737 |
| Accumulated amortisation at 31 March 2018 | 4,426 | 0 | 4,426 |
| Net book value at 1 April 2017 | | | |
| Purchased | 2,244 | 288 | 2,532 |
| Donated | 767 | 0 | 767 |
| Net book value total at 1 April 2017 | 3,011 | 288 | 3,299 |
| Net book value at 31 March 2018 | | | |
| Purchased | 2,379 | 596 | 2,975 |
| Donated | 647 | 376 | 1,023 |
| Net book value total at 31 March 2018 | 3,026 | 972 | 3,998 |

10.2 Prior year Intangible assets

| 2016/17: | Computer software purchased | Assets under construction | Total |
|--------------------------------------------------|-----------------------------|---------------------------|--------------|
| Group and Trust | £000 | £000 | £000 |
| Gross cost at 1 April 2016 | 6,063 | 1,029 | 7,092 |
| Additions purchased | 130 | 164 | 294 |
| Reclassifications from assets under construction | 413 | (447) | (34) |
| Reclassifications to tangible assets | 34 | (458) | (424) |
| Gross cost at 31 March 2017 | 6,640 | 288 | 6,928 |
| Accumulated amortisation at 1 April 2016 | 2,958 | 0 | 2,958 |
| Impairments charged to operating expenses | 5 | 0 | 5 |
| Provided during the year | 666 | 0 | 666 |
| Accumulated amortisation at 31 March 2017 | 3,629 | 0 | 3,629 |
| Net book value at 1 April 2016 | | | |
| Purchased | 2,180 | 777 | 2,957 |
| Donated | 925 | 252 | 1,177 |
| Net book value total at 1 April 2016 | 3,105 | 1,029 | 4,134 |
| Net book value at 31 March 2017 | | | |
| Purchased | 2,244 | 288 | 2,532 |
| Donated | 767 | 0 | 767 |
| Net book value total at 31 March 2017 | 3,011 | 288 | 3,299 |

10.3. Intangible assets - asset lives

Each class of intangible asset has a finite remaining life as detailed below:

| Economic lives of assets | Min life Years | Max life Years |
|--------------------------|-------------------|-------------------|
| Computer software | 1 | 8 |

This represents the current range of asset lives relating to these assets.

11. Assets held under finance leases

11.1 Assets held under finance leases comprise of the following:

| 2017/18 | Buildings excluding dwellings | Plant and machinery | Information technology | PFI | Total |
|--------------------------------------------------|-------------------------------------|------------------------|---------------------------|----------------|----------------|
| | £000 | £000 | £000 | £000 | £000 |
| Group and Trust | | | | | |
| Cost or valuation at 31 March 2018 | 10,053 | 8,948 | 2,658 | 212,940 | 234,599 |
| Accumulated depreciation at 31 March 2018 | 9,773 | 7,220 | 2,156 | 37,365 | 56,514 |
| Net book value at 1 April 2017 | | | | | |
| Finance lease | 360 | 1,861 | 895 | 0 | 3,116 |
| PFI | 0 | 0 | 0 | 178,407 | 178,407 |
| Net book value total at 1 April 2017 | 360 | 1,861 | 895 | 178,407 | 181,523 |
| Net book value at 31 March 2018 | | | | | |
| Finance lease | 280 | 1,728 | 502 | 0 | 2,510 |
| PFI | 0 | 0 | 0 | 175,575 | 175,575 |
| Net book value total at 31 March 2018 | 280 | 1,728 | 502 | 175,575 | 178,085 |

11.2 Prior year assets held under finance leases:

| 2016/17 | Buildings excluding dwellings | Plant and machinery | Information technology | PFI | Total |
|--------------------------------------------------|-------------------------------------|------------------------|---------------------------|----------------|----------------|
| | £000 | £000 | £000 | £000 | £000 |
| Group and Trust | | | | | |
| Cost or valuation at 31 March 2018 | 10,053 | 8,484 | 2,658 | 213,131 | 234,326 |
| Accumulated depreciation at 31 March 2018 | 9,693 | 6,623 | 1,763 | 34,724 | 52,803 |
| Net book value at 1 April 2017 | | | | | |
| Finance lease | 440 | 2,716 | 1,288 | 0 | 4,444 |
| PFI | 0 | 0 | 0 | 188,150 | 188,150 |
| Net book value total at 1 April 2017 | 440 | 2,716 | 1,288 | 188,150 | 192,594 |
| Net book value at 31 March 2018 | | | | | |
| Finance lease | 360 | 1,861 | 895 | 0 | 3,116 |
| PFI | 0 | 0 | 0 | 178,407 | 178,407 |
| Net book value total at 31 March 2018 | 360 | 1,861 | 895 | 178,407 | 181,523 |

Note: PFI arrangements includes assets constructed and financed through the PFI as part of the original scheme amounting to £71,986 million (31 March 2017, £72.868 million) and assets owned and funded by the Group and Trust of £103,589 million (31 March 2017, £105.540 million).

12. Capital commitments

Contracted capital commitments at 31 March not otherwise included in these accounts:

| Group and Trust | 31 March 2018 £000 | 31 March 2017 £000 |
|-------------------------------|-----------------------|-----------------------|
| Property, plant and equipment | 376 | 1,269 |
| Intangible assets | 17 | 42 |
| Total | 393 | 1,311 |

13. Subsidiaries and consolidation of charitable funds

The Trust's principal subsidiary undertaking, South Tees Hospitals Charity and Associated Funds, is included in the consolidation at 31 March 2018. The accounting date of the financial statements for the charitable fund is in line with the Trust date of 31 March 2018. The South Tees Institute of Learning, Research and Innovation LLP and South Tees Healthcare Management Limited both have financial year ends of 31 May 2018. The transactions of these companies in 2017/18 have not been consolidated on the basis of materiality. Key financial information for the charitable fund is provided as follows:

13.1 Reserves

| | 31 March 2018 £000 | 31 March 2017 £000 |
|--------------------|-----------------------|-----------------------|
| Restricted funds | 90 | 14 |
| Unrestricted funds | 6,179 | 6,451 |
| Total | 6,269 | 6,465 |

Funds specific to wards or departments are held as un-restricted designated funds. Legacies and donations received for a specific purpose or 'trust' are recorded and accounted for as restricted funds. Further information covering the nature of the restricted and unrestricted funds is available within Accounting Policy 1.2.

13.2 Aggregated amounts relating to the charitable fund

| | 31 March 2018 £000 | 31 March 2017 £000 |
|----------------------------------------------------------------------|-----------------------|-----------------------|
| Summary Statement of Financial Position: | | |
| Non-current assets | 5,420 | 5,917 |
| Current assets | 2,215 | 3,758 |
| Current liabilities | (1,366) | (3,210) |
| Net assets | 6,269 | 6,465 |
| Reserves | 6,269 | 6,465 |
| Summary Statement of Financial Activities: | | |
| Income | 1,638 | 2,679 |
| Expenditure | (1,923) | (3,525) |
| Total | (285) | (846) |
| Net realised gains on investment assets and other reserve movements. | 40 | 604 |
| Net movement in funds | (245) | (242) |

In 2017/18 eliminations consisted of a £0.907 million adjustment to income and expenditure for capital transactions (£2.065 million in 2016/17) and adjustments to working capital amounted to £0.982 million (£2.144 million in 2016/17).

The above summary statements have initially been presented before group eliminations with an explanation to reconcile to the amounts included within the consolidated statements. As per accounting policy 1.2 the accounts of the charitable fund has been consolidated in full after the elimination of intra group transactions and balances.

14. Other investments

The investment portfolio of the charitable fund is managed by Barclays Wealth. Cash funds are held outside the portfolio by the fund to deal with short term cash flow issues.

| | 31 March 2018 £000 | 31 March 2017 £000 |
|---------------------------------|--------------------------|--------------------------|
| Market value brought forward | 5,917 | 5,339 |
| Additions | 1,629 | 2,830 |
| Disposals | (2,166) | (2,856) |
| Fair value (losses) / gains | 40 | 604 |
| Market value at 31 March | 5,420 | 5,917 |
| Investments held: | | |
| Bonds | 600 | 732 |
| Equities | 4,278 | 4,655 |
| Alternative assets | 522 | 363 |
| Other holdings | 20 | 167 |
| | 5,420 | 5,917 |

15. Inventories

| | Group | | Trust | |
|------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 15.1 Inventories | 31 March 2018 £000 | 31 March 2017 £000 | 31 March 2018 £000 | 31 March 2017 £000 |
| Group and Trust | | | | |
| Drugs | 3,172 | 2,131 | 3,172 | 2,131 |
| Consumables | 8,468 | 9,325 | 8,464 | 9,325 |
| Energy | 11 | 22 | 11 | 22 |
| Total | 11,651 | 11,478 | 11,647 | 11,478 |

| | Group | | Trust | |
|----------------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 15.2 Inventories recognised in expenses | 31 March 2018 £000 | 31 March 2017 £000 | 31 March 2018 £000 | 31 March 2017 £000 |
| Group and Trust | | | | |
| Inventories recognised as an expense | 122,898 | 120,051 | 122,896 | 120,051 |
| Write-down of inventories recognised as an expense | 67 | 186 | 67 | 186 |
| Total | 122,965 | 120,237 | 122,963 | 120,237 |

16. Cash and cash equivalents

| | Group | | Trust | |
|----------------------------------------------------------------|------------------|------------------|------------------|------------------|
| | 31 March 2018 | 31 March 2017 | 31 March 2018 | 31 March 2017 |
| | £000 | £000 | £000 | £000 |
| Group and Trust | | | | |
| At 1 April | 7,558 | 4,440 | 4,572 | 2,755 |
| Net change in year | 2,430 | 3,118 | 3,641 | 1,817 |
| Balance at 31 March | 9,988 | 7,558 | 8,213 | 4,572 |
| Broken down to: | | | | |
| Cash with the Government Banking Service | 8,070 | 4,435 | 8,070 | 4,435 |
| Commercial banks and in hand | 1,918 | 3,123 | 143 | 137 |
| Cash and cash equivalents as in statement of cash flows | 9,988 | 7,558 | 8,213 | 4,572 |

17. Trade and other receivables

| 17.1 Trade and other receivables | Group | | Trust | |
|---------------------------------------------|------------------|------------------|------------------|------------------|
| | 31 March 2018 | 31 March 2017 | 31 March 2018 | 31 March 2017 |
| | £000 | £000 | £000 | £000 |
| Group and Trust | | | | |
| Current | | | | |
| NHS receivables | 5,621 | 5,180 | 5,621 | 5,180 |
| Other receivables with related parties | 115 | 842 | 115 | 842 |
| Capital receivables | 1,353 | 0 | 1,353 | 0 |
| Other trade receivables | 7,228 | 7,223 | 8,210 | 8,385 |
| VAT | 3,750 | 2,262 | 3,750 | 2,262 |
| Accrued income | 29,873 | 9,128 | 29,546 | 9,458 |
| PDC dividend receivable | 923 | 348 | 923 | 348 |
| Provision for the impairment of receivables | (878) | (775) | (878) | (775) |
| Prepayments | 36,925 | 27,414 | 36,925 | 27,414 |
| Total | 84,910 | 51,622 | 85,565 | 53,114 |
| Non-current | | | | |
| Other receivables | 3,115 | 2,582 | 3,115 | 2,582 |
| Provision for the impairment of receivables | (1,559) | (1,170) | (1,559) | (1,170) |
| Total | 1,556 | 1,412 | 1,556 | 1,412 |

The great majority of trade is with Clinical Commissioning Groups and NHS England, as commissioners for NHS patient care services. As these NHS bodies are funded by government to buy NHS patient care services, no credit scoring of them is considered necessary.

| 17.2 Receivables past their due date but not impaired | 31 March 2018 | 31 March 2017 |
|--------------------------------------------------------------|--------------------------|------------------|
| | £000 | £000 |

Ageing of impaired receivables

| | | |
|------------------------|--------------|-------|
| Up to three months | 915 | 3,139 |
| In three to six months | 434 | 183 |
| Over six months | 1,683 | 1,373 |
| Total | 3,032 | 4,695 |

Ageing of non-impaired receivables past their due date

| | | |
|------------------------|--------------|-------|
| Up to three months | 1,807 | 3,203 |
| In three to six months | 297 | 433 |
| Over six months | 1,805 | 1,549 |
| Total | 3,909 | 5,185 |

Ageing of impaired receivables includes non-NHS debtors and non-impaired receivables includes NHS debtors. The Group and Trust does not hold any collateral against these outstanding receivables.

| 17.3 Provision for impairment of receivables | 31 March 2018 | 31 March 2017 |
|-----------------------------------------------------|--------------------------|------------------|
| | £000 | £000 |
| Balance at 1 April | 1,945 | 1,908 |
| Amount utilised | 0 | (34) |
| Increase in provision | 492 | 71 |
| Balance at 31 March | 2,437 | 1,945 |

The provision relates to outstanding Compensation Recovery Unit debts concerning Road Traffic Accidents (22.84% provision created on all outstanding debt), and provisions on non-NHS debtors (providing between 25 and 100% dependant on the age and type of debt) and specific provisions on individual invoices in dispute and in formal recovery. The Group does not hold any collateral in support of these debts.

18. Trade and other payables

| | Group | | Trust | |
|-----------------------------------------------------|--------------------------|------------------|--------------------------|------------------|
| | 31 March 2018 | 31 March 2017 | 31 March 2018 | 31 March 2017 |
| | £000 | £000 | £000 | £000 |
| Current | | | | |
| Interest payable | 160 | 0 | 160 | 0 |
| NHS payables | 13,322 | 8,705 | 13,322 | 8,705 |
| Amounts due to other related parties | 162 | 3,866 | 162 | 3,866 |
| Other trade payables - revenue | 28,590 | 31,116 | 28,590 | 31,116 |
| Other trade payables - capital | 1,243 | 4,010 | 1,243 | 4,010 |
| Taxes payable (VAT, Income Tax and Social Security) | 6,832 | 7,878 | 6,832 | 7,878 |
| Accruals | 4,196 | 4,431 | 3,921 | 3,485 |
| Receipts in advance | 1,973 | 1,670 | 1,973 | 1,670 |
| Other payables | 4,418 | 4,303 | 4,418 | 4,303 |
| Total current trade and other payables | 60,896 | 65,979 | 60,621 | 65,033 |

Other payables includes £4.367 million for outstanding pensions contributions (31 March 2018, £4.303 million).

19. Borrowings

| Group and Trust | 31 March 2018 £000 | 31 March 2017 £000 |
|------------------------------------------------|--------------------------|--------------------------|
| Current | | |
| Loans from Department of Health | | |
| - Capital loans | 5,369 | 4,179 |
| - Revenue support | 6,600 | 0 |
| Obligations under: | | |
| Finance leases | 1,048 | 1,011 |
| Private finance initiative contracts | 2,171 | 3,286 |
| Total current borrowings | 15,188 | 8,476 |
| Non-current | | |
| Loans from Foundation Trust Financing Facility | | |
| - Capital loans | 42,500 | 35,967 |
| - Revenue support | 41,125 | 13,800 |
| - Revolving working capital facilities | 40,161 | 35,460 |
| Obligations: | | |
| Finance leases | 1,484 | 2,083 |
| Private finance initiative contracts | 96,874 | 99,046 |
| Total non-current borrowings | 222,144 | 186,356 |

The loans from the Foundation Trust Financing Facility covers periods ranging from 5 to 25 years and loan rate payment terms range from 0.77% to 3.84%. The loans are not secured against Trust assets.

20. Finance lease obligations

Significant contractual arrangements have been reviewed to assess compliance with IAS 17. Those identified as finance lease obligations include the Group and Trust's equipment agreements and Managed Service Contracts for Energy Management and the Picture Archiving and Communications System. The term of leases range from 5 to 15 years in line with the economic lives of the individual assets.

Minimum lease payments outstanding on the lease agreements amount to £3.490 million (£4.476 million as at 31 March 2017). The Present Value of minimum lease payments included on the Group and Trust's Statement of Financial Position amounts to £2.532 million (£3.094 million at 31 March 2017), with the variance of £0.958 million (£1.382 million at 31 March 2017) relating to future finance charges on the agreements. The values disclosed do not include any liabilities relating to the private finance initiative.

| Amounts payable under finance leases: | Minimum lease payments | |
|---------------------------------------------------|--------------------------|--------------------------|
| Group and Trust | 31 March 2018 £000 | 31 March 2017 £000 |
| Within one year | 1,492 | 1,476 |
| Between one and five years | 1,998 | 3,000 |
| Less: finance charges allocated to future years | (958) | (1,382) |
| Present value of minimum lease payments | 2,532 | 3,094 |
| Net lease liabilities | | |
| Not later than one year | 1,048 | 1,011 |
| Later than one year and not later than five years | 1,484 | 2,083 |
| | 2,532 | 3,094 |

Note: the Group and Trust does not offer any leases as a Lessor and does not recover any rental income through such arrangements.

21. Private finance Initiative contracts

21.1 PFI schemes on-Statement of Financial Position

The scheme was for the development of the James Cook University Hospital (JCUH) site resulting in the rationalisation of four existing sites into one. Services at Middlesbrough General Hospital, North Riding Infirmary and West Lane Hospital transferred to JCUH upon completion of the scheme in August 2003.

The scheme comprised 60,000m² of new build with 11,000m² of refurbishment, with an approximate capital cost of £157 million. Upon completion of the scheme the Trust granted a head lease with associated rights to Endeavour SCH Plc for a period of 30 years. Endeavour maintain the site, providing facilities management services via Sovereign Healthcare (part of Carillion Group), and grant an underlease with associated rights to the Trust for the use of the buildings. The Trust makes a unitary payment, quarterly in advance, to Endeavour SCH Plc for use of the building and associated facilities management services that amounts to approximately £50.384 million per annum excluding VAT. An element of the payment is also set aside to fund lifecycle expenditure amounting to £6.804 million. In return the Trust receives guaranteed income of approximately £0.283 million in respect of mall retail units, laundry and catering income. Responsibility for the collection of car parking income transferred back to the Trust from 1 April 2014.

The annual service fee is indexed linked in line with the 12 month rolling average of retail price indices (CHAW) as at January of each year, for the following contract year. The availability fee is uplifted in line with RPI twice a year based upon the published CHAW indices for March (effective from 1 April) and September (effective from 1 October).

The soft services element of the facilities management service is subject to market testing or benchmarking every 5 years, although the Trust has the option to extend this period by a further 12 months. The hard service element of the service is subject to benchmarking every 10 years.

Upon the Contract Period Expiry Date the Trust has a number of options ("the Expiry Options"):

- to extend the agreement on terms to be agreed with the concessionaire;
- to re-tender for the provision of services;
- to leave the hospital and terminate the underlease; and
- to remain in the hospital and assume responsibility for the provision of services.

Under the control test of IFRIC 12, the asset has been treated as an asset of the Trust. The substance of the contract is that the Trust has a finance lease and payments to the contractor comprise 2 elements; an imputed finance lease charge and service charges.

Total imputed finance lease obligations for on-Statement of Financial Position PFI contracts due:

| Group and Trust | 31 March 2018 | 31 March 2017 |
|----------------------------------------------------|------------------|------------------|
| | £000 | £000 |
| Not later than one year | 10,069 | 11,422 |
| Later than one year, not later than five years | 39,520 | 40,348 |
| Later than five years | 132,695 | 141,937 |
| Sub total | 182,284 | 193,707 |
| Less: interest element | (83,239) | (91,375) |
| Total | 99,045 | 102,332 |
| Net PFI liabilities | | |
| Not later than one year; | 2,171 | 3,286 |
| Later than one year and not later than five years; | 9,748 | 9,795 |
| Later than five years | 87,126 | 89,251 |
| Sub total | 99,045 | 102,332 |

21.1 PFI schemes on-Statement of Financial Position**21.2 Charges to expenditure**

The total charged in the year to expenditure in respect of the service element of on-Statement of Financial Position PFI contracts was £26.244 million (2016/17 £26.565 million).

The Trust is committed to the following annual charges:

| Group and Trust | 31 March 2018 £000 | 31 March 2017 £000 |
|------------------------------------------------|--------------------------|--------------------------|
| Not later than one year | 25,272 | 24,858 |
| Later than one year, not later than five years | 107,566 | 105,804 |
| Later than five years | 334,176 | 365,044 |
| Total | 467,014 | 495,706 |

21.3 Total concession arrangement charges

The Trust is committed to the following annual charges in respect of the PFI.:

| Group and Trust | 31 March 2018 £000 | 31 March 2017 £000 |
|------------------------------------------------|--------------------------|--------------------------|
| Not later than one year | 52,161 | 50,484 |
| Later than one year, not later than five years | 225,247 | 216,093 |
| Later than five years | 713,261 | 760,270 |
| Total | 990,669 | 1,026,847 |

21.4 Total unitary payment charge on PFI scheme

The unitary payment paid in year to the service concession operator is made up as follows:

| Group and Trust | 31 March 2018 £000 | 31 March 2017 £000 |
|--------------------------------------|--------------------------|--------------------------|
| Interest charge | 8,136 | 8,399 |
| Repayment of finance lease liability | 3,286 | 3,184 |
| Service element | 26,244 | 26,565 |
| Capital lifecycle maintenance | 6,804 | 6,334 |
| Contingent finance costs | 5,914 | 5,407 |
| Total | 50,384 | 49,889 |

22. Provisions

| Group and Trust | Current | | Non-current | |
|----------------------------|------------|------------|-------------|--------------|
| | 31 March | 31 March | 31 March | 31 March |
| | 2018 | 2017 | 2018 | 2017 |
| | £000 | £000 | £000 | £000 |
| Pensions relating to staff | 116 | 107 | 468 | 578 |
| Legal claims | 550 | 394 | 450 | 470 |
| Redundancy | 0 | 0 | 0 | 0 |
| Total | 666 | 501 | 918 | 1,048 |

| Group and Trust | Pensions relating to staff | Legal claims | | Total |
|--------------------------|----------------------------|--------------|----------|--------------|
| | £000 | £000 | £000 | £000 |
| At 1 April 2017 | 685 | 864 | 0 | 1,549 |
| Arising during the year | 0 | 217 | 0 | 217 |
| Changes in discount rate | 7 | 9 | 0 | 16 |
| Utilised during the year | (123) | (90) | 0 | (213) |
| Reversed unused | 0 | 0 | 0 | 0 |
| Unwinding of discount | 15 | 0 | 0 | 15 |
| At 31 March 2018 | 584 | 1,000 | 0 | 1,584 |

Expected timing of cash flows:

| | | | | |
|------------------------------------------------------|------------|--------------|----------|--------------|
| - not later than one year; | 116 | 550 | 0 | 666 |
| - later than one year and not later than five years; | 307 | 121 | 0 | 428 |
| - later than five years. | 161 | 329 | 0 | 490 |
| Total | 584 | 1,000 | 0 | 1,584 |

Pensions relating to staff

The amounts relate to sums payable to former employees who have retired prematurely. The outstanding liability is based on actuarial guidance from the NHS Pension Agency using computed life expectancies for the pension recipients. Variations in life expectancy will impact on these figures and the timings of payments. There is no contingent liability associated with this provision.

Legal claims

The timings and amounts within the provision are based upon the NHS Litigation Authority's assessment of probabilities in line with IAS 37 guidance. The provision relates to employer and public liability claims with the Group and Trust raised by staff and patients. This provision also includes injury benefit claims made by NHS employees with the level of awards determined by the NHS Pension Agency. The discounted provision is based on notifications received from the agency

£280.138 million is included in the provisions of the NHS Litigation Authority at 31 March 2018, in respect of clinical negligence liabilities of the Group and Trust (2016/17 £201.807 million). This is not provided for within these financial statements.

23. Financial instruments

| 23.1 Financial assets | Group | | Trust | |
|------------------------------------------------------------|----------------------|---------------|----------------------|---------------|
| Loans and receivables | 31 March 2018 | 31 March 2017 | 31 March 2018 | 31 March 2017 |
| | £000 | £000 | £000 | £000 |
| Trade and other receivables excluding non financial assets | 44,193 | 24,502 | 43,866 | 24,502 |
| Cash and cash equivalents at bank and in hand | 9,988 | 7,558 | 8,213 | 4,572 |
| Assets at fair value through income and expenditure | | | | |
| Investments | 5,420 | 5,917 | 0 | 0 |
| Total | 59,601 | 37,977 | 52,079 | 29,074 |

| 23.2 Financial liabilities | Group | | Trust | |
|--------------------------------------------------------------|----------------------|---------------|----------------------|---------------|
| | 31 March 2018 | 31 March 2017 | 31 March 2018 | 31 March 2017 |
| | £000 | £000 | £000 | £000 |
| Borrowings excluding finance lease and PFI liabilities | (135,755) | (89,406) | (135,755) | (89,406) |
| Obligations under finance leases | (2,532) | (3,094) | (2,532) | (3,094) |
| Obligations under PFI contracts | (99,045) | (102,332) | (99,045) | (102,332) |
| Trade and other payables excluding non financial liabilities | (51,816) | (56,431) | (51,541) | (55,485) |
| Total | (289,148) | (251,263) | (288,873) | (250,317) |

| 23.3 Maturity of financial liabilities | Group | | Trust | |
|-----------------------------------------------------|----------------------|---------------|----------------------|---------------|
| | 31 March 2018 | 31 March 2017 | 31 March 2018 | 31 March 2017 |
| | £000 | £000 | £000 | £000 |
| In one year or less | (67,002) | (64,907) | (66,727) | (63,961) |
| In more than one year but not more than two years | (55,196) | (13,910) | (55,196) | (13,910) |
| In more than two years but not more than five years | (54,781) | (61,722) | (54,781) | (61,722) |
| In more than five years | (112,169) | (110,724) | (112,169) | (110,724) |
| Total | (289,148) | (251,263) | (288,873) | (250,317) |

23.4 Fair values of financial instruments

The fair values of financial instruments are considered to be materially similar to the book values.

23.5 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the year in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the NHS Foundation Trust has with Clinical Commissioning Groups and NHS England and the way that these are financed, the NHS Foundation 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 invest surplus funds and can only borrow to the Prudential Borrowing Limit approved by Monitor. 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 are carried out by the finance department, within parameters defined formally within the Group's Treasury Management Policy and Standing Financial Instructions agreed by the Board. A key theme of the Group's strategic direction is business stability which means achieving target levels of financial surplus to enable investment. To support this target, the key objectives of the Treasury Management Policy include the achievement of a competitive return on surplus cash balances, ensure competitively priced funds are available to the Group when required and effectively identifying and managing financial risk.

Currency risk

The Group is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Group has no overseas operations. The Group therefore has low exposure to currency rate fluctuations.

Interest rate risk

The Group and Trust borrows from government for capital expenditure, subject to affordability. The borrowings are for 1 – 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Group and Trust therefore has low exposure to interest rate fluctuations.

The Trust is exposed to Interest rate risk on the PFI scheme due to the linkage of the availability payment to RPI which impacts on contingent rent, PFI lifecycle and non-operating expenditure.

Credit risk

Because the majority of the Group's income comes from contracts with other public sector bodies, the Group has low exposure to credit risk. The maximum exposures as at 31 March 2018 are in receivables from customers, as disclosed in Note 17.

The financial instruments utilised by the Group and Trust are deemed to be minimum risk; in relation to borrowing the Group and Trust has utilised the NHS Financing Facility with debt repayments linked to the

economic life of the assets. In relation to investments, the Group and Trust only uses United Kingdom based financial institutions, investing a maximum of £4.000 million with one organisation for a period not exceeding 3 months. This is in line with Monitor guidance and investments are based on approved counterparty listings, supplied by Sector Treasury Services Ltd, and based on the ratings of leading credit rating agencies. Group treasury activity is subject to review by the Group's internal auditors.

Liquidity risk

The Group's operating costs are incurred under contracts with Clinical Commissioning Groups and NHS England, which are financed from resources voted annually by Parliament. The Group and Trust funds its capital expenditure from funds obtained within its prudential borrowing limit and does not have any flexibility to vary principal or interest payments on any of its fixed term liabilities, including those relating to the PFI contract. This inability to vary its long term debt repayments introduces an element of risk into the medium term financial planning process. Further information on risk within the Group and Trust's annual plans is included within the Accounting Policy on Going Concern in Note 1.3.1.

24. Events after the reporting year

There were no significant events after the end of the reporting year.

25. Related party information

25.1 Related party transactions

South Tees Hospitals NHS Foundation Trust is a body corporate established by order of the Secretary of State for Health. The note has been prepared in accordance with the requirements of IAS 24 "Related Party Disclosures".

25.2 Whole of Government Accounts bodies

All government bodies which fall within the Whole of Government accounts boundary are regarded as related parties because they are all under the common control of HM Government and Parliament. This includes for example, all NHS bodies, all local authorities and central government bodies.

Significant transactions and balances with all Whole of Government account bodies are detailed below. The following tables incorporate information extracted from the accounts of the Group and Trust and is included in the income, expenditure and on the face of the Statement of Financial Position of the Group and Trust for the financial year ending 31 March, 2018.

| | Income 2018 £000 | Expenditure 2018 £000 | Receivables 2018 £000 | Payables 2018 £000 |
|------------------------------------------------------------|---------------------|--------------------------|--------------------------|-----------------------|
| NHS Cumbria CCG | 680 | 0 | 0 | 0 |
| NHS Darlington CCG | 5,691 | 0 | 60 | 0 |
| NHS Durham Dales, Easington and Sedgfield CCG | 11,138 | 5 | 51 | 0 |
| NHS Hambleton, Richmondshire and Whitby CCG | 81,800 | 13 | 3,328 | 299 |
| NHS Harrogate and Rural District CCG | 2,791 | 0 | 224 | 0 |
| NHS Hartlepool and Stockton-on-Tees CCG | 36,070 | 13 | 1,003 | 0 |
| NHS Newcastle Gateshead CCG | 320 | 0 | 0 | 0 |
| NHS North Durham CCG | 1,335 | 0 | 19 | 0 |
| NHS Scarborough and Ryedale CCG | 717 | 0 | 341 | 0 |
| NHS South Tees CCG | 225,176 | 129 | 7,763 | 1,017 |
| NHS Sunderland CCG | 646 | 0 | 241 | 199 |
| NHS Vale of York CCG | 1,393 | 0 | 91 | 0 |
| Cumbria and North East Local Office | 6,476 | 0 | 783 | 0 |
| NHS England | 14,333 | 74 | 3,787 | 0 |
| North East Specialised Commissioning | 163,116 | 0 | 4,293 | 0 |
| Yorkshire and the Humber Local Office | 1,376 | 0 | 0 | 0 |
| South Central Local Office | 2,457 | 0 | 1 | 0 |
| Department of Health | 1,605 | 0 | 169 | 159 |
| Care Quality Commission | 0 | 332 | 0 | 0 |
| Health Education England | 15,965 | 5 | 115 | 287 |
| NHS Property Services | 581 | 6,900 | 590 | 909 |
| NHS Resolution | 0 | 15,151 | 0 | 12 |
| Other NHS bodies | 0 | 0 | 0 | 0 |
| | | | | |
| County Durham & Darlington NHS Foundation Trust | 455 | 1,930 | 1,588 | 2,685 |
| Newcastle Upon Tyne Hospitals NHS Foundation Trust | 2,498 | 801 | 425 | 539 |
| North Tees and Hartlepool NHS Foundation Trust | 1,000 | 3,224 | 2,288 | 3,321 |
| Tees, Esk and Wear Valleys NHS Foundation Trust | 1,441 | 203 | 97 | 37 |
| Northumbria Healthcare NHS Foundation Trust | 139 | 96 | 11 | 1,321 |
| Salford Royal NHS Foundation Trust | 0 | 741 | 0 | 253 |
| Other Trusts | 729 | 715 | 445 | 1,300 |
| | | | | |
| Middlesbrough Borough Council | 992 | 416 | 171 | 9 |
| North Yorkshire County Council | 403 | 183 | 7 | 0 |
| Redcar and Cleveland Borough Council | 846 | 21 | 136 | 10 |

| | Income 2018 £000 | Expenditure 2018 £000 | Receivables 2018 £000 | Payables 2018 £000 |
|---------------------------------|---------------------|--------------------------|--------------------------|-----------------------|
| Other local authorities | 198 | 358 | 138 | 0 |
| NHS Blood and Transplant | 24 | 1,582 | 0 | 143 |
| HM Revenue and Customs | 0 | 28,395 | 3,750 | 6,832 |
| NHS Pensions Agency | 0 | 34,588 | 0 | 0 |
| Ministry of Defence | 72 | 376 | 72 | 0 |
| NHS Professionals | 0 | 5,346 | 0 | 0 |
| Department of Work and Pensions | 10 | 779 | 0 | 0 |
| Other WGA bodies | 11 | 73 | 96 | 0 |

Significant transactions and balances with all Whole of Government account bodies in 2016/17 are detailed below:

| | Income 2018 £000 | Expenditure 2018 £000 | Receivables 2018 £000 | Payables 2018 £000 |
|----------------------------------------------------|---------------------|--------------------------|--------------------------|-----------------------|
| NHS Cumbria CCG | 730 | 0 | 0 | 0 |
| NHS Darlington CCG | 5,590 | 0 | 1 | 1 |
| NHS Durham Dales, Easington and Sedgefield CCG | 10,843 | 0 | 150 | 18 |
| NHS Hambleton, Richmondshire and Whitby CCG | 81,534 | 34 | 1862 | 321 |
| NHS Harrogate and Rural District CCG | 2,725 | 0 | 118 | 9 |
| NHS Hartlepool and Stockton-on-Tees CCG | 38,298 | 0 | 0 | 4 |
| NHS Newcastle Gateshead CCG | 491 | 0 | 0 | 0 |
| NHS North Durham CCG | 1,201 | 0 | 0 | 0 |
| NHS Scarborough and Ryedale CCG | 767 | 0 | 48 | 0 |
| NHS South Tees CCG | 223,016 | 0 | 1,422 | 1,149 |
| NHS Sunderland CCG | 448 | 0 | 0 | 1 |
| NHS Vale of York CCG | 1,274 | 0 | 111 | 1 |
| Cumbria, Northumberland, Tyne and Wear Area Team | 7,183 | 0 | 90 | 0 |
| NHS England | 3,868 | 0 | 11 | 0 |
| North East Specialised Commissioning | 150,854 | 0 | 3,655 | 0 |
| North Yorkshire and the Humber Area Team | 1,448 | 0 | 63 | 0 |
| South Central Area Team | 2,458 | 0 | 0 | 0 |
| Department of Health | 1,153 | 5 | 267 | 0 |
| Health Education England | 15,693 | 0 | 52 | 0 |
| Other NHS bodies | 5,433 | 118 | 663 | 98 |
| County Durham & Darlington NHS Foundation Trust | 937 | 2,112 | 351 | 1,749 |
| Harrogate and District NHS Foundation Trust | 357 | 8 | 271 | 128 |
| Newcastle Upon Tyne Hospitals NHS Foundation Trust | 2,795 | 578 | 294 | 358 |
| North Tees and Hartlepool NHS Foundation Trust | 1,227 | 2,368 | 1,982 | 3,535 |
| Tees, Esk and Wear Valleys NHS Foundation Trust | 1,463 | 160 | 363 | 159 |
| Salford Royal NHS Foundation Trust | 0 | 769 | 0 | 88 |
| Other Foundation Trusts | 421 | 374 | 245 | 470 |
| NHS Blood and Transplant | 0 | 675 | 0 | 193 |
| NHS Litigation Authority | 0 | 10,327 | 0 | 0 |
| NHS Property Services | 548 | 7,289 | 247 | 4,498 |
| Middlesbrough Borough Council | 745 | 889 | 128 | 335 |
| North Yorkshire County Council | 453 | 138 | 0 | 201 |
| Redcar and Cleveland Borough Council | 852 | 6 | 363 | 0 |
| HM Revenue and Customs | 0 | 26,069 | 2,262 | 7,878 |
| NHS Pensions Agency | 0 | 30,937 | 0 | 4,303 |
| NHS Professionals | 0 | 5,781 | 0 | 396 |
| Ministry of Defence | 197 | 880 | 56 | 0 |

None of the receivable or payable balances are secured. Amounts are usually due within 30 days and will be settled in cash.

25.3 Charitable funds

The Trust receives revenue and capital payments from a number of charitable funds, including South Tees Hospitals Charity and Associated Funds, certain of the trustees for which are also members of the NHS Trust Board. The accounts of South Tees Hospitals Charity and Associated Funds are consolidated into the Trust's Annual Accounts as detailed in Accounting Policies 1.2 and Note 13 to the Accounts.

25.4 Board members and directors

During the year no Group Board Members or members of the key management staff, or parties related to any of them, have undertaken any material transactions with South Tees Hospitals NHS Foundation Trust.

Declarations of interests, completed on an annual basis by Executive and Non-Executive Directors, have been reviewed to identify any related party relationships requiring disclosure within this note.

IAS 24 specifically requires the separate disclosure of compensation payments made to management. In line with the standard, the HM Treasury has given dispensation that this requirement will be satisfied through disclosure in the Remuneration Report included in the Group and Trust's Annual Report.

26. Third party assets

The Group and Trust held £1,952 cash and cash equivalents at 31 March 2018 (£291 at 31 March 2017) relating to monies held by the Group and Trust on behalf of patients.

The Group and Trust held £804,954 cash and cash equivalents at 31 March 2018 (£746,803 at 31 March 2017) which related to monies held by the Group and Trust on behalf of staff, participating in the staff savings scheme. This has been excluded from the cash and cash equivalents figure reported in the accounts.

The Group and Trust held £18,301 cash and cash equivalents at 31 March 2018 (£10,693 at 31 March 2017) which related to monies held by the Group and Trust on behalf of the staff lottery scheme. This has been excluded from the cash and cash equivalents figure reported in the accounts.

27. Losses and special payments

The total number and value of losses and special payments in year amounted to the following:

| Group and Trust | 2017/18 | | 2016/17 | |
|--------------------------------------------------------------------------|-----------------|------------------------------|-----------------|------------------------------|
| | Number of cases | Total value of cases £000 | Number of cases | Total value of cases £000 |
| Losses: | | | | |
| Losses of cash | 16 | 1 | 12 | 1 |
| Bad debts and claims abandoned | 0 | 0 | 44 | 16 |
| Damage to buildings, property as a result of theft, criminal damage etc. | 81 | 8 | 94 | 9 |
| Special payments: | | | | |
| Ex gratia payments | 159 | 293 | 68 | 123 |
| Total | 256 | 302 | 218 | 149 |

The amounts included above are reported on an accruals basis and exclude provisions for future losses.

There were no special severance payments (2016/17, there were no cases over £100,000 and there were no severance payments requiring HMT approval) arising from divisional restructuring or other cases of clinical negligence, fraud, personal injury, compensation under legal obligation or fruitless payment cases where the net payment exceeded £300,000.

Notes

[illegible]

South Tees Hospitals NHS Foundation Trust
Marton Road, Middlesbrough TS4 3BW
www.southtees.nhs.uk