



Annual report and accounts

1 April
2013
– 31 March
2014

“ Providing seamless, high quality,
safe healthcare for all. ”



together we do the amazing

South Tees Hospitals NHS Foundation Trust

Annual report and accounts

1 April 2013 to 31 March 2014

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



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About us ...

South Tees Hospitals NHS Foundation Trust runs The James Cook University Hospital in Middlesbrough and the Friarage Hospital in Northallerton, providing district general hospital services for the local population.

We also offer a range of specialist regional services to 1.5million people in the Tees Valley and parts of Durham, North Yorkshire and Cumbria, with a particular expertise in heart disease, neurosciences, children's services, renal medicine, cancer services and spinal injuries and are the major trauma centre for the southern part of the northern region.

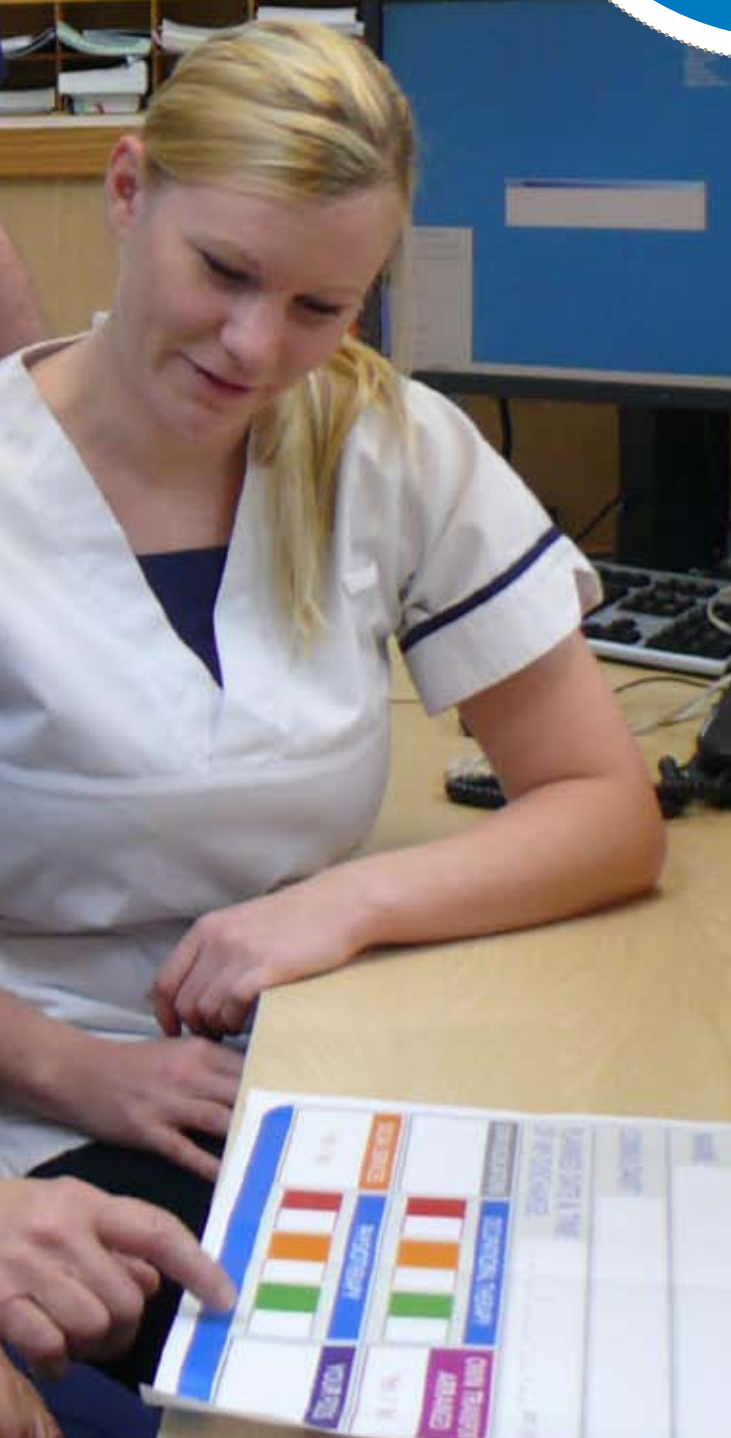
In addition, we provide community services from Hambleton, Richmondshire, Middlesbrough and Redcar and Cleveland, including services at:

- Redcar Primary Care Hospital
- Guisborough Primary Care Hospital
- Carter Bequest Hospital in Middlesbrough
- East Cleveland Primary Care Hospital in Brotton
- Friary Community Hospital in Richmond
- Lambert Memorial Community Hospital in Thirsk

The organisation is built on the dedication and hard work of our staff and we are very proud of our 9,000 workforce. We are continuing to build links with the Universities of Teesside, Durham and Newcastle and have a purpose-built academic centre with medical students and nursing and midwifery students doing their clinical placements on site.

We are also 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.

Our continued links with the Ministry of Defence Hospital Unit (MDHU) at the Friarage also go from strength to strength with both organisations benefiting from close working arrangements; military staff having the opportunity to develop their clinical skills for use on operations while the trust benefits from the input of staff who have gained experience on duty.



For the purpose of this annual report, the trust is referred to as a separate entity with the exception of any reference to group information which includes the consolidation of South Tees Hospitals Charity and Associated Fund.

South Tees Hospitals NHS Foundation Trust



As a trust we will continue to focus on enhancing our strong tradition and culture of clinically led continuous improvement in quality and safety, enhancing the specialised services we provide and ensuring greater integration of our acute and community services.

Strategic report

For 2014/2015, the most important issue facing the trust is planning for a sustainable future as the NHS and the local health economies we serve face their toughest ever two years.

Performance

Last year our plan reflected our response to a surge in emergency demand - well above the general trend - which led to huge pressure on our emergency capacity and elective programme during the winter of 2012/2013.

We invested in additional capacity – 50 extra beds and more clinical staff at front of house – and did extensive work around discharge planning and patient flow which enabled us to maintain the quality and responsiveness of our urgent and emergency services.

However there remained difficulties in meeting elements of the 18-week (referral to treatment) target for admitted patients throughout this financial year – a consequence of managing the implications of cancelled surgery in 2012/2013 and the need to address the backlog of patients.

Remedial plans to generate additional capacity were put in place but it became apparent through detailed modelling work at sub-specialty level that full compliance with national standards would not be achieved until the end of quarter two in 2014/2015.

There were also growing pressures on our finances as we tried to balance our strategic goal of continuous quality improvement with the need to find year-on-year efficiencies in the way that we operate.

A key priority has been to develop and implement a forward financial plan which will underpin continuing quality improvement and ensure that we can consistently meet the 18-week target – our key immediate priority.

To support this we are working through an intensive process to develop a financial improvement plan drawing on external advice and support and working in strategic partnerships with health, local authorities, and third sector partners.

The trust's main source of income is primarily from a few core NHS commissioners, so the National Health Service settlement and commissioner allocations are of key importance for the trust's financial planning.

Traditionally income flows for the organisation have been positive and in 2013/2014 income targets were exceeded, largely due to over-performance on specialised service contracts.

However, looking ahead, it is apparent that the allocations to be received by our main commissioners and the new commitments in terms of the Better Care Fund, mean we can no longer rely on growth in income to ensure a robust financial position.



Strategic report

Finance review

Key financial information for the trust as an entity in 2013/2014 was:

- The trust posted a £4.9million deficit excluding impairments (£4.3million including impairments)
- Cash holdings amounted to £16.1million at 31 March 2014 – which although sufficient was still £8.3million behind plan
- Capital expenditure amounted to £13.5million and the trust remained within its prudential borrowing limit of £153.7million

A mid-year review was undertaken based on the trading position at the end of August and this was reported to the October Board. This review forecast the financial out-turn position to be £7million behind plan and actions were agreed to mitigate the risk with the aim of maintaining a risk rating of 3.

Following a further month's monitoring information, concerns were raised at the November meeting of the Board of Directors and an extraordinary meeting was held in December to review the reforecast financial outturn position based on the trading position at the end of October.

This reported a worsening in the projection to £9.5million behind plan with a resulting projected Continuity of Service Risk Rating of 2 and immediate targeted remedial action was agreed. This extensive financial focus helped the trust deliver a £4.9million deficit at year-end.

The trust delivered a programme of cost reduction of £19.9million (90% of plan), which equates to 4.4% of the trust's total operating expenditure. The achievement of this plan was down to the hard work, commitment and innovative ideas from staff across the organisation.

Over the past year, the organisation invested £13.5million into the development and acquisition of property, plant and equipment including:

- The equipment replacement programme (£6.5million) – investment in planned replacement, rolling and emergency medical equipment and information technology
- Ward 3 refurbishment (£1.3million)
- An additional theatre at James Cook (£0.7million)

This investment underlines the trust's commitment to providing modern, well-equipped facilities that meet the needs of the local population.

In 2013/2014, the trust received loans of £11.1million to finance capital investment from the Department of Health. The interest on debt servicing is due to be paid over the remaining life-term of the asset and is built into our forward plan.

The trust has met the requirement within section 43 (2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012). This stipulates that income from the provision of goods and services and used for the purposes of healthcare in England must be greater than any income received for the provision of goods and services and used for any other purposes.

The group performance in 2013/2014 included an overall deficit for the year of £4.4million and an overall cash position of £17.9million. Specifically the group consolidated £6.9million of charitable reserves, £5.3million of investments and £1.7million of cash. Intra-group transactions have been eliminated on consolidation.

Looking ahead to 2014/2015 for the entity, we are forecasting a deficit of £29.4million (excluding impairments) which contributes to a borrowing need of £25.2million at 31 March 2015. We have already included £11.8million worth of productivity and efficiency savings within this figure and are working towards identifying the remaining efficiencies to cover the total deficit.

If no further improvement in the forecast out-turn is achieved and the amount of productivity and efficiency savings identified do not increase, this deficit will worsen to £48.3million in 2015/2016 (excluding impairments).

A programme is being put in place in the trust and we have commissioned external support from McKinsey & Company to build on and contribute to the development of cost reduction programmes in conjunction with the trust with the aim of delivering a stable financial plan.

While they are being implemented, our financial plan will need to be underpinned by Public Dividend Capital (PDC) support to bridge the cash shortfall. The trust is aiming to generate its own cash surplus in 2016/2017 and discussions around the availability of PDC are on-going with Monitor.

The scope of work with McKinsey includes:

- Identifying key priority areas and the development of a set of realistic improvement plans to close the financial gap.
- Carrying out a review of the trust's underlying position
- Making recommendations to help the trust assure itself that the plans can be successfully implemented

A detailed report will be presented to the Board of Directors in June 2014.

A full set of audited consolidated accounts have been prepared on an on-going basis and will be submitted to Parliament with the annual report in June 2014. The accounts were prepared under schedule 7 of the National Health Service Act 2006 (paragraphs 24 and 25) and in accordance with directions given by Monitor, the sector regulator for health services in England.

The Board of Directors does not have any evidence indicating that the going concern basis, as detailed in the strategic report on page 13, is not appropriate as the trust has not been informed by Monitor that there is any prospect of intervention or dissolution with the next 12 months.

The auditors report on the financial statements is not modified but does contain an emphasis of matter paragraph in respect of going concern.

A full copy of the accounts is available from the director of finance and IT, Murray Building, The James Cook University Hospital.

Partnership working

Collaborative work with strategic partners on transformation of the health and social care system across the Tees Valley and North Yorkshire, is also underway and essential for future sustainability and continued quality improvement.

More than in any previous plan, this working with commissioners and local authorities will be a key success factor as we jointly respond to a very challenging financial environment and, specifically, work towards more fully integrated health and social care as we develop proposals under the banner of the Better Care Fund.

This offers opportunities for different ways of working – but also poses a risk if these plans do not achieve the whole system transformational change needed to respond to the transfer of funds from health to social care which is planned for 2015/2016.

High level of engagement with commissioners and partner agencies is demonstrated through:

- Executive team to team meetings with CCGs and Cumbria, Northumbria and Tyne and Wear (CNTW) and Durham, Darlington and Tees (DDT) area teams
- Unit of planning meetings bringing together CCGs, local authorities and other providers across the Durham and Darlington area team
- Trust participation in the integrated commissioning board for North Yorkshire which brings together providers, CCGs and local authorities
- Participation in urgent care boards in both Tees and North Yorkshire localities
- Membership of health and wellbeing boards in Middlesbrough, Redcar and Cleveland and attendance at the North Yorkshire health and wellbeing board

The trust is also engaged with our commissioners and partners in their strategic change programmes which have similar aims (with further detail on page 75):

- For South Tees, IMProVE spans health and social care and aims to shift towards preventative care, enabling patients to remain at home for longer while managing their own conditions in a supported way.
- Hambleton, Richmondshire and Whitby CCG are undergoing a public engagement on a vision for services which will respond to the demographics and rural nature of their catchment area.
- Securing Quality in Health Care Services (SeQIHS) project brings together commissioners, providers and local authorities with the aim of developing and evaluating options during 2014/2015 to secure high quality health care for the populations of County Durham, Darlington and Tees. The focus of this work is on acute medicine and surgery, urgent and emergency care, maternity, acute paediatrics and neonatal services, intensive care and end of life care.

Overview

There will also be much work to do with our clinical teams to respond to service reviews initiated by NHS England which is 'looking to reduce significantly the number of centres providing NHS specialised services; require standards of care to be applied consistently across England, and maximise synergy from research and learning.'

It is difficult to assess the impact of the national plans but the emphasis on 'planning bundles' – linked services forming a logical basis for centres – fits well with the full range of specialist services the trust currently provides including major trauma, heart, cancer and neurosurgical services.

In 2013/2014 we recognised maintaining our outstanding performance on healthcare associated infections would be a key challenge for us, particularly around *Clostridium difficile* and we ended the year reporting 57 cases, missing our target of 37 and exceeding last year's figure of 49.

The trust has now comprehensively reviewed how it protects patients from infection, including commissioning two external reviews, although this is an area which requires constant purpose, monitoring and review.

We have responded in detail to Monitor's investigation into the organisation's compliance with its licence, particularly around the 18-week target, *Clostridium difficile* and never events, and still await the results of the regulator's deliberations and what requirements will be placed on us.

On a positive, the Care Quality Commission concluded its visits of all our hospital sites and premises in both acute and community settings and found the trust to be fully compliant with effective quality assurance covering all aspects of our services.

In addition, we have received strong endorsement from patients about the services we provide through national patient surveys, the friends and family test and overall feedback.

The formal consultation on changes to paediatric and maternity services at the Friarage Hospital also concluded with Hambleton, Richmondshire and Whitby Clinical Commissioning Group's governing body supporting a change to a midwifery-led unit and short-stay paediatric assessment unit.

However we await the outcome of a second referral to the independent reconfiguration panel by North Yorkshire and York scrutiny of health committee and as yet have no indication of when this may be received.



Strategic report

Our strategic intent

Although we have identified some serious risks and issues for the trust to address - and that our strategic programme to achieve financial sustainability is our key priority - we will continue to make progress across all of our seven strategic programmes:

- Trust capacity plan – ensuring capacity matches demand, to meet the peak seasonal demands for emergency care during the winter and elective capacity issues to meet and sustain performance targets
- Quality and patient safety – making progress on our key patient safety themes, improving and standardising surgical pre-assessment services, implementing capacity plans in gastroenterology and MRI scanning to support improved access, patient experience and clinical functionality
- Specialised services growth - increasing capacity in cardiothoracic services and renal services; enhancing the resilience of trauma services and neurosciences
- Improving the patient pathway – continuing to work to improve the internal patient pathway especially admission avoidance and reducing length of stay, acute front of house and discharge processes across all hospital sites, working with clinical commissioning groups and local authorities to develop their strategies to enhance services in the community and reduce emergency admissions
- Transforming the care we deliver – a strategic road map has been developed which sets out a programme of investment in IT infrastructure to provide a platform for the deployment of systems to support improvements to the trust's clinical digital capability with benefits to clinical care
- Innovation, research and development – taking a leading role in developing the North East and Cumbria academic health sciences network and rolling out the trust's new research and development strategy to increase the volume and profile of our research
- Financial sustainability – to be financially secure in order to invest in services and environmental improvements to improve quality of care

South Tees Hospitals NHS Foundation Trust was formed under the provisions of the Health and Social Care (Community Care and Standards) Act 2003 (consolidated in the National Health Service Act 2006) and received its terms of authorisation from Monitor, the independent regulator of NHS foundation trusts, on 1 May 2009. The precursor trust was formed on 1 April 1992.

Environmental matters

The trust recognises the need to operate economically and ethically and is committed to reducing its carbon emissions and taking actions to reduce its impact on the environment.

Social and community issues

Through our membership base and the Council of Governors, the trust plays an active part in its local community and, as a foundation trust, is accountable to the communities it services.

We also recognise collaborative work with strategic partners on transformation of health and social systems across the Tees Valley and North Yorkshire is essential for future sustainability and continued quality improvement.

More than in any previous plan, this working with commissioners and local authorities will be a key success factor as we jointly respond to a very challenging financial environment and, specifically, work towards more fully integrated health and social care.

Many of these sections are explored further in detail in the strategic report and main body of the annual report and quality account.

Our employees

Headcount	Male	Female
All employees	1,474	7,452
Directors (including CEO)	3	4*
Senior managers*	8	16

* This figure does not include the director of IT and health records who left the organisation towards the end of March 2014. The above figures are taken in accordance with occupation code guidance – 'include as senior managers those staff at executive level and also includes those who report directly to the members of the executive team, such as assistant directors.

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 minimising 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 show a deficit in 2014/2015 amounting to £34.9million with a borrowing requirement of £25.2million at 31 March 2015.

In 2015/2016, the reported deficit increases to £52.3million with a borrowing requirement of £82.9million. The trust has been prudent in its assessment of efficiency targets, including cost improvement plans amounting to £11.8million in both 2014/2015 and 2015/2016. The trust believes that this forward plan provides a realistic assessment of the trust's position.

The trust recognises that there is an urgent need to develop a wider programme for delivery of continued traditional savings and to derive benefits from transformational change. The trust has, therefore, commissioned external support from McKinsey & Company to build on and develop their previous work with

the trust by contributing to the development of further cost reduction programmes in conjunction with the Trust with the aim of delivering a stable financial plan.

Notwithstanding the deficits referred to above, the trust does not have any evidence indicating that the going concern basis is not appropriate as the trust has not been informed by Monitor 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 is currently taking forward discussions with Monitor over the availability of Public Dividend Capital (PDC) funding. However, there is no certainty that further cost savings will be identified in conjunction with McKinsey and Company or that additional PDC funding will be obtained and this indicates the existence of a material uncertainty that may cast significant doubt about the trust's ability to continue as a going concern.

The financial statements do not include the adjustments that would result if the trust was unable to continue as a going concern.

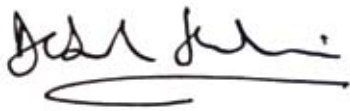
Taking the above into account, the Directors believe that it is appropriate to prepare the financial statements on a going concern basis.

Date	Signature	Title
27/5/14		Chair
27/5/14		Chief executive
27/05/14		Medical director / deputy chief executive
27/5/14		Director of nursing and quality assurance
27.5.14		Chief operating officer
27.5.2014		Director of service strategy and infrastructure
25-5-14		Director of finance and IT
27.5.14		Director of human resources

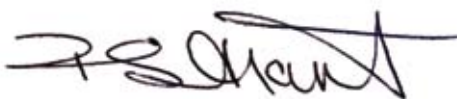


There can be no complacency in the health service where culture, quality or safety are concerned and it's fair to say that 2013/2014 was definitely a year in which all NHS organisations, ourselves included, really had to challenge themselves about the care and treatment they provide and the level of experience patients and their families receive.

Chairman and chief executive's statement



Deborah Jenkins - chairman



Professor Tricia Hart - chief executive

While we don't always get things right every time, we are a trust with a strong patient safety culture – recognised nationally - and we will continue to build on that to ensure we provide excellent, compassionate and safe care for every patient, every day.

It's also important to acknowledge and pay credit to all our staff for the enormous amount that has been achieved in-year, particularly given the financial pressures facing the organisation at present.

We were found not only to be fully compliant across all our acute and community sites in a series of inspections by the Care Quality Commission but have received strong endorsement about the services we provide through patient surveys, the friends and family test and our maximum level 3 status in the Clinical Negligence Scheme for Trusts (CNST) maternity standards – one of very few in the country to achieve this standard.

Our overall performance was also strong in many areas and in response to the difficult winter of 2012/2013, we invested in 50 extra hospital beds and did extensive work around discharge planning and managing patient flow with successful results, avoiding the pressure in the organisation we had previously experienced.

However, this in turn led to other challenges in trying to meet the 18-week target for patients admitted to hospital and in October our independent regulator – Monitor – opened an investigation into whether the trust had breached its licence.

While this review is still on-going and also flagged other areas of concern such as never events and our challenging target for Clostridium difficile (which we failed to meet in-year), we have detailed action plans against all these key issues, which are covered in the annual report and will provide assurance on the level of scrutiny and importance we place on making improvements.

There were also growing pressures on our finances as we tried to balance our strategic goal of continuous quality improvement with the need to find year-on-year efficiencies in the way that we operate.

At the end of the financial year, the trust declared a £4.9million deficit (excluding impairments) and a projected £29.4million deficit (excluding impairments) in 2014/2015 and our focus in 2014/2015 - and subsequent years - is how we plan for a sustainable future in partnership with our health and social care partners.

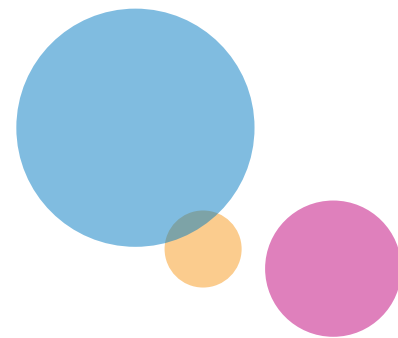
We also looked at the way our organisation is structured to strengthen the trust's leadership so we are fit for the future at every level - from the Board to frontline – and can respond to and meet the oncoming challenges we face.

Finally while we have, quite rightly, pointed out the current key priorities for the trust, it is important not to lose sight of the excellent work which goes on - day in and day out – across the organisation.

We do have a lot to be proud of. Our staff continue to innovate and drive forward changes which have not only enhanced patient care but received national – and international - recognition and we have strong working relationships with our governors, the military and private sector colleagues Endeavour and Carillion. Our countless volunteers and fundraisers also continue to make a real difference.

The times ahead are challenging but without the support, energy and commitment of them all, those challenges would be much harder to face...

Trust structure



Board of Directors

Provides strategic direction to the trust to meet health and healthcare needs within the framework of government policy. The board is accountable both nationally (to the foundation trust regulator Monitor and to the health quality regulator the Care Quality Commission) and locally (to the council of governors and FT members) and must ensure the trust delivers high quality services within the financial resources available.

Management Group

- Responsible for overall management of the trust.
- Chaired by the chief executive.
- Membership includes the chief/chiefs of each clinical centre, chairman of the senior medical staff committee and corporate directors.

Clinical centres

Clinical and diagnostic services centre:

Radiology – plain film imaging, CT, MRI, ultrasound, fluoroscopy and interventional radiology; neuroradiology; **pathology** – cellular pathology, clinical chemistry, haematology and blood transfusion, immunology, microbiology (including virology and mycology); **clinical support services** – cancer family history, clinical psychology, medical illustration, medical physics, nutrition and dietetics, occupational therapy, orthotics, pharmacy, physiotherapy, speech and language therapy, sterile services.

Integrated medical care centre:

Acute medicine, chest medicine, care of the elderly, critical care, general HDU, clinical infection, diabetes/endocrinology, **community services** - community hospitals, community nursing, community matrons, continence, dietetic and nutrition, falls, fast response teams, osteoporosis, Marske Medical Centre, Resolution Health Centre, intensive home support, intermediate care, lymphedema, podiatry, specialist musculoskeletal service, specialist nursing, stroke rehabilitation.

Speciality medicines centre:

Dermatology, haematology, radiotherapy and oncology, nephrology, rheumatology, palliative care, bereavement service, specialist skin service and gastroenterology. The centre also includes a directorate of primary care.

Surgical services centre:

Ear nose and throat, general and vascular surgery, ophthalmology, oral surgery, orthodontics, plastic reconstructive surgery, urology.

Tertiary services centre:

Cardiothoracic services – cardiology, cardiothoracic anaesthesia and intensive care, cardiothoracic surgery, cardiovascular primary prevention; **neurosciences** – neurology, neurophysiology, neurosurgery, disablement services centre, rehabilitation medicine; sleep medicine.

Trauma and theatres centre:

Trauma – accident and emergency, community urgent care services, orthopaedics, spinal injuries; **anaesthesia and theatres** – anaesthesia (adult and paediatric), operating theatres (day surgery and inpatient), day of surgery admission units, acute and chronic pain services, academic anaesthesia (education and research).

Women and children centre:

Community paediatricians, gynaecology, neonatology, obstetrics, paediatrics, health visitors, school nursing.

Support Directorates

Chief executive's office

Finance and IT

Quality assurance and academic directorate

Operational services

Human resources

Service strategy and infrastructure

Trust structure

15



together we do the amazing



Our vision and values

Our mission - what we do, our purpose

- Seamless, high quality, safe healthcare for all

Our vision - how well we will do it, our aspirations

- To be recognised nationally for excellence in quality, patient safety, patient experience, social engagement and continuous improvement

Our values - how we work together

- 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
- Financially strong to underpin quality, safety and improvement

To deliver our strategy and achieve our aspirations, all our plans - at every level from ward to board - will be focused on transformation or continuous improvement in four themes:

Quality, safety and patient experience

- Service quality, safety and patient experience
- Specialised services development
- Deliver integrated care
- Forefront of clinical innovation

Business sustainability

- Improved cost control
- Increased productivity
- Increased revenue and market share
- Enhanced services

Operational excellence

- Improved patient flow
- Improved innovation processes
- Strong governance and risk management

Organisational capability

- Workforce development
- Continuous service improvement culture
- Strong partnerships and community engagement
- Improved information





Directors' report

The directors of South Tees Hospitals NHS Foundation Trust and their positions during 2013/2014 were:

Chair and non-executive directors

- Deborah Jenkins – chairman
- David Kirby- deputy chairman
- Pauline Singleton – senior independent director (retired October 2013)
- Maureen Rutter – senior independent director
- Jonathan Smith – non-executive director
- Henrietta Wallace – non-executive director
- Brenda Thompson – non-executive director
- Hugh Lang – non-executive director

Executive directors

- Professor Tricia Hart – chief executive
- Professor Robert Wilson – deputy chief executive/medical director
- Ruth Holt – director of nursing and quality assurance
- Chris Newton – director of finance and IT
- Jill Moulton – director of service strategy and infrastructure
- Susan Watson – chief operating officer
- Chris Harrison – associate executive director – human resources
- Joanne Dewar – director of IT and health records (left March 2014)
- Anne Sutcliffe – acting director of nursing and quality assurance (until June 2013)

Policies for potential and existing disabled employees – equality and diversity/human rights

The trust is committed to promoting equality, diversity and human rights, being an inclusive employer by ensuring we meet the aims of the Public Sector Equality Duty (PSED) and operates within an equal opportunities policy framework.

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.

We are recognised as a 'two-ticks' disability friendly employer and, in line with legislation, always make reasonable adjustments and offer appropriate training for colleagues or job applicants with disabilities, which also includes support mechanisms – if required – through the trust's occupational health and staff counselling services.



Directors' report

Information and involvement of employees

In order to achieve a common awareness of issues and matters affecting the trust – and to involve employees in decision making as appropriate – staff are kept informed as to the performance of the trust. Formal mechanisms to ensure they are informed and involved include:

- The joint partnership committee – a partnership between trust managers and staff side colleagues
- Formal management group meetings and leadership forums
- Monthly staff experience network group
- Involvement of staff governors on the Council of Governors
- Patient safety walkabouts involving the Board of Directors have become an integral part of the trust's core business
- Chief executive/chairman holding regular face-to-face briefings with staff, with themes shared in the chief executive's monthly written core briefing to all staff
- A range of corporate communication including the chief executive's blog

Our priorities for future development

Looking forward, we will continue to focus on enhancing our strong tradition and culture of clinically led continuous improvement in quality and safety, enhancing the specialised services we provide and ensuring greater integration of our acute and community services.

For 2014/2015, the most important issue facing the trust is planning for a sustainable future as the NHS and the local health economies we serve face their toughest ever two years.

These plans are covered in detail in the strategic report, the quality account and referenced throughout the annual report.

Finance

In relation to financial instruments the trust's exposure to risk is not material in terms of the impact on assets, liabilities or the impact on the overall financial position. The trust's major financial instruments include outstanding debtors, creditors and its long term liabilities.

In relation to the PFI scheme and borrowing, the trust is not exposed to significant liquidity and cash flow risk as the majority of trust income comes from contracts with other public sector bodies. Credit and price risk is minimised as borrowing utilises the NHS financing facility with debt payments linked to the economic life of assets and interest charged at the National Loan Fund rate, fixed for the term of the loan.

The most significant risk relates to the delivery of the annual financial plan where major cost pressures have been identified. The trust is currently looking to mitigate this risk through its work with McKinsey and the availability of funding that is being taken forward with Monitor. Further information is detailed in the strategic report on pages 9 to 13.

Directors' statement

Under the NHS Act 2006, Monitor has directed The South Tees Hospitals NHS Foundation Trust to prepare, for each financial year, a statement of accounts in the form and on the basis set out in the Accounts Direction. The Directors are responsible for preparing the accounts on an accrual basis, which gives a true and fair view of the state of affairs of The 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 Directors are required to comply with the requirements of Monitor's Foundation Trust Annual Reporting Manual 2013/14 and in particular to:

- Observe the Accounts Direction issued by Monitor, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- Make judgements and estimates on a reasonable basis.
- State whether applicable accounting standards as set out in the NHS Foundation Trust Annual Reporting Manual have been followed, and disclose and explain any material departures in the financial statements.
- Ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance.
- Prepare the financial statements on a going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS Foundation Trust and to enable him/her to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Directors are also responsible for safeguarding the assets of the NHS Foundation Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

As far as each director is aware, there is no relevant audit information of which the NHS foundation trust's auditor is unaware.

The directors have taken all the steps they ought to as a director in order to make themselves aware of any relevant audit information and to establish that the NHS foundation trust's auditor is aware of that information.

The directors consider that the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess the NHS foundation trust's performance, business model and strategy.

Statement of 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 (South Tees Hospitals NHS Foundation Trust). The relevant responsibilities of the accounting officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the NHS Foundation Trust accounting officer memorandum issued by Monitor.

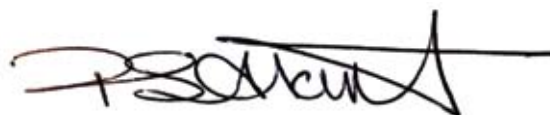
Under the NHS Act 2006, Monitor has directed South Tees Hospitals NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of 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 NHS Foundation Trust Annual Reporting Manual and in particular to:

- Observe the accounts direction issued by Monitor, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- Make judgements and estimates on a reasonable basis
- State whether applicable accounting standards as set out in the NHS Foundation Trust Annual Reporting Manual have been followed, and disclose and explain any material departures in the financial statements
- Ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance, and
- Prepare the financial statements on a going concern basis

The accounting officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS foundation trust and to enable her to ensure that the accounts comply with requirements outlined in the above mentioned Act. The accounting officer is also responsible for safeguarding the assets of the NHS foundation trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



Professor Tricia Hart - chief executive

27 May 2014





Highlights of the year

Leading-edge research for heart surgery

Heart surgeons were awarded £250,000 by the National Institute of Healthcare Research to undertake leading-edge research comparing keyhole surgery to conventional surgery for patients requiring aortic valve replacements – the second most common type of heart operation. James Cook is the only hospital to carry out this three-year trial in the UK.

Emergency services tackle mock hospital fire

A full-scale evacuation of a smoke-filled building at the Friarage was staged as part of exercise smokescreen – a mock exercise to test and develop staff emergency training and procedures in a 'real life, real time' situation.

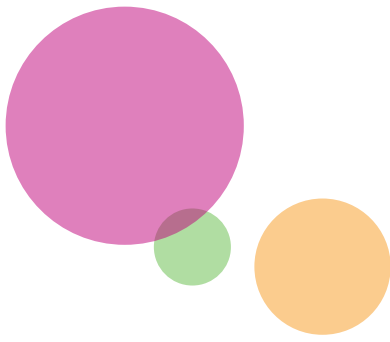
Maternity services gain top safety rating

Maternity services gained a top safety rating for the high quality, safe services provided to mums and their babies, after the trust achieved a maximum level three status in the Clinical Negligence Scheme for Trusts (CNST) – one of very few in the country to do so.

Delivering surgery on your doorstep

Patients needing minor surgical procedures can now have their surgery at Redcar Primary Care Hospital - a positive development for care closer to home.





Highlights of the year

Paralympian opens family suite

Paralympic gold medallist Marc Woods opened the acute oncology ward's family suite at James Cook, providing a better environment for patients who need palliative care in the final stages of their illness and their families.



Flu fighting

The trust's flu campaign achieved its highest uptake rates to-date with 74.5% of frontline healthcare workers (5,837) vaccinated.



Big push – big donation

A massive £44,812 donation was made to help future patients at the Scott suite breast cancer unit at the Friarage Hospital – thanks to the Black Sheep Brewery's successful 'Big Push Up' campaign.

Vascular surgery down to a 'T'

Vascular surgeons successfully performed their first advanced 'T' branch stent graft – a complicated and innovative procedure which has only been carried out a few times in the whole of the UK – on Stockton patient Stan Suckling.





Purple walkers work wonders

Friends Brian Jones and Mark Stewart really went that extra mile raising over £30,000 to help towards the redevelopment of the haematology day unit at James Cook from their 'purple walks' and on-going fundraising campaign to help the unit and its patients.



MRI scanner appeal

South Tees Hospitals Charity launched its first major fundraising campaign - an ambitious appeal to raise £2million for an MRI (magnetic resonance imaging) scanner at the Friarage Hospital - in partnership with the Friends of the Friarage.



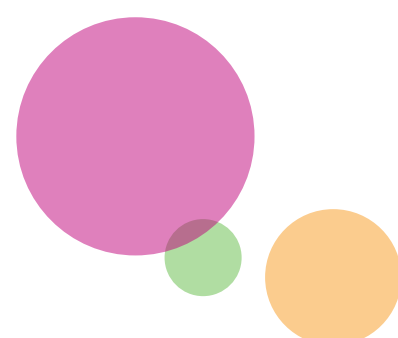
Ground breaking procedure uses remote control

Spinal surgeons used innovative remote control technology and a magnetic special rod to lengthen young scoliosis patient Sarah Wascoe's spine.



New specialist team to support critically ill patients

A specialist critical care outreach team to support clinical staff in managing acutely ill patients in hospital was set up in a major drive to improve outcomes for all ill patients in South Tees.





At South Tees we have a clear ambition – to be the safest organisation not only in the North east but across the NHS. This means that patient safety and quality are at the heart of everything we do; with our staff being proud to provide safe, clean and personal care to every patient, every time.

Patient safety and quality of care

Due to our hard work and results, we are gaining a national reputation as a leader in quality improvement and patient safety, but our aim is to deliver higher standards and seamless, high quality safe healthcare for all year-on-year.

Our response to key national patient safety reviews

It is widely acknowledged that what happened in Mid Staffordshire was not one person, nor was it one group of nurses or doctors or managers.

It was a whole range of things – from a heavy focus on targets to not listening to patients, dismissing data and allowing a culture of fear and poor style of leadership to take hold – all of which meant nurses, doctors and managers lost sight of patient safety and quality.

In response, the Prime Minister asked Professor Don Berwick, an international expert in patient safety, to carry out a review following the publication of the Francis Report (which in itself included 290 recommendations).

In particular, he was asked to study the various accounts of Mid Staffordshire, as well as the recommendations of Robert Francis and others, to distil for Government and the NHS the lessons learned, and to specify the changes that are needed across the NHS.

In addition, Sir Bruce Keogh, England chief medical officer was asked by the Secretary of State and the Prime Minister to conduct a review into the quality of care and treatment provided by hospital trusts with persistently high mortality rates.

Extensive work has been carried out in the trust to bring together the findings of these three key pieces of work and to identify common issues relevant to South Tees under the following key workstreams:

- Transparency
- Learning from patient experience
- Listening to and supporting staff
- Using measurement for quality improvement

This enabled us to review actions we had already taken – and those under development – to ensure any additional requirements were built into our strategic planning and quality account priorities for 2014/2015.



Patient safety and quality of care

Tackling infection

Despite continued focus on infection prevention, healthcare associated infections remain an on-going threat to patient safety. As one of the trust's key clinical priorities, we recognise constant purpose and sustained good clinical practice is needed if we are to keep patients, visitors and staff from harm.

A range of training, measures, policies and procedures are in place across the trust and we take a zero-tolerance approach to poor hand hygiene and failure to adopt best practice - although the risk of infection can never be completely eliminated.

The trust's mandate to infection, prevention control is:

- Ensure all staff working in the trust have appropriate infection control knowledge, skills and behaviour
- Ensure all infection prevention and control staff have the skills and training to maximise their potential and use their skills
- Ensure patients, carers and the public are informed of infection prevention and control issues and associated decision-making in the trust

Monthly surveillance reports are shared with the Board of Directors and, over the years, we have seen significant reductions in infection rates although to sustain those improvements, we need to continue to support and engage staff with all the measures we have in place.

In 2013/2014 our goal was to reduce MRSA bacteraemia and Clostridium difficile by:

- Having no cases of trust-attributable MRSA.
- Reducing the number of Clostridium difficile cases to 37 or less (both in hospital and community settings)

Despite having no trust-attributed cases of MRSA in 2012/2013, we declared three during the year - all of which were subject to rigorous review including clinical incident reports, root cause analyses and post infection review toolkits.

We also declared 57 hospital-attributed cases of Clostridium difficile, failing to meet the national target set. Disappointingly these figures also exceeded our 2012/2013 position, when we reported 49 cases. This was an area of concern identified by Monitor – our independent regulator – and further background and details of action taken is available on page 37.

Improving the patient pathway

The trust's 'improving patient pathway programme' (IPP) was set up in response to the changing needs of the ageing population and looks at ways we can improve or transform the services we currently provide if we are to continue to provide the best possible safe care.

The programme aims to achieve a lot, including zero cancellations of elective cases, no delays to the transfer of care, no outliers, 85% bed occupancy in our hospitals, and there are a number of elements that will help to achieve our ambitious aims:

- Improving the patient journey
- Developing integrated care pathways for frail elderly people and those with long-term conditions
- Transforming community services
- Tele-innovation

The IPP programme also led much of the work which was done in-year to try and understand – and importantly – avoid the pressures which built up in the trust during the prolonged winter period of 2012/2013.

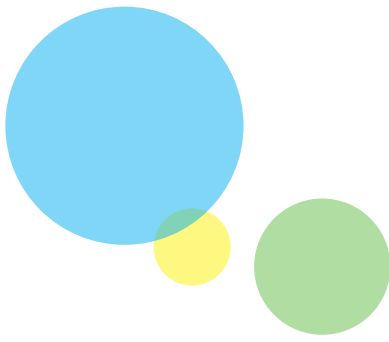
Between May and October, 43 discharge improvement workshops were run across the organisation with the aim of introducing standardised processes using a range of service improvement methodologies.

The workshops were run at ward level, which gave clinical teams the opportunity to identify additional improvements that could be implemented in their area, and have helped with patient flow and reducing waiting times and transfer delays. The team which facilitated these also won the 'people's choice' award at the national Lean Healthcare Academy Awards.

A single point of referral was also introduced as a pilot scheme in June to help reduce patient delays relating to waiting for further NHS care or intermediate care. There is now a standardised approach to transfers across all the community hospitals and bed-based intermediate care services and since it was launched, the average waiting time to transfer has reduced by two-and-a-half days per patient. The team also assists an average of 28 transfers per week, releasing the capacity of eight beds.

Other improvements included:

- Standard definition and use of planned discharge dates – the use of the planned discharge date has increased from 83% in April 2013 to 98% in March 2014
- Standardising patient status at a glance boards across the organisation
- Introducing a framework of responsibilities and escalation for complex discharges
- Redesigning social work referral forms
- Introducing weekly delayed discharge meetings with social care and clinical commissioning group colleagues to unblock system-related issues around discharge
- Reducing the 'did not attend' rate and wasted clinical slots (enabling us to re-use 1,108 cancelled slots) in outpatients
- Rolling out an electronic referral system in outpatients
- Standardising trust outpatient letters and patient information leaflets



Dementia

The trust's dementia strategy - a five-year drive to improve hospital care for patients with this condition - was launched in-year and sets out a number of goals including:

- Actively seeking feedback from patients with dementia and their carers
- Creating dementia friendly environments across all sites
- Specialist staff training
- A focus on compassionate and individualised care

With more than 32,500 people in the North east living with dementia - a number expected to double in the next 30 years - we are aiming to make all of our sites dementia friendly.

A number of measures are already in place to improve care for dementia patients - environmental audits have been carried out and we have introduced dementia friendly crockery, signage, toilet seats, grab rails and clocks.

The dementia team also invested in five digital interactive screens to be used at a patient's bedside which provide interactive games, music and picture galleries and enable families to upload personal photographs to create a patient's own life story.

We also use national tools such as 'This is Me' and 'Forget Me Not' to help staff see the person behind the condition, which also ensures we have details such as likes and dislikes to hand at each patient's bedside.

Dementia training is now available to all staff - clinical and non-clinical - to ensure everyone, regardless of their job role, is confident enough to stop and help anyone who needs assistance in our hospitals and community services.

In total, the team has raised awareness with 2,430 people this year including trust staff, student nurses, junior doctors and volunteers and more than 1,000 staff have completed basic dementia awareness training with 35 achieving a City and Guilds qualification for best practice in dementia care.

The trust also has 128 dementia champions who have undertaken a two-day training course and held its first successful dementia champions' celebration event in March.

All members of the dementia team are now trained to carry out basic dementia care mapping (DCM) - an observational tool that looks at the care of people with dementia from the viewpoint of the person with dementia.

Open and honest care

The trust signed up to be a member of the 'Open and honest care: driving improvement' programme in which we have made a commitment to publish a set of patient outcomes, patient experience and staff experience measures so that patients and the public can see how we are performing in these areas.

Each month we collaborate with other care providers to share what we have learned and use this information to identify where changes can be made to improve care, further reducing the harm that patients can sometimes experience when they are in our care. Further information can be found on the trust's website.

Speak out safely

We're also fully supporting the principles set out in the Nursing Times 'speak out safely' campaign which encourages staff to raise concerns at the earliest opportunity.

Our clinical staff are often best placed to identify where care may be falling below the standard our patients deserve and can ensure concerns are addressed so that we continue to deliver high quality and safe care. The campaign wants:

- The government to introduce a statutory duty of candour compelling health professionals and managers to be open about care failings
- All trusts to sign up to the campaign making a public commitment to supporting staff who raise concerns
- A wholesale review of the Public Interest Disclosure Act, ensuring whistleblowers taking concerns outside their organisation if they are not taken seriously internally, are fully protected.

Managing the deteriorating patient

Our ability to recognise, react and treat patients whose condition suddenly deteriorates is a key patient safety priority for us. Patients who come into hospital want to feel safe and cared for and comforted in the knowledge they are in the best place for prompt and effective treatment if they do become very ill, very quickly.

We are already doing a lot of work in this important area - it was one of our priorities in the trust's 2013/2014 quality account - and in July NEWS - the national early warning score - was rolled out across the organisation.

This is a standardised track-and-trigger system for acute illness with an aim of improving both assessment of illness and detection of clinical deterioration, so a timely and competent clinical response can be initiated quicker.

An educational and training programme continues to support NEWS, with the process being mirrored in community hospitals, and further information is available in the quality account on pages 121 to 185.



Patient safety and quality of care

Specialist critical care outreach team

A specialist critical care outreach team was set up to support clinical staff in managing acutely ill patients in hospital, as part of a major drive to improve outcomes for all ill patients in South Tees.

It is hoped the new service, established in spring 2014, will improve patient safety – and reduce unexpected deaths – by providing a higher vigilance of ‘at risk’ patients, for example patients who are seriously ill and who are managed in the ward environment.

This would be achieved through earlier detection of patients’ whose condition is deteriorating, so that staff can immediately respond and deliver the most appropriate treatment.

By recognising and treating patients who are very sick earlier in their illness, this may reduce the numbers of patients who subsequently may need critical care (such as intensive or high dependency care) or help their earlier admission, and may improve the outcome for sick patients in hospital.

A key function of the team, which consists of nurses and doctors with critical care skills, will be to support ward staff in caring for patients recovering from critical illness following a stay in intensive care.

Another important role for the team is providing training and education for clinical staff during ward rounds and on-call visits to areas so their assessment skills and clinical-decision making is enhanced.

A rolling educational programme is also being continued to give healthcare professionals the knowledge and skills required to identify critically ill patients. Anticipated benefits of the outreach service include:

- Increased appropriateness and timeliness of intervention for patients leading to better patient outcomes
- Reduction in cardiac arrest calls
- Reduction in clinical risks
- Better use of critical care facilities

Reducing falls

Fall, falls-related injuries and fear of falling are major public health issues for older people and society in general. They are responsible for four million hospital bed days in England every year, are the commonest cause of accidental death in the over-75s and a death occurs every five hours as a consequence of a fall.

At this trust, reducing inpatient falls and falls-related injuries has been a key priority for a number of years and one of the patient safety workstreams in the trust’s quality account.

The trust has joint falls management policies with both the Tees and North Yorkshire commissioners which aim, as far as possible, to reduce the incidence of falls and fall-related injuries for the populations served.

In 2013/2014, the incidence of falls reported in our acute hospitals dropped from 2,220 the previous financial year to 1,768. A decrease was also reflected in our community hospital figures from 288 to 270.

There was also a marked reduction in the number of falls resulting in a fracture with 31 reported in acute hospitals and 5 in community hospitals, compared to 35 and 9 in 2012/2013.

This represents a considerable reduction in harm to patients in our care and is a reflection of the work that has been undertaken including purchasing new beds, implementing ‘FallSafe’ and rolling out a new falls risk assessment which incorporates a bed rails risk assessment and dementia screening tool.

Pressure ulcers

The majority of pressure ulcers are preventable and can be avoided through simple actions by frontline healthcare staff, patients and carers. As well as causing long-term pain and distress for patients, treatment for each pressure ulcer costs an average of £4,638 - which causes a financial burden on the NHS of between £1.4 and £2.1 billion per year.

Avoidable pressure ulcers are a key indicator of patient safety and good quality care and preventing them from happening will improve all care for vulnerable patients. One of our ambitions is to eliminate avoidable grade three and four pressure ulcers which develop in our care and reduce the number of avoidable category two pressure ulcers by 50%.

This is a key quality account priority in 2014/2015 with further information available in the quality account on pages 121 to 185 but a lot of work was done in-year including:

- Adopting new definitions and changes to the Datix reporting system, bringing greater clarity and consistency with reporting processes in other regional trusts
- Participating in a joint peer review – led by Tees and Hambleton, Richmondshire and Whitby clinical commissioning groups – which found we had good arrangements in place
- Introducing bespoke pressure ulcer competency training aimed at clinical matrons, nursing sisters and ward managers
- Root cause analysis review meetings with the director/deputy director of nursing and quality assurance for all trust hospital acquired category three and four pressure ulcers

In 2014/2015 a pressure ulcer collaborative will also be developed focusing on:

- **Engagement, ownership, culture** – working with key groups in the organisation to focus on improvement
- **Prevention strategies** – reviewing current practice and introducing new initiatives
- **Equipment** – review current provision
- **Education** – mandatory training, competency training, review of current provision
- **Reporting** – build on existing process to improve use of information and sharing of lessons learned
- **Partnership** – working not only with other agencies but our patients and carers to focus on the preventative side of pressure ulcers

End of life care

Following the Neuberger Review 'More Care, Less Pathway', the Liverpool care pathway for the dying patient (LCP) must be phased out by July 2014 and the trust's end of life and specialist palliative care teams have been working with national and regional teams to help shape the future of end of life care.

The trust continues to use a locally adapted version of the LCP called 'care pathway for the last days of life' (CPLDL), which guides decision-making, monitors patient care and is subject to regular audit, until national guidance is agreed.

National leadership following this review has been from the Leadership Alliance for Care of the Dying and their approach focuses on what that care should be like, as defined by priority areas, rather than the delivery of particular protocols or processes.

One of the main criticisms of the LCP review was around communication and engagement with families around end of life care and the trust is taking part in a regional research project which intends to address some of these concerns.

The project - Family's Voice - asks families to complete a diary during the last few days of their relatives/friends lives which is intended to improve communication between family and health professionals by inviting and encouraging them to document their observations concerning the quality of care provided to the patient and themselves during end of life care.

Communication is notoriously difficult in such a sensitive area and we are measuring whether this one-year study, which is taking place on five wards across James Cook and the Friarage, helps in the care of a dying patient by providing the opportunity for the family/friend to collaborate in the delivery of care.

In October, the trust also took part in the National Care of the Dying audit, led by the Royal College of Physicians in collaboration with the Marie Curie Palliative Care Institute Liverpool and supported by Public Health England and Marie Curie Cancer Care. These results will be published in May.

In the organisation we now audit end of life care on a monthly basis in conjunction with the mortality review process. A quarter of all deaths are now audited in-depth using a locally devised tool which addresses many of the concerns raised by the Liverpool care pathway review - namely communication with

families, rational use of end of life care drugs, and grade of staff involved in these important discussions and decisions. Results for the third and fourth quarters of the year are below:

Measure	Standard	Q3	Q4
All expected deaths should have a CPDLD in the case notes	100%	87%	93%
The patients preferred place of death achieved	100%	86%	82%
The decision to initiate the pathway documented by the medical team in the notes	100%	100%	100%
It has been documented that this decision was discussed with patient/family/other/IMCA	100%	100%	96%

Dr Foster guide – mortality measures

Hospital mortality rates (how many people die in hospital) are not easy to compare. 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.

There are a number of ways the death rate at a hospital can be converted into indicators that adjust for these risks and show whether the death rate is higher or lower than the expected range.

However, the methods are not able to completely adjust for all relevant factors and so it is important to look for a persistent pattern. Mortality indicators should be viewed alongside a range of other measures to build up a picture of the effectiveness, safety and patient experience of care in a hospital.

In-year the Dr Foster Hospital Guide was published, which placed half of the region's hospital trusts as outliers within Dr Foster's own mortality measures, although they remained within the expected range for mortality using the Department of Health's agreed measure for the NHS - the 'summary hospital-level mortality indicator' (SHMI).

The data for excess winter deaths for 2012/2013 - linked to health inequalities and high numbers of elderly hospital admissions – was also published in December, both of which impacted greatly in our region and, we believe, contributed to a temporary rise in the trust's number of deaths in hospital (HSMR).

A lot of detailed work examining our mortality rates is given considerable time at the Board of Directors and these figures include the hard winter of 2012/2013 when we know the number of deaths across the country, particularly from respiratory conditions, was higher than in recent years. This was particularly the case in the North East.

Other factors for a change in our HSMR include a decrease in the coding of specialist palliative care provided to patients and measures have already been put in place to address this.





Patient safety and quality of care

A pledge to improve patient care

NHS Change Day is a frontline led movement - the largest of its kind - with a shared purpose of improving health and care by encouraging staff, patients and the public to make a simple pledge to do something better.

Many staff took time out to make their own simple pledges some of which included:

- Learn where different departments are in the hospital, so when patients ask me in the corridor I can send them in the right direction
- Listen to patients and explain processes clearly
- Use my own experiences to provide more compassionate services
- Smile more
- Walk down the corridor and speak to my staff rather than sending an email
- Thank every therapeutic care volunteer for every minute they give to our patients
- Have a positive attitude towards everything I do
- Treat everyone with the respect they deserve

Quality account

The quality account, which is part of the annual report, provides information to the public about the quality of services the trust provides and allows clinicians, managers, governors and staff to demonstrate their commitment to evidence-based quality improvements so we can continually drive forward patient experience and outcomes.

It does not include all of the trust's improvement targets but - after consultation with a range of stakeholders - identifies a selection of quality initiatives each year re-grouped into three categories - patient safety, clinical effectiveness and patient experience.

The quality priorities for improvement in 2014/2015, which are listed below, were identified most frequently in the consultation process and have been supported – and approved – by the Board of Directors and the Council of Governors.

Sign up to safety	Right care, right place, right time	At the heart of the matter
<ul style="list-style-type: none"> • Reduce the number of pressure ulcers acquired during our care • Reduce all forms of healthcare associated infection • Standardise for safety • Ensuring the right numbers of staff with the right skills to meet our patients' needs 	<ul style="list-style-type: none"> • Improving the recognition and treatment of the deteriorating patient • Improving nutrition for patients in our care with dementia • Reducing unnecessary waits for treatment • Improving access to care, when it's needed, seven days per week 	<ul style="list-style-type: none"> • Caring with compassion and kindness • Listening and learning; improving how we respond to complaints
Supported by our clinical strategy		

A full copy of the trust's quality account is available on pages 121 to 185.

Health and safety

The health and safety team again worked closely throughout the year on many of the systems supporting both patient and staff safety.

Patient safety walkabouts continue but are now unannounced, which allows for walkabout champions to witness the ward or area operationally and the team to speak with patients and staff from all disciplines.

The 15 steps challenge – a series of toolkits which help organisations look at care in a variety of settings through the eyes of patients and service users – and the overall patient experience have become a vital focus of the walkabout.

The team has also worked closely to develop the trust's HS24 inspection self-assessment tool with extra categories added to allow the data analysis to provide a better understanding of each clinical and corporate centre's health and safety position, helping to provide a corporate map to improve risk management.

The local safety alert sharing system was also reviewed with the system being developed to provide enhanced data of the trust's overall position on compliance with safety alerts.



Patient safety and quality of care

Information governance

Information governance is the framework by which the NHS handles information about patients and employees, in particular personal and sensitive information.

It allows individuals, the NHS and our partners to ensure personal information is dealt with legally, securely, efficiently and effectively in order to deliver the best possible care and provides a framework to bring together all the requirements, standards and best practice that apply to the handling of personal information.

This not only covers personal information relating to patients, service users and employees, but also corporate information such as financial and accounting records.

It also provides a way for employees to deal consistently with the many different rules about how information is handled. Between April 2013 and March 2014, the trust had three serious untoward incidents relating to information governance, detailed below:

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

Through 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.

Each standard is scored on a scale of level 0 to three, with 0 or one resulting in a red rating and two to three a green grading. The trust achieved a minimum of level two on 44 of the 45 standards of the national information governance toolkit but a level one was recorded against standard 112 – mandatory information governance training for staff – which was 84% against a target of 95%.

We now have an action plan in place to ensure this target is achieved and maintained as soon as possible. The trust IG compliance score for 2013/2014 was submitted at 82% (red-unsatisfactory).

Summary of serious incidents requiring investigation involving personal data as reported to the Information Commissioner's Office in 2013-2014

Date of incident (month)	Nature of incident	Nature of data involved	Number of data subjects potentially affected	Notification steps	Further action on information risk
October 2013	Theft of patient records from staff member's car	Demographic and clinical information	24	Individuals notified by post	Policy and awareness made more specific on the security of data transported in vehicles
November 2013	Potential inappropriate disclosure of patient information	First name and surname Limited clinical information	20	Individuals not notified as information was not in public domain	Awareness raised around the management of handover sheets and correct disposal
January 2014	Work diary stolen from staff member's car	First name and surname Clinical prompt words	416	Individuals not notified	Review of process for organising and recording home visits for community-based staff. Heightened awareness across the trust on diary management and data fields to be recorded

Summary of other personal data-related incidents in 2013/2014

Category	Breach type	Total
A	Corruption or inability to recover electronic data	0
B	Disclosed in error	8
C	Lost in transit	0
D	Lost or stolen hardware	0
E	Lost or stolen paperwork	1
F	Non-secure disposal – hardware	0
G	Non-secure disposal – paperwork	3
H	Uploaded to website in error	0
I	Technical security failing (including hacking)	0
J	Unauthorised access/disclosure	0
K	Other	0

Our performance

The trust has dozens of quality measures which are set nationally, regionally and locally against which we are required to monitor, measure and regularly report on. Set out below is a summary of our performance and key service quality measures for 2013/2014.

MONITOR compliance framework 2013/2014	2009/10	2010/11	2011/12	2012/13	2013/14	2013/14 Target
Healthcare associated infections						
Clostridium difficile year on year reduction of infection rates	141	125	67	49	57	37
Cancer – 12/13 figures are indicative - awaiting final validation						
Cancer waits 2 week wait target	95.4%	93.6%	93.7%	94.7%	95.3%	93%
2 week wait breast symptom referrals - % seen within 2 weeks	96.3%	96.2%	95.9%	96.5%	96.5%	93%
Cancer wait 31 day wait for first definitive treatment for all cancers	98.6%	98.1%	98.8%	99.0%	98.3%	96%
Cancer wait 31 day wait for subsequent drug treatments for all cancers	100%	99.9%	100%	99.6%	99.4%	98%
Cancer wait 31 day wait for subsequent surgery treatments all cancers	98.8%	98.8%	99.1%	98.0%	98.6%	94%
Cancer wait 31 day wait for subsequent radiotherapy treatments all cancers	NA	99.5%	98.7%	98.4%	98.8%	94%
Cancer wait 62 day wait for the first definitive treatment for all cancers	88.3%	85.2%	86.9%	86.4%	84.7%	85%
Cancer wait 62 day wait for treatment of all cancers referred from a national screening service.	92.5%	94.7%	94.5%	92.8%	94.9%	90%
18 weeks referral to treatment time (RTT)						
18 Week RTT for admitted patients	93.3%	95.4%	92.1%	91.1%	86.7%	90%
18 Week RTT for non-admitted patients	98.6%	98.8%	98.8%	99.0%	98.7%	95%
Incomplete patients				94.0%	94.6%	92%
Accident and emergency						
4 hour maximum wait in A&E from arrival to admission, transfer or discharge	98.9%	98.4%	97.5%	95.9%	96.7%	95%
Self-certification against compliance with requirements regarding access to healthcare for people with a learning disability.						

The figures in this table show the cumulative year-end position to enable comparison from year to year. All cancer targets were achieved for quarter 3.

The numbers of patients we saw in 2013/2014 compared to 2012/2013 (denoted in brackets) include:

- **86,282 emergency admissions (86,227)**
- **125,873 patients in accident and emergency (128,2012)**
- **26,757 through our urgent care centres and 41,475 through the Resolution Walk-In Centre**
- **186,172 inpatient and daycase patients (183,463) in our acute hospitals and 2,142 in our community hospitals (both figures based on finished consultant episodes)**
- **486,091 outpatient attendances - new and review (462,340)**





External scrutiny and regulatory ratings

Maternity services achieve CNST level 3

Maternity services across the organisation achieved a maximum level 3 status in the Clinical Negligence Scheme for Trusts (CNST) maternity standards – one of very few in the country to achieve this standard with a score of 48 out of 50.

It followed a rigorous two-day assessment looking at all aspects of maternity care over five specific standards - organisation, clinical care, high risk care, communication, postnatal and new born care.

This detailed assessment process included interviews, document and policy checks and examination of health records and review of clinical audits to ensure that our policies and guidelines are implemented consistently in every day practice.

The NHS Litigation Authority (NHSLA) provides an 'insurance scheme' to NHS trusts against claims for clinical negligence through the Clinical Negligence Scheme for Trusts (CNST).

Trusts have to meet standards of care that show they are promoting and using effective risk management to minimise the risk of harm to their patients. Because of the nature of claims in NHS maternity services (where payments for incidents are high as they often have to support the baby throughout their life), a separate set of CNST standards are in place for maternity services.

The CNST rating is a very clear indicator of the safety and quality of care provided for mothers delivering at our maternity units, either in the hospital itself or at home with the support of our community midwives, and is a testament to the entire team involved.

New risk assessment framework - Monitor

In October, Monitor updated the regulatory framework under which it ensures NHS foundation trusts are well run and can continue to deliver good quality services for patients in the future, after changes following the Health and Social Care Act 2012.

The new framework assesses both how well they are governed and any potential risk to their financial sustainability. Where a concern is indicated, Monitor will consider whether to request additional information or launch a formal investigation and, subsequently whether to take regulatory action.

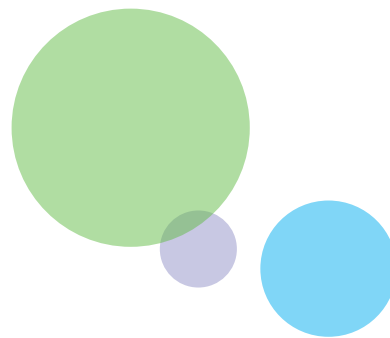
Again the framework is divided into a governance rating – which highlights any concerns about the way a trust is being run – and a continuity of services risk rating which represents Monitor's view of the level of financial risk a provider is running and what Monitor is doing about it.

In addition, where local commissioners decide which essential services need to be protected if a provider gets into financial difficulty, Monitor will work with the trust to take steps to ensure these services are safeguarded.

The revised regulatory regime also recommends that foundation trusts should commission an independent review of their governance every three years.



External scrutiny and regulatory ratings



The process around these ratings remains the same. All foundation trusts are asked to assess their own compliance with the terms of their licence, as part of a risk-based approach to regulation.

Each trust submits an annual plan, plus quarterly and ad-hoc reports to Monitor, which uses this information to assign annual and quarterly ratings, review actual performance against plans and identify any steps that need to be taken to address problems. Compliance issues against each quarter are outlined below and, in each case, an action plan was submitted:

Quarter one:

- 18-week referral to treatment for admitted patients - performance was 88% against a target of 90%
- 62-day wait for the first definitive treatment of all cancers referred from a national screening service - performance was 81.3% against a target of 90%
- Clostridium difficile - performance was 16 cases (year to-date) against a target of 10

Quarter two:

- 18-week referral to treatment for admitted patients - performance was 86% against a target of 90%
- 62-day wait for first definitive treatment of all cancers - performance was 83.6% against a target of 90%
- Clostridium difficile - performance was 30 cases (year to-date) against a target of 19

Quarter three:

- 18-week referral to treatment for admitted patients - performance was 86.5% against a target of 90%
- Clostridium difficile - performance was 47 cases (year to-date) against a target of 28

Quarter four:

- 18-week referral to treatment for admitted patients - performance was 83.4% against a target of 90%
- 62-day wait for first definitive treatment of all cancers - performance was 84.7% against a target of 90%
- Clostridium difficile - performance was 57 cases against a target of 37

Quarterly reports are published by Monitor on its website at www.monitor.gov.uk and the two risk ratings are now:

- Continuity of services rating (rated 1-4, where 1 represents a significant risk, 2 a material risk, 2* a material risk which is stable, 3 emerging or minor concerns and 4 no evident concerns – the lowest risk)
- Governance rating (trusts are rated green if no issues are identified and red where enforcement action is being taken)

The following tables show the trust's risk assessment framework for the year and a comparator to 2012/2013. An analysis of our performance – and action taken - is detailed under the next section.

	Annual plan 2013/2014	Q1	Q2	Q3	Q4
Under the compliance framework					
Governance risk rating	Amber/red	Amber/red	Amber/red		
Financial risk rating	3	3	3		
Under the risk assessment framework					
Continuity of service rating	3	2	2	2	2
Governance rating	Amber/red	Amber/red	Issues identified – c.diff & RTT	Investigation open	

	Annual plan 2012/2013	Q1	Q2	Q3	Q4
Under the compliance framework					
Governance risk rating	Amber/green	Amber/red	Amber/green	Green	Amber/red
Financial risk rating	3	3	3	3	3
Under the risk assessment framework					
Continuity of service rating	3	3	3	3	3
Governance rating	Amber/green	Amber/red	Amber/green	Green	Amber/red



Monitor investigation

In October, Monitor launched an investigation into the trust's compliance with its licence, primarily around governance concerns that patients were waiting too long for treatment.

This was after we failed to meet the national 18-week referral to treatment time target (RTT) for three quarters in the past 12 months – part of an organisational agreed plan (signed off by the Board of Directors) to continue to work through the backlog of patients who had been waiting a long time for treatment due to the exceptionally busy – and prolonged - winter period in 2012/2013 which meant many planned operations had to be cancelled.

While action plans were in place to try and bring the trust back into compliance, failing the target for a third quarter triggered Monitor to open a formal investigation. Other areas picked up by the regulator included:

- Eight reported 'never events' since December 2010, six of which related to surgical interventions. Monitor was keen to see if the root cause had been identified and what action had been taken in setting up an independent review.
- The trust expecting to fail its *Clostridium difficile* targets for 2013/2014 (a challenging target for the full year of 37 cases).

Background and a summary of actions taken around these key areas are included below although extensive reports have been shared with Monitor.

18-week referral to treatment time target (admitted patients)

Historically, the trust has had a good record of achieving the 18-week referral to treatment time (RTT) target as it appreciates the negative impact on patients of waiting for much needed treatment.

The problem with achieving the target was first highlighted after the winter of 2011/2012, largely due to capacity and demand issues in three high volume specialities but extra funding from commissioners eased the situation with extra weekend work and moving some cases to the independent sector.

While this action helped the organisation achieve and maintain compliance with the 18-week admitted target at aggregate level, the position was exacerbated as a direct result of unprecedented pressure on services for a sustained period of time over the winter of 2012/2013.

The North east as a whole suffered a long prolonged spell of cold weather that resulted in a huge rise in respiratory complaints – and ultimately deaths - and contributed to the number of ambulances arriving at our accident and emergency department at James Cook regularly being double the weekly average.

Many of the patients who needed emergency care were frail elderly people with complex conditions and when it came to discharge it proved difficult to place them in suitable alternative health or social care, resulting in bed blockages in our acute services.

Over a six-month period, 549 elective procedures were cancelled and other factors such as a neighbouring foundation trust decommissioning inpatient activity for plastic and oral surgeries (transferring the activity to South Tees) and growing waiting lists in cardiothoracic services also impacted on the 18-week target.

While all divisions/specialities have worked hard to achieve compliance at speciality level, four key areas were identified as not being compliant - orthopaedics, cardiothoracic services, plastic and oral surgery.

The trust tried to address the shortfall in performance, partly by seeking support from independent providers, and in September 2013, enlisted the help of the NHS IMAS (interim management and support) intensive support team which has since worked closely with us to identify underlying issues and develop action plans to bring the organisation back to a compliant position.

This includes addressing deficits in capacity and demand planning in some services and with their support we predict we will achieve an aggregate compliance with the target at the end of May 2014, although work continues on delivering plans that will ensure a sustained 18-week RTT position for all services in the future.

Clostridium difficile

For a number of years, the trust has made a major impact on tackling infection, including *Clostridium difficile*, with large percentage decreases year-on-year, including a 27% reduction in 2012/2013 when we recorded a total of 49 trust-attributed cases.

As a result of this past success, the organisation was set a national target of no more than 37 cases in 2013/2014 and the Board - conscious this would be challenging, particularly in an organisation that treats over a million people a year – flagged it as a possible risk at the start of the financial year.

For the majority of 2013/2014, the trust saw an average of two or three cases per month and if this trajectory had continued, we would have achieved this target. However in May and December there were two outbreaks of *Clostridium difficile*, which made a significant contribution to the trust breaching the target and, for the first time in a number of years, the organisation experienced a number of cases of patient to patient infection.

Reducing *Clostridium difficile* infection is reliant on constant purpose around a small number of actions including hand hygiene, cleaning, antibiotic prescribing control, prompt isolation of infected patients and infection prevention control training.



External scrutiny and regulatory ratings

To reinforce the need for all staff to contribute to reducing harm to patients, the director of nursing and quality assurance led a number of actions including:

- Increased training for both trust staff and contractors who provide cleaning services – including director-led sessions that reached over 1,000 staff
- Reviewed cleaning standards and increased cleaning in a number of areas, as well as trialling the use of cleaning wipes for regularly used equipment
- Worked with GPs to emphasis messages around antibiotic prescribing
- Refreshed information around the trust about the importance of hand hygiene.

The trust also sought the support of two external reviewers including Professor Mark Wilcox – one of the country's leading experts in this infection - to identify if there were any further actions the organisation should be taking.

Again these findings reinforced the need to concentrate on the key areas already identified above, including better management of patients with diarrhoea.

Staff from the trust also visited other organisations to share best practice and the chief executive's appointment as patron of the Infection Prevention Society (IPS) has also enabled us to bring back examples of good practice in *Clostridium difficile* prevention to share with the trust.

Reducing infection is a key patient safety target which will always require constant vigilance from every member of staff if we are to create a zero-harm culture for all our patients. In 2014/2015 we have been set a target of 47 trust-attributed cases, so we recognise further improvement is needed through constant purpose and sustained good clinical practice.

Never events

The trust is clear about its commitment to zero harm and has a strong patient safety culture - backed up by external reviewers – although we accept that never events should be just that and take great steps to avoid them.

As a large teaching hospital providing local, regional and some national services, we treat over a million people every year and – based on that level of activity - nationally there is an expectation there would be a ratio of one never event per 16,508 operations.

Based on organisational activity of 44,000 operations per year, this would equate to an expected 2.5 never events each year.

Since December 2010, we have declared six surgical never events - equivalent to one in 18,300 operations – and external reviewers have looked at these in detail, taking the view that two of them were not true never events (reducing the incidence of never events to one in every 27,500 operations).

Both these figures are significantly below the national average and while the trust has not had a never event since July 2013, both the board and our clinicians know how serious they are for the patients involved.

All never events are subject to rigorous internal review and lessons learned are widely shared, not only with staff but also the local clinical commissioning group and area team, as well as documentation and processes being reviewed through the North East Quality Observatory.

An independent review of our six declared surgical never events was also carried out in November to determine:

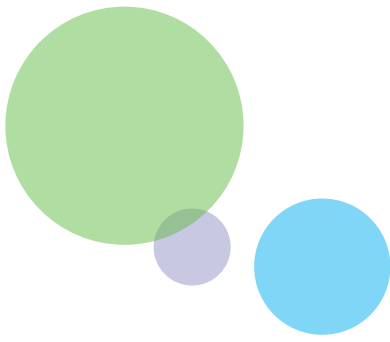
- Was the root cause identified?
- Was the action taken likely to prevent recurrence?
- Was the action taken quickly?
- Was action effective long term?
- Engagement in processes?

A feedback event, attended by over 200 clinicians, was held by the reviewers who concluded that no unsafe practices were observed, the trust had a good safety management system and safety practices not present in other organisations and a strong corporate safety culture.

“We believe that South Tees has a strong corporate safety culture and this was also observed in theatres. There are clear policies and the trust follows the national guidance on surgical never events. There is good evidence that the trust has investigated the never events and implemented changes.

“Furthermore we consider the on-going risk of never events to have been much reduced by the actions taken ... and consequently going forward we consider the trust to be exceptionally safe.”

The trust was also advised to provide human factors training, standardise physical elements such as whiteboards in theatres and review the instrument inventory – all actions we're taking forward with regular updates to the board.



Care Quality Commission

As part of its inspections of hospitals in England to ensure they are meeting the national standards of quality and safety, the Care Quality Commission visited all of our hospital sites and premises in both acute and community settings.

Following these reviews, the trust received the outcome of the final element of its inspections which is the assessment of compliance with standard 16 – assessing and monitoring the quality of service provision – and all sites were found to have met this.

Full details of each individual report are available on the CQC’s website at www.cqc.org.uk and a summary of all inspections is listed below:

“Over the last two years we have inspected every trust registered hospital and community base. We have completed annual inspections of The James Cook University Hospital and the Friarage as well as completing themed inspections at the hospitals, which looked at both accident and emergency departments as well as the trust’s termination of pregnancy services. We found that the trust encouraged us to identify any ways they could improve.

Teams of CQC staff have inspected all the locations and these teams included specialist advisors and experts by experience. Throughout the two years we have held regular meetings with trust representatives and discussed work the trust is completing to maintain and improve their service. We have found that over the two years the trust has remained compliant with all the regulations.

Our central analytic team have constantly reviewed the data the trust has submitted to the various bodies overseeing their work and used this to assess the performance of the trust. The central team have also compared this information on performance against other trusts both in the North east, across the country and against trusts with similar size populations and services. The last published risk rating for the trust placed them in band 6, which is the lowest risk rating.

We found that the trust’s quality assurance system was effective. It covered all aspects of the service and did not lose sight of the needs of the patients using the community services.”

CQC intelligent monitoring report

The trust was ranked among the best in the country the Care Quality Commission’s new hospital inspection programme, which placed 161 trusts nationwide into six bands according to performance in 150 key areas.

South Tees was one of only 37 trusts nationally and two in the North East to be rated as band 6 - the lowest risk group.

The intelligent monitoring report looks at key areas such as patient experience, staff experience and statistical measures of performance and will be used to guide the CQC as to which trusts should be prioritised for inspections.

Since the publication of the first report in October, a number of changes were made and in March we were assigned a higher risk rating of band 4 with five risks identified compared to four which are included in the table below:

Risk	October 2013	March 2014
Hospital standardised mortality ratio (HSMR)*	√ (Elevated risk)	√ (Elevated risk)
Hospital standardised mortality ratio (HSMR) (weekday)*	√ (Elevated risk)	
Composite indicator in-hospital mortality – musculoskeletal conditions*		√ (Elevated risk)
Composite indicator in-hospital mortality – trauma and orthopaedic conditions*		√ (Risk)
Never event incidence	√ (Risk)	
Monitor – governance risk rating		√ (Risk)
Consistency of reporting to the National Reporting and Learning System (NRLS)	√ (Risk)	√(Risk)

* Note HSMR and composite indicators are grouped as one risk each.

The issues around our governance risk rating, never events and mortality rates are covered elsewhere in the annual report and quality account. We’ve also looked in detail at the composite indicators for musculoskeletal and trauma/orthopaedic conditions and while we cannot replicate the methodology used, the Board was assured that there aren’t quality of care concerns.

The consistency of reporting to the National Reporting and Learning System (NRLS) was flagged as a result of delays in uploading the incident data and has subsequently been rectified.



together we do the amazing





Patient experience and the environment

Patients tell us that their experience of care is just as important as clinical effectiveness and safety. They want to feel informed, supported and listened to so they can make meaningful choices about their treatment and are seen as more than just a number.

Friends and family test

The NHS friends and family test provides an important opportunity for patients to feedback on the care and treatment they have received at the trust and helps us to improve services.

Introduced in 2013, it asks patients whether they would recommend hospital wards, accident and emergency and maternity departments to their friends and family if they needed similar care or treatment.

During the year the response rate from patients has increased from five per cent to 26.5% and our inpatient net promoter score has remained consistent between 78 and 85 (on a scale of -100 to 100), placing us consistently among the best performing trusts in the country.

We have found obtaining feedback from patients in accident and emergency more difficult (55 to 83) and while response rates are improving we are looking at innovative ways of improving this rate, including introducing a token system to complement the questionnaire.

Listening to and acting on complaints and concerns

Poor communication often lies at the heart of many NHS complaints and can lead to patients and their families feeling increased anxiety, vulnerability and powerlessness. Getting it right is a cornerstone of providing quality health care and an area we recognised we could improve on.

By asking, monitoring, and acting on feedback we receive from complaints and concerns raised by patients and their families, we can help to shape current and future services and make improvements in the areas that patients say matter most to them.

Between 2013/2014 we dealt with 391 formal complaints, which received a written response from the chief executive, compared to 371 in 2012/2013.

A total of 13 requests were received by the Parliamentary and Health Service Ombudsman, whose role is to investigate complaints that individuals have been treated unfairly or have received poor service.

Of these, five were not upheld, two were partially upheld, three were in respect of cases where the trust has assisted another trust/ agency, one was a request for information only and two are awaiting a decision from the ombudsman.

We also had 2,281 PALS enquiries, a slight decrease compared to the 2,386 dealt with last year, and some of the changes made in-year as a result of complaints and concerns included:

- Standardising visiting times for all wards and hospitals from 3pm to 8pm from 1 April 2014 with open visit allowed in specific areas such as acute admissions and the children's wards.
- Introducing a new process to track dietitian referrals from James Cook to the Friarage.
- All children with gastrostomies now have a specialist consultant (named lead)
- Rolling out a campaign to identify the different grades of staff and their uniforms as a direct response to patient feedback



Patient experience and the environment

Gathering real-time patient experience is important as it enables us to be responsive to their needs. We can identify what is important to them at the time and, where possible, make improvements that will positively affect their immediate care.

We were a finalist in the Nursing Times Awards for our work around capturing patient stories on film and feeding directly back to the teams involved in their care and continue to use technology to drive forward other projects, including receiving £15,000 of funding to buy 20 I pads, along with a 'survey monkey' licence.

This enables staff – working with the patient experience team – to produce suitable surveys which are deployed on the I pads and taken out to various wards and departments. Results are then analysed with action plans produced and monitored.

National complaints review and internal work

In-year, the trust's chief executive Professor Tricia Hart and the Rt Hon Ann Clwyd MP were commissioned by the Prime Minister and the Secretary of State for Health to carry out an independent report into the way in which the NHS handles complaints after the failings at Mid Staffordshire NHS Trust.

At the same time, two internal reviews of complaints were also commissioned to specifically examine their handling and the service user experience of people making complaints.

These covered both patient advice and liaison service (PALS) and our formal complaints processes and were carried out by a small group of governors, non-executive directors and the trust's complaints leads led by the patient experience co-ordinator.

The two groups worked alongside each other and also contributed to the national review (with a team visiting the James Cook site in April) and its final recommendations which were published in 'A review of the NHS hospitals complaints system putting patients back in the picture' in October.

In summary the national key recommendations, some of which are already implemented at South Tees, included:

- **Board level responsibility** – Chief executives need to take responsibility signing off complaints. The trust board should also scrutinise all complaints and evaluate what action has been taken. A board member with responsibility for whistleblowing should also be accessible to staff on a regular basis.
- **Transparency** – Trusts must publish an annual complaints report in plain English which should state complaints made and changes that have taken place.
- **More information on the wards** – Trusts should ensure that there is a range of basic information and support on the ward for patients, such as a description of who is who on the ward and what time visiting and meals take place.

- **Trust complaints scrutiny** – Patients and communities should be involved in designing and monitoring the complaints system in hospitals.
- **Easier ways to communicate** – Trusts should provide patients with a way of feeding back comments and concerns about their care on a ward, including by putting a pen and paper by the bedside and making sure patients know who they can speak to, to raise a concern.
- **Patient services and independent advice** – the patient advice and liaison service should be rebranded and reviewed so its offer to patients is clearer and it should be adequately resourced in every hospital. The Independent Advocacy Services should also be rebranded and reorganised.
- **Appeals review** – The system of appeals to the ombudsman must be reviewed to make sure there is a clear direction for patients.

A detailed paper on the national recommendations, the trust's current position against each one, the findings of the internal review and actions taken, were shared with the Board in December.

Overall it was felt the trust was well advanced in demonstrating it had a listening ear for the comments of patients who have gone through the complaints system but must demonstrate its commitment to constant improvement through strong corporate and strategic leadership.

This would help staff to feel empowered and supported to deal with complaints at the earliest and most informal opportunity and at the point nearest to service delivery which is clearly in the best interests of patients, staff and the organisation.

A new patient experience sub-group has been formed which has - as part of its terms of reference – the accountability for receiving and analysing patient experience data (from complaints, compliments, PALS, claims, patient surveys, staff surveys and other relevant sources) to identify trends, risks and learning for the organisation.

This group is also responsible for:

- Interpreting and disseminating national (and other relevant) guidance in relation to patient experience and identifying any relevance/action for the trust
- Ensuring the trust's compliance with regulatory, reporting duties and standards around complaints, PALS and patient experience, as well as overseeing the implementation of the action plan developed from these reviews
- Identifying and advising the learning and development team of specific training needs to support the delivery of a positive patient experience and contribute to the development of any learning programme
- Providing a forum for consultation on procedural documents contributing to their development and/or adaptation

Compassionate customer care

Providing compassionate customer care is extremely important and high-profile following both the Francis and Keogh reports. All patients have a right to be recognised as individuals, consideration given to their needs and they are treated with respect and dignity during every contact made with our organisation.

As part of the trust's transforming outpatients' project, we gathered patient evaluation of the outpatient services we currently provide through face-to-face interviews and surveys and one area of concern identified was the attitude of receptionist staff.

As reception areas are windows to our organisation, we delivered compassionate customer care training to this staff group, which was widened to more frontline staff in response to the positive feedback received and 550 staff have now been through the training.

National cancer experience programme survey

In-year the national cancer patient experience programme survey 2012/2013 showed nine out of ten cancer patients rated the care they received at South Tees as excellent or very good.

In the survey, which 763 patients completed, patients were asked to rate their whole experience – from seeing their GP and having diagnostic tests, through to the care and treatment they received in hospital, access to staff, the quality of information given and the discussion and inclusion into clinical research trials.

The trust scored among the top 20% of trusts nationally in a number of areas including always treating patients with respect and dignity (87%) and never giving conflicting advice (86%) and also improved scores in a number of areas including:

- 88% of patients said they were given choice of different types of treatment compared to 79% last year
- 87% of patients said they were treated with respect and dignity by staff compared to 81% the previous year

Key results also showed:

- 91% of patients said the care they received was excellent or very good
- 87% of patients said they had confidence and trust in all the doctors treating them
- 95% of patients said they were always given enough privacy when examined and treated
- 90% of patients said they were given the right amount of information about their condition and treatment
- 26% of patients said they had discussed taking part in cancer research
- 65% of patients said there were always/nearly always enough ward nurses on duty

As always, we will go through the survey in detail and assess the feedback – both good and bad – to see where we can improve our services for future cancer patients and a report will be shared with the Board in due course.

Inpatient survey

The Care Quality Commission's annual survey of inpatients was carried out in-year which asked people to give their opinions on the care they received, including information provided by staff, whether they were given enough privacy, the cleanliness of their wards, and their discharge arrangements.

Responses were received from 439 patients aged 16 and above who had stayed in hospital at least overnight, a response rate of 53% which was higher than the national average (49%) and an improvement on last year's uptake.

Results were around the same as last year and, again, the organisation was rated highly for patients' overall views and experiences during their time with us.

One area where our score had deteriorated was patients using the same bathroom or shower area as patients of the opposite sex. In older parts of the hospital estate, we have recognised some wards need upgrading to improve the overall environment for patients.

This work began in-year when ward 3 at James Cook underwent a £1.3million upgrade which included increasing the number of single rooms and providing seven en-suite bathrooms and a longer-term proposal is in place to refurbish a ward block.

Concerns around the length of time patients were on the waiting list also increased, which is probably a reflection of the pressures experienced during the prolonged winter period last year which impacted on our elective programme.

Chemotherapy patient experience survey

The results of the first national chemotherapy patient experience survey were published in November after being carried out by Quality Health for the Department of Health and the national cancer action team.

A total of 227 patients took part in the questionnaire which looked at three distinct areas – their awareness and involvement of the consent process, choices and information before treatment started, the type of treatment they had and where they had it and the information they were given when their care had finished with an overall rating of care.

Feedback on services patients received at the trust was extremely positive and reflected a high standard of information, treatment and support with 94% rating their overall care as excellent or very good (compared to a national average of 91%).



Welcome to
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Patient experience and the environment

Maternity survey

Mums who had given birth in February 2013 were invited by the Care Quality Commission to take part in a major survey of maternity services in England and give their views on a range of issues including whether they were given the pain relief they wanted, if they were left alone at a time when it worried them and whether they were offered a choice of where to have their baby.

Scores were given for three categories: labour and birth, staff and care in hospital after birth and questions also focused on women's experiences on the cleanliness of wards and toilets, whether they were treated with respect and dignity, whether they had confidence in staff and if call bells were left unanswered.

The results were published in December 2013 and the trust's scores for antenatal, labour and birth, as well as post-natal services, were ranked among the top ten nationally.

In total, 250 questionnaires were sent out and 138 women aged 16 or over, who had given birth at the James Cook or Friarage hospitals, took part in the survey - a 41% response rate. Some of the best performing areas included:

- Getting enough information from the midwife or doctor to help them to decide where to have their baby
- Being involved in decisions about care during antenatal care
- Being involved in decisions about care during labour and birth
- Having confidence and trust in the staff caring for them during labour and birth
- Given the information and explanations needed
- Midwives and other health professionals giving active support and encouragement about feeding babies
- Receiving help and advice from health professionals about their baby's health and progress.

Overall our aim is to ensure that all women are treated with respect and dignity, kindness and understanding during their pregnancy, labour and birth and the trust's aggregate score was 26.2 out of 30 – with a rating of 9/10 for labour and birth, 9/10 for staff and 8.2/10 for care in hospital after birth. Some key action areas the teams are looking at include:

Communication

- Ensuring women are given enough information to help them decide where to have their baby
- Ensuring both verbal and written information is easily understood by women, and that all the information and explanations required are given, particularly to new mothers after the birth of their baby

Involvement

- Looking at ways of increasing the number of women who feel involved in decisions about their care during pregnancy, labour and the birth of their baby

Care

- Looking at reasons why some women and their partners feel they are left alone at times which they find worrying during labour, birth and during postnatal stays
- Ensuring women are given full support and encouragement, practical help and consistent advice about feeding their baby, particularly in relation to breastfeeding

Family suite opened for patients and their families

Paralympic champion gold medallist Marc Woods officially opened a newly refurbished family suite on ward 14 at James Cook, which provides care for patients requiring palliative care in the final stages of their illness.

The suite provides a quiet environment for relatives to spend time with their loved ones in the final days of their life and facilities include a hospice style side ward with an adjoining flat, providing a comfortable and private area for relatives.

Staff on the ward wanted to improve and enhance both patients' and relatives' experience - particularly for families wanting to stay overnight - while protecting their privacy and dignity.

Working with the planning team and Interserve Construction, which generously provided £8,000 worth of work, supported by their local chain suppliers who contributed services and materials free of charge, the project was completed as part of Interserve's Employee Foundation.

Furniture and furnishings were also bought from the ward's charitable funds with help from The James Cook University Hospital Voluntary Services.



Patient experience and the environment

Patient-led assessments of the care environment (PLACE)

The Health and Social Care Information Centre (HSCIC) published its first report on the new Patient-Led Assessments of the Care Environment (PLACE) programme, a voluntary initiative covering both the NHS and the independent sector.

PLACE is the new system for assessing the environmental quality of hospitals, hospices and day treatments providing NHS funded care and replaced the Patient Environment Action Team (PEAT).

The assessments see local people go into hospitals as part of teams to assess how the environment supports patient's privacy and dignity, food, cleanliness and general building maintenance. It focuses entirely on the care environment and does not cover clinical care provision or how well staff are doing their job and self-assessment of more than 1,300 health premises took place. Details of the trust's results are below:

	Overall trust score	National average
Cleanliness	99.76%	96%
Condition, appearance and maintenance	94.49%	89%
Privacy, dignity and wellbeing	89.7%	89%
Food and hydration	86.97%	85%

The publication of these results is another step forward in being more open and transparent about the services/facilities we provide to patients. The full report, including a breakdown of individual trust sites, is available at: <http://www.hscic.gov.uk/catalogue/PUB11575>

Ward gets £1.3million upgrade

The patient and staff environment on ward 3 was totally transformed after a £1.3million upgrade, which forms part of longer term plans to improve the overall environment of the old 1-12 ward block at James Cook.

In its previous condition, the ward did not create an environment which allowed us to deliver modern patient care – it had inadequate sanitary facilities, there was an issue with beds and space and we knew we could do more to address patients' privacy and dignity. Now while the footprint is the same, the ward looks completely different with changes including:

- Increasing the number of single rooms to nine
- Putting in seven en-suite bathrooms and improving overall sanitary facilities
- Each bed now has oxygen and vacuum facilities
- Creating a quiet room, two 'hot desks' for doctors and a new staff room
- Complete redecoration, including flooring and replacing ceilings
- Adding a feature wall in each of the bays and single rooms

The six-month project also considered the needs of dementia patients and other features were added for staff including 'note shelves' so nurses can now write up their notes in the bays and single rooms.

Another crucial development which started in-year was work towards the relocation of the haematology day unit to another part of the hospital, to provide a better environment for patients.

Smoke free site

The National Institute for Health and Clinical Excellence (NICE) published new guidance stating all NHS hospitals and clinics should become completely smoke-free to help all patients who smoke, including those receiving mental health treatment, to stop smoking while they receive care, and preferably help them to stop for good.

It includes a range of recommendations on effective actions including promoting cessation in advance of planned admissions, immediate provision of smoking cessation drugs and behavioural support after admission to hospital, and making all NHS secondary care settings completely smoke-free.

The trust has had a smoke free policy in place for a number of years and has done a lot of work to provide stop smoking support to our patients and staff across the organisation and to try and prevent smoking anywhere in our hospital grounds.

However it remains a key issue that we cannot legally enforce a smoking ban on site. In year the trust's smoking cessation group – renamed the smoke-free group – was reconvened to review the recommendations and raise the profile of this issue across the organisation and wider community.



this is Redcar & Cleveland

**AWARE OF TOO MUCH
TOO YOUNG**

**KEEP ILLEGAL
TOBACCO OUT**

stop

Patient experience
and the environment

49



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NHS CHANGE DAY
Do something better together

NHS

3.03.2014

PLEDGE

SHARE

DO

INSP

HAVE YOU PLEDGED

Service developments and change

The NHS is constantly seeking out ways to modernise services, but there is still more to do to improve health outcomes, reduce health inequalities, and secure the long-term sustainability of services through transformative plans and, potentially, reconfiguration of health services.

Organisational restructure – continuing the journey

From 1 April 2014, the way our organisation is structured has changed from having 13 clinical divisions to seven clinical centres.

The rationale behind the restructure is to strengthen the trust's leadership so we are fit for the future at every level - from the Board to frontline – and can respond to and meet the oncoming challenges we face due to changes in the health service which include:

- Challenging NHS financial settlements and efficiency targets
- Increased competition
- GP commissioning changes, which means existing referral patterns are not guaranteed
- Greater patient choice and information
- Increased public scrutiny
- Increased external scrutiny and regulation

The new structure recognises that the success of the trust to-date is largely due to the level of staff engagement, continuing leadership and involvement of clinical staff in everything we do, and that remains very much at the heart of how the organisation will move forward.

It will be underpinned by leadership, behaviour, accountability and performance and also addresses some of the blocks that occur from the way services are currently structured – reducing silo mentality.

The seven clinical centres each have a senior leadership structure of a chief or chiefs of service, a managing director to replace the existing divisional manager roles (rotational posts) and a head of nursing (again rotational posts) and are as follows:

- **Clinical and diagnostic services centre** – bringing together radiology, including neuro-radiology; pathology and clinical support services, including medical physics and sterile services.
- **Surgical services centre** – including all the current surgical services and we will also look to align these with gynaecological services over a two-year timeframe.
- **Women and children centre** – including all current services as well as health visitors, school nursing and therapies provided to children.
- **Tertiary services centre** – bringing together cardiothoracic services, neurosciences and sleep services.
- **Trauma and theatres centre** – brings together the two current divisions and aligns urgent care services in the community with accident and emergency.
- **Speciality medicines centre** – including all current services as well as palliative care, bereavement, skin and gastroenterology services. The centre will also include a new directorate of primary care.
- **Integrated medical care centre** – bringing together acute medicine including critical care, community services, all stroke services and community hospitals.

To strengthen our approach to education, training and research, the academic centre is now aligned with the directorate of quality assurance; while the health records team has moved to operational services and the IT function has transferred to the finance directorate.



Service developments and change

Transforming the care we deliver

Frontline and support staff across the trust were actively involved in the Transforming The Care We Deliver programme, one of the major strategic issues for the trust which seeks to transform care underpinned by supporting information technology.

The programme covered three key areas including:

- An electronic patient record (EPR) – to provide a single accessible record of all relevant patient-based data
- An electronic document and records management system (EDRM) – to transfer existing paper-based clinical records to an electronic format to complement the EPR
- The supporting IT structure – implementing all the necessary data networking and user devices so we can use the above systems to their fullest potential

Through the procurement process, we scrutinised a number of potential partners and had narrowed this down to a competitive dialogue with one partner. However after extensive discussions, the Board agreed that the position reached did not fully meet our requirements in a number of key commercial areas.

While this was disappointing, the trust has renewed its commitment to this programme and is working on alternative plans to deliver its benefits within the current resources available and one such project is detailed below.

Nursing Technology Fund - £1.4m

As part of our drive to improve technology for clinical staff, the trust was one of 75 across the country to receive the first round of investment from the 'Nursing Technology Fund' – a total of £1.4million.

Two successful bids were developed by nurses – for nurses – which will allow us to develop more modern ways of working both in community and hospitals settings, all of which will deliver real improvements to patient care and safety. The projects are:

- **Vital signs monitoring - £1million** – This patient safety initiative will help ward-based clinicians to record clinical data on hand held devices, so the NEWS – national early warning score - will be calculated electronically and accurately in a standardised manner. The project further supports the escalation of care for deteriorating and high risk patients based on evidence based protocols so importantly, care will be escalated to the most appropriate clinician to care for individual patients in a timely and efficient manner.

- **Mobile computing in community** – £444,000 - Over the last few years, an electronic patient record has been successfully rolled out in the community. Thanks to this funding, new high specification and lightweight laptops will be introduced so that mobile working can be more effective, further supporting nurses and our patients.

This will mean forms can be filled in there and then with the patient - saving nursing time - and access to information will be improved through dialling in through the phone network, again improving the patient experience and providing more 'time to care'. The funds will secure support for over 350 nurses across South Tees and North Yorkshire.

Prime Minister David Cameron announced the establishment of a Nursing Technology Fund to support nurses, midwives and health visitors to make better use of digital technology in all care settings, in order to deliver safer, more effective and more efficient care. The first round of funding was to be spent in 2013/2014.

MRI scanner appeal

In July, South Tees Hospitals Charity launched its first major fundraising campaign to raise £2million for an MRI (magnetic resonance imaging) scanner at the Friarage Hospital.

In partnership with the Friends of the Friarage – who have pledged an incredible £500,000 towards the appeal – they hope to reach this ambitious target by December 2015 and at the end of the financial year, £920,000 had already been pledged or donated, with an actual charitable fund balance of £173,730.

MRI scanners are increasingly used to diagnose a wide range of health conditions and the trust carries out over 17,000 scans every year – 4,000 of which are for patients living in the Hambleton and Richmondshire area.

However, as the Friarage Hospital does not have an MRI scanner, North Yorkshire patients currently travel to Middlesbrough or Darlington for these important imaging tests.

This campaign will help ensure the hospital remains at the forefront of patient care for the local population and will, ultimately, provide care closer to home, reducing travelling times and waiting times for patients.

A scanner is also a much-awaited resource by the Friarage medical teams and will be a welcome addition to the diagnostic services currently available there. Further information is available at www.friaragescannerappeal.org.uk.

Pioneering treatment for heart patients

James Cook became the first hospital in the UK to implant a new miniature wireless heart monitor – the Medtronic Reveal LINQ™ - which will primarily be used to help pinpoint why a patient is suffering blackouts or an irregular heartbeat.

Traditionally doctors would have implanted a loop recorder the size of a USB stick into a patient's chest to monitor their heart rate. These devices record on a loop system for up to three years.

If the patient experienced a blackout they would then use a separate device to freeze the recording which could then be assessed by a consultant at the hospital.

The new monitor offers all the same benefits but is a tenth of the size of the traditional loop recorder, making it much more comfortable and less noticeable under the skin – it is nearly invisible to the naked eye in most patients.

It also talks wirelessly to a receiver in the patient's house which, when the patient is near to it, automatically transmits any unusual heart activity through a wireless 3G signal to a secure system that can be accessed instantly by the heart team at the hospital who can then contact the patient if they need to see them.

As the monitor also comes complete with its own implant kit, there is no need for surgical kit and scalpels and it is hoped in future the procedure could be performed in just ten minutes in a treatment room rather than a theatre setting.

First for cardiovascular team

The cardiovascular team has pioneered two advanced techniques – never before used in this country – in the space of a few weeks.

Grandmother Joan Wanless, who was diagnosed with lung cancer, was the first patient to receive a small amount of radioactive tracer to find a tiny nodule, which would have been extremely hard to find during surgery and too high risk to do a biopsy using normal surgical methods.

In order to carry out the radio-guided technique special permission had to be obtained from the Administration of Radioactive Substances Advisory Committee. Pathology tests revealed the nodule was benign and a week later Joan, 72, had her tumour removed using a form of keyhole surgery known as a VATS (video-assisted thoracoscopic surgery) lobectomy which is much less invasive than traditional surgery.

State-of-the-art radiotherapy treatment

A state-of-the-art radiotherapy treatment for cancer patients which, in some cases, has reduced treatment times by up to a fifth won a national award.

Stereotactic ablative body radiotherapy – or SABR - uses the latest developments in radiotherapy technology from Elekta to deliver very high doses of radiation to tumours in the chest with millimetre precision.

By maximising the dose to the tumour, the risk of damaging surrounding normal tissues is minimised, increasing cure rates for patients as well as reducing side effects.

As well as being more effective than conventional radiotherapy, SABR is also much more convenient for patients as it requires fewer visits. It is typically delivered in three to five treatments compared to the 20-30 treatments of conventional radiotherapy and even very frail patients can tolerate the treatment.

This is an exciting new field in radiotherapy – and a big breakthrough in the management of early stage lung cancer - with James Cook being one of the leading centres in the UK. As the technique develops it is hoped SABR will be used to treat localised tumours in liver, kidneys, bones and prostate.

The clinical team leading the SABR programme picked up the prize for efficiency in medical technology at the Health Service Journal (HSJ) Efficiency Awards.

There have been significant benefits in delivering improved quality with a substantial reduction in cost to the health system. The project has a strong patient centred approach and is comprehensive enough replicate in other hospitals across the NHS."

"Projects such as South Tees' help safeguard the future of the NHS, ensuring its resources are used to their full potential, helping to make savings in a way which enhances, rather than damages, patient care."





James Cook University Hospital/

H

Artis Workplace

Examination

mGy

$\mu\text{Gy}^{\text{cm}^2}$

kV

mA

Measure Field

ms

Focus

Time

Cu mm

fs

Dilatation

$\Sigma A+B$

kV

μA

ms

Cu mm

ps

Heat Unit %

EE 17%

AB 0%

xy 0.0/0.0

WB 3100

WC 50

3 workload item(s) received, b.

Service developments and change

Surgery first down to a 'T'

A team of highly-skilled vascular surgeons successfully performed their first advanced 'T' branch stent graft - a complicated and innovative procedure which has only been carried out a small number of times in the UK.

When surgeons treat aneurysms (weakened areas of arteries) they are either treated by an open operation, involving a large cut in the abdomen, or by a stent graft through the groin arteries.

For recent complicated cases the team had been using a fenestrated stent, which has holes designed and manufactured to allow blood to flow through to the vital organs through which smaller stent tubes are fitted, and these are "made to measure" for individual patients, taking up to two months to manufacture.

But in a trust first, surgeons Mr Ian Nichol and radiologists Dr Simon Milburn and Dr Paul Walker fitted their patient with a new 'T' branch stent graft - an advanced technology stent (available on demand) which allows aortic aneurysms extending up to and beyond the kidney and bowel arteries to be treated.

The new stent graft will enable the team to treat a significant number of patients without the previous delays encountered and to expand the types of aneurysms that can be treated using key-hole type techniques.

Emergency thrombectomy offers promise to future stroke patients

Two stroke patients were among the first in the trust to have a new emergency procedure within 48 hours of each other, after conventional treatment showed no improvement to their condition.

Footballer Matt Crossen and mum-of-two Rachel Brace were both admitted to James Cook following a stroke but after clot-busting drugs showed no improvement to their condition, they underwent a thrombectomy (clot extraction) carried out by a consultant neuroradiologist.

While this is a promising new development it is not suitable for all stroke patients and is only recommended by NICE (National Institute for Health and Care Excellence) for patients where the intra-venous clot-busting drugs do not work. The trust hopes to take part in on-going clinical trials comparing both types of treatment.

First in spinal surgery

Spinal surgeons used remote control technology and a magnetic special rod to lengthen a young scoliosis patient's spine.

Previously, young children with severe early onset scoliosis had limited treatment options and as they continued to grow, their spinal curve could worsen significantly, leading to major long term consequences.

One method of treatment is a growth preserving operation which involves an initial open surgery to insert growing rods, followed by repeated operations to distract, or lengthen, the rods as often as every six months – until the child stops growing. The risk of complications and psychological trauma to the patient is significant.

But in a new technique, magnetic expansion control rods were used, enabling the magnets inside the rods to communicate with an external remote controller. This allowed surgeons to adjust the rods easily, quickly and more comfortably in the outpatient department avoiding repeated hospital admissions and surgeries.

The new technique is suitable for a specific type of spinal curvature in younger children from the ages of two to 11 years.

Surgery closer to home

Providing treatment in the community is a positive development for patients, allowing them to be treated closer to home and making it more comfortable and convenient for them and their families.

Now people needing minor surgical procedures can have surgery at Redcar Primary Care Hospital rather than travelling into Middlesbrough.

Up to seven minor surgical lists are being held every week at Redcar, with the first daycase procedures being performed by the plastic surgery directorate in October.

Patients with more complex conditions continue to have their surgery at James Cook but the move has freed up a theatre suite in the accident and emergency department, helping to provide more capacity for emergencies at the Middlesbrough hospital.

The trust has worked closely with South Tees Clinical Commissioning Group to take theatre services into the heart of the community and Redcar Primary Care Hospital provides an excellent environment and first class facilities for patients.



Service developments and change

Surgeons perform first rib plating operation

Surgeons performed their first rib plating operation to save the life of a farmer who was trampled by a bull and left fighting for his life with 22 fracture ribs.

Cardiothoracic surgeon Joel Dunning teamed up with orthopaedic surgeon James McVie to perform the hospital's procedure which involved pinning titanium plates to the broken bones to speed up the healing process, alleviate pain and reduce the risk of complications such as breathing difficulties.

The trust is only one of eight centres in the country to offer rib plating to patients with major fractures – some of our most critically injured patients – and with our regional trauma centre status, we estimate it helps patients from across the North east, increasing survival rates and reducing their days on the intensive care unit.

National award for sleep team

The directorate of sleep medicine's work to improve its service for patients with sleep apnoea has dramatically reduced waiting times and earned the team a national award.

The team was keen to see what more it could do for its patients just by working smarter and more efficiently and for six months, worked on improving the patient pathway with some impressive results including:

- Significant reductions in waiting times for all aspects of the service including halving waiting times for first appointments
- Improving access to care for patients and ensuring they are seen in a timely manner
- Increasing capacity in the service, allowing the team to offer more 'sleep solving' sessions for any patient having problems or issues with their treatment or equipment
- Having dedicated areas to see and treat patients
- Offering specialist nurse led new patient consultations
- Offering a new equipment service

Their work won a national Lean Healthcare Academy Award for 'sustained improvement to patient care'.

Appointment confirmation service

A new appointment confirmation service for people attending hospital outpatient clinics went live in August to try and reduce the number of missed appointments.

In 2012/2013, 67,085 outpatient appointments were missed at The James Cook University Hospital and the Friarage Hospital – 8% of all scheduled appointments – costing the trust thousands of pounds.

Now patients receive an automated call or text message six or seven days before their hospital visit, asking them to confirm their appointment details. The new service aims to:

- Improve patient services
- Reduce DNA (did not attend) rates
- Provide advanced notice of cancelled appointments which can be re-booked for other patients
- Reduce costs
- Make a positive impact on waiting lists
- Help the trust make maximum use of its capacity

Patients who do not wish to receive a reminder can contact the department detailed on their appointment letters and some outpatient clinics are also excluded from this service.



Raising our academic and research profile

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.

It presents a unique opportunity to pull together the adoption and spread of innovation with clinical research and trials, informatics, education, and healthcare delivery. The trust's chief executive is a board member, other core members also include universities and clinical commissioning groups.

The chief executive also chairs the partnership group of the Clinical Research Network North East and North Cumbria which helps to increase the opportunities for patients to take part in clinical research, ensures that studies are carried out efficiently, and supports the Government's strategy for UK life sciences by improving the environment for commercial contract clinical research in the region.

Okay to ask

As part of international clinical trials day, the trust was involved in the promotion of 'It's OK to ask' - a new campaign led by the National Institute for Health Research (NIHR) to encourage patients to ask about clinical research.

While in many cases doctors will tell patients about research we also need patients to ask about it to keep it at the top of the NHS agenda yet in a recent consumer poll, less than 21% of patients and the public said they would feel confident about asking.

As well as raising awareness, research nurses were also on hand to talk about the trials currently open and patients, who had already benefitted from taking part in clinical trials, kindly gave up their time to get involved.

Service developments and change

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Service developments and change

Raising our academic and research

Teaching and training

South Tees continues as the lead trust for the Tees base unit of Newcastle University's regional medical school, with our teachers involved in the development and delivery of the medical student programme.

We also have strong links with Teikyo University of Tokyo, Japan, hosting a visit of 20 medical and nursing students and were recently successful in our bid to take up to 60 medical students from NUMed (Newcastle University in Malaysia) on clinical placement in the next academic year – the only trust in the region to host the students.

We also appointed an academic lead for simulation and human factors – a role which has an undergraduate and postgraduate component with the broad aim of enhancing training in human factors including the use of simulation equipment.

Since their appointment, a successful bid worth £286,000 was made to Health Education North East for simulation equipment which will allow staff to practice clinical skills and scenarios (such as cardiac arrest) in safety without endangering patients - so that when it happens for real, they have been exposed to thinking about what to do.

This new technology will include manikins that breathe, talk and have heart beats alongside audio-visual equipment which will allow recording and immediate review of events to enable better feedback.

The academic directorate also improved its facilities for teleconferencing between James Cook and the Friarage following a successful bid to Health Education Yorkshire and Humber for £56,000, with increased usage for all postgraduate educational meetings and multi-disciplinary teams

The trust has had a series of very successful quality management visits from Health Education North East demonstrating the excellent training the trust provides.

PACES

The Membership of the Royal Colleges of Physicians of the United Kingdom – MRCP (UK) – part two clinical examination (PACES) is designed to test the clinical knowledge and skills of trainee doctors who hope to enter higher specialist training.

This exam sets rigorous standards to ensure that trainees are competent across a range of skills and ready to provide a high standard of care to patients and the trust is regarded as a first class centre for co-ordinating these examinations.

Following a visit from the Royal College in-year, some of the way we work and administer examinations has now been shared across all centres in the UK and used as a standard.

In addition to PACES, the academic centre successfully hosted the Intercollegiate speciality exams in orthopaedics and cardiothoracics, as well as the paediatric MRCPCH exam, raising the trust's academic profile.

Our commitment to research

Taking part in clinical research shows we are committed to improving the quality of care we offer and are making our contribution to wider health improvement. Our clinical staff keep up-to-date with the latest possible treatment options and recognise that active participation in research leads to improved patient outcomes.

We also have a new research and development strategy and are taking forward a business case to expand the research and development team so we can drive forward improvements in the initiation and delivery of research.

The number of patients receiving relevant health services provided or sub-contracted by the trust in-year who were recruited to take part in research approved by a research ethics committee was 2679.

In total, 122 research studies were approved by research and development in-year and the trust is currently recruiting to 143 portfolio studies - 88 interventional and 55 observational. A further 23 non-portfolio studies were opened and recruiting in year.

More than 600 clinical staff, covering 25 medical specialties, took part in research approved by a research ethics committee at the trust and we remain committed to testing and offering the latest medical treatments and techniques, an example of which follows.

Leading-edge research for heart surgery

Heart surgeons were awarded £250,000 to undertake leading-edge research comparing keyhole surgery to conventional surgery for patients requiring aortic valve replacements – the second most common type of heart operation.

Funded by the National Institute of Healthcare Research, James Cook is the only hospital to carry out this three-year project in the UK with the MAVRIC trial beginning in January.

Up to 4,000 patients needing aortic valve replacements each year, also require a post-operative blood transfusion, so if surgeons can show the keyhole approach reduces the need for blood transfusions - and decreases the amount of time patients have to spend in hospital - this could potentially save the NHS up to £1.4million a year.

This new approach also has the potential to reduce the risk of post-operative lung injury and organ dysfunction as well as reducing the pressure on blood transfusion services.

Patients who agree to take part in the trial will randomly be selected to receive either the new keyhole procedure or the more conventional treatment, with the clinical benefits being studied.

It is the first time our heart unit has been awarded this amount of money to do this sort of project but the research will benefit future heart patients across the country, enabling us to show which procedure is most cost-effective for the NHS.

Beating blood clots

Consultant orthopaedic surgeon, Professor Amar Rangan was awarded £120,000 from the Academic Health Science Network – North East and North Cumbria – to carry out research work into reducing the risk of blood clots following orthopaedic surgery for hip fracture repair or total hip or knee replacements.

Repairs to a hip fracture, hip and knee replacements can carry a relatively high risk of venous thromboembolism (VTE), where blood clots may form within the vein (called deep vein thrombosis (DVT)) or a more serious condition known as pulmonary embolism (PE).

While hospitals routinely assess patients for risk of developing VTE and give medication to prevent this from happening, a small proportion of patients undergoing orthopaedic surgery still develop life threatening VTE.

The purpose of the study is to develop a novel testing protocol by studying the blood from patients undergoing such procedures using a relatively new technique of rotating thrombo-elastometry (ROTEM), which can help to identify those who have the greatest risk of developing VTE at different time points while they are in hospital.

Up to 400 patients will be invited to take part in the trial at James Cook – 200 patients with hip fracture needing surgical repair and 200 patients undergoing total hip replacements or total knee replacements.

Research into long-term kidney failure

Renal and research teams received national recognition after successfully recruiting more patients than any other hospital to a new clinical trial which aims to discover if a steroid treatment could reduce long-term kidney failure in patients with IgA nephropathy.

IgA nephropathy is the most common type of kidney disease among young adults (who have no other serious health problems) and many go on to suffer end-stage kidney failure, leaving the patient needing regular dialysis.

The National Institute for Health Research recruited 23 patients to the trial against a target of 24, nine of who were signed up by the team at James Cook led by research nurse Cate Laven and renal consultants Dr Didem Tez, and Dr Caroline Wroe.

The study was a challenging due to its strict eligibility criteria but it was widely recognised the hospital played an important part in helping it achieve results having recruited almost half of the UK recruitment target - double its own site target.

This was put down to a real team effort and the enthusiasm of the renal patients taking part. Recruitment for the trial is now complete and participants will receive either the steroid treatment or a placebo for six months and be regularly monitored.

“The success of this site is directly attributed to the exceptional work of the team, particularly Cate, who explored every possible avenue to access patients for the trial and also shared best practice to improve recruitment.”

Industry manager for County Durham and Tees Valley Comprehensive Local Research Network Morag Burton

Dermatology top of the league

A team effort saw the dermatology department recruiting more patients to a national study – the BADBIR (British Association of Dermatologists Biologic Interventions Register) study – than any other hospital, raising their national profile and providing another step towards becoming a centre of excellence for skin disease.

Funded by the British Association of Dermatologists and based at the University of Manchester, BADBIR is a national observational study which seeks to assess the long-term safety of biologic treatments for psoriasis.

Patients on the new biological therapies or established treatments for psoriasis have been approached to take part in the study which involves completing questionnaires about their treatment and any side effects.

The purpose of the research study is to assess whether the new biological treatments used in the treatment of psoriasis have any side effects when used long-term in real life situations.



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Flu kills

Influenza is dangerous, highly contagious and largely preventable. Protect yourself, your family and your patients - be a flu fighter, get your flu jab.

www.nhs.uk/employers.org/flu
El NHS Flu Fighter
@NHSFluFighter



Flu kills

Influenza is dangerous, highly contagious and largely preventable. Protect yourself, your family and your patients – be a flu fighter, get your flu jab.

www.nhsemployers.org/flu
T1 NHS flu fighter
W @NHSflufighter



Our staff

South Tees has a long and strong tradition of providing high quality care to the local population and everyone working here has an important role to play.

Staff survey

Staff experience is one of the best predictors of future patient experience and the NHS staff survey is a vital tool to help organisations make improvement. This year's survey was carried out between September and December 2013 – a period of significant change in the NHS.

The trust carried out a census survey and 448 staff returned their questionnaires – a response rate of 53% which is slightly higher than the national average of 50%, and compares with a response rate of 60% for the organisation in 2012 when a full census was done. In total, within 15 of the 28 key findings we are among the top 20% of trusts across the country.

The report was structured around the pledges to staff in the NHS Constitution published in March 2013, plus two additional themes:

- **Staff pledge 1** – to provide all staff with clear roles and responsibilities and rewarding jobs for teams and individuals that make a difference to patients, their families and carers and communities
- **Staff pledge 2** – to provide all staff with personal development, access to appropriate education and training for their jobs, and line management support to enable them to fulfil their potential
- **Staff pledge 3** – to provide support and opportunities for staff to maintain their health, well-being and safety
- **Staff pledge 4** – to engage staff in decisions that affect them and the services they provide, individually, through representative organisations and through local partnership working
- **Additional theme** – staff satisfaction
- **Additional theme** – equality and diversity

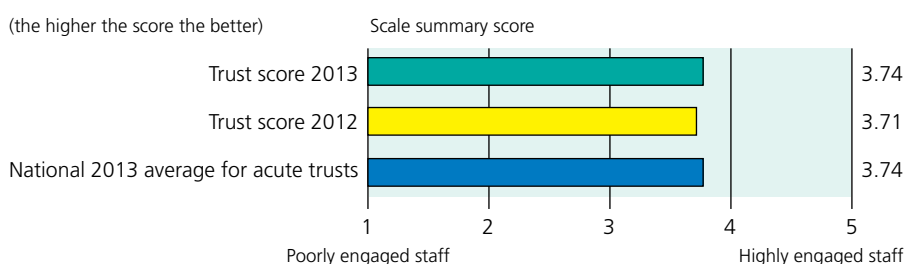


Our staff

An overall staff engagement indicator was also published with a rate of 3.74 - also the national average for acute trusts in 2013 – but while this represents a marginal improvement compared to last year, it needs to be reviewed in the context of the trust's performance in the three key findings which contribute to this indicator below:

Overall staff engagement

(the higher the score the better)



	Change since 2012 survey	Ranking, compared with all acute trusts
Overall staff engagement	No change	Average
KF22. Staff ability to contribute towards improvements at work (the extent to which staff are able to make suggestions to improve the work of their team, have frequent opportunities to show initiative in their role, and are able to make improvements at work.)	! Decrease (worse than 12)	! Below (worse than) average
KF24. Staff recommendation of the trust as a place to work or receive treatment (the extent to which staff think care of patients/service users is the trust's top priority, would recommend their trust to others as a place to work, and would be happy with the standard of care provided by the trust if a friend or relative needed treatment.)	No change	✓ Above (better than) average
KF25. Staff motivation at work (the extent to which they look forward to going to work, and are enthusiastic about and absorbed in their jobs.)	No change	! Lowest (worst) 20%

	Your trust in 2013	Average (median) for acute trusts	Your trust in 2012
Q12a. "Care of patients / service users is my organisation's top priority"	73	68	63
Q12b. "My organisation acts on concerns raised by patients / service users"	77	71	69
Q12c. "I would recommend my organisation as a place to work"	65	59	58
Q12d. "If a friend or relative needed treatment, I would be happy with the standard of care provided by this organisation"	76	64	74
KF24. Staff recommendation of the trust as a place to work or receive treatment (Q12a, 12c-d)	3.80	3.68	3.70

While it is good to see that staff are clear about their roles in delivering patient-centred care – and would recommend the trust as a place to work and where they would want friends and family to be treated - we have further to go in ensuring we address employee feedback about the factors which help or hinder them from consistently providing great patient experience.

The introduction of the friends and family test for all staff from 1 April 2014 is an important step forward that will help us to do that.

Since the publication of the 2012 survey, the improving working lives (IWL) group was reviewed and redefined in the autumn of 2013. IWL leads became 'staff experience network leads' to incorporate the full agenda of staff experience relating to the survey including staff engagement, health and wellbeing, learning and development and equality and diversity.

This group has initially been meeting on a monthly basis to allow sufficient time to discuss staff experience issues, take action and review progress following the staff survey.

Following last year's survey divisions and directorates were offered one-to-one sessions to review results and support the development of action plans which are regularly reviewed by the group, each alternate month, so the issue of staff experience is now a standing agenda item at divisional or equivalent level.

Other work taken forward from last year's survey includes:

- The introduction of the 'maintaining a healthy workforce' training programme, which includes valuable contributions from occupational health, the health improvement team, health and safety and human resources
- The trust's pledge to the Health Promoting Hospitals framework
- Focus group work in specific areas - for example targeted communication between frontline staff and senior management, the role of the line manager, health and wellbeing and reward and recognition schemes
- Improving the staff development review process to ensure it is a two-way process, enabling staff to feel valued and know how they contribute to the trust's overarching aims and objectives

It is important we continue to build on the work which has been done in 2013, to ensure that staff's experience of working at the trust is a positive and rewarding one. The staff experience network group is analysing the overall results and agreeing standardised corporate actions to help make significant improvements in key areas ahead of the 2014 survey.

Overall, the latest figures showed the trust – like the NHS – was holding up well under pressure and the perception of staff remained fairly stable. Our areas for improvement are not significantly different to those highlighted on a national basis.

Specific areas we will address include:

- Presenteeism, staff motivation and well-structured appraisals
- Staff experience network leads will work with their human resources contact to develop area-specific action plans – agreeing the performance management mechanisms to monitor achievement against these themes
- To support open and honest feedback, internal communications based on 'you said – we did' and 'you said – we could not' is being developed
- Further work to improve staff engagement including learning and adopting best practice from other organisations
- Rolling out the Health Promoting Hospitals framework to focus on the health and wellbeing of staff

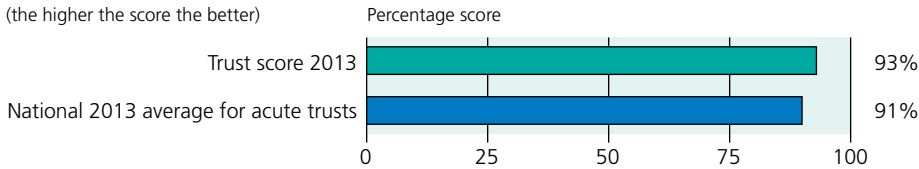


Our staff

Top five ranking scores

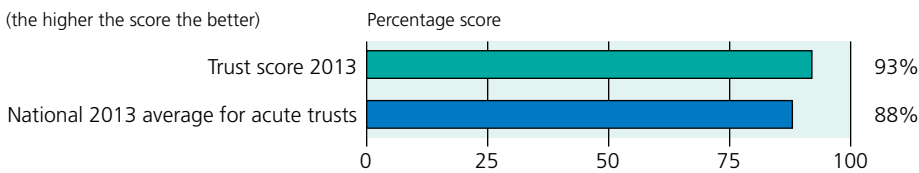
KF2. Percentage of staff agreeing that their role makes a difference to patients

(the higher the score the better)



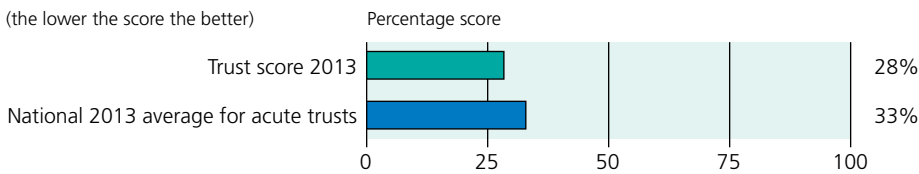
KF27. Percentage of staff believing the trust provides equal opportunities for career progression or promotion

(the higher the score the better)



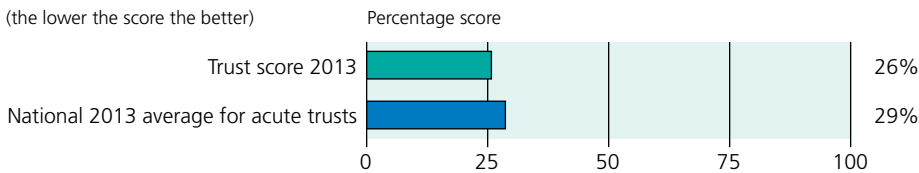
KF13. Percentage of staff witnessing potentially harmful errors, near misses or incidents in last month

(the lower the score the better)



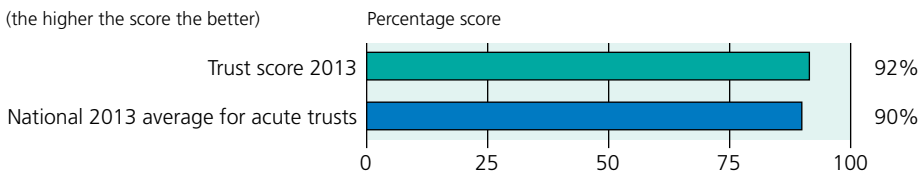
KF18. Percentage of staff experiencing harrasment, bullying or abuse from patients, relatives or the public in last 12 months

(the lower the score the better)



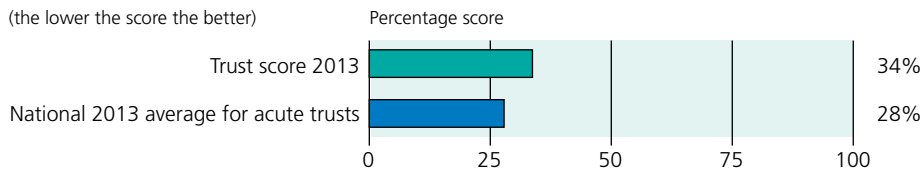
KF14. Percentage of staff reporting errors, near misses or incidents in last month

(the higher the score the better)

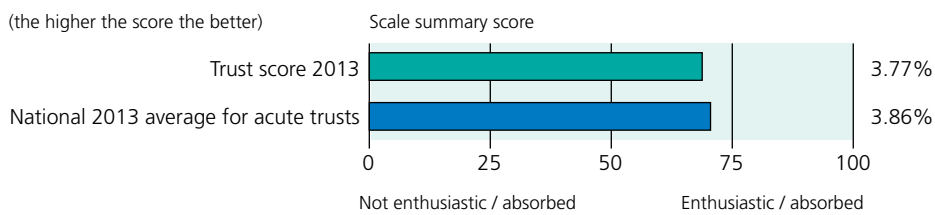


Bottom five ranking scores

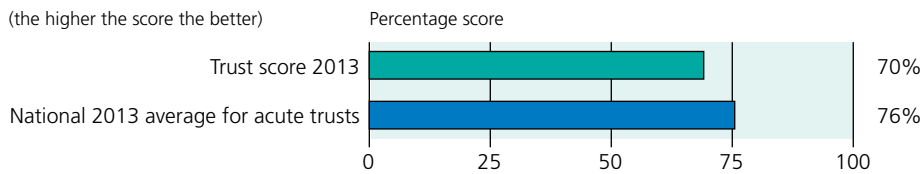
KF20. Percentage of staff feeling pressure in last three months to attend work when feeling unwell



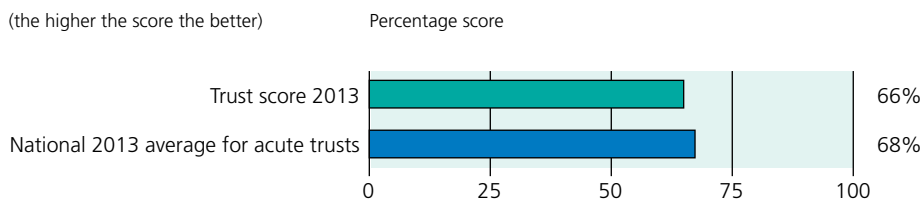
KF25. Staff motivation at work



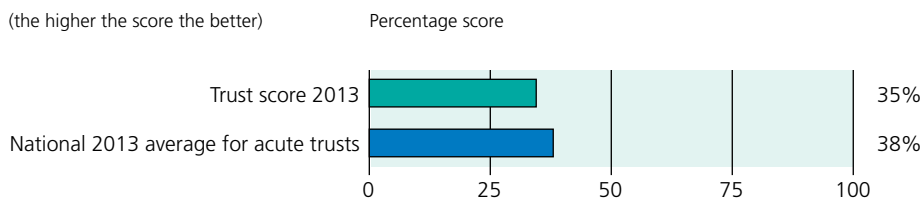
KF10. Percentage of staff receiving health and safety training in the last 12 months



KF22. Percentage of staff able to contribute towards improvements at work



KF8. Percentage of staff having well structured appraisals in last 12 months

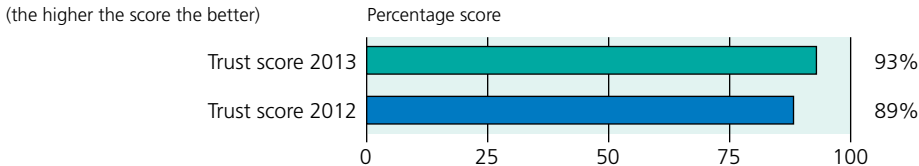


Our staff

Largest local changes since 2012

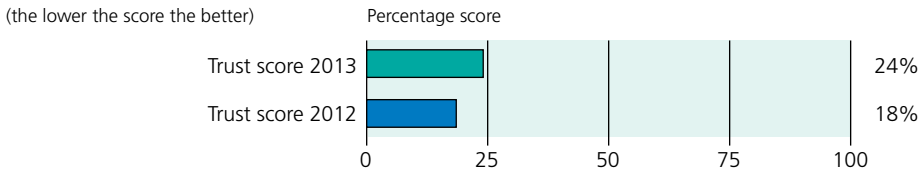
Where staff experience has improved

KF2. Percentage of staff agreeing that their role makes a difference to patients

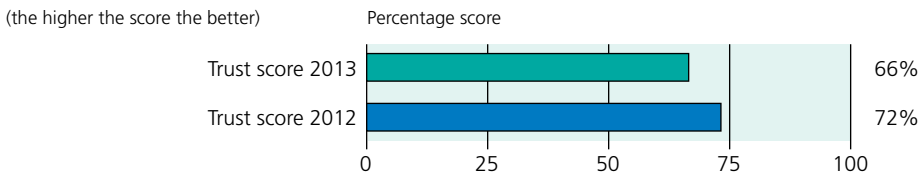


Where staff experience has deteriorated

KF19. Percentage of staff experiencing harrassment, bullying or abuse from staff in last 12 months



KF22. Percentage of staff able to contribute towards improvements at work



Staff communication and engagement

Staff engagement continues to be at the heart of the workforce strategy group and is a key ingredient in helping the organisation meet the range of current challenges that it faces around finance and improving efficiency.

Good staff engagement is also often associated with other positive staff indicators such as lower levels of absence and providing a better experience for patients and its importance is recognised in the NHS constitution.

Providing high-quality, patient-centred care depends also on managing staff well, allowing staff to exercise control over their work, listening to what they have to say, involving them in decisions, training and developing them and paying attention to the physical and emotional consequences of caring for patients.

In partnership with staff side colleagues, we have a joint partnership committee which through consultation and communication enables staff, through their elected union representatives, to influence decisions made across the organisation.

Our common objective is to work in partnership to ensure the efficiency and success of the trust for the benefit of patients, staff and the community we serve.

The improving working lives (IWL) group was also re-branded as the staff experience network group to reflect the shift away from IWL as a model to a more holistic staff engagement approach with meetings alternating between business and assurance.

Alongside the trust's staff corporate communication such as the chief executive's monthly core briefing, staff bulletin, trust magazine, intranet and community services portal, there are also regular opportunities for two-way communication – and feedback - including the chief executive's blog, social media (including facebook and twitter) divisional/directorate team meetings, informal drop-in sessions and workshops.

Centres and directorates continue to be involved in a range of activities to enhance staff engagement, communication and motivation, examples of which include the introduction of a 'divisional manager' question time (academic), quarterly welcome events for new starters, leadership days and focus groups for specific issues.

Talent for Care

The Talent for Care document was produced in response to the Cavendish review and focuses on the role and work of support staff working in bands one to four in the NHS.

Current figures suggest these bands make up around 40% of the NHS's 1.7 million workforce and are responsible for an estimated 60% of direct patient contact, yet receive less than 5% of national resources for education and training.

Developed by Health Education East of England - on behalf of Health Education England (HEE) – the consultation document describes the intention to produce a strategy with three main objectives:

- Nationally agreed recognition of support roles in the healthcare team and their part in delivering high quality, safe patient care
- Formal opportunities for people to improve and progress within and beyond bands one to four
- Nationally agreed arrangements, consistent standards and certification, where relevant.

This staff group is a key one for the trust and having sought views of staff on the proposed strategy through focus groups and a questionnaire, the following views were provided as feedback in March 2014 to the formal consultation through Health Education North East (HENE).

Key focus areas suggested by staff included:

- Providing opportunities to bands one to four to develop skills and expertise using an 'on-the-job training' model
- Access to support through mentoring and coaching
- Funding for more training and dedicated time for study/development
- Greater recognition of the work carried out by staff in support roles

Flu campaign

As an organisation we have a duty to ensure all of our staff and volunteers who have a direct role in caring for patients are offered the flu vaccination and in doing so they protect not only themselves but also their families, patients and the health services we provide.

The trust's flu campaign achieved its highest uptake rates to-date with 74.5% of healthcare workers vaccinated against a national target of 75% – which equates to 5,837 vaccinations given to staff working to support patients and families in our care.

A further 400 staff from corporate and essential services were also immunised, providing additional resilience for the organisation during the winter months.

Launched in September, the 2013 flu campaign was led by the occupational health team using the skills of steering group members – made up of staff from clinical and non-clinical specialities. The group evaluated lessons learned and data from the previous year, when our uptake was 64.6%, to develop an action plan.

A total of 111 volunteer flu champions were trained and worked tirelessly to support occupational health and the dedicated flu nurse to vaccinate staff around the clock and incentives were offered including 'pull reels' for clinical badges, lanyards, pens, sweets and negotiated 'free drinks vouchers' from our private sector partners Carillion at no cost to the trust.

The trust was a finalist in the 'best team' category in the NHS Employers Flu Fighter Awards and the flu team also won the trust's Star Awards for partnership working. A final summary of frontline staff vaccinated is as follows:

- 92.8% of doctors (667 staff)
- 66% of nurse, midwives and health visitors (1904 staff)
- 60.7% of other professionally qualified (730 staff)
- 79.9% of support to clinical staff (2536 staff)

Equality and diversity

In looking at the equality and diversity agenda, the trust has embraced the legal duties of the Equality Act 2010 and the Public Sector Equality Duty and welcomed the introduction of the equality delivery system (EDS) - a tool to be used to help all staff and NHS organisations understand how equality can drive improvements and strengthen the accountability of services to patients and the public.

Through the use of the EDS, we established five equality and diversity objectives in 2012 which continue to be implemented over a four-year period up until 2016:

- **Objective 1** – Information collection for all protected characteristics for patients
- **Objective 2** – Increase the trust's engagement with patients and the public from all protected characteristics
- **Objective 3** – Improve the experience of older people using our services
- **Objective 4** – Make equality and diversity training mandatory for all staff
- **Objective 5** – Reduce discrimination, bullying and harassment of disabled staff employed by the trust

The trust recently made equality and diversity training mandatory for all staff, incorporating aspects of dignity at work within this, and this important subject is now presented at the trust's monthly corporate induction for new starters.

Some of the proactive work the trust has been involved in during 2013/2014 includes attendance at the Middlesbrough Pride event, celebration of the Festival of Light, the lesbian, gay, bisexual and transgender week and breast awareness month.

During 2014/2015, we will also be celebrating the NHS equality and diversity week with a campaign encouraging staff to sign up to become personal, fair and diverse champions within their own areas of work.



together we do the amazing



Our staff

Sickness absence

Managing sickness absence within the NHS is challenging, but can provide opportunities to improve overall health and wellbeing in the workplace and, ultimately, boost an organisation's productivity and support service improvements for patients.

The trust has an established sickness absence project group which now meets frequently and has successfully led the development of:

- Revised sickness absence and stress management policies
- A 'maintaining a health workplace' training programme for managers, which is continually evaluated with 262 managers' to-date attending. This will continue to take place monthly between May and October
- A case management approach to sickness absence cases involving managers, HR managers/advisers and occupational health which have been particularly beneficial in complex cases. Monthly meeting slots are now available so these can happen on a regular basis
- Improved sickness absence reporting which now includes details relating to reasons for sickness absence being provided as part of the regular performance report which is presented to the organisation every month

The group is now reviewing occupational health provision in line with good practice and national accreditation standards and also links into local and national best practice through regular NHS Employers updates and attendance at health and wellbeing network events.

At the end of 2013/2014 the average sickness absence rate for the trust was 4.16% - a decrease of 0.6% on the previous year's figure of 4.76%. Constant improvement is the key to secure the organisational target of 3.9% and better.

Nurse recruitment drive

Targeted nursing recruitment drives have taken place in the year to support extra beds being opened to meet patient demand and as part of a concerted campaign for band 5 nurses in a number of key areas.

As part of the organisation's winter planning – and our plans to open a new acute medical ward – we held a number of recruitment open days with a particular focus on attracting experienced staff nurses.

This was followed in February with a 'love nursing' campaign specifically targeted at clinical areas with current vacancies - acute medicine, cardiothoracic services, neurosciences, surgery and trauma.

Aimed at newly-qualified nurses, those wishing to return to the profession at a staff nurse level or simply nurses who want a career change, this event was one of a number of different approaches the trust is taking to recruitment.

In year, assessment centres were set up and look to match candidates to suitable posts following group exercises, individual interviews and a drug calculation test.

Recruitment processes now also embed 'Compassion in Practice' – the chief nursing officer's vision and strategy for building a culture of compassionate care which is based around six values – care, compassion, courage, communication, competence and commitment.

Health promoting hospitals

Hospitals are in a good position to prevent illness among staff and patients, as well as the thousands of people who visit each year, and we have pledged our commitment to implementing the World Health Organisation's Health Promoting Hospitals (HPH) framework.

The trust, along with Teesside University and Middlesbrough College, is being commissioned by Middlesbrough and Redcar and Cleveland public health to deliver this framework based on five standards:

- **Standard 1** – the organisation has a written policy for health promotion aimed at improving health outcomes
- **Standard 2** – the organisation ensures that health professionals, in partnership with patients, systematically assess needs for health promotion activities
- **Standard 3** – the organisation provides patients with information on significant factors concerning their disease or health condition and health promotion interventions are established in all patient pathways
- **Standard 4** – the management establishes conditions for the development of the hospital as a healthy workplace
- **Standard 5** – the organisation has a planned approach to collaborating with other health service levels and other institutions and sectors on an on-going basis

This agenda will be driven forward by a partnership group, with a clear strategy and action plan and our initial focus is standard 4 'healthy workplace'.

Already a health and wellbeing survey has been carried out, giving staff and contractors a say on what would make the trust a happier, healthier place to work and these results will help to determine the direction the strategy will take.

Events in-year for staff included free carbon monoxide tests to raise awareness for no smoking day, compassion circles – a way of working in a small group to consider compassion and how you can make a difference to the compassion in your situation – and 'smart swaps' offering a range of advice on health improvement services available.



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Our staff

Breakdown of workforce statistics

	Staff 2012/2013	%	Staff 2013/2014	%
Age				
0-16	1	0.01%	0	0.00%
17-21	99	1.12%	136	1.52%
22+	8716	98.87%	8790	98.48%
Ethnicity				
White	7417	84.13%	7578	84.90%
Mixed	46	0.52%	43	0.48%
Asian	299	3.39%	304	3.41%
Black	43	0.49%	45	0.50%
Other	137	1.55%	133	1.49%
Unknown	874	9.91%	823	9.22%
Gender				
Male	1531	17.37%	1474	16.51%
Female	7285	82.63%	7452	83.49%
Transgender	0	0%	0	0%
Recorded Disability	136	1.54%	168	1.88%



Awards and achievements

Throughout the year, many of our staff have received local, regional and national recognition for the work they do to improve services for our patients. This section contains a flavour of some of the trust's awards and achievements in 2013/2014.

Star Awards

The trust's star awards recognise, reward and celebrate the excellence of our staff, services, volunteers and fundraising and showcase some of the tremendous work going on across the organisation.

Winners of the 2013 star awards were:

- Clinical team of the year – Friarage nurse practitioners team
- Behind the scenes – Information governance team
- Partnership working – The flu team
- Innovation – Louise Arkwright
- Margaret Toase Unsung Hero Award – Lisa Goodchild
- Driving out waste - Val Kaczkowski
- Fundraisers of the year – Leanne and Graham Nellis and Mark Stewart and Brian Jones
- Volunteer of the year – Therapeutic care volunteers
- Chairman's Award – CNST team, women and children



Our staff

Nightingale Awards

Every year the trust holds the Nightingale Awards, which recognise the unique and important contribution nursing and midwifery makes to patients and their families on a day-to-day basis.

This year's theme was 'caring with compassion and dignity' and the overall winner was ward 14 at James Cook, which received nominations from staff as well as some family members whose father had been cared for on the ward.

What made them stand out from the other nominations was they demonstrated a key element of the Francis report which has been so topical this year; that of changing culture. This ward has gone on a journey which has made them stronger and also developed them into a centre of excellence.

The full list of the winners is below:

Student nurse/student midwife, cadet nurse or student operating department practitioner – Helen Smith
Healthcare assistant/assistant practitioner – Linda Cruickshank, healthcare assistant, intensive care unit, Friarage
Staff nurse/staff midwife and operating department practitioner – Lisa Payne, staff midwife, maternity, Friarage
Sister/charge nurse – Jackie Miller, sister, ward 5, James Cook
Specialist nurse/midwife – Sue Walker, advanced neonatal nurse practitioner, neonatal intensive care unit, James Cook
Senior nurse/midwife – Sharon Poskitt, senior nurse, neurosciences
Team award – Jointly won by wards 14 and 19, James Cook
Friends of the Friarage award – special care baby unit, Friarage
Matrons' award – staff nurse Sue Warren, breast care outreach nurse
Military award – Corporal Kay Edwards, healthcare assistant, intensive care unit, MDHU
Paediatric award – Sue Chamberlain and Tracey Farley, children's practice development team, children's services, James Cook and Friarage
Midwifery award – Anna Reeve and Jayne Leonard, staff midwives, central delivery suite, James Cook
The McCormack patients' award – jointly won by staff nurses Joe Dorgan, Annette Daniels and Rebecca Newton, coronary care unit, James Cook
Community services award – Dorothy Fellows, district nursing sister, Middlesbrough, Community
Mentor's award: practice mentor – Christine Brewis, district nurse
Mentor's award: practice placement – paediatric community specialist nurses, paediatric outpatients, James Cook
Poster winner – Alison Butcher, community nurse

Nursing Times Awards

The trust took home two national titles at the Nursing Times Awards – and had another four finalists in its various categories – more than any other organisation in the country.

Senior nurse for speciality medicine Audrey Kirby was named nurse leader of the year after being nominated for not only providing excellent care in speciality medicine but also for changing culture - one of the key aspects of the Francis report – by helping to transform the cancer inpatient ward into a centre of excellence.

While the heart failure team won the cardiovascular service award for its successful integration of acute and community heart failure specialist nurse services, enabling them to increase patient access to heart failure services and combine resources.





Regional award for radiographers

The trust's radiographers were named the Northern regional team of the year by the Society and College of Radiographers for their tireless work to maintain high standards of care and treatment delivery during a period of rapid change.

Mackenzie Medal

Consultant cardiologist Dr Mark De Belder was awarded the Mackenzie Medal by the British Cardiovascular Society in recognition of outstanding service to British cardiology.



Leading the way for cancer patients

Consultant clinical oncologist Clive Peedell and the team won the efficiency in medical technology category in the HSJ Efficiency Awards 2013 for their work around implementing stereotactic ablative radiotherapy (SABR) to help manage patients with medically inoperable early stages of lung cancer.

Lean Healthcare Awards

The trust won 'the people's choice' category for its work on improving discharge processes through a number of workshops, which have helped with patient flow and reducing waiting times.



The directorate of sleep medicine also scooped the 'sustained improvement to patient care' award for its work on streamlining its service for patients with OSA – obstructive sleep apnoea syndrome – leading to shorter waiting times and a much better service for patients.

Corporate responsibility

Estates engineering officer Brendan Ruddy and the Friarage estates and facilities team won Yorkshire Water's Taking Responsibility for Business Awards 2013/2014 in the health and safety award - safe water section.







Partnerships and engagement

Children's and maternity services – Friarage Hospital

For many months, the safety and long-term sustainability of children's and maternity services at the Friarage Hospital has been widely discussed by Hambleton, Richmondshire and Whitby Clinical Commissioning Group (CCG) and the trust.

In the spring of 2012 the CCG - supported by our clinicians and senior management - held a three-month period of engagement to talk about these issues and possible options for the future.

Proposals drawn from the engagement phase were then referred to the Secretary of State for Health for review by the North Yorkshire scrutiny of health committee, although in May 2013 the Health Secretary gave the go-ahead for a formal consultation to begin. The two options for consultation were:

Option 1 – running a short-stay paediatric children's assessment unit, children's outpatient and community services and a midwifery-led unit, outpatient services and community midwifery (CCG preferred option)

Option 2 – running children's outpatient and community services, midwifery-led unit, outpatients services and community midwifery

A formal 12-week consultation ran from September through to the end of November, followed by rigorous clinical review. Three new proposals submitted during the consultation – two from members of the public and one from Richmondshire District Council – were also considered.

These were all independently assessed by the National Clinical Advisory Team (NCAT), which concluded that while there were elements of the proposals that could be worked into a future model; none offered a complete clinically safe or sustainable plan.

In February, the CCG's Council of Members (a representative from each GP practice in the area) voted unanimously in favour of option 1 which was also the preferred option of 95% of members of the public who took part in the CCG's online survey.

The CCG's governing body later ratified the decision, voting on six key points:

- To agree that the clinical case for change had been strongly made and other options had been considered
- To agree the views of the public had been sought and all mediums used to ensure a fair and transparent process had been adopted and that the impact on vulnerable groups – and those experiencing health inequalities – could be mitigated
- To endorse the outcome of the GP Council of Members and the preferred option from the public consultation
- To approve an overall investment of £625,000 for 24/7 ambulance, the paediatric short-stay assessment unit to provide seven-day working, a taxi service out-of-hours and a shuttle bus service (in hours) between the Friarage and James Cook for all specialities
- To agree all investment areas will be formally reviewed by the governing body at six months post-implementation
- To agree an implementation time frame of six months for the new services to start in October 2014



Partnerships and engagement

In March, North Yorkshire's scrutiny of health committee decided to refer the decision made to the Health Secretary, who is now looking at the proposals and will decide whether to refer them to the Independent Reconfiguration Panel (IRP) for a full independent assessment.

While we understand this decision, we do share the CCG's concerns around the length of time this process could take and that any substantial delay in reaching an outcome could cause serious risks to the safety of children's and maternity services currently being provided at the Friarage.

This has been a long, complex and extensive process and further information about the consultation, plus supporting documents, is available on the CCG's website at <http://www.hambletonrichmondshireandwhitbyccg.nhs.uk>

Fit for the future

In March, a series of public forums were launched across the area to discuss the future health and social care needs of older people in Hambleton and Richmondshire

NHS Hambleton, Richmondshire and Whitby Clinical Commissioning Group has developed a vision and case for change which sets the scene for how open debate will influence the priorities for developing health and social care services in the area over the coming years.

The growing numbers of older people in the area represents one of the NHS' biggest challenges – by 2021 the number of people over the age of 65 is expected to rise by 30% - but is also an opportunity for improving the design and delivery of care.

We have worked with our commissioners to identify some of the main issues and priorities and the CCG is now presenting its initial thoughts and opening up the debate with the intention of making a real impact on local health outcomes including:

- Enabling older people to enjoy maximum possible good health for as long as possible
- Reducing avoidable hospital admissions
- Reducing the average time spent in hospital for emergency admissions in both acute and community hospitals
- Reducing the number of long term placements in residential and care homes

The CCG is looking to do this through:

- Keeping older people safe and well in their own homes for as long as possible
- Making sure patients are empowered and better able to self-care, supported by more information for them and their carers
- Improved transport options for patients helping older people to access services and not be disadvantaged by the rural nature of the area
- Equipping local communities with the skills and resources they need to care for their older population
- Ensuring carers are better supported so that they are better able to look after those they are caring for as well as maintaining their own health and wellbeing
- Using new information management and technology so services and service users can manage their care in new, innovative and more effective ways

Further information is at

<http://www.hambletonrichmondshireandwhitbyccg.nhs.uk>

Improve

In the South Tees area, the number of people aged over 65 will increase by 20% by 2021 and as older people experience more ill health than other groups, this represents a challenge for health and social care but also an opportunity to improve the way we care for our elderly population.

The trust has been working in partnership with NHS South Tees Clinical Commissioning Group (CCG), Tees, Esk and Wear Valleys NHS Foundation Trust and local authorities in Middlesbrough and Redcar and Cleveland to consider how we can develop a more joined-up approach to caring for the vulnerable, elderly and those with long-term conditions.

Through this programme – known as the Integrated Management and proactive Care for the Vulnerable and Elderly (IMProVE) – the CCG's plans include:

- Improving stroke rehabilitation services
- Improving community support for elderly and vulnerable people, bringing more services to their homes
- Setting up a single point of contact for all community health and social care needs
- Integration of services across primary, community, acute and social care
- Moving away from a more traditional bed-based model of care
- Making sure that urgent care services in our area are safe and sustainable
- Investing more in services and staff instead of maintaining buildings
- Making best use of our existing community hospitals.

During late 2013, commissioners' gathered the views and opinions of members of the public, service users and carers, community and voluntary organisations and stakeholders to help inform the development of options for service change and also commissioned an independent organisation, Carers Together, to undertake an in-depth survey of existing service users and their carers.

A stakeholder event was also held to share the findings of their work and seek further views on the way forward and at the end of April 2014 the CCG launched a public consultation on its future proposals taking into consideration:

- National best practice guidance
- Capacity and use of existing services
- The skilled workforce available
- The standard and location of our current hospitals
- Running costs of hospitals
- Transport issues

Pathology

Our trust, like all healthcare organisations, is looking at how we can be more productive and efficient without affecting the quality of services we provide, and one way of doing this is to look at how we work more collaboratively together with partner organisations.

Pathology services both nationally and regionally are currently undergoing significant change to address how services may be provided in the future and the trust – in partnership with North Tees and Hartlepool NHS Foundation Trust - began discussions with staff across both organisations to look at how these services may be shared in future.

Initial work focussed on identifying potential options for service delivery but the aim is to develop single pathology services across Tees and North Yorkshire that provides efficient, timely, clinically effective services that are underpinned by a robust business model.

The proposed model is being developed through a Joint Venture Company (JVC) – an approach which both retains ownership, joint and equal control over the service and supports compliance with competition and procurement legislation and work will continue in 2014/2015.

Pioneering research from Durham University

Researchers from Durham University published the first results gathered solely using the £1.5million MRI scanner - purchased as a joint venture with the trust – which could ultimately benefit people suffering from brain injuries or stroke.

The study, consolidating the university as a leader in the field of neurosciences, combined state-of-the-art brain imaging and neuro-stimulation techniques.

Researchers used the scanner - shared between the hospital for clinical work and the university for research - to scan the brains of 20 healthy volunteers to examine how different areas of the brain interact when faced with difficult visual search tasks.

Activity in part of the participants' brains was briefly decreased by delivering a very weak electrical current via electrodes in contact with their heads before they carried out the tasks in the scanner.

This allowed researchers to investigate what happens in different parts of the brain when activity in one area is disrupted, as may happen in cases of brain injury.

The published findings showed that disrupting one area of the brain had widespread effects in various parts of the brain while people performed visual search tasks - interactions that had been ill defined in the undamaged brain before.

Better understanding of how the brain areas interact with one another when one area is disrupted, could ultimately inform interventions and treatments for people suffering from brain injuries such as stroke, though more research is needed.



Knymes

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learning guide



Noisy House



Funny Faces



Bright Stars

The Ugly Duckling



Mealtime



Partnerships and engagement

Proposal to change trust name

Between October and December, we sought staff and key stakeholders views on a proposal to change the trust's name to South Tees Healthcare Foundation Trust, to reflect the growing integration agenda with social care and the amalgamation of community services within the organisation.

As the proposal simply impacted on the name of the organisation and not service change, the Board decided an appropriate level of consultation and engagement would be to develop a leaflet setting out the case for change (with free text) to all key stakeholders and the wider public through the media, social media and the trust's membership magazine and to give all staff the opportunity to respond through an electronic survey.

A 12-week consultation ran from 7 October to 23 December and there was a balance of responses both in favour and against name change, although many in favour did raise concerns about the potential cost particularly in the current financial climate.

In total the trust received 265 replies from staff with 44% voting in favour of change and 52% against, 17 from members of the trust and six written responses from external stakeholders.

After extensive discussion, the Board decided under the current circumstances - and given the organisation's busy agenda - that this decision would be temporarily postponed and picked up at a later date. The importance of all members of staff acknowledging the wider healthcare economy the trust now serves was also noted.

Specialist service for families of premature and sick babies

Special care baby charity - Bliss - introduced a new nursing post to support families of premature and sick babies across the Northern neonatal network. Bliss nurse Sue Thompson is based on the neonatal ward at James Cook but works with hospitals across the region.

Her role is not only to support families when their babies are admitted into neonatal care but also to ensure units have consistent, high quality family-centred care available for babies and families.

Caring for a premature or sick baby's entire family is a crucial part of their overall clinical care, making a positive contribution to the long-term health and wellbeing of the child, and this is a key role, both practically and emotionally, for current and future families undergoing a neonatal journey.

Improving holistic care

In the summer, the trust unveiled plans to improve the holistic service, which is partially funded by charitable donations, at James Cook to support more patients.

For a decade, patients under the care of an oncologist have benefited from therapies - ranging from reiki massage to acupuncture - at the holistic cancer care centre, which were provided to support people through their conventional cancer treatment.

However we treat many more cancer patients - who are cared for by other staff - and could not use the holistic service. Using best practice from other parts of the country, detailed plans were worked up to offer a better service for all patients with cancer including looking at the range of support the centre could also offer to outpatients.

An open event was held to give patients, carers, staff, volunteers, therapists, supporters and the wider public the opportunity to give their views on what the service could offer in the future, as well as how the centre could be revamped to provide an even better environment.

Then as part of the 10th anniversary celebrations, pioneer of complementary therapy Keith Hunt, who has run a massage therapy service at the Royal Free Hospital in London for 20 years, visited the centre to demonstrate the massage technique that has, subsequently, been piloted on two wards where patients receive cancer care.

The event also included the unveiling of a new sponsors sculpture designed to publicly acknowledge the service's biggest fundraisers and the re-naming of the centre - The Trinity Holistic Centre - in line with the trust's policy to give buildings on the hospital site a name linked to the explorer Captain James Cook.





Partnerships and engagement

Volunteering

In-year we doubled our number of volunteers who carry out around 20 very different – but defined – roles across the trust, giving thousands of hours of their time to our hospitals.

Two significant developments contributed to this increase - the appointment of a full time volunteer co-ordinator in May 2013 and the development of a therapeutic care volunteer programme, in collaboration with Teesside University's psychology department, which has created a cadre of volunteers capable of operating in most areas of the hospital.

Over 150 volunteers are regularly active on wards, interacting with - and supporting - patients and families and by the end of 2014 we hope this number will increase to around 500. This will enable us to expand our current roles beyond acute medicine to maternity, neurosciences, trauma, renal, speciality medicine and to our community hospitals.

In the coming year, we will look to further expand the programme while developing the team to support the volunteers who donate their skills and time to patients, families and staff in the trust.

Our goals for volunteering:

- Developing meaningful volunteering opportunities offered across a wide range of trust settings
- Improving patient and family experience
- Having clear processes and protocols in place to support both volunteers and staff
- Volunteers reflecting the diverse community we serve

To celebrate and showcase the work of our volunteers we held a film premiere with a difference in December – 'the 12 days of volunteering' film which not only starred them but was also made by them. This is available to view on the trust's website.



Our charities

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

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

In 2013/2014, the trust continued its investment in the South Tees Hospitals Charity and in line with the board approved three-year business plan, launched the Friarage MRI scanner appeal and appointed a community fundraising manager to help drive forward this initiative.

Launched in July 2013 – with a £2million fundraising target by December 2015 - the appeal had pledged or donated upwards of £920,000 at the end of this financial year (with an actual charitable funds balance of £173,730) thanks in part to the commitment of the Friends of the Friarage to raise £500,000 towards the appeal.

In the coming year the charity's team will look to:

- Boost the general fund of the trust, enabling more areas to benefit
- Ensure our donor care is excellent so we can attract donations because of reputation and record of delivery
- Develop innovative income generation for the charity to compete against an increasingly competitive environment

Total income for the charity was £2.5million which was an £0.5million increase on last year despite a backdrop of a difficult economy. Included in this was £499,000 in legacies and £837,000 in donations.

The 325 trust funds have helped patients and staff in many different ways with charity funds giving £2.8million to improve care and treatment over 2013/2014.

The overall value of South Tees Hospitals Charity at the end of the financial year was £6.6million.





Sustainability

Winter planning

Winter planning is part of the annual cycle of trust activities and the Board of Directors is expected by NHS England to assure itself that appropriate measures have been put in place to ensure the trust is ready and able to respond to the predicted surge in activity that occurs between October and March each year.

While all the national guidance was implemented, the winter of 2012/2013 was particularly challenging for the organisation with some key concerns:

- A rise in outlying patients caused by surge in activity combined with insufficient support for patients waiting to be discharged
- Ambulance queues caused by an overall increase in demand
- Insufficient bed capacity
- An increase in elective cancellations as a result of medical patients located in surgical beds

As a result the organisation, in partnership with health and social care partners, invested in additional capacity and did extensive work around discharge planning and patient flow which enabled us to maintain the quality and responsiveness of our urgent and emergency services during the winter of 2013/2014.

Extra resource was also provided from a combination of funds from the local clinical commissioning group and national money, including £2,148,000 from NHS England, to make our services more resilient. Measures taken included:

- Increasing the resuscitation capacity in accident and emergency at James Cook (two additional rooms are expected to open this month)
- Increasing both medical and nursing staff in accident and emergency
- Opening 50 additional beds to support the non-elective (emergency) programme
- Increasing our therapists in the community to support patients to get home quicker from both our acute and community hospitals
- Increasing weekend cover in pharmacy to support patient discharge from hospital
- Recruiting two additional medical consultants
- Having more phlebotomy staff (who take and collect blood from patients) to free up time for junior medical staff

The secretary of state for health also asked all NHS trusts to provide weekly data on accident and emergency performance – and mitigating actions – for the winter period and the trust published its own daily figures on the trust website.



Sustainability

Emergency preparation, resilience and response

The NHS needs to be able to plan for and respond to a wide range of incidents and emergencies that could affect health or patient care.

These could be anything from severe weather to an infectious disease outbreak or a major transport accident. Under the Civil Contingencies Act (2004), NHS organisations and sub-contractors must show that they can deal with these incidents while maintaining services to patients. This work is referred to in the health services as 'emergency preparation, resilience and response' (EPRR).

During 2013/2014 a number of emergency planning activities were carried out including:

- A review of the major incident plan to reflect the architectural changes in the NHS from 1 April 2013
- Continuing to develop business continuity plans across the organisation to ensure that critical services can be maintained in the event of a significant disruption
- **Exercise Zambezi** – a number of staff participated in this exercise to demonstrate the effectiveness of the on and off-site arrangements in place for Hartlepool nuclear power station, particularly around the multi-agency partner and health service response to a nuclear incident.
- **Exercise Smokescreen** – this was a one-day multi-agency exercise focussing on the evacuation of a ward at the Friarage Hospital and consisted of a live evacuation with a simultaneous desktop exercise.
Military staff were made up with mock injuries and various levels of mobility assuming the physical condition of the types of patients seen on an average day in a ward. During the live evacuation, North Yorkshire fire and rescue and hospital staff were presented with a number of challenging scenarios.
Three fire appliances and an aerial ladder platform attended the hospital and several high level rescues were carried out. The exercise provided excellent learning for all the participating agencies.
- **Exercise Hawksdale** – this was a simulated desktop exercise to test the multi-agency response to an aircraft accident at Durham Tees Valley Airport.
- The development of a trust EPRR risk register which captures the threats and hazards on local community risk registers and identifies the organisation's mitigating actions.

All trusts are now required to undertake a self-assessment against NHS England core emergency preparedness, resilience and response standards and provide a statement of compliance and improvement plan agreed by the Board.

In total there are over 120 core standards and while a small number showed non-compliance, they were not considered detrimental to the organisation's immediate preparedness or resilience. An action plan is already in place to achieve these this year.

In 2014/2015 we will also continue to work with local NHS and non-NHS partners to develop plans to respond to and recover from significant incidents and emergencies. Our priorities will be based around our capability to respond to a range of local threats and hazards.

New rail halt

Work began on the long awaited rail station at the back of The James Cook University Hospital in January, after Tees Valley Unlimited secured Department of Transport funding to fund it alongside a number of other initiatives to improve rail facilities across the area.

Up to 17 trains a day in each direction are expected to call at the hospital and other stations on the line between Middlesbrough and Nunthorpe and the facility, costing around £2.2million is expected to open in the summer of 2014.

The rail halt will have a single platform on the Middlesbrough to Whitby route (on the hospital side of the railway line) and provide a fully-lit waiting shelter and seating, full CCTV coverage and passenger information including an electronic screen and public address announcements.

At present, there is no rail service for the hospital or surrounding residential areas and leisure facilities and this development closely interlinks with Middlesbrough Council's plans for a state-of-the-art sports village, which also includes a residential area.

Passengers will be able to access the station from the public footpath from Marton Road which also links to the hospital car park and access routes.

As well as being a strategically important scheme, it is hoped the station will help alleviate some of the car parking issues on the James Cook site and make access to and from the hospital for staff, visitors and patients.

The trust has worked with a number of key partners including Tees Valley Unlimited, Middlesbrough Council, Network Rail and Northern Rail, which will manage and operate the service.

Carbon management plan

The trust continues to implement its approved carbon reduction management plan and following the procurement of a new domestic waste disposal contract for the Friarage Hospital, will be working with the new waste contractor to improve waste segregation and introduce suitable facilities to support improved waste recycling.

At James Cook, dry mixed recycling was introduced in Carillion-controlled areas and has significantly improved waste segregation and recycling. We continue to work with our service provider to extend this initiative into the clinical and non-clinical areas of the estate.

The trust has also received approval (in principle) from the Environment Agency that non-infectious clinical waste can be amalgamated with the general waste stream. This is then 'labelled' offensive waste and can be disposed of at the energy waste plant.

A summary of the trust's performance in reducing its carbon footprint in 2013/2014 is shown below:

Area		Non-financial data			Financial data (£k)	
		2012/2013	2013/2014		2012/2013	2013/2014
Waste minimisation and management	Absolute values for total amount of waste produced by the trust	2140	2158	Expenditure on waste disposal	776,956	649,237
Finite resources	Water (m3)	339,519	333,849	Water	414,365	418,017
	Electricity (GJ)	114,975	110,174	Electricity	2,968,563	2,746,284
	Gas (GJ)	289,171	227,770	Gas	2,114,435	1,791,958

* The reduction in the use of and consequently the cost of gas compared to the previous year is due to the reduced demand for heating following the mild winter period and a technical adjustment by the gas supplier resulting in a reduction in gas consumed and invoiced for.

Better payment practice code

The better payment practice code looks at the trust's compliance in paying its invoices - received from NHS and non-NHS trade creditors - by the due date or within 30 days of receiving goods (or a valid invoice), whichever is later.

	2013/2014		2012/2013	
	Number	£000	Number	Number
Total Non-NHS trade invoices paid in the year	111,833	329,969	112,176	202,196
Total Non-NHS trade invoices paid within target	54,481	273,473	97,788	148,095
Percentage of non-NHS trade invoices paid within target	49%	83%	87%	73%
Total NHS trade invoices paid in the year	3,531	53,387	3,131	48,693
Total NHS trade invoices paid within target	1,044	34,932	1,106	32,386
Percentage of NHS trade invoices paid within target	30%	65%	35%	67%

* The movement in year for total non-NHS invoices paid within target has arisen from the time the trust takes to authorise and process invoices. The trust is working towards improving the process in conjunction with its centres.





Foundation trusts are led by boards consisting of executive and non-executive directors. Executive directors (including the chief executive) are responsible for the day to day management of the trust while the non-executive directors (which are a greater number) provide an independent perspective at board level.

Board of Directors

Together they form a unitary board of directors that is responsible for:

- Setting a robust and achievable strategy for the foundation trust and its leadership
- Supervising the organisation's management so that financial, operational and other strategic objectives are met to the right standard and to timetable, while ensuring strategic risks are identified and managed
- Setting and embedding the organisational culture of the foundation trust
- Taking those decisions that the board decides to reserve to itself, rather than delegate to an executive director
 - Ensuring compliance with its terms of authorisation, its constitution, mandatory guidance issued by Monitor, relevant statutory requirements and contractual obligations
 - Ensuring the quality and safety of healthcare services, education, training and research are delivered and applying the principles and standards of clinical governance set out by the Department of Health, the Care Quality Commission and other relevant NHS bodies
 - Exercising its functions effectively, efficiently and economically
 - Note advice from - and consider the views of - the Council of Governors

The board is accountable nationally to the foundation trust independent regulator Monitor and to the health quality regulator, the Care Quality Commission and locally to the Council of Governors and members.

The South Tees' board is made up of six executive directors and seven non-executive directors including the chairman.

In-year it also had two non-voting executive directors - the director of human resources and the director of IT and health records - although following an organisational restructure (which included a review of the corporate support service) the ICT (information and communications technology) service joined the finance directorate on 1 April 2014 and the health records service moved into the operational services directorate.

All directors must take decisions objectively in the interests of the NHS foundation trust and all members of the board have joint responsibility for every decision regardless of their individual skills or status - the concept being that both non-executive directors and executive directors share the same responsibility.

This does not impact upon the particular responsibilities of the chief executive as the accountable officer.

As part of their role as members of a unitary board, non-executive directors have a particular duty to ensure appropriate challenge is made and scrutinise the performance of the executive management in meeting agreed goals, objectives and financial and clinical quality controls.

They are also responsible for determining appropriate levels of remuneration of executive directors and have a prime role in appointing, and where necessary, removing executive directors and in succession planning.



Board of Directors

Responsibility for the appointment of the chairman and non-executive directors resides with a committee of the Council of Governors, which comprises of three members of the Council and two directors (including at least one non-executive director).

Executive directors are appointed by the nominations committee of the board on a permanent contract and following the appointment of Professor Hart as chief executive, the committee supported the appointment of Professor Robert Wilson, medical director, as deputy chief executive sending a strong message about the importance of clinicians in our leadership and management structure.

In July, the director of nursing and quality assurance joined the organisation following her appointment in the previous financial year.

The role of the nominations committee, which is a sub-committee of the board of directors, is to review the board and make recommendations for changes where appropriate.

The committee also establishes the nominations process for the identification and nomination of the executive directors, and confirms the appointment of executive directors, with the exception of the chief executive.

Membership is flexible as members of the Council of Governors are also appointed to the committee for appointments where the Council of Governors has responsibility – the posts of chairman and non-executive directors.

In 2013/2014, membership of the nominations committee included the chairman Deborah Jenkins, governors Jean Herbert, Jonathan Broughton and Sheelagh Clarke and company secretary Caroline Parnell.

The trust used one of the UK's leaders in executive search - and open advertising - to help with the appointment of two new non-executive directors and these appointments were ratified by the Council of Governors in May 2013.

The make-up of the board is set out in a table on the following pages and includes details of background, committee membership and attendance.

The board may delegate any of its powers to a committee of directors or to an executive director and these matters are set out in the scheme of decisions reserved to the board and the scheme of delegation.

Decision-making for the operational running of the trust is delegated to the formal management group, which comprises of executive directors and chiefs of service.

The board has an annual schedule of business which ensures it focuses on its responsibilities and the long-term strategic direction of the trust.

Meetings to conduct its business are held monthly in public (normally on the last Tuesday of each calendar month) and board members also attend seminars and training throughout the year.

A rigorous evaluation of the board's performance – and that of its committees and individual directors – is based on the Nolan principles of selflessness, integrity, objectivity, accountability, honesty, transparency and leadership.

With so much change in the board over the last two years, executive and non-executive directors supported the commissioning of a formal board development programme with a strong focus on effective governance in response to the Francis report.

Led by Paul Stanton, who has extensive experience of working with boards across the country, the programme started in April 2014 and builds on previous activity the board has undertaken individually and as a group.

It also complements a series of master classes the chairman has developed to help the board learn from the experiences of other successful teams and individuals.

To date classes have included the former chief executive of the NHS Confederation Mike Farrar, chief executive of NICE, Sir Andrew Dillon, and a senior director of John Lewis.

Individual directors have had detailed appraisals in their roles using a range of techniques. An appraisal process is in place with regular review of objectives set by the chief executive. A baseline assessment of skills, experience and competencies of all board members has been carried out to help inform an on-going development programme.

The chairman appraises the performance of the non-executives and makes recommendations to the Council of Governors, while the chairman's appraisal is led by the senior independent director who makes a recommendation to the Council of Governors.

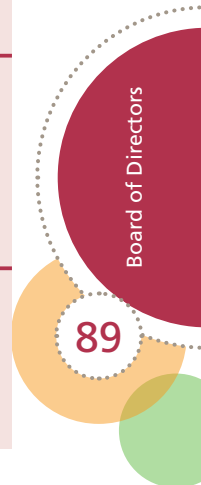
An annual appraisal process is in place and non-executive directors are involved in regular development activities including bi-monthly board workshops as well as seminars, conferences and one-to-one coaching.

We consider we have the appropriate balance and completeness in the board's membership to meet the requirements of an NHS foundation trust. The board maintains its register of interests and can confirm there are no material conflicts of interest in the board. A copy is available to members of the public by contacting the chairman's office at The James Cook University Hospital.

As far as the directors are aware, there is no relevant audit information of which the auditors are unaware. The directors have also taken all of the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.






Board of Directors - non executive directors		Board meetings	Audit	Remuneration committee	Nominations committee	Council of governors
	Deborah Jenkins Trust chairman since August 2008. Deborah is also chief executive of TDI - The Derwent Initiative, a national charity which promotes an inter-agency response to sexual offending - a visiting professor on leadership to the University of Newcastle and chair of the Barnard Castle Vision Partnership. Deborah is also the chairman of the nominations committee. (Current tenure ends 31 July 2015)	14/14	1	1/1	2/2	5/5
	David Kirby Deputy chairman. David joined the board in June 2005 and is a chartered public finance accountant. David's role as deputy chairman has been reviewed and his tenure extended until June 2016.	14/14	7/7	1/1		4/5
	Pauline Singleton Senior independent director. Pauline has been a non-executive director since February 2003 and is a retired teacher (retired October 2013).	6/7		1/1		
	Hugh Lang Hugh Lang was group airports director of Peel Airports Group from 2008 - 2010, with responsibility for the management and operation of Liverpool John Lennon Airport, Robin Hood Doncaster Sheffield Airport and Durham Tees Valley Airport. In both his airport capacity and as chairman of Tees Valley Unlimited (the governing body of the Tees Valley City region), Hugh has particular interests in the long term economic development of the region and the key drivers required to deliver positive growth. (Current tenure ends December 2017).	12/14	7/7	1/1		1/5
	Brenda Thompson Brenda has been a non-executive director since September 2008 and is an executive member for children's services Middlesbrough Council. (Current tenure ends 31 August 2015).	14/14				4/5
	Henrietta Wallace Henrietta joined us as a non-executive director in August 2007 and has an MSc in public health from the London School of Hygiene and Tropical Medicine, a BA in human sciences from Oxford and gained a scholarship to St John's College in Oxford in 1984. (Tenure ends 31 July 2014).	14/14	6/7	1/1		3/5
	Jonathan Smith Jonathan is an experienced IT director and change leader currently running a technology change and interim management IT consultancy. He moved to the North east to join Northgate PLC as IT director and has now forged local links with both business and the NHS. Jonathan joined as a non-executive director in June 2013 having experienced the great care the NHS can provide and is keen to support and drive the positive transformation work underway. (Current tenure ends 4 June 2016).	10/12				1/4
	Maureen Rutter - senior independent director Maureen is a registered nurse with an MBA and postgraduate qualifications in teaching and palliative care. After 25 years in the NHS, she 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. Before becoming a non-executive director in September, Maureen was an appointed governor of the trust. (Current tenure ends 31 August 2016).	9/9		1/1*	1/1	3/3





* as designate NED



together we do the amazing

Board of Directors

Board of Directors - executive directors		Board meetings	Audit	Remuneration committee	Nominations committee	Council of governors
 <p>Professor Tricia Hart A previous nurse, midwife, community nurse and health visitor, Tricia has over 40 years NHS experience. She was the expert nurse panel member into the care provided by Mid Staffordshire NHS Foundation Trust and also worked alongside Sir Robert Francis on the second stage of the Public Inquiry. Following the publication of the Public Inquiry report Tricia jointly led, with Ann Clwyd MP, the Department of Health's national review of complaints handling. Tricia was awarded the national award for inspirational leadership in 2009 and ranked as one of the HSJ's top 100 clinical leaders in the NHS (ranked number 10) and one of the top 50 chief executives. She is also patron of the Infection Prevention Society, a director of the North East and North Cumbria Academic Health Science Network and a visiting professor at both Durham University and Teesside University.</p>	13/14		1/1		4/5	
 <p>Professor Robert Wilson Professor Wilson was appointed as medical director in May 2010. He has worked at South Tees since 1988 and was appointed as a consultant surgeon in 1990. Previous roles in the trust include cancer research lead, director of research and development, trust lead for cancer, deputy medical director and chief of service for surgery. Professor Wilson is also a founder member of the patient liaison group and founding member of the national charity Against Bowel Cancer.</p>	13/14		1/1			
 <p>Jill Moulton Mrs Moulton took up the post of director of planning in July 1997 and was previously assistant director of planning. Following organisational re-structure, this directorate is now called service strategy and infrastructure.</p>	12/14				1/5	
 <p>Susan Watson Susan was appointed as the director of operational services in April 2008 and has held a number of senior positions in the trust including former deputy director of planning and former divisional manager of cardiothoracic services. Susan is now chief operating officer for the directorate.</p>	11/14	1			4/5	
 <p>Chris Newton Chris was previously the chief finance officer of NG Bailey – one of the UK's leading providers of building services for the public and private sector. He joined the trust in January 2012.</p>	10/14	5			3/5	

Board of Directors - executive directors		Board meetings	Audit	Remuneration committee	Nominations committee	Council of governors
	Anne Sutcliffe (acting director of nursing until end of June 2013) Anne has been the deputy director of nursing and patient safety at the trust since 2002 and has wide experience in nursing/midwifery roles in both hospital and community settings in Liverpool and Leeds before coming to Teesside. She was the acting director of nursing and patient safety from October 2012 until the end of June 2013.	3/3				
	Ruth Holt Ruth joined the trust in July 2013 as director of nursing and quality assurance and was previously the director of nursing/associate director with the NHS Confederation. She has a wealth of experience in both acute and community settings and has previously held the senior nursing post at Leeds (2006-2012) and South Manchester (2001-2006).	11/11	1			2/4
	Chris Harrison Chris joined the trust in February 2012. He has over 20 years of human resources experience and was previously the director of HR and organisational development at North East Ambulance Service.	13/14	2			
	Joanne Dewar Ms Dewar joined the trust as director of information in October 2000 and was previously head of information and communication technology at Middlesbrough Council and has worked in an IT environment for almost 30 years. (Left the organisation in March 2014).	11/14				

Declarations of interests

Deborah Jenkins

Part-time chief executive – the Derwent Initiative
Chairman – Northern neonatal network
Husband – chair of Operating Theatre - a small not-for-profit theatre company

Hugh Lang

Director – SkyPorts Europe Ltd
Non-executive director – WeighAhead Ltd
Chief executive – Community Energy Solutions (CES)

Maureen Rutter

Member of Macmillan Cancer Support

Jonathan Smith

Director/consultant – ISOSITY Ltd

Brenda Thompson

Councillor – Middlesbrough Council
Executive member – children's services, Middlesbrough Council
Trustee and honorary treasurer – Edward Guy Foundation for Hospice Care

Henrietta Wallace

Trustee – Unite Mediation Ltd
Lay representative – Health Education North East

Professor Tricia Hart

Patron - Infection Prevention Society
Chair – Comprehensive Local Research Network (CLRN)
National Institute for Health Research (NIHR) partnership board
Honorary professor – School of Health and Social Care, Teesside University
Governor – Teesside University
Director – Northern Health Science Alliance
Director – North East and North Cumbria Academic Health Sciences Network

Professor Rob Wilson

Honorary professor – surgical science, Durham University

Ruth Holt

Trustee – Marie Curie Cancer Care
Visiting fellow – Leeds Metropolitan University

Joanne Dewar

Public member – County Durham and Darlington NHS Foundation Trust

Chris Harrison

Public member – North East Ambulance NHS Foundation Trust





J.C.U.H. NO 2 DOMESTIC
KITTY ALLEN

J.C.U.H. MED EQUIP STORE
GRAHAM BROWN

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Audit committee

The audit committee is responsible for monitoring and reviewing matters such as the integrity of financial statements of the trust, our internal financial controls and the internal audit function.

The committee is chaired by the trust's non-executive/deputy chairman and during the year had two further non-executive directors in its membership as below:

- Mr David Kirby Chair
- Mr Hugh Lang
- Ms Henrietta Wallace

Its terms of reference are approved by the Board of Directors and reviewed each year. The committee has an annual business plan which shows how it plans to discharge its responsibilities under its terms of reference and the business plan is monitored throughout the year.

During the year the committee held an externally facilitated review of its terms of reference, business plan and measurement of effectiveness.

There were seven formal meetings in-year and minutes of each meeting, along with any recommendations, are reported to the Board by the chairman of the audit committee.

The audit committee presents an annual report detailing its work to the Board each year. Committee members carry out a self-assessment each year.

Its main duties throughout the year were:

Financial reporting

The audit committee monitored the integrity of the financial statements of the trust and any formal announcements relating to the trust's financial performance, reviewing significant financial reporting judgments contained in them.

The committee received and recommended to the Board of Directors for approval the trust accounts and annual governance report and the charitable funds accounts.

In considering the full set of financial statements the committee noted that:

- There were no external audit adjustments proposed required to the statements in order to achieve an unqualified opinion
- The unadjusted misstatements identified were below the level of materiality individually and collectively
- The explanations received and financial reporting during the year was consistent with both the statements presented and the going concern statement

Consequently the committee was able to recommend adoption of the statements to the Board without amendment qualification.

Significant items of judgement

There were two significant items of judgement discussed by the audit committee in-year:

- The draft going concern statement was presented to audit committee members at its informal accounts meeting where a number of minor adjustments were discussed. Audit committee members were informed that it was the intention to discuss the statement with Monitor prior to its finalisation. The going concern statement was received at the full audit committee on 22 May 2014 where it was discussed and approved for recommendation to the Board of Directors.



Audit committee

- At the November additional resources committee, members agreed South Tees Hospitals Charity and Associated Funds would retain its current status, meaning its accounts would be consolidated with the trust's financial accounts. The implications of this were discussed at the audit committee's informal accounts meeting and subsequently approved at the full audit committee on 22 May 2014.

Governance, risk management and internal control

The committee reviewed 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 supported the trust's objectives.

The committee received the trust's assurance framework and various audit reports concerning these matters.

Reports were received outlining the progress made in planned counter fraud work and general issues concerning the NHS counter fraud service (CFS).

The committee also reviewed the findings of any other relevant significant assurance functions, both internal and external to the trust and considered the implications to the governance of the trust.

Internal audit

The committee ensured there was an effective internal audit function established by management that met mandatory internal audit standards and provided appropriate independent assurance to the audit committee, chief executive and the Board of Directors.

The committee received the internal audit plan, internal audit annual report and progress reports.

External audit

PwC are the external auditors for the trust and were appointed through a tendered process in 2011 by the Council of Governors in a joint exercise with the audit committee. The appointment is for a three-year term with a one plus one year extension available under the terms of the contract subject to the agreement of both parties.

The total annual contract value for 2013/2014 is split as follows:

1. External audit fee - £42,950
2. Fees for audit of consolidation with charity - £2,000
3. Quality accounts fee - £11,000

The accounts for 2012/2013 were the second year audited during the audit contract term.

During the year the audit committee recommended to the Council of Governors that the contract be extended for a further year.

The audit committee has reviewed and monitored the external auditor's independence and objectivity and the effectiveness of the audit process. This process is achieved by a self-assessment of performance and measurement by the auditors against KPIs contained in the audit contract. This self-assessment is reviewed by the director of finance and audit committee.

The committee received and reviewed external audit plans and routine reports, along with regular private discussions with the external auditors and internal audit. External audit colleagues attended each meeting.

Arrangements by which staff raise concerns

The audit committee reviewed arrangements by which staff of South Tees Hospitals NHS Foundation Trust may raise, in confidence, concerns about possible improprieties in matters of financial reporting and control, clinical quality, patient safety or other matters.

Other assurance functions

The committee reviewed the work of other committees within the trust whose work could provide relevant assurance to the audit committees.

The committee satisfied themselves on the assurance that could be gained from the clinical audit function.

Reporting

The company secretary was the formal secretariat for the committee and ensured that co-ordination of papers and minutes were produced in accordance with the chairman of the committee.

The committee reports to the Board of Directors annually on its work, specifically commenting on the fitness for purpose of the assurance framework, the completeness and robustness of risk management in the trust, the financial position and financial reporting systems of the organisation, the annual governance statement, internal control and the governance system.

The trust has a process approved by governors, for the agreement of non-audit services provided by the auditors. There were no non-audit services provided during the year, with the exception of the quality account.



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Audit committee

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Remuneration

The following section is the unaudited part of the remuneration report. The audited section is on pages 98 to 100

The Board of Directors has an established remuneration committee composed of the chairman and non-executive directors.

The committee has responsibility for setting the terms and conditions of office, including remuneration (pay and benefit entitlements) and allowance of the executive directors of the Board (and the two non-voting associate executive directors - the director of human resources and the director of IT and health records).

It does not have a direct role in relation to the pay of the chairman and the other non-executive directors as this responsibility lies with the Council of Governors, guided by Monitor's code of governance for foundation trusts.

Between April 2013 and March 2014, the remuneration committee met once in June 2013. Membership consists of the chairman and non-executive directors and the chief executive also attended the meeting. The deputy chief executive/medical director was asked to attend for one item.

Having reviewed the policy for - and structure of - corporate directors' pay in 2008/2009, there were no amendments to this in 2013/2014.

The current policy used job evaluation scores to set the job size and each salary is then calculated as a percentage of the chief executive's salary based on the relative score.

The chief executive's salary is benchmarked against similar organisations using information provided by the Income Data Service.

This year, the chief executive presented a report to the remuneration committee which summarises the performance of individual directors against their agreed objectives.

Given the current economic climate, the remuneration committee agreed there should be no cost of living rise or incremental progression for any corporate director in 2013/2014.

The tenure (length) of employment for non-executive directors is set out in the trust's constitution and is three years for the chairman and non-executive directors, and then subject to re-appointment.

Any term beyond six years is subject to rigorous review by the Council of Governors and non-executive directors serving beyond this period (up to a maximum of nine years) are subject to an annual re-appointment.

For corporate directors, appointments are not time limited and the period for serving notice is three months, apart from the chief executive which is six months.



Remuneration report

Termination payments are usually contractual but may be varied by the decision of the remuneration committee and depend on Treasury approval.

Contractual provision for early termination is not appropriate as the contracts are not fixed term. Liability for early termination is, therefore, not calculated.

The only exception to this arrangement is the chief executive's contract, which is a four-year fixed contract and reviewed at the end of each year with no liability for early termination.

The director of human resources and the director of IT and health records are non-voting members of the Board of

Directors and do not have voting influence in directing or controlling the major activities of the trust and have not been included in this remuneration report as a result.

As part of the Health and Social Care Act 2012, we are required to include information on the expenses of directors and governors (the latter which is included in the Council of Governors section). In 2013/2014, directors' total expenses were £9,532.23 compared to £10,646.21 in 2012/2013.

Accounting policies for pensions and other retirement benefits are set out in the full financial trust accounts in section 1.4, 1.14 and note 21. The remainder of the remuneration report is the audited element.

Salary and allowances

Name and title	2013/2014					Total
	Salary and fees (bands of £5,000)	Taxable benefits (to the nearest £100)	Performance related bonus (bands of £100)	Long-term performance related bonus (bands of £5,000)	Pension related benefits (bands of £2,500)	
	£000	£000	£00	£000	£000	£000
Ms Deborah Jenkins MBE, chairman	50 - 55					50 - 55
Mrs Pauline Singleton, non-executive member	5 - 10					5 - 10
Mr David Kirby, non-executive member	20 - 25					20 - 25
Ms Henrietta Wallace, non-executive member	10 - 15					10 - 15
Mrs Brenda Thompson, non-executive member	10 - 15					10 - 15
Mr Hugh Lang, non-executive member	10 - 15					10 - 15
Mr Jonathan Smith, non-executive member	10 - 15					10 - 15
Mrs Maureen Rutter, senior independent director /non-executive member	5 - 10					5 - 10
Mr Chris Newton, director of finance	155 - 160	22				160 - 165
Mrs Jill Moulton, director of service strategy and infrastructure	130 - 135	17			(15 - 17.5)	115 - 120
Miss Ruth Holt, director of nursing / quality assurance	95 - 100				95 - 97.5	190 - 195
Mrs Anne Sutcliffe, acting director of nursing	40 - 45					40 - 45
Mrs Susan Watson, chief operating officer	135 - 140				(10 - 12.5)	120 - 125
Professor Tricia Hart, chief executive	220 - 225				1,037.5 - 1,040	1,260 - 1,265
Mr Simon Pleydell	205 - 210					205 - 210
Professor Rob Wilson, medical director	215 - 220					215 - 220
Band of highest paid director's total remuneration (£'000)	220 - 225					
Median total remuneration	21,132					
Ratio	10.5					

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The figures for taxable benefits relate to lease cars.

On 1 July 2012, Mr Simon Pleydell stepped down from the chief executive role and led the development of Academic Health Sciences Network before joining the NHS Confederation as associate director from 31 December 2012.

The contractual agreement between the trust and Simon ceased with effect from 1 April 2014.

Miss Ruth Holt commenced in post on 8 July 2013

Mrs Anne Sutcliffe left the trust on 31 October 2013

Mrs Pauline Singleton left the trust on 31 October 2013

Mr Jonathan Smith commenced in post on 5 June 2013

Ms Maureen Rutter commenced in post on 2 September 2013

Hutton review of fair pay

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director at South Tees Hospitals NHS Foundation Trust in the financial year 2013/2014 was £224,766 (2012-13 £184,090). This was 8.6 times (2012/2013 8.4 times) the median remuneration of the workforce, which was £21,132 (2012/2013 £21,627). This exercise has included all staff employed by the foundation trust during the financial period, regardless of whether they were still employed at 31 March. The remuneration figures used are based on the cost of the whole time equivalent of all staff identified as part of this exercise.

In 2013/2014, four (2012/2013, 23) employees received remuneration in excess of the highest paid director. Remuneration ranged from £14,294 to £271,352 (2012/2013 £14,153 to £262,631). The starting point for the ranges for the financial periods are 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.

2012/2013						Total	Name and title
Salary and fees (bands of £5,000)	Taxable benefits (to the nearest £100)	Performance related bonus (bands of £100)	Long-term performance related bonus (bands of £5,000)	Pension related benefits (bands of £2,500)			
£000	£000	£00	£000	£000	£000		
50 - 55					50 - 55	Ms Deborah Jenkins MBE, chairman	
10 - 15					10 - 15	Mrs Pauline Singleton, non-executive member	
20 - 25					20 - 25	Mr David Kirby, non-executive member	
10 - 15					10 - 15	Ms Henrietta Wallace, non-executive member	
10 - 15					10 - 15	Mrs Brenda Thompson, non-executive member	
10 - 15					10 - 15	Mr Hugh Lang, non-executive member	
						Mr Jonathan Smith, non-executive member	
						Mrs Maureen Rutter, senior independent director /non-executive member	
155 - 160	19				160 - 165	Mr Chris Newton, director of finance	
130 - 135	20			(15 - 17.5)	115 - 120	Mrs Jill Moulton, director of service strategy and infrastructure	
						Miss Ruth Holt, director of nursing / quality assurance	
40 - 45					40 - 45	Mrs Anne Sutcliffe, acting director of nursing	
135 - 140				(10 - 12.5)	120 - 125	Mrs Susan Watson, chief operating officer	
180 - 185				(35 - 37.5)	145 - 150	Professor Tricia Hart, chief executive	
205 - 210					205 - 210	Mr Simon Pleydell	
215 - 220					215 - 220	Professor Rob Wilson, medical director	
180 - 185						Band of highest paid director's total remuneration (£'000)	
21,627						Median total remuneration	
8.4						Ratio	



Remuneration report

Pension benefits

Name and title	Real increase in pension at age 60 (bands of £2,500)	Real increase in pension lump sum at age 60 (bands of £2,500)	Total accrued pension at age 60 at 31 March 2014 (bands of £5,000)	Lump sum at age 60 related to accrued pension at 31 March 2014 (bands of £5,000)	Cash equivalent transfer value at 31 March 2014	Cash equivalent transfer value at 31 March 2013	Real increase / (decrease) in cash equivalent transfer value	Employer's contribution to stakeholder pension
	£000	£000	£000	£000	£000	£000	£000	£000
Professor Tricia Hart, chief executive	£45 - £47.5	£135 - £137.5	£110 - £115	£330 - £335	2393	1304	1,024	0
Mrs Susan Watson, chief operating officer	(£0 - £2.5)	(£0 - £2.5)	£45 - £50	£140 - £145	860	806	14	0
Mrs Jill Moulton, director of service strategy and infrastructure	(£0 - £2.5)	(£0 - £2.5)	£45 - £50	£140 - £145	909	853	13	0
Miss Ruth Holt, director of nursing / quality assurance	£2.5 - £5	£10 - £12.5	£40 - £45	£120 - £125	686	370	297	0

As non-executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for non-executive members.

Mr Chris Newton, director of finance and Professor Rob Wilson, medical director / deputy chief executive are not included in the detail above as they have both chosen to opt out.

Cash equivalent transfer values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's 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 disclosure applies. The CETV figures and 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

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



Chief executive

27 May 2014



Remuneration
report

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Council of Governors

Our Council of Governors forms an integral part of the governance structure within the trust and is the 'voice' of local people, setting the direction for the future of our services based on members' views, particularly in relation to strategic direction.

Governors do not undertake operational management of NHS foundation trusts; rather they provide challenge to the unitary board of directors and hold the non-executive directors individually and collectively to account.

Our Council of Governors is made up of 34 governors, the majority of which are elected by our members to represent patients, service users, staff and the general public.

The remainder are appointed from key local organisations, such as local councils and clinical commissioning groups. This make-up includes 21 elected seats and 13 nominated seats as outlined below:

- Public – Hambleton and Richmondshire (5), Middlesbrough (5), Redcar and Cleveland (5), rest of England (1)
- Patient and/or carer (2)
- Staff (3)
- Key external partners nominated onto the Council of Governors (13)

The statutory duties of governors are set out in the National Health Service Act 2006 and the Health and Social Care Act 2012 and are as follows:

From the National Health Service Act 2006:

- Appoint and, if appropriate, remove the chair or other non-executive directors
- Decide the remuneration and allowances, and the other terms and conditions of office, of the chair and the other non-executive directors
- Approve the appointment of the chief executive
- Appoint and, if appropriate, remove the NHS foundation trust's external auditor
- Receive the trust's annual accounts, any report of the auditor on them and the annual report

In preparing the NHS foundation trust's forward plan, the Board of Directors must also have regard to the views of the Council of Governors.

From the Health and Social Care Act 2012:

- Hold the non-executive directors individually and collectively to account for the performance of the Board
- Represent the interests of the members of the trust as a whole and of the public
- Approve 'significant transactions'
- Approve an application by the trust to enter into a merger, acquisition, separation or dissolution
- Decide whether the trust's private patient work would significantly interfere with the trust's principal purpose i.e. providing goods and services for the health service in England or the performance of its other functions
- Approve any proposed increases in private patient income of 5% or more in any financial year
- Approve amendments to the trust's constitution



Council of Governors

In 2013/2014, the Council of Governors met five times, all of which were attended by the chairman who is responsible both for the leadership of the Board and the Council.

Key executive directors attend each meeting to give governors detailed updates on progress against performance, quality and financial targets as well as other issues key to the on-going success of the trust, such as public consultations around service changes.

Governors also use their personal and professional networks to canvass the opinion of the trust's members and the public on the trust's forward and annual plan – and these are shared with the Board through the executive director lead.

In line with their statutory duties, governors also led the recruitment of two new non-executive directors, were involved in extending the contract for external audit services and also agreed the appointment of non-executive director Maureen Rutter as the trust's senior independent director following the retirement of Pauline Singleton.

Mrs Rutter has undertaken the process of appraising the performance of the chairman during 2013/2014, taking on board the views of the Council of Governors and Board of Directors.

It is not just through their statutory role that governors add value to the organisation. Over the last year they have also been involved in a whole range of other activities within the trust including:

- Working with a non-executive director on an independent review of the trust's complaints procedures
- Actively involved in the recruitment of Ruth Holt as director of nursing and quality assurance
- Regularly taking part in patient safety walkabouts alongside executive and non-executive directors
- Being part of the PLACE team inspecting all of the trust's properties
- Joining the judging panel for the trust's annual staff awards
- Attending key internal conferences and events including our annual Nightingale conference for nursing and the patient safety conference

In October, elections were held to fill two vacant seats in the Middlesbrough constituency after Angela Seward automatically took up the vacant Rest of England position which was uncontested.

Four candidates put themselves forward and almost 24% of members (351) cast their votes with former head teacher Carolyn Newton and Val Harrison, who has worked in a variety of administration and organisational roles with British Steel, Constantine Shipping, and both Redcar and Middlesbrough Councils, being successful.

A further election was held in March for four public governors in the following constituencies - one in Middlesbrough, two in Redcar and Cleveland, one in Hambleton and Richmondshire – plus a staff governor.

A further patient/carer position was uncontested and automatically filled by Michael Saunders. The election results were as follows:

- **Middlesbrough** – Norman Leslie (re-elected) from four candidates (turnout 22.1%)
- **Redcar and Cleveland** – Peter Sotheran and Jacqueline Wesson (both re-elected) from seven candidates (turnout 27.8%)
- **Hambleton and Richmondshire** – Jean Herbert (re-elected) from six candidates (turnout 40.7%)
- **Staff** – Julie O'Key (newly elected) from five candidates (turnout 8.8%)

The trust holds a register of governors' interests which is available to members of the public by contacting the chairman's office at The James Cook University Hospital.

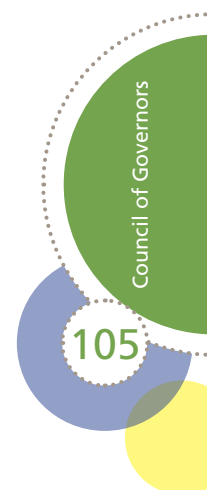
As part of the Health and Social Care Acute 2012, we are also required to include information on the expenses of directors (which is in the unaudited part of the remuneration section) and governors. In 2013/2014 the total expenses claimed by governors was £688.20 compared to £50 in 2012/2013.

Council of Governors meetings

Elected governors	Tenure	Constituency	5 meetings from April 2013 to March 2014
Plym Auty	3 years from April 2012	Hambleton and Richmondshire	4/5
Noel Alasdair Beal	3 years from April 2012	Hambleton and Richmondshire	5/5
Janet Crampton	3 years from April 2012	Hambleton and Richmondshire	4/5
*Jean Herbert	3 years from April 2014	Hambleton and Richmondshire	3/4
Ivan Stephenson	3 years from April 2013	Hambleton and Richmondshire	3/5
Valerie Harrison	3 years from November 2013	Middlesbrough	2/2
*Norman Leslie	3 years from April 2014	Middlesbrough	5/5
Keith Martin	3 years from May 2012	Middlesbrough	3/5
Caroline Newton	3 years from November 2013	Middlesbrough	1/2
Alan Parton	3 years from May 2012	Middlesbrough	5/5
Gabriela Rea (removed July 2013)	3 years from April 2011	Middlesbrough	0
William Davis	3 years from April 2012	Redcar and Cleveland	5/5
Alan Leighton	3 years from April 2012	Redcar and Cleveland	4/5
John Race	3 years from April 2012	Redcar and Cleveland	4/5
*Peter Sotheran	3 years from April 2014	Redcar and Cleveland	4/5
*Jacqueline Wesson	3 years from April 2014	Redcar and Cleveland	3/5
*David Cleary	3 years from April 2011	Patient and/or carer of patient	4/5
*Elaine Lewis	3 years from April 2012	Patient and/or carer of patient	5/5
Shahrazad Connolly (taken off July 2013)	3 years from April 2012	Rest of England	0
Angela Seward	3 years from November 2013	Rest of England	1/2
Jonathan Broughton	3 years from December 2012	Staff	4/5
Julie Harris	3 years from April 2012	Staff	5/5
David Whiteway	3 years from April 2011 (tenure ended March 2014)	Staff	3/5
Julie O'key	3 years from April 2014	Staff	

Appointed governors	Tenure	Partner organisation	5 meetings from April 2013 to March 2014
Prof Mark Shucksmith	Tenure commenced October 2013	Newcastle University	1/3
Councillor Sheelagh Clarke	3 years from 2012	Redcar and Cleveland Council	4/5
Tony Hall	Tenure extended 2012	North Yorkshire County Council	3/5
Professor David Hunter	Tenure renewed 2012	Durham University	4/5
Dr Vicky Pleydell	Tenure commenced July 2013	Hambleton, Richmondshire and Whitby CCG	1/4
Professor Caroline MacDonald	Tenure renewed 2012	Teesside University	2/5
Mike Robinson	Tenure renewed 2012	Middlesbrough Council	1/5
Maureen Rutter (left July 2013)	Tenure renewed 2012	MacMillan Cancer Support	2/2
David Williams	New appointment	NHS South Tees CCG	-

* Denotes where existing governors have been re-elected
There are currently a number of vacancies in the appointed governors section.



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Developments and change

... means we, in turn, have
... forwards by continually
... looking at how we
... and efficient, without
... of care we provide.

We're
looking
at some really
important projects such
as improving the patient
and 'transforming
the delivery' which
is the way we
improve care
for you.



Membership

NHS foundation trusts provide for greater local accountability to patients and service users, local people and NHS staff. The principles behind NHS foundation trusts build on the sense of ownership that many local people and staff feel for their hospital and other health services.

As a foundation trust, we have a duty to engage with our local communities and encourage people to become members of our organisation. We also have to take steps to ensure our membership is representative of the communities we serve.

Membership of South Tees is divided into constituencies, with each one having elected representatives who sit on the Council of Governors. We currently have three existing membership constituencies – public, patient and/or carer and staff – and these are broken down into:

- **Public constituency** – members of the public, including past and present patients, volunteers and carers, who live locally in Hambleton and Richmondshire, Middlesbrough, Redcar and Cleveland.

It also includes a fourth group – ‘Rest of England’ – which differs from the patient and/or carer one as there is no requirement for members to have been a patient/carer in the preceding ten years.

- **Patient constituency** – Patients and/or carers of patients
- **Staff** – who automatically become members but can opt out if they wish to

Membership to the trust is free and level of involvement is entirely up to the individual, although by joining as a member enables people to:

- have a greater say in how our services are run
- stand for governor
- elect others to represent them on the Council of Governors
- receive regular updates about South Tees and its services
- tell us about the needs and expectations of their local community
- attend the annual members meeting and our exclusive members’ events.

Anyone aged 16 or over from the above groups is eligible to become a member and at the end of March, our membership (excluding staff) dropped slightly from 5,587 to 5,343 although this did remain representative within the ethnic and socio-economic groups.

The Board of Directors is required to monitor how representative the trust’s membership is and this responsibility has been delegated to the company secretary.

While we have a membership target of recruiting 500 new members each year, 126 people were signed up in 2013/2014. Staffing changes meant that for a number of months the trust did not have in post a membership officer to proactively drive forward recruitment.

However the changes have provided the opportunity to review the way the trust recruits members for 2014/2015 and in the future, recruitment will be more focused within our own acute and community hospital sites, concentrating on internal events and working more closely with the charities team to encourage people to become members.

More information about becoming a member is available on the trust’s website at www.southtees.nhs.uk or if you would like further information you can contact 01642 835592. Members can also contact their own constituency representatives on the number above or email them at gov@stees.nhs.uk



Membership

Membership breakdown

Public constituency	Last year (2012/2013)	2013/2014 estimate
As at start (1 April)	4,915	
New members	111	
Members leaving	328	
Year-end (31 March)	4,698	
Public constituency - breakdown by catchment		
Hambleton and Richmondshire	1,442	
Middlesbrough	1,469	
Redcar and Cleveland	1,478	
Rest of England	309	
Total	4,698	
Staff constituency		
As at start (1 April)	8,926	
New members		
Members leaving		
Year-end (31 March)		
Patient constituency		
As at start (1 April)	672	
New members	15	
Members leaving	42	
Year-end (31 March)	645	
Public constituency*	Number of members	Eligible membership
Age (years):		
0-16	6	5,529
17-21	191	25,481
22+	4,320	361,122
Unknown	181	
Ethnicity		
White	4380	380,804
Mixed	15	2,247
Asian	124	7,471
Black	16	648
Other	16	1,005
Unknown	147	
Socio-economic groupings		
AB	889	134,990
C1	1,964	54,327
C2	1,171	57,344
DE	582	56,141
Unknown	92	

* For the purposes of the membership report, the public constituency population breakdown excludes 'Rest of England' and concentrates on our three immediate catchment areas

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Membership

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Annual governance statement

2013/2014

Scope of responsibility

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of South Tees Hospitals NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in South Tees Hospitals NHS Foundation Trust for the year ended 31 March 2014 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

As accountable officer and chief executive I have overall responsibility for ensuring that there are effective risk management and integrated governance systems in place within the trust for meeting all statutory requirements and adhering to guidance issued by Monitor in respect of governance and risk management.

Some aspects of risk are delegated to the trust's executive directors:

- The medical director is responsible for clinical governance and with effect from 1 October 2013 is also responsible for information governance risks.
- The director of nursing and quality assurance is responsible for infection prevention and control, health and safety and is overall lead for risk management and patient safety with support from the deputy director of nursing, the lead nurse for patient safety, the trust solicitor and deputy director of quality assurance. The director of nursing and quality assurance is also responsible for reporting to the Board of Directors on the implementation of the risk management and patient safety strategies. From 1 October 2012 the director of nursing role was vacant and was filled with an acting director of nursing - the substantive post was filled in July 2013.
- The director of nursing and quality assurance is the management lead and vice chair of the patient safety sub-group and is a member of the quality assurance committee, to ensure a fully integrated and joined up system of risk and control management is in place.
- The director of nursing and quality assurance is the senior information risk owner with effect from 1 April 2014.



Annual governance statement 2013/2014

- The director of finance provides the strategic lead for financial risk and the effective co-ordination of financial controls throughout the trust.
- The director of human resources is responsible for workforce planning, staffing issues, education and training.
- The director of information was responsible for information governance risks until this responsibility transferred to the medical director in October 2013.
- The director of operational services is responsible for business continuity planning and emergency planning.

All chiefs of service, clinical directors and managers have delegated responsibility for the management of risk and patient safety in their areas. Recognising and managing risk is integral to their day-to-day management responsibilities. It is also a requirement that each individual division produces a divisional/directorate patient safety and risk management plan, which describes the local application (including the responsibilities of key staff) of the trust risk management strategy.

All members of staff have responsibility for participation in the risk/patient safety management system through:

- Awareness of risk assessments which have been carried out in their place of work and to comply with any control measures introduced by these risk assessments.
- Compliance with all legislation relevant to their role.
- Following all trust policies and procedures particularly risk management and incident reporting policies which are available to all staff electronically through the intranet.
- Reporting all adverse incidents and near-misses via the trust incident reporting system.
- Attending regular training as required ensuring safe working practices.
- Awareness of the trust patient safety and risk management strategies and their own divisional/directorate patient safety and risk management plan.
- Knowing their limitations and seeking advice and assistance in a timely manner when relevant.

The trust recognises the importance of supporting staff. All employees, including members of the Board, clinicians, managers, permanent, temporary and locum staff are provided with appropriate risk management training by the trust's risk management team. Training includes:

- Corporate induction training when staff join the trust.
- Mandatory update training for all staff every two years.
- Targeted training on specific areas including risk assessment, incident reporting and incident investigation including root cause analysis.

The trust seeks to learn from good practice through trust communication media and education sessions. Managers produce and distribute lessons learned reports following investigations of incidents.

The risk and control framework

The risk management strategy outlines how quality governance works in practice across the organisation, including how the trust's performance management systems contribute to an effective system of internal control, ensuring delivery of key objectives and management of risk across all areas in the organisation. The strategy is supported by a range of detailed trust policies and accompanying guidance, the strategy describes:

- A clear framework of accountability and delegated responsibility for risk.
- A clearly defined committee structure that supports the risk management process.
- A statement defining the organisation's risk management appetite which was reviewed and agreed by the Board when the current risk management strategy was developed. The organisation's risk management appetite recognises that there is a degree of risk in every activity that it undertakes and its appetite for risk will depend upon the impact of the risk on the organisation's strategic direction, the likelihood of it materialising and the effect on the organisation's reputation and image, however the trust will be more risk averse in areas of its business where, if it failed, there would be an impact on the safety of our patients and people, the quality of care that we provide and the reputation of the organisation.
- Detailed, defined processes for identifying and evaluating risks. Tools available include a standard process for scoring the consequence and likelihood of risks.
- An electronic risk register providing a comprehensive, standardised record of risks at divisional and corporate level. This allows risks to be managed consistently.
- The use of risk register movement charts to show how risk ratings have changed as risks are managed.
- A dedicated risk management team supporting the risk management process.
- Training processes to support staff to deliver their risk management objectives.

During 2013/2014 the trust undertook a review of its committee structure to ensure that the requirements for good quality governance identified in national guidance are met. Following a consultation process the revised committee structure was approved by the Board in October 2013 and was implemented in January 2014. The committee structure comprises of:

- The audit committee which supports the Board by critically reviewing the governance and assurance processes on which the Board places reliance.

- The quality assurance committee (formerly the integrated governance committee), the role of this committee and its sub-groups is to assist the Board and organisation in ensuring it fully discharges its duties in relation to the delivery of high quality services and patient outcomes, having regard to patient safety, clinical effectiveness and patient experience. Following the revision to the committee structure the committee expanded its terms of reference and annual work plan to include responsibility for assuring the effective management of risk. The quality assurance committee also reviews the assessment and mitigation of potential risks to quality from new initiatives including those arising from cost improvement work streams or operational efficiency measures.
- The patient safety sub-group (formerly the patient safety programme board) reports to the quality assurance committee, its role is to monitor the delivery of patient safety improvement initiatives which support the delivery of the trust's objectives in relation to safety and quality and to review themes and trends from incidents to identify patient safety concerns and ensure actions are taken to address any issues identified.
- A patient experience sub-group was established as a consequence of the committee structure review. Its role is to review patient experience feedback, complaints and PALS. This group reports to the quality assurance committee.
- The workforce sub-group (formerly the organisational capability sub-group) has responsibility for assuring workforce development, workforce planning and staff health and wellbeing.
- The clinical standards sub-group ensures agreement and delivery of the highest clinical standards throughout the trust.

Quality of care and patient safety is the core transformational theme which underpins the development of the trust's values and objectives. Each board meeting starts with a patient story. The Board receives a range of quality information and assurance both through the committee structure and directly at board meetings. The data used to report the trust's quality performance is taken from national data submissions, clinical audit, national benchmarking systems, quality observatories and patient and staff surveys. The indicators and measures used to track the trust's quality and safety objectives are reported through the patient safety and quality dashboards. The dashboards are produced at trust, divisional, directorate and ward level. The quality indicators are formally reported in the quarterly quality report which includes qualitative and quantitative information, statistical analysis of trends and benchmarking. All serious incidents are reported to the Board. Quality improvement targets are determined by the trust's strategies and the divisional patient safety and quality action plans.

The performance against Monitor's continuity of service risk rating and applicable national standards is reported monthly to the Board. Self-assessment of compliance with Monitor's quality governance framework is reviewed quarterly at the quality assurance committee; the trust has declared compliance with the framework throughout 2013/2014.

The performance data used by the trust is split into two categories:

- Clinical data items, related to the accuracy of clinically coded data
- Administrative data items - relates to other data items related to the patient's care pathway

The trust undertakes a number of processes to validate and provide assurance of the quality of the data used within the trust:

- Participation in external clinical coding audits, undertaken by the Audit Commission
- Internal programme of specialty level clinical coding audits
- Live validation of clinically coded data
- Weekly validation of NHS numbers
- Weekly validation of patients' GP details
- Internal audits to review accuracy of data used for specific performance reports, i.e. cancer targets, 18 week targets etc.

To assist in the above the trust uses a number of sources external to the trust to facilitate this including:

- Internal audit data validation and data quality reviews.
- NHS Information Centre – SUS data quality dashboards
- Audit commission – external clinical coding audits
- Audit commission – PbR national benchmarker
- CHKS – Signpost – data quality indicators

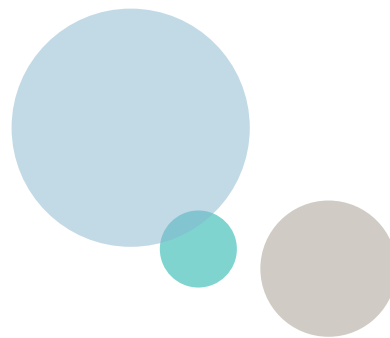
The data quality team review information on the Health and Social Care Information Centre and CHKS websites routinely to highlight any issues which require further investigation.

The management of risk is monitored at all levels within the organisation. There is a rolling programme of presentations from divisions to the quality assurance committee to review local risk management arrangements and to receive a report on risks managed on divisional risk registers. Prior to January 2014 these presentations were given to the risk and assurance sub-group. Minutes of these meetings are reported through the committee structure to the Board. Divisions are also required to present their divisional risk registers at quarterly performance reviews with the chief executive, medical director, and the director of nursing.

Each quarter, the executive directors review risks to the corporate objectives which are identified on the assurance framework this is then presented to the Board of Directors together with a quarterly progress report on the delivery of the strategic objectives. The executive directors also provide updates to the operational risks identified on the corporate risk register and review any risks which have been escalated for possible inclusion on the corporate risk register on a monthly basis. The corporate risk register is then reviewed by the quality assurance committee (formerly the integrated governance committee) which advises on any risks which require detailed reporting to the Board.



Annual governance statement 2013/2014



The information governance steering group ensures that the trust complies with legislation and standards relating to information risks and is chaired by the trust senior information risk owner. The Board of Directors has agreed the information risk management (IRM) framework for the trust.

The trust has a continuous work programme to further embed the IRM framework within the organisation, ensuring that any data security risks are highlighted by the Information Asset Administrators (IAA) at ward and departmental level, reported to the corporate director/divisional manager who are the information asset owners (IAO) and then discussed with the senior information risk owner (SIRO), this role was held by the director of information until 31 March 2014 and is now held by the director of nursing and quality assurance.

With regards to data security incidents, the trust has recently updated its serious untoward incident (SUI) procedure. All data security incidents are incorporated within this procedure and are subject to the same levels of risk treatment.

The trust has achieved a minimum of level 2 on 44 of the 45 standards of the national information governance (IG) toolkit. Level 1 has been recorded against standard 112, as staff training compliance reached 84% against a target of 95%. The trust IG compliance score for 2013/2014 was submitted at 82% (red-unsatisfactory). The information governance department have produced an action plan to address the training issues; key actions include focused work on staff groups and areas which did not reach the required level of training, data validation to reduce duplicates and system issues and a review of all mandatory training. The trust will address the issues with IG training to ensure the required level of compliance is met for the submission of the IG toolkit mid-year benchmark in July 2014.

Public stakeholders are also involved in managing risks which impact upon the organisation:

- Patients are involved in their own treatment at every level.
- The trust consults with patients and the public when developing services.
- The trust maintains close links with social services, working together on the handling of issues such as delayed discharges.

The processes set out above, in particular the standardised approaches, the on-going training and monitoring mechanisms, have allowed the trust to embed risk management in the activity of the trust.

The trust's assurance framework sets out the following:

- What the organisation aims to deliver (corporate/strategic objectives).
 - Factors which could prevent those objectives been achieved (principle risks).
 - Processes in place to manage those risks (controls).
 - The extent to which the controls will reduce the likelihood of a risk occurring (likelihood).
- The evidence that appropriate controls are in place and operating effectively (assurance).

In the annual plan for 2013/2014 the trust identified that there were risks to the financial position, the delivery of the 18-week referral to treatment target (RTT) for admitted patients and the Clostridium difficile target. These risks were reported and monitored through the trust's risk management processes.

The most significant of these risks is the trust's financial position which is subject to a number of risks including the management of the CIP programme, maintaining adequate cash balances and delivering the capital investment programme. These factors all contribute to the achievement of the financial risk rating. The trust mitigates financial risks through rigorous budgetary control and management of productivity and efficiency schemes via a programme assurance office, with regular reports to management group and the Board of Directors, the Board uses this to support the discussion and decision making regarding the quarterly risk rating declaration.

In 2013/2014 the trust reported a £4.9million deficit, £4.3million excluding impairments (the plan was £1million excluding impairments). A mid-year review was undertaken based on the trading position at the end of August and this was reported to the Board in October. This review forecast the financial outturn position to be £7million behind plan and actions were agreed to mitigate the risk with the aim of maintaining a risk rating of 3. Following a further month's monitoring information, concerns were raised at the November meeting of the Board of Directors, and an extraordinary meeting was held in December to review the reforecast financial outturn position based on the trading position at the end of October. This reported a worsening in the projection to £9.5million behind plan with a resulting projected Continuity of Service Risk Rating of 2 and immediate targeted remedial action was agreed. This extensive financial focus helped the trust deliver a £4.9million deficit. Cash holdings amounted to £16.1million at 31 March, which was £8.3 million behind plan.

Looking ahead to 2014/2015, the trust is forecasting a financial deficit of £29.4million which contributes to a negative cash balance of £25.2million at 31 March 2015. The trust has identified £11.8million worth of productivity and efficiency savings within this figure and are working towards identifying the remaining efficiencies to cover the total deficit. If no further improvement in the forecast outturn is achieved and the amount of productivity and efficiency savings identified does not increase, this deficit will worsen to £48.3million in 2015/2016.

The trust recognises that there is an urgent need to develop a wider programme for delivery of continued traditional savings and to derive benefits from transformational change. The trust has, therefore, commissioned external support from McKinsey & Company to build on and develop their previous work with the trust during May and June 2014 and assist the trust by contributing to the development of cost reduction programmes in conjunction with the trust with the aim of delivering a stable financial plan.

Whilst these are being implemented, the trust is currently taking forward discussions with Monitor over the availability of Public Dividend capital (PDC) funding to bridge the cash shortfall by funding expenditure.

During 2012/2013, the trust experienced a significant mismatch of capacity and demand. Across the North east, and at times nationally, winter 2012/2013 saw a surge in emergency demand well above the general trend which led to huge pressure on the emergency capacity and elective programme in the organisation with 549 elective procedures cancelled over a six month period. As a consequence the trust failed to achieve the 18 week RTT in quarter four 2012/2013.

In response to these pressures, the trust invested in additional capacity to maintain the quality of services and support achievement of national targets. This programme of investment and extensive work on discharge planning appears to have brought success, in that patient flow has been much better over the winter of 2013/2014 with no repeat of the unprecedented level of disruption and surgical cancellations resulting from bed pressures that the trust experienced in 2012/2013.

During 2013/2014 the trust has however continued to manage the fall out implications of cancelled surgery in 2012/2013 and the need to address the backlog this has created on waiting lists in key specialties. Remedial plans to generate additional capacity were put in place and modelling of the delivery of the 18 week RTT target undertaken at the start of 2013/2014 suggested that the trust would achieve compliance by the end of quarter two 2013/2014. The risk that the trust would fail to achieve the 18 week RTT target for quarter one and two 2013/2014 was identified in the annual plan and in the quarterly declaration to Monitor.

However many of the patients who needed emergency care during the extended winter pressures were frail elderly people with complex conditions and when it came to discharge they proved difficult to place in suitable alternative health or social care, resulting in bed blockages in the trust's acute services.

A neighbouring FT decommissioning inpatient activity for plastic and oral surgeries and transferring the activity to South Tees Hospitals NHS Foundation Trust also had an impact on the 18-week RTT position as did growing waiting lists in cardiothoracic services caused by increased demand and problems retaining theatre staff. The position was also adversely impacted by some consultants' reactions to a move by the trust to address variation in pay for additional work.

The trust tried to address the shortfall in performance partly by seeking external support from independent providers but this was not sufficient to deliver the 18-week RTT target within the timeframe initially planned.

In September 2013, the trust sought external support from the NHS Intensive Support Team to address the 18-week RTT position. Subsequent detailed modelling work at sub-specialty level demonstrated that full compliance with national RTT standards could not be achieved until the end of quarter two in 2014/2015. Work is now underway to ensure a robust sustainability plan is in place. The trust has shared the result of its internal capacity modelling, the challenges faced, potential solutions and impact with the commissioners and a joint approach to addressing these challenges is being developed.

In October 2013, Monitor informed the trust of its decision to open a formal investigation into the trust's compliance with its license. This investigation was opened due to governance concerns arising primarily out of the trust's failure to meet the referral to treatment target for three consecutive quarters and Monitor also identified concerns about 'never events' and the trust's performance against the Clostridium difficile target. The investigation is on-going and the trust is in regular dialogue with Monitor to provide updates on the work to address compliance with the performance targets.

The trust has a strong past record of achieving a year on year reduction in the incidence of Clostridium difficile, however in 2013/2014 the trust failed to achieve the target for further reduction ending the year with 57 trust-apportioned cases against a target of 37. The Clostridium difficile action plan has been reviewed and updated during the year and reported regularly to the Board. To provide further assurance that the action plan was targeted at the appropriate areas for improvement, two external reviews were carried out in December 2013.

Key areas of focus were:

- Further increasing medical involvement in root cause analysis undertaken when a case of Clostridium difficile was identified and shared learning.
- Reviewing the quality of the estate.
- More antimicrobial prescribing audits.
- Greater focus on diarrhoeal management and faecal sampling.
- Further tighten hand hygiene compliance monitoring.
- Instigating a review of cleaning services (with assurance around national cleaning standards).

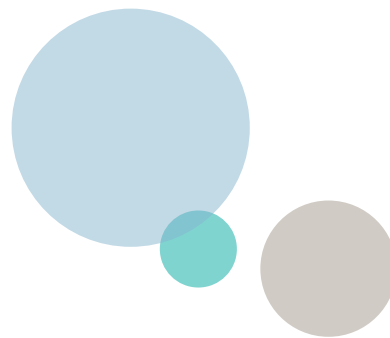
For cleaning, there has been extra investment in high risk areas and deep cleaning including the use of hydrogen peroxide vapour and/or ozone.

A director-led awareness program reinforced the messages about Clostridium difficile to all staff groups with over 1,000 staff trained since January 2014.

Implementation of the action plan continues, with ongoing work to further improve awareness of appropriate antibiotic prescribing and increased monitoring of cleaning standards. The Board receives a monthly report on health care acquired infections.



Annual governance statement 2013/2014



The trust had three never events in the first two quarters of 2013/14. Two external reviews were commissioned; the first was undertaken by the North East Quality Observatory to provide assurance that the never event investigations had been thorough and that the actions taken in response to the investigations were appropriate. The second was undertaken by an independent senior nurse and neurosurgeon who have expertise in patient safety and the impact of human factors. Their focus was on surgical never events and their work involved detailed reviews of the incidents, observational studies in the theatres across the trust and interviews with theatre staff of all grades. Their review concluded that “There is good evidence that the trust has investigated the never events and implemented changes. Furthermore we consider the on-going risk of never events to have been much reduced by the actions taken ... and consequently going forward we consider the trust to be exceptionally safe”. There have been no further never events reported by the trust since August 2013. The rate of never events reported by the trust is lower than comparable organisations.

The assurance framework and risk register did not describe any significant gaps in control/assurance during 2013/2014. The changing position with the risks described above was closely monitored during the year and the controls applied were reviewed and revised as the factors influencing the risks changed. To provide additional assurance that the action plans developed to mitigate these risks were comprehensive and robust the trust commissioned external reviews in relation to capacity modelling to support delivery RTT target and the Clostridium difficile action plan. The trust has changed its approach to action planning ensuring that actions to be taken are made clear together with timescales and accountability. Work is on-going to develop better forecasting tools where appropriate to signal potential deviation from plan at an earlier stage.

The foundation trust is fully compliant with the registration requirements of the Care Quality Commission. Both acute hospital sites and eight of the trust's community locations were assessed by the CQC during 2013/2014; the remaining community sites were inspected in 2012/2013. In all inspections the CQC have reported that the trust has met the required standards and there have been no concerns identified.

The organisation uses an internet based assurance system to assess compliance against the CQC standards and to record sources of evidence to support the declaration. The CQC intelligent monitoring report (previously the quality and risk profile) is reviewed when published and reported by exception to the quality assurance committee.

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

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

The foundation trust has undertaken risk assessments and carbon reduction delivery plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act and the adaptation reporting requirements are complied with.

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

The trust has a comprehensive system that sets strategic and annual objectives. The Board of Directors sets these objectives with regard to the economic, efficient and effective use of resources. The objectives set reflect national and local performance targets for standards of patient care and financial targets to deliver this care within available resources. Within these targets, the trust includes specific cost improvement programmes. These are identified from a range of sources including internal review such as internal audit and external organisations such as the audit commission and other benchmarking agencies.

The trust has a robust monitoring system to ensure that it delivers the objectives it identifies. Ultimate responsibility lies with the Board who monitor performance through reports to its monthly meetings. Underpinning this is a system of monthly reports on financial and operational information to the trust's executive management group, clinical divisions and other management units. Reporting at all levels includes detail on the achievement against productivity and efficiency targets.

The trust operates within a governance framework of standing orders, standing financial instructions and other processes. This framework includes explicit arrangements for:

- Setting and monitoring financial budgets.
- Delegation of authority.
- Performance management.
- Achieving value for money in procurement.

The governance framework is subject to scrutiny by the trust's audit committee and internal and external audit.

Annual quality report

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

For the development of the 2013/2014 quality report the trust has used a range of sources of feedback from staff, patients, governors and external stakeholders to identify the priorities for quality improvement. This information was presented to the Board who approved the following quality improvement priorities for 2014/2015:

Sign up to safety:

- Reduce the number of pressure ulcers acquired during our care.
- Reduce all forms of healthcare associated infection.
- Standardise for safety.
- Ensuring the right numbers of staff with the right skills to meet our patients' needs.

Right care, right place, right time:

- Improving the recognition and treatment of the deteriorating patient.
- Improving nutrition for patients in our care with dementia.
- Reducing unnecessary waits for treatment.
- Improving access to care, when it is needed, seven days per week.

At the heart of the matter:

- Caring with compassion and kindness.
- Listening and learning; improving how we respond to complaints.

Board responsibility for the quality report rests with the director of nursing and quality assurance and the medical director, the production of the quality report is overseen by the directorate of quality assurance. Each quality priority has a clinical lead and a board lead identified who are responsible for identifying the initiatives which will drive improvements and the measurements which will be used to gauge progress. A mid-year progress report on the quality priorities is presented to the quality assurance committee and the Council of Governors. The data used in the quality report is taken from the regular quality and performance reports presented to Board. The quality initiatives described in the quality report demonstrate progress across a range of measures but also those where there is scope for further improvement. The mechanisms for assuring the accuracy of the data used is described in the 'risk and control framework section' above and a number of performance and quality indicators have been subject to internal audit review. Further assurance that the report is accurate and representative was gained by sharing the quality report with clinical commissioning groups, Healthwatch and overview and scrutiny committees, as required by national regulation.

The external auditors will provide a signed limited assurance report on the content of the quality report and mandated indicators in the annual report. The signed limited assurance report will be submitted to Monitor by 30 May 2014.

Review of effectiveness

As accounting officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS foundation trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the quality report attached to this annual report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The head of internal audit provides me with an opinion on the overall arrangements for gaining assurance through the assurance framework and on controls reviewed as of internal audit's work.

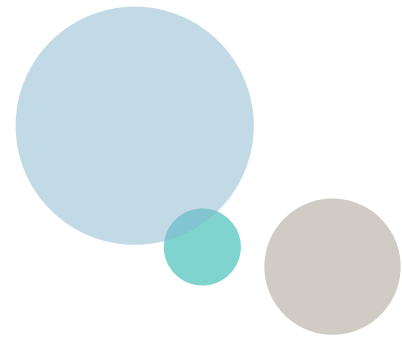
It is his overall opinion that significant assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. However, some weakness in the design and inconsistent application of controls put the achievement of particular objectives at risk. As part of the head of audit's opinion he has informed me that there are no significant control issues which he would wish to bring to my attention for potential disclosure.

However, as part of my review I am also required to review the findings of all internal audit work in order to satisfy myself that any significant control issues have been disclosed within the statement on internal control.

As part of this process the corporate directors have reviewed the limited assurance reports issued during the year and have not identified any significant gaps in the adequacy of the controls relevant to the audits.



Annual governance statement 2013/2014



The following groups and committees are involved in maintaining and reviewing the effectiveness of the system of internal control:

- The Board of Directors has overall accountability for delivery of patient care, statutory functions and Department of Health requirements.
- Audit committee oversees the maintenance of an effective system of internal control and reviews the annual governance statement.
- The quality assurance committee ensures that a fully integrated approach is taken when considering whether the trust has in place systems and processes to support individuals, teams and corporate accountability for the delivery of safe patient centred, high quality care. The committee considers the assurance framework and corporate risk register and identifies new corporate risks for escalation to the Board of Directors.

Review and assurance mechanisms are in place and the trust continues to develop arrangements to ensure that:

- Management, including the Board, regularly reviews the risks and controls for which it is responsible.
- Reviews are monitored and reported to the next level of management.
- Changes to priorities or controls are recorded and appropriately referred or actioned.
- Lessons which can be learned, from both successes and failures, are identified and disseminate to those who can gain from them.
- Appropriate level of independent assurance is provided on the whole process of risk identification, evaluation and control.

Conclusion

The trust has not identified any significant control issues for the financial year ending 31 March, 2014, which require reporting within this statement

My review confirms that South Tees Hospitals NHS Foundation Trust has a generally sound system of internal control that supports the achievement of its policies, aims and objectives.

Chief executive

Date: 27th May 2014









Quality account

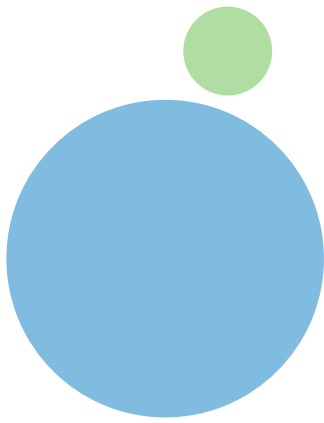
2013 – 2014

“ Providing seamless, high quality,
safe healthcare for all. ”



together we do the amazing





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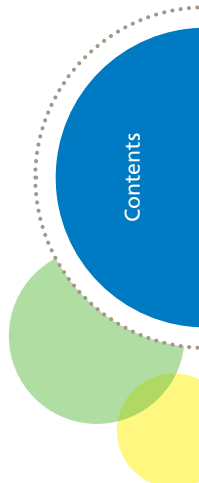
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Part One

Statement on quality from the chief executive

How do you define quality? NHS England's single common definition of quality encompasses three equally important parts:

- Care that is **clinically effective** - not just in the eyes of clinicians but in the eyes of patients themselves
- Care that is **safe**
- Care that provides as positive an **experience** for patients as possible

High quality care can really only be achieved when all three dimensions are present – on every shift, every day - and requires constant purpose from every member of staff.

It is widely acknowledged that what happened in Mid Staffordshire was not one person, nor was it one group of nurses or doctors or managers.

It was a whole range of things – from a heavy focus on targets to not listening to patients, dismissing data and allowing a culture of fear and poor style of leadership to take hold – all of which caused people to lose sight of patients and quality.

Since the publication of the Francis report, further national reviews have taken place, one of which – the way the NHS handles complaints – I led with the Rt Hon Ann Clwyd MP.

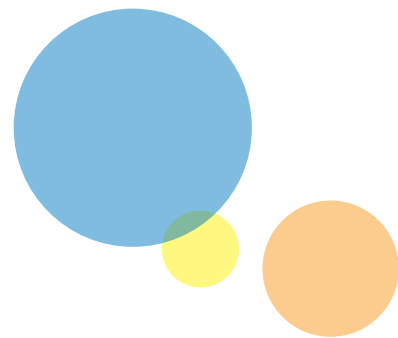
And within the trust extensive work was carried out in 2013/2014 to bring together all the findings of these key pieces of work and identify common themes under a number of workstreams – transparency, learning from patient experience, listening to and supporting staff and using measurement for quality improvement.

Through this we have reviewed actions we had already taken – and those under development – to ensure any additional requirements were built into our strategic planning and quality account priorities for 2014/2015.

This year we have made improvements in the way we measure and assess for quality and safety in health care, such as the introduction of NEWS – the national early warning score for acutely ill patients - and signing up to the national 'open and honest' care programme.



Statement on quality from the chief executive



The Care Quality Commission also found all of our acute and community sites to be fully compliant after a series of inspections throughout the year and we received very positive feedback from patient surveys and the friends and family test – a testament to the care we provide.

We are a member of the NHS QUEST programme - a quality benchmarking programme open to foundation trusts with a strong track record in quality improvement and an ambition to be in the best – and will continue to look at where we can make improvements in all service areas.

Reducing infection remains a key priority for us. We recognised this year that maintaining our outstanding performance on healthcare associated infections would be challenging – particularly as we have seen significant year-on-year reductions – and our Clostridium difficile rate was one of the issues identified by Monitor, our independent regulator.

The trust has now comprehensively reviewed how it protects patients from infection, including commissioning two external reviews, although this is an area which requires constant purpose, monitoring and review.

We have also responded in detail to Monitor's investigation into the organisation's compliance with its licence particularly around the 18-week target and also never events – and the actions the trust has taken and continues to take – is detailed in the main body of the annual report.

In terms of our quality programme for 2014/2015 much will continue to be determined by national requirements or those set by the commissioners of health services.

These are the must-dos for any NHS trust but our quality account objectives challenge the organisation to go beyond our must-dos if we are to continue to build on our reputation as having a strong patient safety culture within a challenging financial environment.

The information presented in the quality account is accurate and true to the best of my knowledge, recognising the key priority areas for 2014/2015.

Professor Tricia Hart - chief executive

27 May 2014







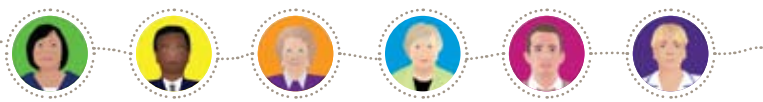


Part Two

Priorities for improvement and statements of assurance from the Board

Part Two

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Priorities for improvement

Quality of care and patient safety is one of the core themes which underpin the trust's values and objectives. Our focus must be on how we can create a culture across the trust where every member of staff provides the best, most compassionate care for every patient, every time, and delivers services we would be happy to receive ourselves or for our family and friends.

Review of progress with the 2013/2014 quality priorities

In last year's quality account we identified the following areas for quality improvement focus:

- Continue to focus on discharge management in order to improve patient care, improve clinical outcomes and reduce re-admissions
- Identification and management of deterioration in patients' condition
- Further improve nutrition
- Compassion in practice

Part three of the quality account provides details of the work done to support these quality improvements during 2013/2014. The following section summarises the progress made against the goals identified for each priority area:

Priority one - Continue to focus on discharge management in order to improve patient care, improve clinical outcomes and reduce re-admissions

Safe, effective and timely discharge from hospital can be achieved through timely planning supported by good documentation and effective communication. This ensures that patients do not stay longer in hospital than they need to, and when they do go home that they and those involved in their care know what to expect and how to manage.

Our goals were:

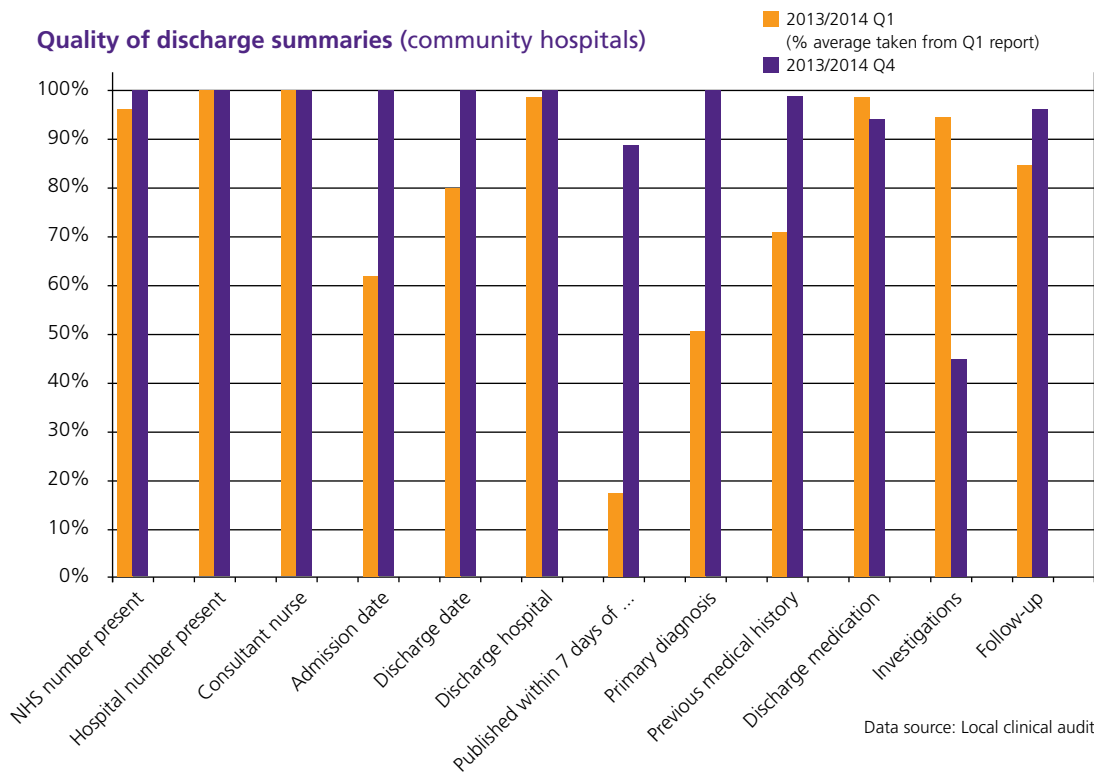
- **To provide timely and quality discharge documentation and communication to patients and carers, GPs and community hospitals/care homes**
- **All patients will be given a planned date of discharge to improve their experience while receiving care/treatment during their hospital stay and to give them more confidence when discharging and/or transferring to an alternative level of care**

During 2013/2014 discharge improvement workshops were run across the organisation with the aim of introducing standardised processes. The workshops were run at ward level which gave clinical teams the opportunity to identify additional improvements that could be implemented in their area.

Improvements made in 2013/2014:

- Timeliness of discharge summaries – the trust aims to send out all discharge summaries within 24 hours of discharge. In 2013/2014 we maintained 90% compliance with this standard for electronic discharge summaries
- Standard definition and use of planned discharge dates – the use of the planned discharge date has increased from 85% in March 2013 to 98% in March 2014
- Standardisation of patients status at a glance (PSAG) boards – this has been rolled out across the organisation with clinical teams reviewing their boards and developing action plans to maximise the benefit gained
- Introduction of a framework of responsibilities and escalation for complex discharges – there is raised awareness and escalation of more complex patients to a team of case managers which have been put in place to support and expedite the discharge of these patients
- Re-design of social work referral forms - there is improved partnership working with social care
- Re-design of the continuing healthcare pathway – the pathway has been re-designed to reduce the number of days in each phase of the pathway to ensure that patients are cared for in the right setting for their needs without delays. The number of patients experiencing a delay has reduced from 2,363 in 2012/2013 to 1,388 in 2013/2014
- Delayed discharge meetings – Weekly meetings with social care and clinical commissioning group (CCG) colleagues take place to unblock system related issues relating to discharge. These have led to improved working relationships and increased the ability to respond swiftly to issues
- Quality of discharge summaries – following the introduction of the e-discharge system in community hospitals, there has been an improvement in the timeliness and the recording of key items of information required by GPs

There are action plans in place for those items that require further improvement.



Priority two - Identification and management of deterioration in patients' condition

It is essential that staff are equipped to recognise, respond to and manage deterioration in a patient's condition confidently and competently. The trust follows national guidance for the treatment of acutely ill patients and the required competencies for all clinical staff.

The work in this year has built on the improvements made in previous years, particularly around staff training and introduction of the national early warning score (NEWS). The work this year focused on linking the use of the early warning score to the recognition of sepsis, to ensure early treatment and improved outcomes.

Our goals were:

- To ensure all patients have their physiological observations recorded as prescribed
- To ensure the early warning score (EWS) is calculated correctly and appropriate action is taken in response
- If the early warning score is triggered, ensure the sepsis screening tool is used to initiate treatment if appropriate
- Where there has been a failure to recognise and respond to deterioration resulting in harm to the patient, a full root cause analysis should be performed, themes identified and lessons shared

Improvements made in 2013/2014:

- The percentage of observations recorded as prescribed has increased from 95% in March 2013 to 97% in March 2014
- The correct calculation and recording of the EWS has been maintained at 97% during 2013/2014, similarly the appropriate action taken in response to the trigger has been maintained at 86%. This is despite a new system being implemented mid-year
- The critical care outreach service has been commissioned; staff were recruited and underwent an accelerated critical care outreach course (CCOrC) and the service was fully launched in March 2014
- The NEWS was launched in July 2013 and was rolled out across the organisation supported by an educational programme
- The educational programme continues to support the embedding of recording and interpretation of physiological observations to assist in the recognition and management of the acutely ill patient. This process has been mirrored in the community hospitals
- Training on completion of the sepsis screening tool when the NEWS has triggered as directed by the record of trigger protocol has been included in the educational programme
- Monthly audits by the clinical matrons continue, as does the annual point prevalence study by the critical care team



Priorities for improvement

Priority three – Further improve nutrition

Making healthy and nourishing food choices easily accessible to patients in hospital can help reduce the incidence of under-nutrition and improve outcomes and patient experience.

Alongside clinicians, caterers and dieticians have an important role in helping patients get better, as eating well helps to improve both their physical and mental health, speeding up recovery.

Throughout the year we have taken a proactive and organised approach to tackling malnutrition and our goals included:

- **Increasing the compliance for actions taken as indicated by the malnutrition screening tool (MUST) score**
- **Supporting the implementation of the standard operating procedures for food and hydration (adults) across all wards**
- **Linking in with the other foundation trusts involved in the NHS QUEST collaborative as a clinical community to work on nutrition and hydration**

Improvements made in 2013/2014:

- There has been a small increase in compliance with actions taken as indicated by the MUST score, improving from 95% in quarter four 2012/2013 to 96% in quarter four 2013/2014
- Modified texture menus have been reviewed and a new provider is now being used at the Friarage Hospital with initial positive feedback. A final tasting session is due at The James Cook University Hospital site and the new menus should be implemented by the end of April 2014
- A protected mealtimes policy will be launched as part of 'focus on food and drink' months in April/May 2014
- Audit data in October 2013 showed that only 67% of patients reported receiving snacks. Actions taken included beverage trolleys at James Cook now having a sidearm to be used for display of snacks and training of housekeepers to promote importance of snacks. In addition to this, the snack range is being reviewed with particular consideration for the 'nutritionally at risk' patients and a snack list has been developed for patients in north section community hospitals

- Standard operating procedures for delivery of food and hydration have been developed for paediatrics and community hospitals in consultation with clinical colleagues and external suppliers. These will be completed and ratified by the end of April 2014
- A nutritional screening pathway for a short-stay ward has been piloted which will also be used on the acute assessment units once issues from the pilot have been resolved
- A nutrition champions' programme has been developed for nursing homes with the aim of working together to improve nutritional care
- Nutritional screening pathways have been developed for community south sector and launched with GP practices, nursing homes and community healthcare professionals
- Evidence has suggested that coloured crockery stimulates food intake in patients with learning disabilities and dementia by providing a contrast with the food. Coloured crockery for patients with dementia is now available on two wards at the Friarage hospital and this will be rolled out to the whole hospital as part of the crockery replacement scheme.

The coloured crockery is available on four wards at The James Cook University Hospital and plans for further roll-out are being discussed. The use of coloured crockery has reduced food wastage by 30%, suggesting patients are finding this beneficial

- The nutrition and hydration clinical community have developed objectives and a work plan

Priority four - Compassion in practice

This priority builds on the improvement work around communication undertaken in 2012/2013 and links to the three-year vision and strategy for nursing, midwifery and care staff.

Compassion in practice defines the enduring values that underpin good care – dubbed the 6Cs – care, compassion, competence, communication, courage and commitment.

Our goals were:

- To reflect Compassion in Practice (the 6Cs) in all working practices at the trust to transform the care we deliver
- To raise awareness of the 6Cs across the organisation and encourage their inclusion and consideration in all nursing, midwifery and allied health professional work streams

Six action areas were identified within the 6Cs:

1. Helping people to stay independent, maximise well-being and improve health outcomes
2. Working with people to provide a positive experience of care
3. Delivering high quality care and measuring the impact
4. Building and strengthening leadership
5. Ensuring we have the right staff, with the right skills in the right place
6. Supporting positive staff experience

Actions taken include:

Working with people to provide a positive experience of care:

- The friends and family test has been implemented in adult inpatient areas and accident and emergency. Since its establishment we have been consistently among the best performing trusts in the country with a net promoter score of 80.
- We initially had difficulty obtaining feedback from patients in accident and emergency in James Cook and at the Friarage but response rates are improving and we are looking at more innovative ways of obtaining this feedback. Response rates across the trust now exceed 20%. Comments from patients in the friends and family test are helpful in informing detailed patient experience work to be undertaken in clinical areas
- We have developed the use of patient stories and were recently shortlisted for two Nursing Times Awards which recognise the success of this work. The stories, which are in the form of video recordings of patients, have been used at Board meetings, training days and in staff development sessions as a way of reflecting on - and improving - patient care taking the patient's experience as central to this
- A patient experience group has been established, reporting through the committee structure up to the Board of Directors as part of the proposed new governance arrangements

Delivering high quality care and measuring the impact:

- We are part of a national project 'the open and honest care project' established to help to deliver action area three. As part of this work we are publishing information on the number of pressure ulcers and falls which occur while people are in our care on the trust's website in a way that is accessible to the public. We have seen significant improvement in the reduction of falls which result in harm and are actively working to reduce the incidence of pressure ulcers in the organisation
- Ward-level clinical dashboards have been introduced which show how we are doing in respect of key indicators for patient safety, patient experience and workforce. These help us to identify where we can learn from the best performing organisations

Ensuring we have the right staff, with the right skills, in the right place:

- A nursing and midwifery workforce group has been established and will report into the trust's workforce sub-group. The group will be working with colleagues from other professions on a workforce strategy and has commenced work on three priorities - ward establishment review, the role of the healthcare assistant and a strategy for advanced practice

In addition to this the organisation has some student nurses that have trained as care makers. This approach has been adopted from the London 2012 principle of games makers, learning from the way they were recruited, trained and valued and instilling the spirit of energy and enthusiasm they created. It was aimed initially at student and newly qualified nurses. The care makers are ambassadors for the 6Cs, creating a unique link between this national policy and strategy to the frontline.



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Priorities for improvement

Our focus on quality in 2014/2015

Quality priorities

The priorities described in the quality account build on existing quality improvements so we can continually drive forward patient experience and outcomes. The quality account does not include all of the trust's improvement targets but consultation with a range of stakeholders identifies a selection of quality initiatives for inclusion in the report grouped in three categories - patient safety, clinical effectiveness and patient experience.

In order to establish the priorities for the quality account, engagement has taken place with staff, patients and key external stakeholders. Information has been collated from a number of sources including surveys, questionnaires, complaints and direct feedback.

Staff	Questionnaires distributed to the wards, clinical teams and at appropriate meetings
Patients	Issues identified in local and national surveys Local essence of care audits Complaints and PALS data Choices website Incident data Friends and family test feedback
Council of Governors	Direct feedback at Council of Governors meeting
External Stakeholders	Engagement event held with representatives from local clinical commissioning groups, health engagement networks and Healthwatch Incidents reported by external organisations

The feedback from the consultation was presented to the Board of Directors in March 2014 who agreed the quality priorities described in part two.

The areas chosen below were identified most frequently in the consultation process and have been supported – and approved – by the Board and the Council of Governors.

Sign up to safety	Right care, right place, right time	At the heart of the matter
<ul style="list-style-type: none"> • Reduce the number of pressure ulcers acquired during our care • Reduce all forms of healthcare associated infection • Standardise for safety • Ensuring the right numbers of staff with the right skills to meet our patients' needs 	<ul style="list-style-type: none"> • Improving the recognition and treatment of the deteriorating patient • Improving nutrition for patients in our care with dementia • Reducing unnecessary waits for treatment • Improving access to care, when it's needed, seven days per week 	<ul style="list-style-type: none"> • Caring with compassion and kindness • Listening and learning; improving how we respond to complaints
Supported by our clinical strategy		



Priorities for improvement

The detail of the work linked to each priority area is described below:

Sign up to Safety

Priority: Reduce the number of pressure ulcers acquired during our care

Why we chose this priority:

Pressure ulcers are recognised as one of the key indicators of patient safety and good quality care and as such the organisation places high priority on prevention and treatment of pressure ulcers. Considerable work has been done in this area but there is scope for further improvement.

Goals:

- To eliminate category 3 and 4 pressure ulcers which develop in our care over the next three years
- To make a 50% reduction of avoidable category 2 pressure ulcers

How will we do this?

The organisation will set up a pressure ulcer collaborative that will focus on:

- Engagement, ownership, culture - working with key groups in the organisation to focus on improvement
- Prevention strategies - reviewing current practice and introducing new initiatives
- Equipment - review current provision
- Education - mandatory training, competency training, review of current provision
- Reporting - build on existing process to improve use of information and sharing of lessons learned
- Partnership - working with other agencies

How will we know how we have done?

- Monitoring of performance through monthly data collections of pressure ulcers in the organisation
- Monitoring of number of incident reports of pressure ulcers

Who will this be reported to?

- Quarterly reports to the quality assurance committee
- Quarterly reports to Board of Directors
- Monthly reports to centre management teams and clinical matrons

Priority: Reduce all forms of healthcare associated infections

Why we chose this priority:

Reducing healthcare associated infections has always featured as a priority in the quality account and its continued inclusion reflects the importance that the organisation places on this.

Goals:

- No cases of MRSA bacteraemia
- No more than 49 trust-attributed Clostridium difficile cases
- Year-on-year reduction in MSSA bacteraemia

How will we do this?

- Revise the healthcare associated infection (HCAI) strategy
- Refresh the hand hygiene audit
- Cleaning service review
- Clinical incident review panels for Clostridium difficile
- Antibiotic stewardship

How will we know how we have done?

- Monthly performance report covering:
 - MRSA
 - Clostridium difficile
 - MSSA
- Weekly progress reports
- Quarterly quality reports

Who will this be reported to?

- Quality assurance committee
- Board of Directors

Priority: Standardise for Safety

Why we chose this priority:

By identifying key processes and standardising those processes we will reduce variation and achieve more consistent outputs. Through management of the variation in inputs we release time, remove waste, reduce risk and achieve a more reliable process.

Goals:

The trust's goals are:

- To use rapid process improvement methodology to standardise eight pre-determined processes
- To continue supporting clinical areas in the adoption of the productive series as part of the 'Time to Care' initiative
- Embed understanding of human factors across all disciplines to promote critical behaviours that underpin a safety culture
- To actively seek opportunities to standardise processes and practice

How will we do this?

- Adopting into the trust's consortium of quality improvement techniques, the use of rapid process improvement workshops (RPIW)
- Continue the 'Time to Care' work through e-productives, e-learning
- Continue the standardised roll-out of the patient status at a glance boards (PSAG) across acute and community sectors
- Establish human factors steering group to actively seek opportunities to standardise processes and practice
- Develop and formalise clinically based simulation training incorporating the non-technical aspects of human factors which also includes a planned programme of delivery of the Insights tool to improve team working. The first team to taken part in the Insights programme is the theatre team
- Organisation-wide assessment of safety climate utilising safety attitudinal questionnaire (SAQ) sourced from John Hopkins Institute

How will we know how we have done?

- Monitor all eight rapid process improvement workshops (RPIWs) planned for 2014 are undertaken
- Each RPIW has a unique set of targets. The target outcomes will increase progressively over time
- Monitor the numbers of staff enrolling onto the e-productives modules
- Monitor implementation of Lean methods at ward level
- Implementation of PSAG boards monitored against the implementation plan
- Delivery of the safety culture CQUIN
- SAQ output report and resultant action plans

Who will this be reported to?

- Human factors steering group
- Patient safety sub-group
- Quality assurance committee

Priority: Ensuring the right numbers of staff with the right skills to meet our patients' needs

Why we chose this priority:

The requirement to ensure nurse staffing levels are safe and sufficient to meet patient need is clearly an imperative. The Francis inquiry (2013) and the subsequent government response 'Hard Truths' (2014) have emphasised the need to get staffing levels right. Ensuring we have the right staff, with the right skills in the right place is action area five within Compassion in Practice (2012).

The organisation has historically undertaken an annual review of nursing staffing levels and patient acuity. This has been used to inform changes to budgeted establishments where necessary. The plan for regular and systematic establishment review for adult inpatient areas has been agreed and is consistent with the National Quality Board and NHS England expectations.

How will we do this?

- Quarterly establishment review of nurse staffing in adult inpatient areas with a formal report to the Board
- A monthly update to Board which includes details of the planned and actual nursing and midwifery staffing. This information will be included in the workforce report
- Implement a standard template to display information about nurses, midwives and care staff planned and present in each clinical setting on each shift to be accompanied by an escalation plan to be used 24/7 when the actual staffing levels fall short of those planned
- Explore available tools to review nurse staffing levels in the community setting

How will we know how we have done?

- Monthly workforce reports
- Quarterly establishment review
- Datix reports as per escalation process
- Agree a methodology for use in community settings

Who will this be reported to?

- Board of Directors

Right care, right place, right time

Priority: Improving the recognition and treatment of the deteriorating patient

Why we chose this priority:

The recognition, response and treatment of patients who are acutely unwell continues as a priority from last year. Early recognition may reduce the number of patients who require critical care or facilitate their early admission which in turn may improve their outcome.

Goals:

- Increased appropriateness and timeliness of intervention for patients leading to better patient outcomes
- Reduction in cardiac arrest calls
- Reduction in number of adverse clinical events

How will we do this?

- Implementation of 'VitalPAC' - an electronic system for recording patient observations
- Roll-out of critical care outreach team across both acute sites
- Roll-out of educational programmes for healthcare professionals

How will we know how we have done?

- CQUIN scheme measures:
 - when EWS is triggered it is recorded on the chart
 - when EWS is triggered the action taken is appropriate to the score trigger level
- CQUIN scheme – patients that receive a follow-up within 24 hours of discharge from critical care
- Bi-annual point prevalence audit
- Quarterly KPI reports to acutely ill patient group

Who will this be reported to?

- Acutely ill patient group
- Quality assurance committee
- Board of Directors



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Priorities for improvement

Priority: Improving the nutrition of patients with dementia

Why we chose this priority:

The importance of food for people with dementia is so much more than just ensuring their nutrition. Food preferences and the rituals that surround eating are important to the identity of the person with dementia. Often when people have dementia they look for things in their life which give them comfort and a feeling of wellbeing and food is one of the most important comforts. At the same time their nutritional needs must be catered for. It is vital to understand how they are experiencing their dementia and the impact it has on their daily life. It is fundamental, therefore, to focus on the individual to understand how best to optimise their nutritional intake.

Age UK calls for the following steps to be implemented in hospitals to ensure that patients have a good diet:

1. Hospital staff must listen to older people, their relatives and carers
2. All ward staff must become 'food aware'
3. Hospital staff must follow their own professional codes and guidance from other bodies
4. Older people should be assessed for signs or danger of malnourishment on admission and at regular intervals during their stay
5. Introduce 'protected mealtimes'
6. Implement and monitor a 'red tray' system (whereby the standard brown tray is replaced with a red one, to make nurses more aware of the nutritional needs of the patient)
7. Use volunteers where appropriate

Some of the good practice recommended by Age UK is embedded in the culture of the organisation – for example protected mealtimes, red trays, assessment. Further work is required to personalise the nutritional care of the patient suffering from dementia – our actions for 2014/2015 seek to address some of these issues.

Goals:

- To ensure patients with dementia eat well and achieve a good nutritional intake
- To optimise the eating experience for patients with dementia and their carers
- To provide patients and carers with clear information around food availability to meet their needs

How will we do this?

Improving the environment:

- To extend the introduction of coloured crockery across the whole organisation in a phased manner as funding becomes available
- To pilot the use of coloured beakers and mugs for patients with dementia
- To roll-out the use of picture menu books and/or an electronic version beyond the pilot wards (11, 12 and 34) into the rest of the organisation including community hospitals
- Introduce the concept of dinner dates for patients with dementia, inviting volunteers, carers or relatives to join our patients for meals
- Scope the opportunity to introduce 'dining rooms' back into community hospitals
- Extend the use of 'forget-me-not' volunteers at mealtimes to provide support and reassurance to patients with dementia at mealtimes

Educating patients and carers:

- Information leaflets to be available on all wards and on the trust website as a guide for families and carers. This leaflet offers practical advice on how you can help someone with dementia to overcome problems with eating and drinking

Clinical care:

- To develop a local policy for the use of artificial nutrition in dementia in line with recommendations from NICE guideline CG42 'Dementia: Supporting people with dementia and their carers in health and social care'
- To work with our private finance initiative (PFI) partners to produce a more dementia friendly menu to include the availability of finger foods at all meals

Improving communication for families and carers:

- To introduce a ward board for each ward providing helpful information for visitors/carers about how to obtain food, when to obtain food and what to do if your relative misses a meal

How will we know how we have done?

In-year audits and patient involvement include:

- Standard operating procedures
- Patient experience groups
- Nutritional standards for catering
- Essence of care nutritional benchmark
- PLACE

Nutrition and dementia implementation plan will identify targets for improvement:

- Monitoring mechanism will be through the nutrition steering committee, reporting into the patient safety board and dementia programme board.

Who will this be reported to?

- Nutrition steering committee
- Clinical standards sub-group
- Dementia programme board
- Essence of care steering group

Priority: Reducing unnecessary waits for treatment

Why we chose this priority:

The trust aims to ensure that patients are treated within 18 weeks of referral for routine treatment and that patients diagnosed with cancer commence their treatment within 62 days of their initial referral.

Goals:

- Achieve 18-week referral to treatment (RTT) standard for non-admitted patients
- Achieve 18 week referral to treatment standard for admitted patients
- Achieve the 62-day pathway for cancer patients

How will we do this?

- Delivery of the sustainability plan for 18-week RTT
- Delivery of the cancer 62-day action plans
- To explore with the North east cancer network (NECN) and neighbouring trusts ways of reducing delays in tertiary referrals

How will we know how we have done?

- Performance report
- Monitoring the list of patients waiting for treatment
- Monitoring the list of patients referred for investigation and treatment for a suspected cancer
- Capacity and demand report

Who will this be reported to?

- Board of Directors
- Formal management group
- Monthly performance review

Priority: Improving access to care, when it's needed, seven days per week

Why we chose this priority:

To ensure the trust is delivering consistent safe, high quality care, seven days a week, it is necessary for the organisation to consider different ways of working. NHS England has published ten clinical standards for urgent and emergency care that patients should expect to receive seven days a week. This work intends to focus initially on urgent and emergency care and there will be a requirement for trusts to publish and demonstrate how the standards are being met.

Goals:

- To establish the current position across the organisation with the ten clinical standards
- To develop a strategic approach for the organisation to improve access to care based on the identified areas for improvement

How will we do this?

- Establish a strategy group
- Define and audit current position against the ten clinical standards
- Identify key areas of improvement
- Establish strategic approach and plan for 2015/2016

How will we know how we have done?

- Quarterly reporting of the time from admission to first consultant review (this is a quality standard in the contract with commissioners)
- Progress report and minutes from strategy board

Who will this be reported to?

- Board of Directors
- Formal management group

At the heart of the matter

Priority: Caring with compassion and kindness

Why we chose this priority:

Compassion in practice defines the enduring values that underpin good care. To reflect Compassion in Practice (the 6Cs) was a priority in the 2013/2014 quality account and its continued inclusion is reflective of the high priority the organisation places on delivering services with compassion.

The quality of both nursing and medical care is one of the main themes in patient complaints. Areas for improvement identified in patient surveys include the way in which patients are communicated with, dignity and being listened to.

The value placed on care delivered with kindness and compassion from the perspective of the patient/carer is well documented and clearly unquestionable. While significant progress has been made in 2013/2014 the focus needs to be sustained.

How will we do this?

- Value-based recruitment for all band five registered nurses
- Continue to embed the use of patient stories, specifically utilise innovative ways of engaging staff through patient experience in the pressure ulcer collaborative, dementia strategy and healthcare associated infections (HCAI) improvement work
- Deliver dementia awareness training to an additional 20% of clinical staff (20% were trained in 2013/2014)
- Development of a clinical strategy to deliver high quality care. The strategy will incorporate detailed plans against the 6Cs
- Extend the roll-out of therapeutic volunteers to other clinical centres

How will we know how we have done?

- Patient experience monthly report
- Complaint numbers and themes
- Patient survey results
- Friends and family results
- Number of volunteers in post
- Launch of the clinical strategy
- Number of staff who receive dementia awareness training

Who will this be reported to?

- Quality assurance committee
- Commissioners



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Priorities for improvement

Priority: Listening and learning; improving how we respond to complaints

Why we chose this priority:

Both nationally and within the organisation it is recognised that complaints provide essential and helpful information for continuous service improvement. However it is clear that sometimes the process for making complaints can be confusing. The trust is committed to making this process as easy as possible and using the lessons learned to improve the service provided to our patients.

Goals:

- To improve the time it takes to respond to complaints with the aim of 80% of complaints responded to within 25 working days by September 2014
- To improve the quality of the responses to complaints
- To use the information proved by complainants to improve the services provided
- To improve patient access to adequate information to enable them to make a complaint
- To improve staff competency to address patients concerns at both the local level and through the more formal process

How will we do this?

- Develop readily accessible staff resources for complaint handling
- Develop training and coaching/support network for those involved in complaint handling
- Escalation of unresolved/complex PALS enquiries are escalated /triated to formal complaint
- Clarify and agree accountability and supporting structure for complaints and PALS enquiries
- Develop mechanisms to further improve how information is shared with the public and across the organisation
- Ensure that patients have access to adequate information to be able to make a complaints
- Ensure that patients are supported through the process of making a complaint
- Implementation of an independent review panel for complaints

How will we know how we have done?

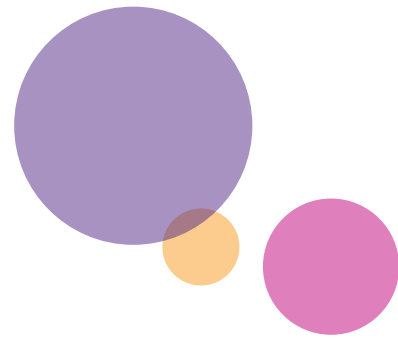
- Time taken to close complaints
- Number and type of complaints received
- Number of re-opened complaints
- Uptake of training

Who will this be reported to?

- Board of Directors
- Quality assurance committee



Statements of assurance from the Board



Review of services

During 2013/2014, South Tees Hospitals NHS Foundation Trust provided and/or sub-contracted 75 relevant health services.

South Tees Hospitals NHS Foundation Trust has reviewed all the data available to them on the quality of care of all these relevant health services.

The income generated by the relevant health services reviewed in 2013/2014 represents 100% of the total income generated from the provision of relevant health services by the trust for 2013/2014.

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 2013/2014, there were 35 national clinical audits and five national confidential enquiries covered relevant health services that the trust provides.

During that period, South Tees Hospitals NHS Foundation Trust participated in 97% of the national clinical audits and 100% of the national confidential enquiries of the national clinical audits and national confidential enquiries which it was eligible to participate in.

The national clinical audits and national confidential enquiries that the trust was eligible to participate in, and for which data collection was completed during 2013/2014, are listed on the following pages 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	Type of audit	Target	Number entered
Acute care					
Adult critical care (case mix programme - ICNARC CMP)	✓	✓	Every patient	All applicable	Continuous data collection (100%)
Emergency use of oxygen (British Thoracic Society)	✓	✓	Snapshot	All applicable	83 (100%)
National joint registry	✓	✓	Every patient	All applicable	100%
National audit of seizures in hospitals (NASH)	✓	✓	Snapshot	All applicable	60 (100%)
Severe trauma (Trauma Audit and Research Network)	✓	✓	Every patient	All applicable	100% at end of Q3 2013/2014 (awaiting Q4 data)
National comparative audit of blood transfusion programme (2013 audit of the management of patients in neuro critical care units)	✓	✓	Snapshot	All applicable	100%
Patient information and consent audit - national comparative audit of blood transfusion programme	✓	✓	Snapshot	Target of 24	9 (38%)
Paracetamol overdose (CEM)	✓	✓	Snapshot	All applicable	100 (100%)
Severe sepsis and shock (CEM)	✓	✓	Snapshot	All applicable	100 (100%)
Asthma (CEM)	✓	✓	Snapshot	All applicable	100%
Care of dying in hospital (NCDHAH)	✓	✓	Snapshot	All applicable	87 cases
Cancer					
Bowel cancer (NBOCAP)	✓	✓	Every patient	All applicable	308 (100%)
Head and neck oncology (DAHNO)	✓	✓	Every patient	All applicable	179 (100%)
National lung cancer (NLCA)	✓	✓	Every patient	All applicable	362 (100%)
Oesophago-gastric cancer	✓	✓	Every patient	All applicable	242 (100%)
Heart					
Acute myocardial infarction and other ACS (MINAP)	✓	✓	Every patient	All applicable	Estimated 1300 (100%)
Adult cardiac surgery (ACS)	✓	✓	Every patient	All applicable	Estimated 1050 (100%)
Cardiac arrhythmia (heart rhythm management audit)	✓	✓	Every patient	All applicable	Estimated 1290 (100%)
Coronary angioplasty (interventions) audit	✓	✓	Every patient	All applicable	1697 (100%)
National heart failure audit	✓	✓	Every patient	All applicable	Estimated 320 (60%)
National cardiac arrest audit	✓	✓	Snapshot	All applicable	167 (100%)
National vascular registry	✓	✓	Every patient	All applicable	Continuous data collection
Long-term conditions					
National diabetes inpatient audit	✓	✓	Snapshot	All applicable	112 (100%)
Inflammatory bowel disease	✓	✓	Snapshot	All applicable	45 biologics (100%) 40 UC (100%)
National chronic obstructive pulmonary disease (COPD) audit programme	✓	✓	Snapshot	All applicable	Data collection continues
Renal replacement therapy (renal registry)	✓	✓	Snapshot	All applicable	Continuous data collection
National audit of Intermediate care	✓	✓	Snapshot	All applicable	Organisational data



Statements of assurance from the Board

Title	Eligible	Participated	Type of audit	Target	Number entered
Older people					
National hip fracture database (FFFAP)	✓	✓	Every patient	All applicable	477 (100%) to date
Sentinel stroke national audit programme (SSNAP)	✓	✓	Every patient	All applicable	100%
Women and Children					
Childhood epilepsy (RCPH childhood epilepsy 12 audit)	✓	✓	Snapshot	All applicable	Data collection continues – 100% target expected
National neonatal audit (NNAP)	✓	✓	Every patient	All applicable	Continuous data collection
Paediatric asthma (British Thoracic Society)	✓	✓	Snapshot	All applicable	29 (100%)
Paediatric intensive care (PICANet)	✓	✓	Every patient	All applicable	Continuous data collection
Paediatric bronchiectasis (BTS)	✓	✓	Snapshot	All applicable	
Diabetes – paediatric	✓	✓	Snapshot	All applicable	Completeness in line with national average
National Confidential Enquiries (NCE)					
The national maternal, newborn and infant review programme (MBRRACW-UK)	✓	✓	Every patient	All applicable	Continuous data collection
NCEPOD alcohol-related liver disease	✓	✓	Snapshot	All applicable	5 (100%)
NCEPOD subarachnoid haemorrhage	✓	✓	Snapshot	All applicable	(100%)
NCEPOD lower limb amputation	✓	✓	Snapshot	All applicable	5 (100%)
NCEPOD tracheostomy study	✓	✓	Snapshot	All applicable	30/36 (83%)

The reports of 17 national clinical audits were reviewed by South Tees Hospitals NHS Trust in 2013/2014 and the trust intends to take the following actions to improve the quality of healthcare provided:

Title of audit	Review and action plans / recommendations
National lung cancer audit (LUCADA - NLCA)	This audit showed partial compliance. 5/10 standards were met however the areas of non-compliance were due to acceptable reasons i.e. patients unfit for procedures or patient choice etc.
Sentinel stroke national audit programme (SSNAP)	Reports reviewed regularly in governance meetings. The latest report (October to December 2013) shows the trust to be the top performing trust in the NHS North of England region.
Intensive care national audit and research center (ICNARC) Case management programme dataset (CMPD)	Reports reviewed – no changes in practice required
BTS National audit - National non-invasive ventilation (NIV) audit	1: Oxygen card to be issued to all patients on NIV - to be issued on discharge from ward 9. 2: Pulmonary rehabilitation referral - to be referred on review in the outpatient clinic. 3: Oxygen toxicity – this will improve as oxygen card sare given to patients
National paediatric diabetes audit	Results compare favourably with national averages but an improvement is needed in data collection. A new process has been implemented which is expected to improve this. Results of the national audit are discussed regularly at paediatric diabetes team meetings.

Title of audit	Review and action plans / recommendations
CEM fever in children 2012	Importance of nursing observation recording – to be highlighted regularly at teaching for the febrile/unwell child.
NCEPOD - measuring the unit; a review of patients who died with alcohol-related liver disease	<p>National report reviewed and presented to local team and within the trust's committee structure. Some recommendations from national report already in place, other actions being implemented:</p> <ul style="list-style-type: none"> • Gastroenterology directorate to develop a proforma on management of patients with decompensated liver disease • Publish list of blood tests which constitute a 'serum liver screen' - add to junior doctor handbook and appropriate trust intranet site • Ensure that alcohol history including number of units consumed and other factors regarding alcohol consumption behaviour are recorded on admission • Symptom severity responsive drug regimes already in use – team considering switch to CIWA-Ar responsive dosing regime – increased level of patient supervision and paper work required
National pain audit	To ensure patients have understood advice, clinic letter templates to be updated with instructions of who to contact.
BTS national audit - emergency oxygen	Raised awareness of need to treat oxygen as a drug and use the oxygen prescribing section on the drug kardex.
BTS national audit - pleural procedures	<ul style="list-style-type: none"> • Insertion of chest drains for pleural effusions - all patients are referred to the respiratory team for insertion of chest drains under ultrasound guidance • Drains for pleural effusions are now not inserted out of hours
BTS national audit - bronchiectasis	<ul style="list-style-type: none"> • Increased specialist nurse input to improve education of patients and ongoing management of patients • Improved awareness of BTS Non-CF guidelines
BTS national audit – community-acquired pneumonia	<ul style="list-style-type: none"> • Pneumonia severity assessment is not reliably performed on admission. Insufficient sampling rates for microbiological tests <ul style="list-style-type: none"> - Increase the medical staff's awareness and documentation in the notes - Commence/continue regular teaching sessions for the trainees • Antibacterial treatment is not always meeting recommendations by the BTS guideline <ul style="list-style-type: none"> - Increase the medical staff's awareness of the guidelines and the trust's policies - Commence/continue regular teaching sessions for the trainees
National comparative audit of the labelling of blood samples for transfusion	<ul style="list-style-type: none"> • The protocol has been reviewed following the audit and covers all the required elements for the circumstances in which a mislabelled sample can be accepted • All staff are required to work to protocol and non-compliance is monitored • Transfusion samples must be labelled by the patient's side. Systems should be designed to ensure clinical staff do not have to leave the patient's side to label blood samples • In clinical situations where it is unavoidable that the clinician has to hand a transfusion sample over to another member of staff (for example, when the transfusion sample is taken as part of a complex clinical procedure), there must be an agreed protocol to ensure the sample is labelled correctly and is witnessed by the person taking the sample. This will be considered for incorporation into the next revision of the trust policy • The need for staff taking blood samples to recognise that obtaining positive patient ID is central to safer blood sample labelling. Reinforced in annual mandatory transfusion training and in trust policies for transfusion (G28), adult venepuncture (G125) and positive identification (G38) • Have raised trust awareness of local sample mislabelling incidents particularly 'wrong blood in tube' (WBIT)
National audit of dementia - 2011/2012	The dementia strategy was launched in September 2013 and includes a process and plan by which the trust will improve compliance with each of the 48 standards within the national dementia audit.
2012 national comparative audit of the labelling of blood samples for transfusion	<ul style="list-style-type: none"> • We have a transfusion policy (G28) and a laboratory protocol (S_HA_BT_SOP0011). The protocol was reviewed (5 March 2013) following the audit and covers all the required elements for the circumstances in which a mislabelled sample can be accepted • All staff are required to work to protocol and non-compliance is monitored • Obtaining positive patient ID is reinforced in annual mandatory transfusion training and in trust policies for transfusion (G28), adult venepuncture (G125) and positive identification (G38). Have raised trust awareness of local sample mislabelling incidents particularly 'wrong blood in tube' (WBIT)
National diabetes inpatient audit - 2012	<ul style="list-style-type: none"> • Junior doctor education package to be rolled out by the end of February 2014 re: insulin prescribing and insulin basics • Regular Datix database reporting to allow consultants to review for specific areas of trust driving error rates • Lead clinician to discuss nurse staffing levels with senior staff in trust
BTS national audit 2012/2013 - emergency oxygen	Correct oxygen prescribing requirements to be raised by chief of service within acute medicine



Statements of assurance from the Board

Local clinical audits

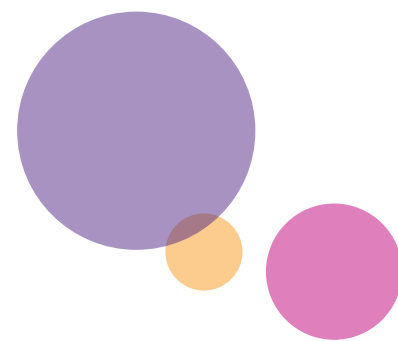
The reports of 30 local clinical audits were reviewed by South Tees Hospitals NHS Foundation Trust in 2013/2014 and the trust intends to take the following actions to improve the quality of healthcare provided.

Title	Actions
Annual point prevalence pressure ulcer audit - Huntleigh 2013 March	<ul style="list-style-type: none"> • Pressure ulcer prevention and management is a standing item at all key groups/meetings/forums, including nursing, medical, clinical support services and radiology staff within all divisions, where applicable. All key staff to implement • A full review of pressure ulcer prevention and management training provide trust wide is planned • Reinforce the issue around the mental capacity assessment in relation to patient capacity to consent to wound photography • Reinforce the issue around the best interests for patients to consent to wound photography in relation to the end of life care pathway (EOLCP) • Review the pressure ulcer grading element of the general pressure ulcer prevention and management training programmes • Agree robust root cause analysis process
Discharge summaries (CQUIN community 2013)	The results of the audit will be shared with all ward staff and in particular the nurse practitioners and ward managers with primary focus on the five standards which require improvement.
Decision to initiate last days of life care pathway - second local audit cycle	No actions required.
Re-audit of ward controlled drugs – September 2013	<p>Report posted on clinical audit intranet site – actions required to be implemented by ward managers immediately.</p> <ul style="list-style-type: none"> • No other medicines to be normally stored in the controlled drugs (CD) cupboard • Naloxone to be kept in areas where high strength opioids in use • The form of the drug to be written on the CD order • The printed name of the signatory to be on the CD order
Regional NG feeding tube audit	<ul style="list-style-type: none"> • New stickers and on-going education is required to reinforce the need for the documentation of consent • Education for doctors is already on-going. Greater emphasis on the rationale for documenting cm mark is recommended. The practice of out of hours X-ray confirmation of NG tubes needs to be addressed • X-ray results should be reported by radiology. Radiographer training is planned. The junior doctor training should also lead to improved compliance • New NG tubes to be introduced as soon as possible
Falls policy audit pilot – completeness of falls assessment	<ul style="list-style-type: none"> • Re-education of staff to be included in training of the risk assessment tool to be delivered by the Fall Safe leads on each ward • In-house training on each ward • If any elements are not applicable a note should be made with evidence / reason • New guidance for staff regarding the urinalysis recording. If not able to obtain at time of completion this should be recorded then added to risk assessment once obtained
Medicines reconciliation	All five cycles of this audit have produced quite similar results. Continued education for junior doctors.
NICE PH11 and CG62 audit on vitamin D for children, pregnant and breastfeeding women.	<ul style="list-style-type: none"> • The uptake of vitamin D supplements in pregnancy, breastfeeding women and children under-five years is below the expected standards as per NICE and CMO guidance • High risk groups in pregnancy are identified correctly and vitamin D supplementation is better in this group • Healthy start vitamins are being offered as an excellent standard to children under five years but not to eligible pregnant and breastfeeding women • We felt that providing a vitamin D information leaflet and posters to these groups of people would be beneficial. Authorisation and cost implications may be important to consider but the regional public health may be supportive and have been asked.

Title	Actions
D10a policy: The management of pregnant women in the South Tees NHS trust EDs	To reinforce the need to inform the obstetric and gynaecology SpR of a pregnant patient being admitted to a non-O+G speciality.
DNAR/DNACPR deciding right audit	Communication to all GPs, doctors, consultants, other team members responsible for the completion of DNACPR forms that evidence needs to be given of discussion on the appropriate section of the form. Communication to all GPs, doctors, consultants, other team members within North Yorkshire, responsible for the completion of DNACPR forms that information should be transferred to the correct form once the patient is being cared for in their own home.
NICE Guidance for TB (CG117) section 7, 9 & 15 for latent TB	No changes in practice required
NICE Guidance for TB (CG117) section 4 through 15 for active TB	Consider introducing TB patient care pathway documentation for all new diagnosed patients both in clinic and for patient admissions
Community-acquired pneumonia	Increase the medical staff's awareness and documentation in the notes and of the guidelines and trust's policies
National lung cancer audit (LUCADA - NLCA) - NICE CG121 lung cancer diagnosis and treatment 2010/2011 and 2011/2012	No actions required, the results have been submitted for the peer review, reviewed and accepted.
Readmission rates within respiratory medicine – Friarage Hospital	<ul style="list-style-type: none"> • Provide further respiratory support following discharge • Implement 30-day support period for respiratory outreach patients
SSNAP audit	<ul style="list-style-type: none"> • The scores had improved and we are in the upper quartile for six quarters. We are the only trust in North east to achieve this and of one of eight nationally • Our main deficiencies are in 'time to scan' for which we have a plan which will partially address this and will be implemented shortly, and lack of a stroke early supported discharge team. Commissioning a stroke ESD is part of the IMPROVE programme. Unlikely will be in place before next year
Re-audit of fractured neck of femur pathway	<ul style="list-style-type: none"> • Education to junior orthopaedic doctors. • Fracture liaison nurse informed about outcome of audit and will support in improving documentation
A snapshot study of antibiotic use within the division of acute medicine	<ul style="list-style-type: none"> • New trust drug chart with stop/review dates - this had made an improvement with prescribing/administration record keeping • Re-launch the 'How to use the South Tees Hospitals NHS Foundation Trust inpatient medication record cards for nursing and medical staff and non-medical prescribers' guide • Emphasise the need to give ALL doses of antibiotics during nurse training
The inpatient prescribing of patients on warfarin: are we following the protocol?	<ul style="list-style-type: none"> • Increase awareness about trust anticoagulation protocol • Focus on warfarin pharmacodynamics and kinetics - Include warfarin in local induction • Anticoagulation teaching in departmental sessions • Warfarin stabilisation clinics • Encourage prescribed to use 'comment' column in the protocol for prescribers' additional notes • Provide 0.5mg (or splittable 1mg) tablets rather than whole numbers, this would avoid confusion for the prescriber and patient • Develop and add recommendations on when to check INR • More training for junior doctors • Develop system of patient's identification on the board
Elderly care discharge summary audit	Directorate local induction for junior medical staff to detail the minimum dataset/content required when completing an e-discharge, potentially supported with a standardised word document template containing key phrases which could be cut and pasted into the e-discharge system as an aid memoire.
Audit of bedside transfusion practice in care of the elderly	<ul style="list-style-type: none"> • Information disseminated to elderly care team • Training sessions arranged for the nursing staff on elderly care wards
Controlled drug audit (elderly care presentation)	<ul style="list-style-type: none"> • To ensure that the controlled drug cupboard key is with the nurse in charge at all times • New leaflet on controlled drugs has been given to the ward
Audit of infection rate following ankle arthroscopy and ligament surgery	Standards met, no change in practice was required.



Statements of assurance from the Board



Title	Actions
Audit of current activity within the ENT casualty clinic	<ul style="list-style-type: none"> Referrals from other specialities can be seen in casualty clinic but MUST be seen by appropriate person ie dizzy patients not to be seen by SHOs See if microscope fits in treatment room on ward and see if we can make the room more workable so ward patients don't have to be sent to casualty clinic No self-referrals/walk-ins – notice in reception/letter for patients who self-refer that can be given by reception staff Tear off part of assessment form to have diagnosis and treatment documented and to be sent back to GP by post To discuss proforma for GP practices to use for referrals
Audit of optician referrals to the one-stop cataract clinic	<ul style="list-style-type: none"> To write/remind opticians about the cataract referral criteria Feedback to opticians about cataract referral To undertake a more comprehensive audit involving other consultants which would provide a more robust data on enlistment rates
Snapshot audit of bedside transfusion practice	<ul style="list-style-type: none"> Prescription and administration forms updated on wards Results sent to clinical matron, ward sisters and ward managers Staff training status being reviewed Random questioning of staff during transfusion to test knowledge Audit results displayed on wards and to be presented at audit days
Warfarin reversal in patients with a fractured neck of femur	<p>Awareness and education among orthopaedic junior doctors</p> <ul style="list-style-type: none"> Standardised initial Vit K dose if INR>1.5 Repeat INR after 10-12hrs post Vit K administration Refer to haematologist for advice if metallic valve or unable to reverse warfarin effectively
Wound closure audit	No change in practice is required
Pain audit	<ul style="list-style-type: none"> Sharing of audit results with ward managers, senior nurses, clinical matrons Education: ward-based, targeting medical wards and primary care hospitals Produce top ten tips To develop <ul style="list-style-type: none"> Referral guidelines Treatment plans – A+E, GPs Links with ambulance service Links with M.H/PADS/MDTs Patient education – ‘Explain Pain’ Raising profile of extended service: CMs, QIPP – engaging CCGs, OGD, GP awareness event Extra slots for emergency admissions - One Life
Major haemorrhage protocol (MHP) audit	<ul style="list-style-type: none"> Improved the use of stock Engagement of specialities who use the MHP Improved communication around stand down activations



Participation in clinical research

Taking part in clinical research shows we are committed to improving the quality of care we offer and are making our contribution to wider health improvement. Our clinical staff keep abreast of the latest possible treatment options and recognise that active participation in research leads to improved patient outcomes.

The number of patients receiving relevant health services provided or sub-contracted by the trust in 2013/2014 that were recruited that period to participate in research approved by a research ethics committee was 2,679.

A total of 122 research studies were approved by research and development between 1 April 2013 and 31 March 2014 and the trust is currently recruiting to 143 portfolio studies - 88 interventional and 55 observational. A further 23 non-portfolio studies were opened and recruiting in-year.

More than 600 clinical staff participated in research approved by the research ethics committee at the trust, covering 25 medical specialties. We remain committed to testing and offering the latest medical treatments and techniques.

Studies range from complex interventional trials involving small numbers (often only two or three people) to large non-interventional studies. South Tees was the highest recruiting site in the UK for an industry sponsored clinical trial, the NEFIGAN trial – a multicentre, interventional treatment, randomised, double blind, single group assignment, placebo controlled study to evaluate the efficacy and safety of two different doses of Nefecon® in primary IgA nephropathy patients at risk of developing end stage renal disease.

The following quote from the CCRN Communication's bulletin:

“CCRN 1054 Novella Clinical CRO - End stage renal disease’ This study was challenging and without the efforts of one particular site the final results would have been much worse. The overall UK target was 24 and was narrowly missed with the final total being 23. The site, in Country Durham and Tees Valley CLRN, is at The James Cook University Hospital and is headed up by PI Dr Didem Tez and Dr Catherine Wroe and supported by research nurse Cate Laven. The team recruited over half of the UK recruitment target and doubled their own site target. The industry manager for CDTV CLRN Morag Burton said, “The success of this site is directly attributed to the exceptional work of the team, particularly Cate, who explored every possible avenue to access patients for the trial and also shared best practice to improve

recruitment. Cate proactively engaged with the company which resulted in changes to the protocol and inclusion/exclusion criteria. A very worthy point to note is that this is the first commercial research study for the team. Congratulations, well done and thank you to all!”

The trust has a new research and development strategy and has had a business case approved to allow for the expansion of the research and development team to drive forward improvements in the initiation and delivery of research.

Goals agreed with commissioners - use of the CQUIN payment framework

A proportion of the South Tees Hospitals NHS Foundation Trust's income in 2013/2014 was conditional on achieving quality improvement and innovation goals agreed between South Tees Hospitals NHS Foundation Trust and any person or body they entered into a contract, agreement or arrangement with for the provision of relevant health services, through the commissioning for quality and innovation payment framework.

Further details of the agreed goals for 2013/2014 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 informationssupport@stees.nhs.uk.

The table below demonstrated the income conditional upon achievement of the CQUIN measures and the payment received by the trust for the last two financial years.

	Income conditional upon achievement of the CQUIN measures	Payment received by the trust
2012/2013	£9,167,980	£9,167,980
2013/2014	£10,712,339	£10,165,150



Statements of assurance from the Board

Care Quality Commission registration

South Tees Hospitals NHS Foundation Trust is required to register with the Care Quality Commission and our current registration status is:

“The CQC has registered South Tees Hospitals NHS Foundation Trust to provide services”

The Care Quality Commission **has not** taken enforcement action against South Tees Hospitals NHS Foundation Trust during 2013/2014.

As part of its inspections of hospitals in England to ensure they are meeting the national standards of quality and safety, the Care Quality Commission (CQC) visited all of our hospital sites and premises in both acute and community settings.

In all the inspections the CQC found that the standards assessed were met and no concerns were identified and no compliance actions were required.

Full details of each inspection report are available on the CQC's website at www.cqc.org.uk. It its final report of the year which was an assessment of the quality of services provided across all locations the CQC said:

“Over the last two years we have inspected every trust registered hospital and community base. We have completed annual inspections of The James Cook University Hospital and the Friarage as well as completing themed inspections at the hospitals, which looked at both accident and emergency departments as well as the trust's termination of pregnancy services. We found that the trust encouraged us to identify any ways they could improve.

Teams of CQC staff have inspected all the locations and these teams included specialist advisors and experts by experience. Throughout the two years we have held regular meetings with trust representatives and discussed work the trust is completing to maintain and improve their service.

We have found that over the two years the trust has remained compliant with all the regulations.

Our central analytic team have constantly reviewed the data the trust has submitted to the various bodies overseeing their work and used this to assess the performance of the trust. The central team have also compared this information on performance against other trusts both in the North east, across the country and against trusts with similar size populations and services.

We found that the trust's quality assurance system was effective. It covered all aspects of the service and did not lose sight of the needs of the patients using the community services.”

The trust has not participated in any special reviews or investigations by the CQC during 2013/2014.

NHS number and general medical practice code validity

South Tees Hospitals NHS Foundation Trust submitted records during 2013/2014 to the secondary uses service for inclusion in the hospital episode statistics (HES) 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
- 99.9% for outpatient care
- 99.2% for accident and emergency care

Included the patient's valid general medical practice code was:

- 100% for admitted patient care
- 100% for outpatient care
- 99.9% 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 standard on 44 of the 45 standards of the national information governance toolkit. The standard that the trust failed to achieve was the requirement that 95% of staff receive IG training - the end of year position was that 84% of staff received training. The trust has an action plan in place to ensure the required 95% is achieved and maintained as soon as possible.

South Tees Hospitals NHS Foundation Trust's information governance assessment report overall score for 2013/2014 was 82% and graded red.

Clinical coding

The trust was not subject to the payment by results (PbR) clinical coding audit during 2013/2014 by the Audit Commission.



IMPORTANT: These medicines belong to:

Address (all 4 bits of your table):
Patient name:
NHS number:
Date of admission:
Ward:



If you are going to hospital, always take ALL of your medicines with you. This includes any medicines you may buy from supermarket/pharmacy/herb shop and take on a regular basis.

- They provide important information about your health and may be used as part of your treatment
- The hospital staff looking after you need to check your medicines to prevent your treatment being interrupted
- Before going home you will be given a supply of all the medicines you need

Hospital staff information



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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 the NHS Information Centre for Health and Social Care; we have included benchmarking data where this is available.

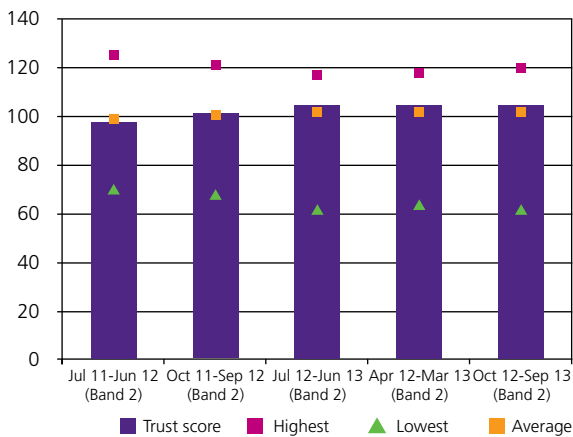
The most recently available data from the NHS Information Centre has been used. However it should be noted that, due to the nature of some of the measures and the data collection systems, the time period reported for some of the measures may be some time in the past.

The NHS outcome framework has five domains within which are grouped together measures for monitoring progress. The selection that we are required to include in the quality account are described below under the heading of the relevant domain.

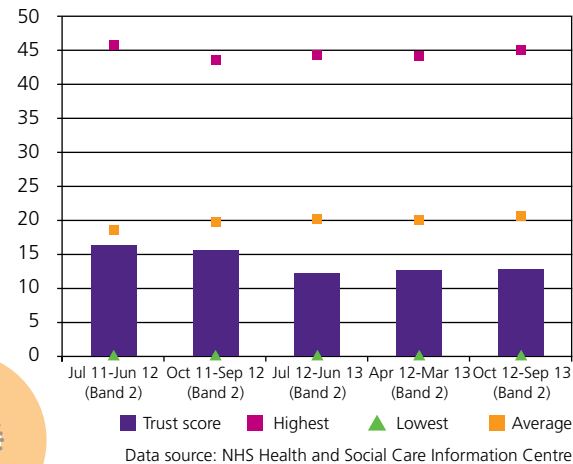
Domain 1 – Preventing people from dying prematurely

Summary hospital level mortality indicator (SHMI)

a. Summary hospital-level mortality indicator (SHMI)



b. Percentage of patient deaths with palliative care coded at either diagnosis or specialty level



The South Tees Hospitals NHS Foundation Trust considers that the number 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 2 means that the mortality is within the expected range. The percentage of patient deaths with specialist palliative care codes has fallen to 12% from around 16 to 17%.

The South Tees Hospitals NHS Foundation Trust is taking the following actions to improve the indicator and percentage in (a) and (b), and so the quality of its services; the trust has established a mortality group to co-ordinate hospital mortality monitoring and improvement activity. This includes reviewing the range of statistics available to monitor hospital mortality, instigating a weekly clinical review of hospital deaths so that common themes can be identified and lessons can be learned to improve the quality of its services.

The specialist palliative care team has reviewed their processes for identifying patients and from October 2013 are seeing more patients. This will result in the percentage of patients' deaths with palliative care coded at either diagnosis or specialty level rising to a figure closer to the national average.

The trust is also working on quality improvements that might reasonably be expected to impact on mortality indicators. These include improving identification and management of deteriorating patients (use of early warning scores), identifying and managing patients with sepsis, reorganisation of emergency admission services, prevention of falls, further reductions in infections and medication errors as well as the implementation of innovations as recommended by NICE guidance.

The trust is also commencing 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 is intended to make diagnosis and treatment of these patients faster which may impact on mortality in this key group of patients.

Domain 2 – 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 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.

There is no score for varicose vein surgery from 2010/2011 onwards as the number of patients participating was too low to reliably calculate a score.

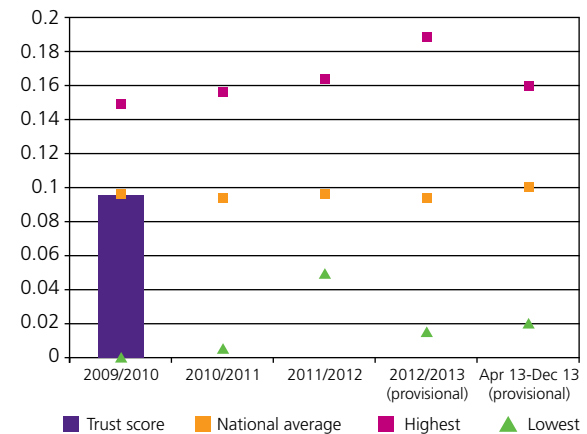
The South Tees Hospitals NHS Foundation Trust considers that the outcome scores are as described for the following reasons, the specialist review and pre-assessment process ensures that patients are offered the procedure likely to deliver the most benefit and best outcome, the scores achieved show that the trust is performing in line with national averages and indicates that patients are benefitting from these procedures.

The South Tees Hospitals NHS Foundation Trust has taken the following actions to improve these outcome scores, and so the quality of its 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) to ensure the quality of services is maintained.

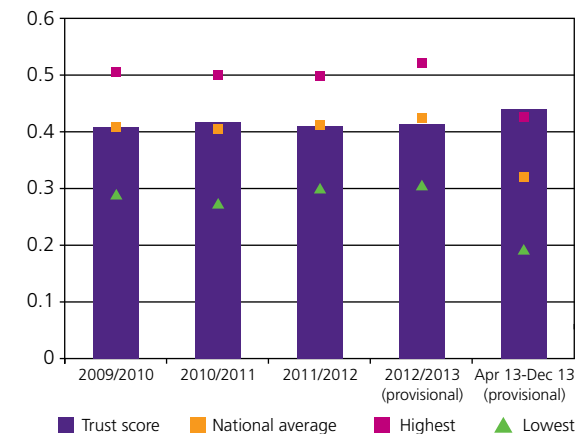
Groin hernia patient reported outcome measures - health gain score



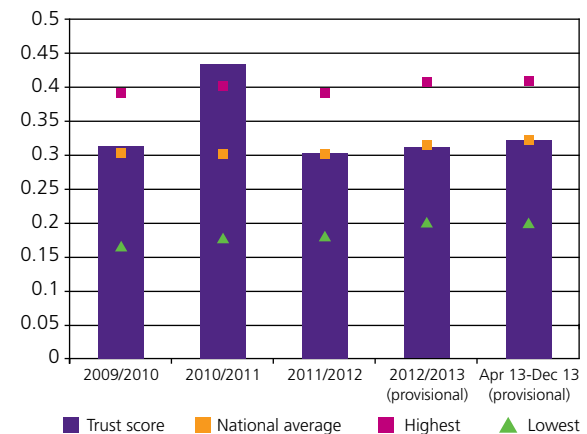
Varicose vein patient reported outcome measures - health gain score



Hip replacement patient reported outcome measures - health gain score



Knee replacement patient reported outcome measures - health gain score



Data source: NHS Health and Social Care Information Centre

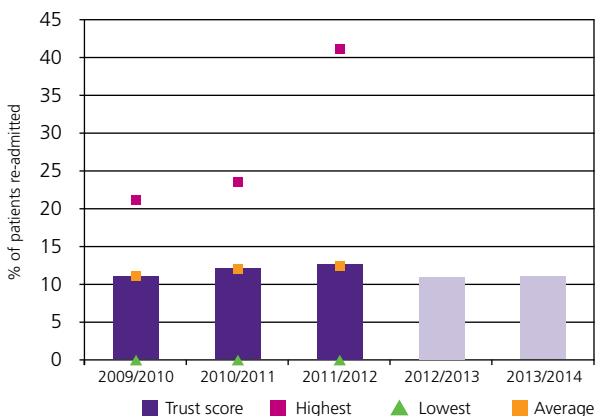


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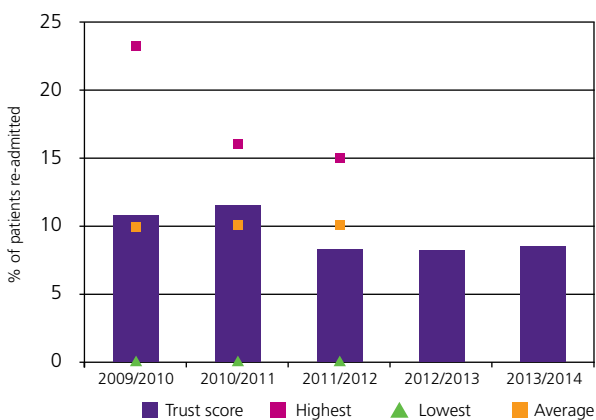
Reporting against core indicators

Re-admission within 28 days

Emergency re-admission within 28 days of discharge (age 16 and over)



Emergency re-admission within 28 days of discharge (age 0-15)



Data source: 2009/2010, 2010/2011, 2011/2012 NHS Information Centre for Health and Social Care, 2012/2013 and 2013/2014 local patient administration system

The South Tees Hospitals NHS Foundation Trust considers that these percentages are as described for the following reasons; the percentage of re-admissions for patients aged 0-15 is lower than the national average. This is in spite of the paediatric services having an open access day unit facility where children who have been a recent acute admission or with chronic conditions can return to the hospital if they deteriorate and the high level of deprivation found among the population served by the trust (Middlesbrough has 13 out of 23 electoral wards in the top 10% most deprived wards in England).

The adult re-admission score is higher than the national average. However at least one third of these re-admissions are patients that receive care and are discharged on the same day - this is a model of care that the trust has been promoting over the last three years.

The South Tees Hospitals NHS Foundation Trust is taking the following actions to improve these percentages, and so the quality of its services; working with the wider health economy on schemes that will reduce the number of avoidable re-admissions through closer working with voluntary services, social services and GPs. The trust case managers support patients at higher risk of readmission and the rapid response team in the community has carried out a lot of work to improve the pathway of care for these patients.

The 2013/2014 local data has been subject to external assurance using the following definition:

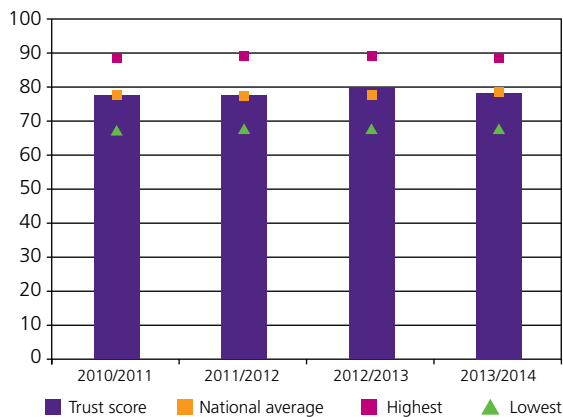
- The indicator is expressed as the percentage of emergency admissions to a hospital that forms part of the trust occurring within 28 days of the last, previous discharge from a hospital that forms part of the trust
- The numerator includes finished and unfinished inpatient spells that are emergency admissions within 0 to 27 days (inclusive) of the last, previous discharge from hospital, including where the patient dies
- The numerator excludes patients with a main speciality upon readmission coded under obstetric; and those where the re-admitting spell has a diagnosis of cancer (other than benign or in-situ) or chemotherapy for cancer, coded anywhere in the spell
- The denominator includes all finished continuous inpatient spells within selected medical and surgical specialities, with a discharge date up to 31 March within the year of analysis
- The denominator excludes day cases, spells with a discharge coded as death, maternity spells (based on specialty, episode type, diagnosis), and those with mention of a diagnosis of cancer, or chemotherapy for cancer, anywhere in the spell
- Patients with mention of a diagnosis of cancer or chemotherapy for cancer anywhere in the 365 days prior to admission are excluded from the denominator

In addition to this the local criteria of valid NHS number was applied.

Domain 4 – Ensuring people have a positive experience of care

Responsiveness to the personal needs of patients

Responsiveness to personal needs (national inpatient survey)



Data source: NHS Information Centre for Health and Social Care

The South Tees Hospitals NHS Foundation Trust considers that this data is as described for the following reasons; the trust has a strong patient safety culture which is reflected by the trust score for safe, high quality co-ordinated care being in the top 20% of trusts.

The South Tees Hospitals NHS Foundation Trust intends to take the following actions to improve this data, and so the quality of its services; the trust continues to use patient feedback to improve its services, the result of this national survey is used alongside a programme of local patient experience surveys to identify areas for improvements.

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

% of staff that would recommend the trust as a provider of care to their family and friends



Data source: NHS Information Centre for Health and Social Care

The South Tees Hospitals NHS Foundation Trust considers that this percentage is as described for the following reasons; the trust has is recognised as having a strong patient safety culture and this is reflected in the staff's recommendation of the organisation. Information on patient safety and clinical outcomes is readily available for staff to access at ward level and the trust emphasises the patient at the centre of its values and objectives.

The South Tees Hospitals NHS Foundation Trust intends to take the following actions to improve this percentage, and so the quality of its services; we will introduce the staff 'friends and family test' to be undertaken on a quarterly basis during 2014/2015 which will identify further opportunities to improve the experience of staff. The trust recognises the critical role of organisational culture in improving the safety and effectiveness of services and we are committed to promoting critical behaviours within teams and encouraging challenge where appropriate. The trust will be using a survey tool to measure the dimensions of the patient safety climate: leadership, policies and procedures, staffing, communication, and reporting. This survey will form part of a wider safety cultural assessment programme.

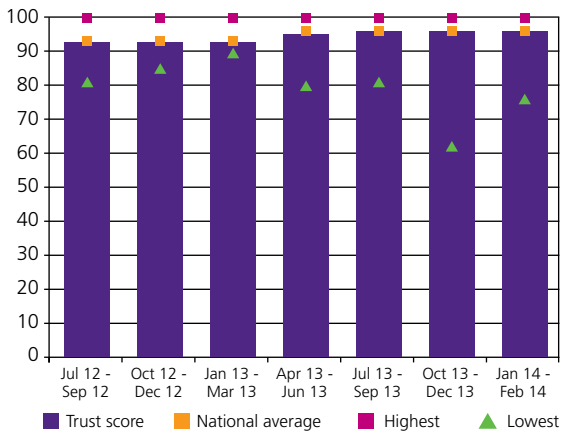


Reporting against core indicators

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 during the reporting period

% of patients risk assessed for venous thromboembolism



Data source: NHS Information Centre for Health and Social Care

The South Tees Hospitals NHS Foundation Trust considers that this percentage is as described for the following reasons; the trust has consistently met the national 95% target over the last year.

The South Tees Hospitals NHS Foundation Trust has taken the following actions to improve this percentage, and so the quality of its services; the anticoagulation team supports all clinical wards and areas to achieve high levels of written risk assessment and the recording of this activity. The team use a detailed breakdown of the data to identify and offer appropriate support to any teams where performance falls below the required target.

Rate per 100,000 bed days of cases of Clostridium difficile (C.difficile) infection reported within the trust amongst patients aged two or over

Rate of Clostridium difficile per 100,000 bed days amongst patients age 2 or over



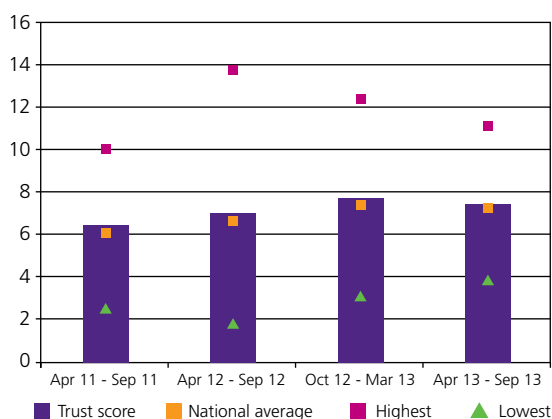
Data source: NHS Information Centre for Health and Social Care

The South Tees Hospitals NHS Foundation Trust considers that this rate is as described for the following reasons, the trust has continued to work hard to reduce the numbers of trust-attributed Clostridium difficile infection. Further detail can be found on pages 136 and 160 and also in the main body of the annual report.

The South Tees Hospitals NHS Foundation Trust has taken the following actions to improve this rate, and so the quality of its services; we are using the Clostridium difficile care pathway in all areas based on national guidance and local policy, there is daily surveillance by infection control nurses and weekly multi-disciplinary ward rounds led by the infection control doctors. Data on infection rates is continuously monitored and is reported weekly across the organisation and formally at the bi-monthly operational group and monthly at Board of Directors meeting. Environmental audits and enhanced intervention of any area identified as having increased incidence is completed with any suspected outbreaks investigated if there are clusters of two or more linked cases. Audits of all cases where Clostridium difficile contributed to the death of a patient are completed. Extensive awareness events have taken place to increase the focus on prevention such as robust cleaning, effective hand hygiene and adherence to antibiotic prescribing. The trust commissioned two external reviews in December 2013 which provided assurance around current processes and policies with some further recommendations which have been incorporated into the trust's action plan.

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

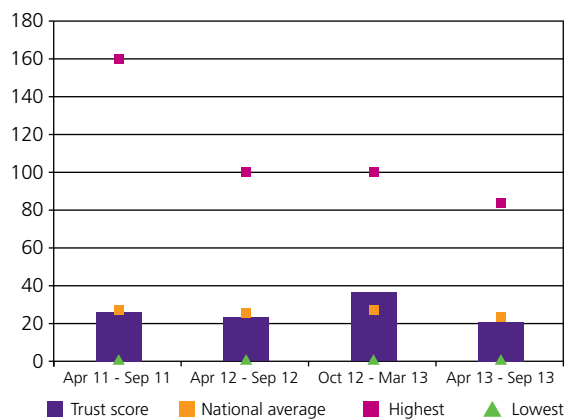
Rate of patient safety incidents reported per 100 admissions



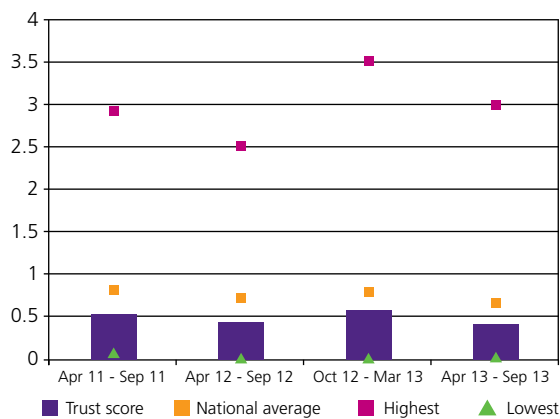
The South Tees Hospitals NHS Foundation Trust considers that this number/percentage is as described for the following reasons; the trust actively promotes the reporting of patient safety incidents. The trust view a higher than average rate of incident reporting as a positive indicator of a good patient safety culture. The lower than national average percentage of patient safety incidents resulting in severe harm or death demonstrates that the patient safety and risk management processes in place are effective.

The South Tees Hospitals NHS Foundation Trust has taken the following actions to improve this number and/or rate, and so the quality of its services; the trust continues to review and develop the systems for reporting and feeding back on the actions taken as a consequence of incidents. A number of bespoke incident forms have been developed for specific incident types to speed up the process of incident reporting and ensure information relevant to specific types of incidents is captured. The incident reporting system has been modified to improve the mechanisms for providing feedback to staff who report incidents.

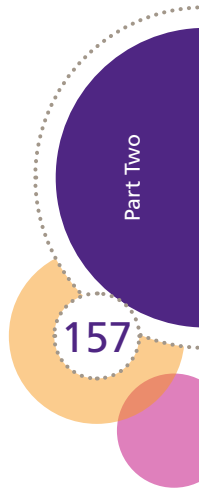
Rate of patient safety incidents that resulted in severe harm or death



% of patient safety incidents that resulted in severe harm or death



Data source: NHS Information Centre for Health and Social Care



together we do the amazing



Part Three

Other information



Review of quality

Review of services

This section of the quality account contains a review of our quality performance during 2013/2014. It also includes and comments on the development and content of the quality account provided by a range of external stakeholders.

Continuous quality improvement is part of the trust's culture. It is at the heart of our values and drives our objective setting, and we are continuously exploring new ways to improve quality and safety.

At quarterly performance meetings, executive directors meet with staff from each division so that actions can be agreed to improve performance where necessary. A simple traffic-light grading system helps to quickly show areas that may be weaker in performance so that actions can be taken to improve that area.

This information is shared with the Board of Directors, Council of Governors, senior clinicians, managers and staff to provide assurance the trust is on track to deliver its key targets.

The following section reviews a range of quality workstreams carried out during 2013/2014. These have been selected as the key indicators that demonstrate the quality of care provided by this organisation.

Patient safety

Reducing healthcare associated infections (HCAI)

One of our key clinical priorities is to protect patients, visitors and staff from the risk of healthcare-associated infections caused by bacteria (germs) and we have a fully staffed infection, prevention control team dedicated to this important agenda.

We actively tackle healthcare-associated infections, which are infections such as MRSA and Clostridium difficile acquired in hospital or as a result of treatment, and staff are trained in good hand hygiene and how to prevent infection.

The trust has a zero-tolerance approach to poor hand hygiene and failure to adopt best practices - regular audits are carried out in wards and departments to check that staff comply with our strict hand hygiene policies.

All staff at the hospital have regular training on infection prevention and control. We carry out monthly audits to check that they comply with our strict hand hygiene policies and there are signs at the entrances to wards and other clinical areas to remind everyone – patients and visitors as well as staff – to clean their hands.

The trust's mandate to infection prevention and control is:

- Ensure all staff working in the trust have appropriate infection control knowledge, skills and behaviour
- Ensure all infection prevention and control staff have the skills and training to maximise their potential and use their expertise
- Ensure patients, carers and the public are informed of infection prevention and control issues and associated decision-making in the trust

In 2013/2014, our goal was to continue to reduce MRSA bacteraemia and Clostridium difficile by:

- Having no MRSA bacteraemia cases
- Reducing the number of Clostridium difficile cases to 37 or less (across both the hospital and community settings)

	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014
Trust apportioned MRSA bacteraemia	6	2	0	3*
Trust apportioned Clostridium Difficile infection	125	67	49	57

*A case reported in April 2013 is currently awaiting a decision to confirm that it is trust-apportioned. Data source: National Definition – Trust-apportioned MRSA counts and trust-apportioned Clostridium Difficile counts - HPA website www.hpa.org.uk

The trust continues to focus on key actions including hand hygiene, environmental cleaning, antibiotic control, intravenous line care and bespoke infection prevention control training. This indicator has been subject to external assurance using the following definition:

- Only patients aged two or more are included
- A positive laboratory test result for CDI is recognised as a case according to the foundation trust's diagnostic algorithm
- Positive results on the same patient more than 28 days apart are reported as separate episodes, irrespective of the number of specimens taken in the intervening period, or where they were taken
- The foundation trust is deemed responsible. This is defined as a case where the sample was taken on the fourth day or later of an admission to that foundation trust (where the day of admission is day one)

Reducing falls

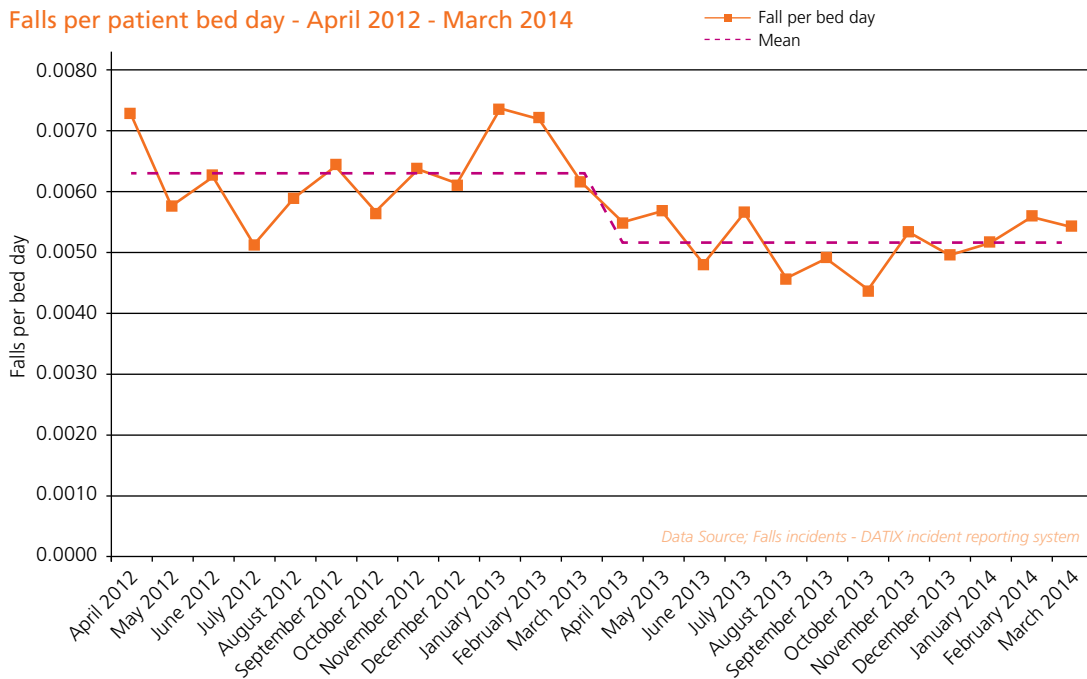
Patient falls are among the most common patient safety incidents reported in hospitals and are a leading cause of death in people aged 65 or older. The trust has joint falls management policies with both NHS Tees and NHS Hambleton, Richmondshire and Whitby commissioners which aim, as far as possible, to reduce the incidence of falls and fall-related injuries for the populations served.

The following shows the performance over the last six years.

	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Falls incidents reported in South Tees acute hospitals	2,426	2,181	2,162	2,075	2,220	1,768
Falls incidents reported in South Tees community hospital	NA	NA	NA	NA	288	270
Falls per 1000 bed days	6.88	6.24	6.14	6.66	6.26	5.14

Data Source; Falls incidents - DATIX incident reporting system.
Bed days - local patient administration system

Falls per patient bed day - April 2012 - March 2014



Data Source; Falls incidents - DATIX incident reporting system



Review of quality

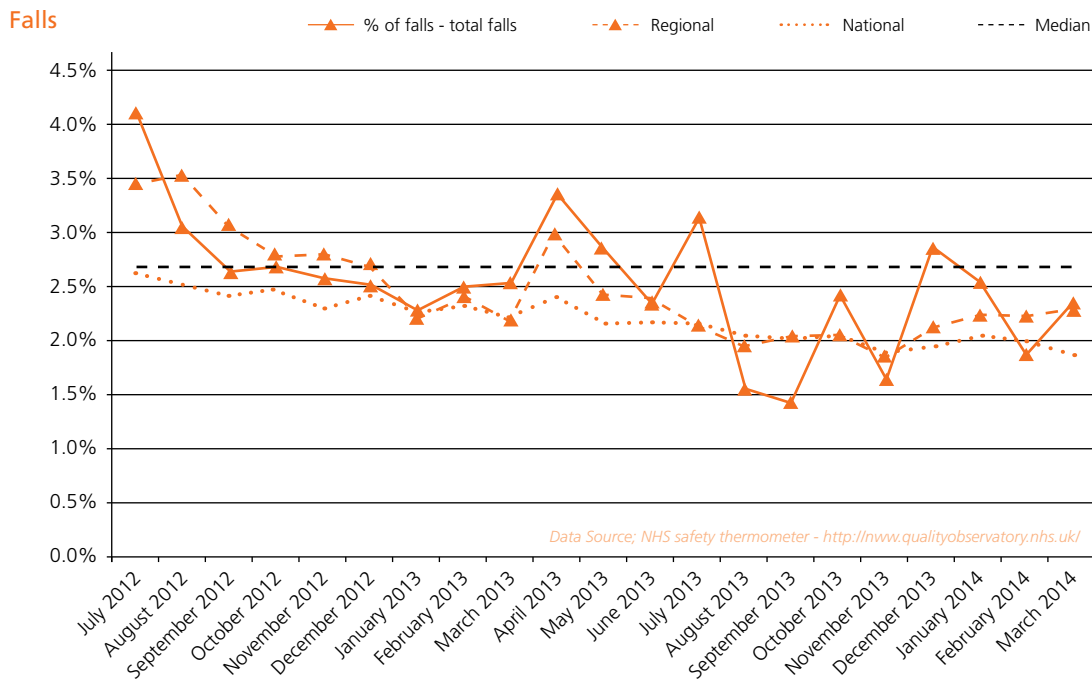
	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Falls resulting in a fracture in South Tees acute hospitals setting	44	33	26	34	35	31
Falls resulting in a fracture in South Tees community hospitals setting	NA	NA	NA	NA	9	5
% of falls that result in a fracture in South Tees Hospitals NHS Trust	1.81%	1.51%	1.20%	1.64%	1.75%	1.77%

Data Source; Falls incidents - DATIX incident reporting system

NB. Numbers have changed for 2012/2013 from the previous year's report due to internal data validation.

There has been a significant reduction in the rate of falls compared to the previous year. It can be also seen that there has been an 18% reduction in the number of falls resulting in a fracture. This represents a considerable reduction in harm to patients in our care and is a reflection of the work that has been undertaken across the trust including the purchase of new beds and the implementation of FallSafe, the new falls risk assessment which incorporates a bed rails risk assessment and dementia screening tool.

The graph below demonstrates that the trust position is in line with national and regional performance.



Improving wound care / skin integrity

Pressure ulcers (sometimes known as bed sores) are recognised as one of the key indicators of safe care and as such the organisation places high priority on prevention and treatment.

We have continued to be proactive in our approach to make improvements in preventing and managing pressure ulcers.

The trust has a comprehensive set of policies and guidelines for staff to utilise in their day-to-day care of patients.

There are regular educational sessions for all clinical staff, supported by a new initiative of a pressure ulcer competency framework for nursing sisters, ward managers and clinical matrons. A further workstream was completed during 2013/2014 to provide intensive support and training for higher risk wards.

Pressure ulcer damage is reported via the trust incident reporting system and the higher graded pressure ulcers are subject to a director-led clinical incident review to identify any lessons learned.

The data below demonstrates the prevalence in the organisation. It can be noted that there has been an increase in the community setting in 2014. This represents an increase from six patients in 2013 to 13 in 2014. This is being addressed through the actions described on page 136.

Acute hospital acquired pressure ulcer prevalence

	2008	2009	2010	2011	2012	2013	2014
Number of patients audited	901	879	949	917	850	906	858
% with hospital acquired pressure ulcer	8.88%	5.4%	5.8%	3.3%	2.82%	3.31%	3.96%
% with a grade 1 or 2 hospital acquired pressure ulcer	7.88%	4.3%	5.2%	3.3%	2.82%	3.09%*	3.73%
% with a grade 3 or 4 hospital acquired pressure ulcer	1%	1%	0.6%	0%	0%	0.22%	0.23%

*Figure has been corrected as only grade 2 figure was reported in 2012/2013 report, now includes grade 1 as well.

Community hospital acquired pressure ulcer prevalence

	2011	2012	2013	2014
Number of patients audited	151	125	125	127
% with hospital acquired pressure ulcer	10.60%	3.20%	4.0%	10.24%
% with a grade 1 or 2 hospital acquired pressure ulcer	9.6%	2.56%	3.2%	10.24%
% with a grade 3 or 4 hospital acquired pressure ulcer	1%	0.64%	0.80%	0%

Data source: local point prevalence audits.
Community audits started with integration of services in 2011.



Review of quality

Improving discharge management

This continues to be a high priority in the organisation with a number of opportunities for improvement identified. These included:

- Increased patient involvement in the discharge process
- Reducing delays in the availability of take home medications
- Standardisation of processes
- Better planning and co-ordination of the discharge process
- Increased support for complex discharges

A number of discharge workshops took place during 2013/2014 to review current practice and identify improvements focussing on patient centred discharge and transfer processes. A total of 43 clinical teams attended the discharge workshops. These were structured to allow the teams to focus on their own practice and design solutions that would work in their environment.

The workshops have resulted in a number of improvements; there has been a considerable reduction in delayed discharges, an increase in the use of the planned discharge date and better communication within the ward teams.

In addition to this the organisation has implemented some 'time to think beds' for those patients that require some extra time to choose a nursing home.

The introduction of the case manager role has been extended for another 12 months in recognition of the impact that this team has had on facilitating the discharge process.

Clinical effectiveness

Dying in hospital - mortality

Hospital mortality rates; how many people die in hospital, are not easy to compare. 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. It is important to monitor a number of measures of mortality.

The basic measure is to monitor the number of people who die in hospital and this number - the unadjusted mortality rate, is monitored on a monthly basis.

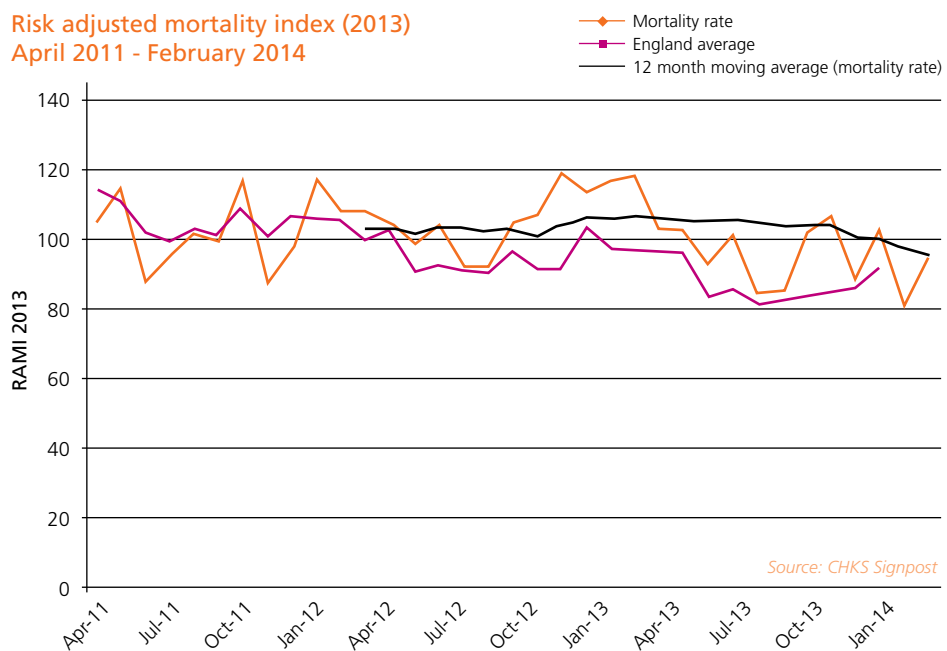
Risk-adjusted measures can take account of the different levels of risk to some extent. They are calculated by estimating the risk of death for each patient with specific medical conditions and comparing the actual death rate in this group with the total estimated rate that can be expected from the predicted risks.

Mortality statistics are reported to Board on a quarterly basis and have been since 2008. As well as unadjusted mortality, the risk adjusted mortality index (RAMI), summary hospital level mortality indicator (SHMI) and hospital standardised mortality ratio (HSMR) are standard nationally defined measures that are routinely monitored.

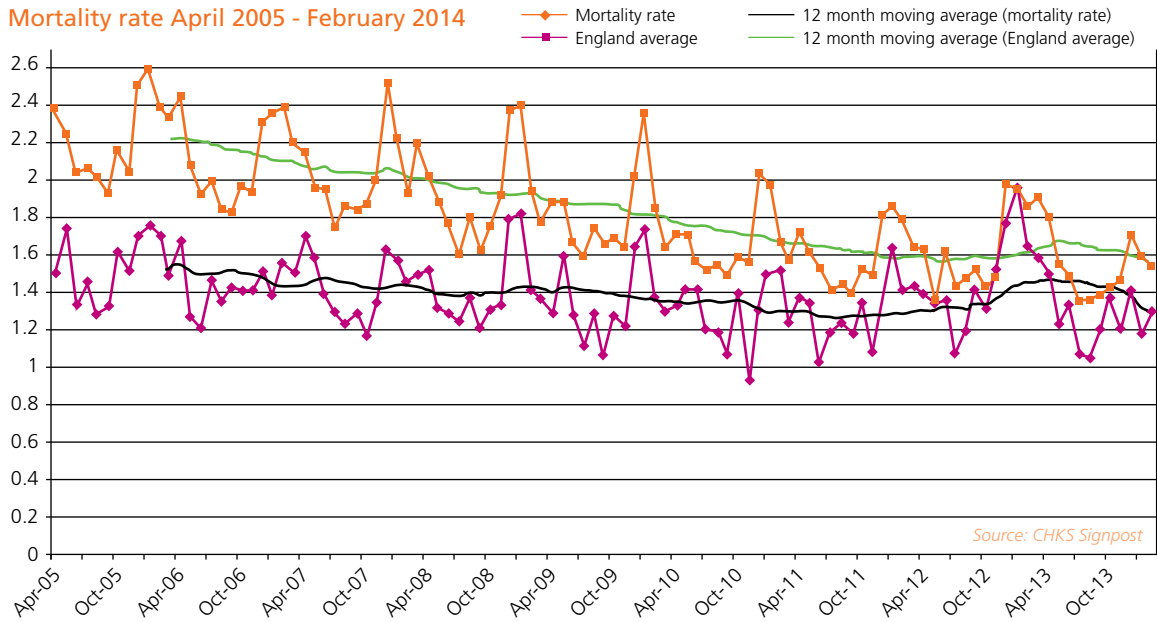
Unadjusted mortality measures the number of deaths as a percentage of inpatient episodes. Looking at the trend from April 2005 to February 2014 it can be seen that after the peak experienced in the winter of 2012/2013 the mortality rate has returned to similar levels to 2011/2012.

The risk-adjusted mortality (RAMI) shows a similar recovery to the unadjusted mortality rate with the RAMI returning to similar levels as 2011/2012 following the winter of 2012/2013.

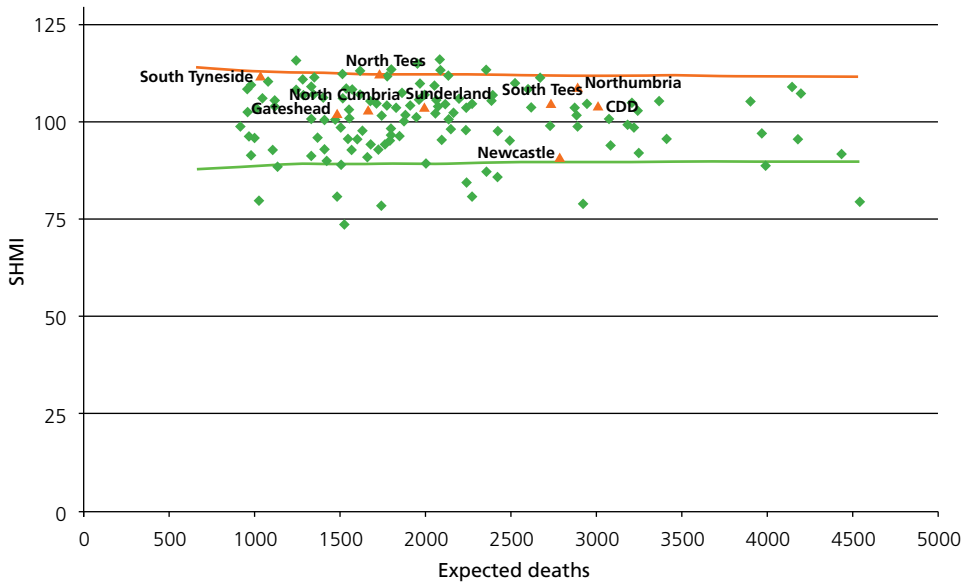
Risk adjusted mortality index (2013)
April 2011 - February 2014



Mortality rate April 2005 - February 2014



Summary hospital mortality indicator with banding using 95% control limits and with adjustment for overdispersion



Source: Summary Hospital Mortality Indicator (SHMI)
 Data released by the HSCIC, January 2014

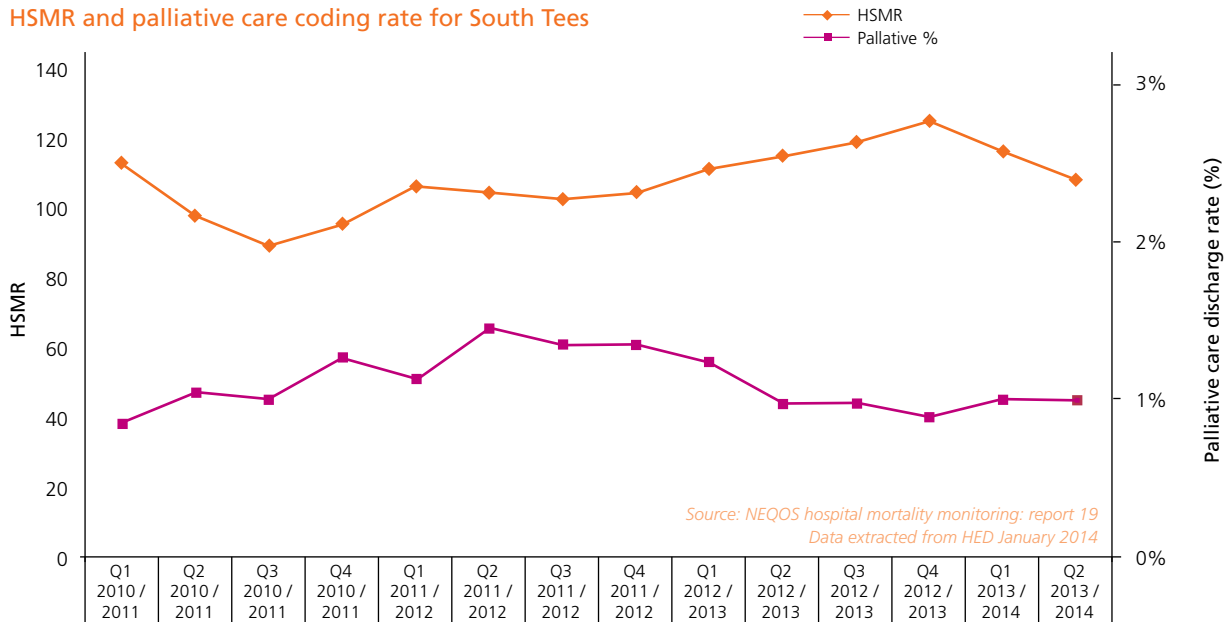
The trust has not been an outlier in any of the data releases of the summary hospital-level mortality indicator (SHMI) and the SHMI is currently 104.9 (July 2012 – June 2013 data).

This means that the number of deaths in hospital or within 30 days of discharge from hospital is almost exactly the same as the number expected using a statistical model.



Review of quality

HSMR and palliative care coding rate for South Tees



The HSMR averages 115 for the last four points (ie for July 2012 to June 2013). The fall in palliative care coding is adversely affecting the HSMR.

There has been a review of coding practices which has ensured that all patients who receive specialist palliative care have been included and internal data demonstrated that this has resulted in an increase in the numbers of patients coded as receiving palliative care. This will ensure that the HSMR more accurately reflects the trust's positions in future data publications.

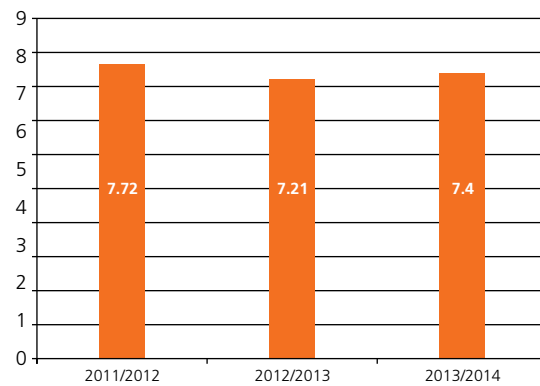
Re-admissions

There are two main measures used to monitor re-admissions, re-admissions within 28 days as discussed on page 154 and re-admissions within 30 days of discharge.

In 2011/2012 the Department of Health incentivised trusts to reduce re-admissions within 30 days using the payment by results framework and therefore the trust uses this for internal monitoring. 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 down to their rehabilitation not progressing as planned. In South Tees, the unplanned readmission rate within 30 days of discharged from hospital for 2013/2014 was 7.4%, similar to previous years.

% of re-admissions from an emergency admission



Data source: National PbR Definition – local patient administration system

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.

Nutrition and hydration – getting the balance right

Good nutritional care is a matter of quality, with considerable benefits especially for patients with long-term conditions and others such as stroke, pressure ulcers and falls.

Patients are assessed using the MUST tool which is a validated screening tool which is suitable to detect malnutrition for the majority of adult patients. The following graph demonstrates the compliance with using the tool and taking the appropriate actions.

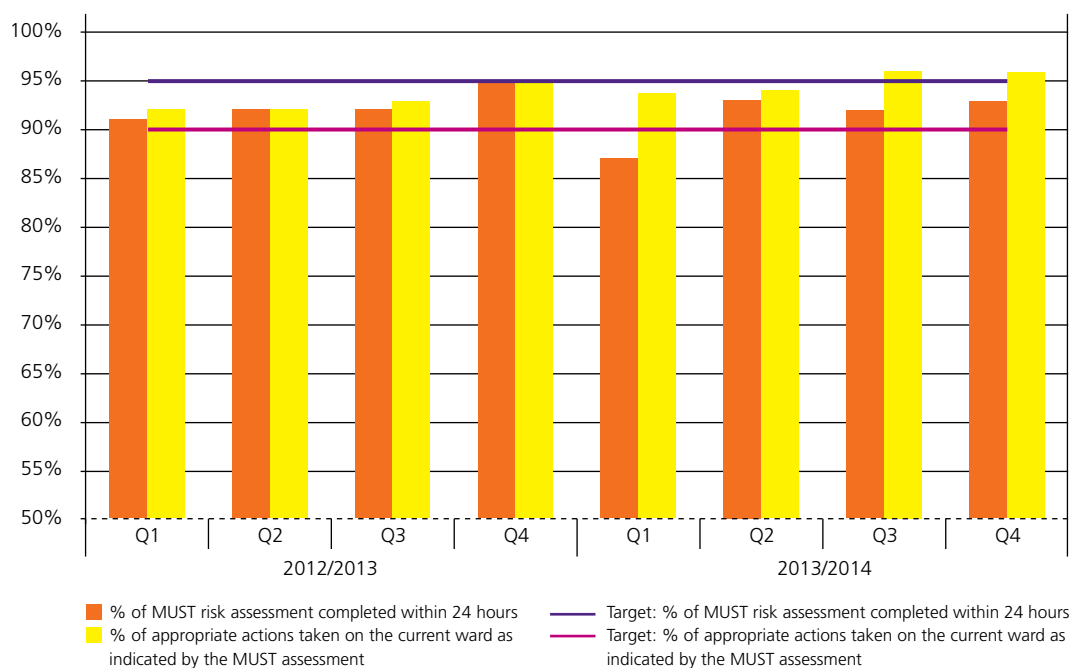
The nutrition team has staff from medicine, nursing, dietetics and pharmacy and through working together provide the best support for our patients helping speed up their recovery and protect their future health.

This has been a quality priority for 2013/2014 and continues into 2014/2015 with a particular focus on the needs of patient with dementia.

The nutrition steering committee oversees the work being done in the organisation, supporting the delivery of the key priorities identified for the year. The work that has been done through the year is described on page 132 and the plans for the coming year are outlined on page 138.

Compliance with MUST assessments

Data source: Local audit





Patient experience

Friends and family test

The NHS friends and family test provides an important opportunity for patients to feedback on the care and treatment they have received at the trust and helps us to improve services.

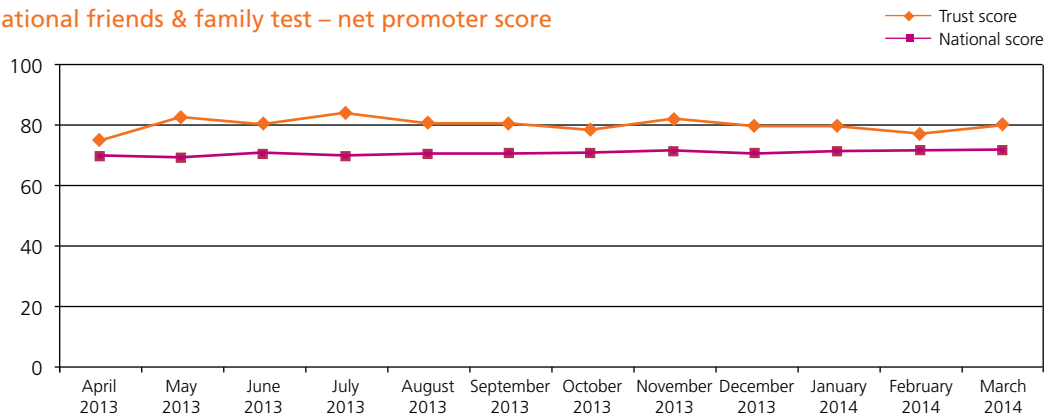
Introduced in 2013, it asks patients whether they would recommend hospital wards, accident and emergency and maternity departments to their friends and family if they needed similar care or treatment.

During the year the combined response rate has increased from 5% in April 2013 to 26.5% in March 2014 and our inpatient net promoter score has remained consistent between 78 and 85 (on a scale of -100 to 100).

We have found obtaining feedback from patients in accident and emergency more difficult and while response rates are improving we're looking at innovative ways of improving this rate, including the introduction of a token system to complement the questionnaire.

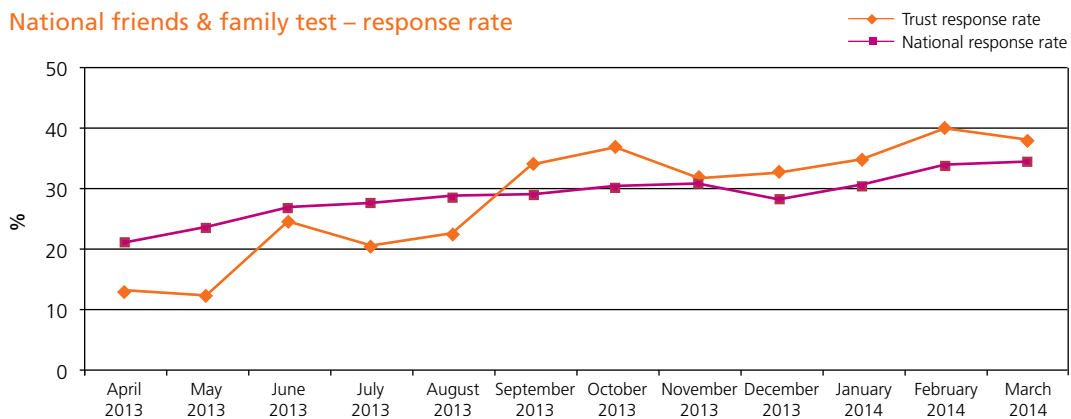
The graphs below demonstrate that the trust has been above the national position for both the net promoter score and the response rate.

National friends & family test – net promoter score



Data source: North East Quality Observatory System – NHS England Friends & Family Test Scorecard

National friends & family test – response rate



Data source: North East Quality Observatory System – NHS England Friends & Family Test Scorecard



Review of quality

Listening to and acting on complaints and concerns

Poor communication often lies at the heart of many NHS complaints and can lead to patients and their families feeling increased anxiety, vulnerability and powerlessness. Getting it right is a cornerstone of providing quality health care so we want to ensure we identify every opportunity where this could be improved upon

By asking, monitoring, and acting on feedback we receive from complaints and concerns raised by patients and their families, we can help to shape current and future services and make improvements in the areas that patients say matter most to them.

A formal complaint is defined as complaints received during the period 2013/2014 which relate to an incident which occurred within 12 months of the complaint being received. Between 2013/2014 we dealt with 391 formal complaints compared to 371 in 2012/2013. (Data source: Datix incident reporting system)

A total of 13 requests were received by the Parliamentary and Health Service Ombudsman, whose role is to investigate complaints that individuals have been treated unfairly or have received poor service.

Of these, five were not upheld, two were partially upheld, three were in respect of cases where the trust has assisted another trust/agency, one was a request for information only and two are awaiting a decision from the ombudsman.

We also had 2,280 PALS enquiries, a slight decrease compared to the 2,386 dealt with last year, and some of the changes made in-year as a result of complaints and concerns included:

- Standardising visiting times for all wards and hospitals from 3pm to 8pm from 1 April 2014 with open visiting allowed in specific areas such as acute admissions and the children's wards
- Ward 1 putting up a poster identifying different grades of staff in direct response to patient feedback – a wider campaign is now being rolled out across the trust

National complaints review and internal work

In-year, the trust's chief executive Professor Tricia Hart and the Rt Hon Ann Clwyd MP were commissioned by the Prime Minister and the Secretary of State for Health to carry out an independent report into the way in which the NHS handles complaints after the failings at Mid Staffordshire NHS Trust.

At the same time, two internal reviews of complaints were also commissioned to specifically examine the local handling and the service user experience of people making complaints.

These covered both patient advice and liaison service (PALS) and our formal complaints processes and were carried out by a small group of governors, non-executive directors and the trust's complaints leads led by the patient experience co-ordinator.

The two groups worked alongside each other and also contributed to the national review (with a team visiting the James Cook site in April). The final recommendations of the national review were published in October 'A review of the NHS hospitals complaints system putting patients back in the picture'.

Overall it was felt the trust was well advanced in demonstrating it had a listening ear for the comments of patients who have gone through the complaints system and has developed a comprehensive action plan.

Learning and listening, improving how we respond to complaints is a quality priority for 2014/2015 and a more detailed overview of the plans for the coming year can be found on page 140.

National patient surveys

During 2013/2014, the trust received reports from four national patient surveys, the findings of each are summarised below.

National cancer experience programme survey

The national cancer patient experience programme survey for 2012/2013 showed that nine out of ten cancer patients rated the care they received at South Tees as excellent or very good.

In the survey, which 763 patients completed, patients were asked to rate their whole experience – from seeing their GP and having diagnostic tests, through to the care and treatment they received in hospital, access to staff, the quality of information given and the discussion and inclusion into clinical research trials.

The trust scored among the top 20% of trusts nationally in a number of areas including always treating patients with respect and dignity (87%) and never giving conflicting advice (86%) and also showed improved scores in a number of areas including:

- 88% of patients said they were given choice of different types of treatment compared to 79% last year
- 87% of patients said they were treated with respect and dignity by staff compared to 81% the previous year

Key results also showed:

- 91% of patients said the care they received was excellent or very good
- 87% of patients said they had confidence and trust in all the doctors treating them
- 95% of patients said they were always given enough privacy when examined and treated
- 90% of patients said they were given the right amount of information about their condition and treatment
- 26% of patients said they had discussed taking part in cancer research
- 65% of patients said there were always/nearly always enough ward nurses on duty

Inpatient survey

The Care Quality Commission's annual survey of inpatients seeks the views of patients on the care they received, including information provided by staff, whether they were given enough privacy, the cleanliness of their wards, and their discharge arrangements.

Responses were received from 439 patients aged 16 and above who had stayed in hospital at least overnight, a response rate of 53% which was higher than the national average (49%) and an improvement on last year's uptake.

Results were around the same as last year and, again, the organisation was rated highly for patients' overall views and experiences during their time with us.

One area where our score had deteriorated was patients using the same bathroom or shower area as patients of the opposite sex. In older parts of the hospital estate, we have recognised some wards need upgrading to improve the overall environment for patients.

This work began in-year when ward 3 at James Cook underwent a £1.3million upgrade which included increasing the number of single rooms and providing seven en-suite bathrooms and a longer-term proposal is in place to refurbish a ward block.

Concerns around the length of time patients were on the waiting list also increased, which is probably a reflection of the pressures experienced during the prolonged winter period last year which impacted on our elective programme. This is addressed in our quality priority for 2014/2015 to ensure that patients receive the right care, in the right place, at the right time.

Chemotherapy patient experience survey

The results of the first national chemotherapy patient experience survey were published in November.

A total of 227 patients took part in the questionnaire which looked at three distinct areas – their awareness and involvement of the consent process, choices and information before treatment started; the type of treatment they had and where they had it and the information they were given about their care and finished with an overall rating of care.

Feedback on services patients received at the trust was extremely positive and reflected a high standard of information, treatment and support with 94% rating their overall care as excellent or very good (compared to a national average of 91%).

Maternity survey

Mums who'd had a baby in February 2013 were invited by the Care Quality Commission to take part in a major survey of maternity services in England and give their views on a range of issues including whether they were given the pain relief they wanted, if they were left alone at a time when it worried them and whether they were offered a choice of where to have their baby.

Questions also focused on women's experiences on the cleanliness of wards and toilets, whether they were treated with respect and dignity, whether they had confidence in staff and if call bells were left unanswered.

The results were published in December 2013 and the trust's scores for antenatal, labour and birth, as well as post-natal services, were ranked among the top ten nationally.

In total, 250 questionnaires were sent out and 138 women aged 16 or over, who'd given birth at the James Cook or Friarage hospitals, took part in the survey - a 41% response rate. Some of the best performing areas included:

- Getting enough information from a midwife or doctor to help them to decide where to have their baby
- Being involved in decisions about care during antenatal care
- Being involved in decisions about care during labour and birth
- Having confidence and trust in the staff caring for them during labour and birth
- Given the information and explanations needed
- Midwives and other health professionals giving active support and encouragement about feeding babies
- Receiving help and advice from health professionals about their baby's health and progress

Overall our aim is to ensure that all women are treated with respect and dignity, kindness and understanding during their pregnancy, labour and birth but some key action areas the teams are looking at include:

Communication

- Ensuring women are given enough information to help them decide where to have their baby
- Ensuring both verbal and written information is easily understood by women, and that all the information and explanations required are given, particularly to new mothers after the birth of their baby

Involvement

- Looking at ways of increasing the number of women who feel involved in decisions about their care during pregnancy, labour and the birth of their baby

Care

- Looking at reasons why some women and their partners feel they are left alone at times which they find worrying during labour, birth and during postnatal stays
- Ensuring women are given full support and encouragement, practical help and consistent advice about feeding their baby, particularly in relation to breastfeeding





Performance against key national priorities

MONITOR compliance framework 2013/2014	2009/10	2010/11	2011/12	2012/13	2013/14	2013/14 Target
Healthcare associated infections						
Clostridium difficile year on year reduction of infection rates	141	125	67	49	57	37
Cancer – 12/13 figures are indicative - awaiting final validation						
Cancer waits 2 week wait target	95.4%	93.6%	93.7%	94.7%	95.3%	93%
2 week wait breast symptom referrals - % seen within 2 weeks	96.3%	96.2%	95.9%	96.5%	96.5%	93%
Cancer wait 31 day wait for first definitive treatment for all cancers	98.6%	98.1%	98.8%	99.0%	98.3%	96%
Cancer wait 31 day wait for subsequent drug treatments for all cancers	100%	99.9%	100%	99.6%	99.4%	98%
Cancer wait 31 day wait for subsequent surgery treatments all cancers	98.8%	98.8%	99.1%	98.0%	98.6%	94%
Cancer wait 31 day wait for subsequent radiotherapy treatments all cancers	NA	99.5%	98.7%	98.4%	98.8%	94%
Cancer wait 62 day wait for the first definitive treatment for all cancers	88.3%	85.2%	86.9%	86.4%	84.7%	85%
Cancer wait 62 day wait for treatment of all cancers referred from a national screening service.	92.5%	94.7%	94.5%	92.8%	94.9%	90%
18 weeks referral to treatment time (RTT)						
18 Week RTT for admitted patients	93.3%	95.4%	92.1%	91.1%	86.7%	90%
18 Week RTT for non-admitted patients	98.6%	98.8%	98.8%	99.0%	98.7%	95%
Incomplete patients				94.0%	94.6%	92%
Accident and emergency						
4 hour maximum wait in A&E from arrival to admission, transfer or discharge	98.9%	98.4%	97.5%	95.9%	96.7%	95%
Community care data completeness						
Referral to treatment information				82.4%	93.9%	50%
Referral information				68.2%	98.2%	50%
Activity information				64.4%	98.8%	50%
Self-certification against compliance with requirements regarding access to healthcare for people with a learning disability.	Compliant	Compliant	Compliant	Compliant	Compliant	

The figures in this table show the cumulative year-end position to enable comparison from year to year.

Reporting to Monitor is quarterly, and during 2013/2014 there have been some compliance issues when performance was assessed over the quarter;

In quarter one, three measures were not met:

- 18-week referral to treatment for admitted patients - performance was 88% against a target of 90%
- Cancer – 62-day wait for the first definitive treatment of all cancers referred from a national screening service - performance was 81.3% against a target of 90%
- Clostridium difficile – performance was 16 cases against a target of ten

In quarter two, three measures were not met:

- 18-week referral to treatment for admitted patients - performance was 86% against a target of 90%
- Cancer – 62-day wait for first definitive treatment of all cancers - performance was 83.6% against a target of 90%
- Clostridium difficile - performance was 30 cases against a target of 19

In quarter three, two measures were not met (all cancer targets were achieved in quarter three):

- 18-week referral to treatment for admitted patients - performance was 86.5% against a target of 90%
- Clostridium difficile - performance was 47 cases against a target of 28

In quarter four, three measures were not met:

- 18-week referral to treatment for admitted patients performance was 83.4% against a target of 90%
- Cancer – 62-day wait for first definitive treatment of all cancers - performance was 84.7% against a target of 90%
- Clostridium difficile - performance was 57 cases against a target of 37



Performance against key national priorities

Actions taken

Cancer – 62-day wait for first definitive treatment of all cancers

The themes for the patients who do not receive their treatment within 62 days are late referrals from other trusts, complex pathways, patient choice and delays to diagnostics. A joint report with Newcastle foundation trust is being presented to the cancer network board on 6 May 2014 with a view to implementing a breach re-allocation policy for patients referred after day-42 in the pathway. This will mean that the reporting will better reflect where the delays are happening and enable organisations to take the appropriate actions.

18-weeks referral to treatment

As planned the trust continued to remain non-compliant with the 18 week admitted pathways target while working to reduce the numbers of long waiting patients. Eight out of the 12 admitted specialties achieved compliance as planned at the end of September 2013/2014.

In October, the elective care intensive support team was contacted and invited into the trust to review progress and make recommendations to help support the trust to be compliant.

18-week trajectories were developed for the four remaining specialties and plans were put in place to ensure compliance by the end of May 2014.

The trust is on track to deliver compliance in-line with revised plans and the percentage compliance for incomplete pathways is improving month-on-month demonstrating that the number of long waiting patients is reducing.

Clostridium difficile

Please refer to page 136 and the main body of the annual report for further discussions of the actions taken.



Annex 1

Statements from clinical commissioning groups and Healthwatch

Statement from NHS South Tees Clinical Commissioning Group - jointly agreed with Hambleton, Richmondshire and Whitby Clinical Commissioning Group

Re: Quality Account 2014/2015

NHS South Tees Clinical Commissioning Group (STCCG) is pleased to provide a response to the trust's quality account 2014/2015 and would like to thank the trust for inviting the commissioner 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 Hambleton, Richmondshire and Whitby Clinical Commissioning Group (HRWCCG) and is provided as follows:

'NHS South Tees Clinical Commissioning Group (STCCG) and Hambleton, Richmondshire and Whitby Clinical Commissioning Group (HRWCCG) welcome the opportunity to review and comment on South Tees Hospitals NHS Foundation Trust quality account for 2013/2014 and would like to offer the following commentary.

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 2013/2014, recognising that this has been a challenging year with scrutiny from the external regulator Monitor due to the trust's non-compliance with 18-week referral to treatment time target (RTT), the rise in reported never events and the nationally mandated *Clostridium difficile* target.

During 2013/2014, the CCGs have held monthly clinical quality review group (CQRG) meetings with the trust, which has provided robust clinical challenge and through constructive dialogue identified a number of quality issues which have been progressed with the involvement of commissioners underpinned by a commitment from all partners to monitor outcomes that evidence sustained quality improvements. This is particularly evident in relation to the area of pressure ulcers with the trust positively engaging in a peer review process.

The CCGs have also conducted commissioner inspection visits to the trust in accordance with the commissioners planned programme of work, to gain assurances and an insight into the quality of care being delivered to patients which the trust has positively welcomed.

The CCGs would like to acknowledge the work undertaken by staff and commend their commitment, professionalism and enthusiasm in the delivery of the 2013/2014 priorities, specifically in relation to improving discharge management, their contribution at workshops to the introduction of standardised processes, and the focused work on embedding Compassion in Practice amongst nursing, midwifery and care staff which has been evidenced during ward visits by commissioners.

The CCGs support and welcome the priorities identified for 2014/2015, which should enable the trust to progress its plans for improving the quality of its services and the experience of its patients. They also link in with the commissioners commissioning intentions.

However, the CCGs are disappointed that the trust has not been clear about how the trust will sustain improvements or routinely continue to address underperforming areas if they are not included as a 2014/2015 priority.

Commissioners are very supportive of the focused attention on the reduction in pressure ulcers but we would have liked to have seen a more explicit reference to how the trust's aspiration for reducing both pressure ulcers and *Clostridium difficile* cases will evidence lessons learned and - through implementation of the trust's comprehensive action plan - sustain improvements.

The CCGs also supports rapid process improvement workshop (RPIW) activity as a method to drive quality improvements in the trust. This structured approach relies on creating a culture of continuous improvement in which each RPIW is designed around a particular focus and where the impact is realised over time.

The CCGs look forward to receiving regular reports from this innovative approach and an opportunity to be involved in designing future schedules to ensure that services are included across pathways of care and the needs of the populations are represented. The CCGs would also recommend that the trust consider the inclusion of detail in relation to lessons learned from serious incidents and complaints for future quality accounts.

Statement from Healthwatch Middlesbrough

Healthwatch

The CCGs recognise that the trust's quality profile in 2013/2014 has not been static and as commissioners we have actively worked with the trust to gain assurance of the quality of the services we commission. As a result in 2014/2015, we will continue to closely monitor quality metrics in relation to mortality, noting the trust's outlier status for hospital standardised mortality ratio (HSMR), and the actions being progressed, the roll-out of the NHS national friends and family test survey (FFT), and the impact of RTT breaches on patient safety and experience alongside serious incidents (SIs) and the Clostridium difficile target.

As commissioners we know that 2014/2015 will be a challenging financial year for the trust and we look forward to continuing to work in partnership with the trust to ensure the quality of the services the trust provides continues to improve in 2014/2015.'

Yours sincerely



Mrs Amanda Hume

Chief officer

The account does state that workshops have ran with clinical teams, discharge workshops and client feedback has been sought. However specific details regarding engagement evidence is not supplied in gaining the views of patients, carers and families when dealing with issues surrounding nutrition and hydration.

Healthwatch actively seeks that all voices are heard surrounding any feedback with social care and health services, and would like to see a more detailed account of how and where the public consultations and experiences are collected.

An overall well-written and clear report, avoiding clinical terminology. I would like to thank you for the opportunity for Healthwatch to share our views.

Natasha Judge

Healthwatch Tees manager (23 May 2014)



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 2010 as amended to prepare quality accounts for each financial year.

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

In preparing the quality report, directors are required to take steps to satisfy themselves that:

- The content of the quality report meets the requirements set out in the NHS Foundation Trust Annual Reporting Manual 2013/2014
- 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 2013 to June 2014
 - Papers relating to quality reported to the Board over the period April 2013 to June 2014
 - Feedback from the commissioners dated 28 May 2014
 - Feedback from Local Healthwatch organisations dated 23 May 2014
 - The trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 21 May 2014
- The 2013 national patient survey
- The 2013 national staff survey
- The head of internal audit's annual opinion over the trust's control environment dated
- 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 Monitor's annual reporting guidance (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 (available at www.monitornhsft.gov.uk/annualreportingmanual).

Date	Signature	Title
27/5/14		Chair
27/5/14		Chief executive
27/05/14		Medical director / deputy chief executive
27.5.14		Director of nursing and quality assurance
27.5.14		Chief operating officer
27.5.2014		Director of service strategy and infrastructure
25.5.14		Director of finance and IT
27.5.14		Director of human resources

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 (referral to treatment)

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).

Acute

A condition of short duration that starts quickly and has severe symptoms.

Audit Commission

The Audit Commission regulates the proper control of public finances by local authorities and the NHS in England and Wales. The Commission audits NHS trusts, primary care trusts and strategic health authorities to review the quality of their financial systems. It also publishes independent reports which highlight risks and good practice to improve the quality of financial management in the health service, and, working with the Care Quality Commission, undertakes national value-for-money studies.

Visit: www.audit-commission.gov.uk/Pages/default.aspx

Assurance

Confidence, based on sufficient evidence that internal controls are in place, operating effectively and objectives are being achieved.

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 and manage primary care commissioning, including holding the NHS Contracts for GP practices.

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. Visit: www.dh.gov.uk/en/publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_091443

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 but with responsibility for government policy for England alone on health, social care and the NHS.

Elective

A planned episode of care, usually involving a day case or inpatient procedure.

Emergency

An urgent unplanned episode of care.

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.

Governance

A mechanism to provide accountability for the ways an organisation manages itself.

HCAI

Healthcare associated infections. These 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.

Monitor

The independent regulator responsible for authorising, monitoring and regulating NHS foundation trusts.

NCEPOD

National Confidential Enquiry into Patient Outcome and Death. Visit: <http://www.ncepod.org.uk/>

National Institute for Health and Clinical Excellence

The National Institute for Health and Clinical 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. Visit: www.cqc.org.uk/usingcareservices/healthcare/patientsurveys.cfm

Overview and scrutiny committees

Since January 2003, every local authority with responsibilities 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.



Annex 4

Glossary of terms

Patient

Those in receipt of healthcare.

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.

Periodic reviews

Periodic reviews are reviews of health services carried out by the Care Quality Commission (CQC). The term 'review' refers to an assessment of the quality of a service or the impact of a range of commissioned services, using the information that the CQC holds about them, including the views of people who use those services.

Visit: www.cqc.org.uk/guidanceforprofessionals/healthcare/nhsstaff/periodicreview2009/10.cfm

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 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.

Visit: www.ic.nhs.uk/services/the-secondary-uses-service-sus/using-this-service/data-quality-dashboards

Service user

An individual who uses a healthcare 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), The 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.

Independent Auditors' Limited Assurance Report to the Council of Governors of South Tees Hospitals NHS Foundation Trust on the Annual 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 2014 (the 'Quality Report') and specified performance indicators contained therein.

Scope and subject matter

The indicators for the year ended 31 March 2014 in the Quality Report that have been subject to limited assurance (the 'specified indicators') consist of the following national priority indicators as mandated by Monitor:

Specified Indicators	Specified indicators criteria
Clostridium Difficile	Page 156
Emergency re-admissions within 28 days of discharge from hospital	Page 154

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 specified indicators criteria referred to on pages of the Quality Report as listed above (the 'Criteria'). The Directors are also responsible for the conformity of their Criteria with the assessment criteria set out in the NHS Foundation Trust Annual Reporting Manual ('FT ARM') and the 'Detailed requirements for quality reports 2013/2014' issued by the Independent Regulator of NHS Foundation Trusts ('Monitor').

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 does not incorporate the matters required to be reported on as specified in Annex 2 to Chapter 7 of the FT ARM and the "Detailed requirements for quality reports 2013/14";
- The Quality Report is not consistent in all material respects with the sources specified below; and
- The specified indicators have not been prepared in all material respects in accordance with the Criteria and the six dimensions of data quality set out in the "2013/14 Detailed guidance for external assurance on quality reports".

We read the Quality Report and consider whether it addresses the content requirements of the FT ARM, and consider the implications for our report if we become aware of any material omissions.

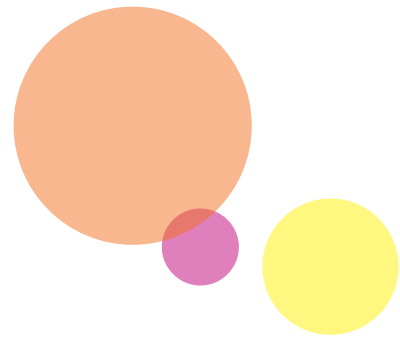
We read the other information contained in the Quality Report and consider whether it is materially inconsistent with the following documents:

- Board minutes for the period April 2013 to April 2014;
- Papers relating to Quality reported to the Board over the period April 2013 to March 2014;
- Feedback from Healthwatch Middlesbrough received on 23 May 2014;
- Feedback from NHS South Tees CCG and NHS Hambleton, Richmondshire and Whitby CCG dated 28 May 2014;
- The trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 21 May 2014;
- Care Quality Commission Intelligent Monitoring Reports dated 21 October 2013 and 13 March 2014;
- The Head of Internal Audit's draft annual opinion over the Trust's control environment for 2013/14 dated 22 May 2014;
- Care Quality Commission inspection reports published 20 March 2014 for inspections which took place on 15 October 2013, 21 November 2013, 26 November 2013, 3 December 2013, 4 December 2013, 2 January 2014, 14 January 2014, 15 January 2014, 16 January 2014, 17 January 2014, 21 January 2014, 5 February 2014 and 17 February 2014;
- The 2013 national patient survey and the 2013 National Maternity Survey;
- The 2013 national staff survey; and
- Monitor's letter dated 14/10/2013 *Notification of decision to open a formal investigation into compliance with the Trust's Licence*.

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 South Tees Hospitals 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 2014, to enable the Council of Governors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the indicators. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors as a body and South Tees Hospitals NHS Foundation Trust for our work or this report save 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 '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:

- reviewing the content of the Quality Report against the requirements of the FT ARM and "Detailed requirements for quality reports 2013/14";
- reviewing the Quality Report for consistency against the documents specified above;
- obtaining an understanding of the design and operation of the controls in place in relation to the collation and reporting of the specified indicators, including controls over third party information (if applicable) and performing walkthroughs to confirm our understanding;
- based on our understanding, assessing the risks that the performance against the specified indicators may be materially misstated and determining the nature, timing and extent of further procedures;
- making enquiries of relevant management, personnel and, where relevant, third parties;
- considering significant judgements made by the NHS Foundation Trust in preparation of the specified indicators;
- performing limited testing, on a selective basis of evidence supporting the reported performance indicators, and assessing the related disclosures; and
 - reading documents.

A limited assurance engagement is less in scope than a reasonable assurance engagement. The nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the Quality Report in the context of the assessment criteria set out in the FT ARM and the Criteria referred to above.

The nature, form and content required of Quality Reports are determined by Monitor. This may result in the omission of information relevant to other users, for example for the purpose of comparing the results of different organisations.

In addition, the scope of our assurance work has not included governance over quality or non-mandated indicators in the Quality Report, which have been 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 2014,

- The Quality Report does not incorporate the matters required to be reported on as specified in Annex 2 to Chapter 7 of the FT ARM and the "Detailed requirements for quality reports 2013/14";
- The Quality Report is not consistent in all material respects with the documents specified above; and
- the specified indicators have not been prepared in all material respects in accordance with the Criteria and the six dimensions of data quality set out in the "2013/14 Detailed guidance for external assurance on quality reports".

PricewaterhouseCoopers LLP
Chartered Accountants
Newcastle upon Tyne
29 May 2014

The maintenance and integrity of the South Tees Hospitals NHS Foundation Trust's website is the responsibility of the directors; the work carried out by the assurance providers does not involve consideration of these matters and, accordingly, the assurance providers accept no responsibility for any changes that may have occurred to the reported performance indicators or criteria since they were initially presented on the website.



North York Hospital
Deborah Skottler
M.D.

Part Three

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together we do the amazing





Annual
accounts

2013 – 2014

“ Providing seamless, high quality,
safe healthcare for all. ”



together we do the amazing



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 'Trust'). The relevant responsibilities of the accounting officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the NHS Foundation Trust Accounting Officer Memorandum issued by Monitor.

Under the NHS Act 2006, Monitor has directed South Tees Hospitals NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of 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 NHS Foundation Trust Annual Reporting Manual and in particular to:

- observe the Accounts Direction issued by Monitor, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the NHS Foundation Trust Annual Reporting Manual have been followed, and disclose and explain any material departures in the financial statements;
- ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance; and
- prepare the financial statements on a going concern basis.

The Accounting Officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS Foundation Trust and to enable her to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of the NHS Foundation Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Signed:



Professor Tricia Hart
Chief Executive

Date: 27 May 2014

Independent auditors' report to the Council of Governors of South Tees Hospitals NHS Foundation Trust

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view, of the state of the group's and of the parent NHS Foundation Trust's affairs as at 31 March 2014 and of the group's and parent NHS Foundation Trust's income and expenditure and the group's and parent NHS Foundation Trust's cash flows for the year then ended; and
- have been prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2013/14.

This opinion is to be read in the context of what we say in the remainder of this report.

Emphasis of Matter – Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of disclosures made in note 1.3.1 (Accounting Policies – Going Concern) to the financial statements concerning the Trust's ability to continue as a going concern.

The Trust's budget and expenditure plans have been prepared and show material deficits in 2014/15 and 2015/16 and the need for additional borrowings in both years. The Trust recognises that there is an urgent need to develop a wider programme for delivery of continued traditional savings and to derive benefits from transformational change. The Trust has, therefore, commissioned external support to build on and develop further cost reduction programmes with the aim of delivering a stable financial plan.

Notwithstanding the deficits, the Trust does not have any evidence indicating that there is any prospect of intervention or dissolution action from Monitor or the Department of Health within the next 12 months.

The Trust is currently taking forward discussions with Monitor over the availability of Public Dividend Capital (PDC) funding. However, there is no certainty that further cost savings will be identified or that the additional PDC funding will be obtained and this indicates the existence of a material uncertainty that may cast significant doubt about the Trust's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Trust was unable to continue as a going concern.

What we have audited

The group financial statements and parent NHS Foundation Trust financial statements (the "financial statements"), which are prepared by South Tees Hospitals NHS Foundation Trust, comprise:

- the group and parent NHS Foundation Trust Statement of Financial Position as at 31 March 2014;
- the group and parent NHS Foundation Trust Statement of Comprehensive Income for the year then ended;
- the group and parent NHS Foundation Trust Statement of Changes in Taxpayers' Equity for the year then ended;
- the group and parent NHS Foundation Trust Statement of Cash Flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is the NHS Foundation Trust Annual Reporting Manual 2013/14 issued by the Independent Regulator of NHS Foundation Trusts ("Monitor").

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the parent NHS Foundation Trust's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinions on other matters prescribed by the Audit Code for NHS Foundation Trusts

In our opinion:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2013/14.

Other matters on which we are required to report by exception

The Audit Code for NHS Foundation Trusts requires us to report if we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We draw your attention to the Trust's Annual Governance Statement on pages 111 to 118 which includes further details on the matters noted below and the Trust's actions to address those matters.

In 2013/14 the NHS Foundation Trust reported a £4.3 million deficit. Cash holdings amounted to £16.1 million at 31 March, which was £8.3 million behind plan, and the Foundation Trust had a Continuity of Service Risk Rating of 2.

Looking ahead to 2014/15 the NHS Foundation Trust is forecasting a material financial deficit which culminates in a borrowing requirement at 31 March 2015. The Foundation Trust has identified £11.8 million worth of productivity and efficiency savings within the forecast deficit and is working towards identifying additional efficiencies to mitigate the deficit. If no further improvement in the forecast outturn is achieved and the amount of productivity and efficiency savings identified do not increase, this deficit will increase significantly in 2015/16.

In October 2013, Monitor informed the Trust of its decision to open a formal investigation into the Trust's compliance with its license. This investigation was opened as a result of governance concerns arising from the Trust's failure to meet the Referral to Treatment Target for three consecutive quarters and Monitor also identified concerns about 'never events' and the NHS Foundation Trust's performance against its C.Difficile target. Monitor's investigation is ongoing and the NHS Foundation Trust is in regular dialogue with Monitor to provide updates on the actions it is taking to achieve compliance with the performance targets.

As a consequence of the matters summarised above, in our opinion South Tees Hospitals NHS Foundation Trust has not made proper arrangements for securing economy, efficiency and effectiveness in the use of its resources.

We have nothing to report in respect of the following matters where the Audit Code for NHS Foundation Trusts requires us to report to you if:

- in our opinion the Annual Governance Statement does not meet the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2013/14 or is misleading or inconsistent with information of which we are aware from our audit. We are not required to consider, nor have we considered, whether the Annual Governance Statement addresses all risks and controls or whether risks are satisfactorily addressed by internal controls; or
- we have qualified, on any aspect, our opinion on the Quality Report.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' statement set out on page 20 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view in accordance with the NHS Foundation Trust Annual Reporting Manual 2013/14.

Our responsibility is to audit and express an opinion on the financial statements in accordance with the National Health Service Act 2006, the Audit Code for NHS Foundation Trusts issued by Monitor and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Council of Governors of South Tees Hospitals NHS Foundation Trust in accordance with paragraph 24 of Schedule 7 of the National Health Service Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other

person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Qualified Certificate

The Audit Code for NHS Foundation Trusts requires us to report if we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We draw your attention to the Trust's Annual Governance Statement on pages 111 to 118 which includes further details on the matters noted below and the Trust's actions to address those matters.

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As a consequence of the matters summarised above, in our opinion South Tees Hospitals NHS Foundation Trust has not made proper arrangements for securing economy, efficiency and effectiveness in the use of its resources.

We certify that we have completed the audit of the financial statements in accordance with the requirements of Chapter 5 of Part 2 to the National Health Service Act 2006 and the Audit Code for NHS Foundation Trusts issued by Monitor.



Greg Wilson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
29 May 2014

- (a) The maintenance and integrity of the South Tees Hospitals NHS Foundation Trust website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO SOUTH TEES HOSPITALS NHS FOUNDATION TRUST ON THE NHS FOUNDATION TRUST CONSOLIDATION SCHEDULES

We have examined the NHS foundation trust consolidation schedules (FTCs) numbered 1 to 40 of South Tees Hospitals NHS Foundation Trust for the year ended 31 March 2014, which have been prepared by the Director of Finance and acknowledged by the Chief Executive.

This report is made solely to the Board of South Tees Hospitals NHS Foundation Trust in accordance with paragraph 24(5) of Schedule 7 of the National Health Service Act 2006 (the Act) and for no other purpose.

In our opinion these consolidation schedules are consistent with the statutory financial statements on which we have issued an unmodified opinion.

In our opinion these consolidation schedules are consistent with the statutory financial statements. The auditor's report on the statutory financial statements included an emphasis of matter paragraph because of the uncertainty relating to going concern.

Signature: *PricewaterhouseCoopers LLP*

Date: 29 May 2014

Name of auditor/firm: PricewaterhouseCoopers LLP

Annual Governance Statement 2013/14

Scope of responsibility

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of South Tees Hospitals NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in South Tees Hospitals NHS Foundation Trust for the year ended 31 March 2014 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

As Accountable Officer and Chief Executive I have overall responsibility for ensuring that there are effective risk management and integrated governance systems in place within the Trust for meeting all statutory requirements and adhering to guidance issued by Monitor in respect of governance and risk management.

Some aspects of risk are delegated to the Trust's Executive Directors:

- The Medical Director is responsible for clinical governance and with effect from the 1st of October 2013 is also responsible for information governance risks;
- The Director of Nursing and Quality Assurance is responsible for infection prevention and control, health and safety and is overall lead for risk management and patient safety with support from the Deputy Director of Nursing, the Lead Nurse for Patient Safety, the Trust Solicitor and Deputy Director of Quality Assurance. The Director of Nursing and Quality Assurance is also responsible for reporting to the Board of Directors on the implementation of the Risk Management and Patient Safety Strategies. From 1st October 2012 the Director of Nursing role was vacant and was filled with an Acting Director of Nursing the substantive post was filled in July 2013.
- The Director of Nursing and Quality Assurance is the management lead and vice chair of the Patient Safety Subgroup and is a member of the Quality Assurance Committee, to ensure a fully integrated and joined up system of risk and control management is in place.
- The Director of Nursing and Quality Assurance is the Senior Information Risk Owner with effect from 1st of April 2014

- The Director of Finance provides the strategic lead for financial risk and the effective co-ordination of financial controls throughout the Trust;
- The Director of Human Resources is responsible for workforce planning, staffing issues, education and training;
- The Director of Information was responsible for information governance risks until this responsibility transferred to the Medical Director in October 2013
- The Director of Operational Services is responsible for business continuity planning and emergency planning.

All Chiefs of Service, Clinical Directors and managers have delegated responsibility for the management of risk and patient safety in their areas. Recognising and managing risk is integral to their day-to-day management responsibilities. It is also a requirement that each individual Division produces a Divisional/Directorate Patient Safety and Risk Management plan, which describes the local application (including the responsibilities of key staff) of the Trust Risk Management Strategy.

All members of staff have responsibility for participation in the risk/patient safety management system through:

- awareness of risk assessments which have been carried out in their place of work and to comply with any control measures introduced by these risk assessments;
- compliance with all legislation relevant to their role;
- following all Trust policies and procedures particularly risk management and incident reporting policies which are available to all staff electronically through the intranet;
- reporting all adverse incidents and near-misses via the Trust Incident Reporting System;
- attending regular training as required ensuring safe working practices;
- awareness of the Trust Patient Safety and Risk Management Strategies and their own Divisional /Directorate Patient Safety and Risk Management Plan; and
- knowing their limitations and seeking advice and assistance in a timely manner when relevant.

The Trust recognises the importance of supporting staff. All employees, including members of the Board, clinicians, managers, permanent, temporary and locum staff are provided with appropriate risk management training by the Trust's risk management team. Training includes:

- corporate induction training when staff join the Trust;
- mandatory update training for all staff every two years; and
- targeted training on specific areas including risk assessment, incident reporting and incident investigation including root cause analysis.

The Trust seeks to learn from good practice through Trust communication media and education sessions. Managers produce and distribute lessons learned reports following investigations of incidents.

The risk and control framework

The Risk Management Strategy outlines how quality governance works in practice across the organisation, including how the Trusts performance management systems contribute to an effective system of internal control, ensuring delivery of key objectives and management of risk across all areas in the organisation. The strategy is supported by a range of detailed Trust policies and accompanying guidance, the strategy describes:

- A clear framework of accountability and delegated responsibility for risk;
- A clearly defined committee structure that supports the risk management process;
- A statement defining the organisation's risk management appetite which was reviewed and agreed by the Board when the current risk management strategy was developed. The organisation's risk management appetite recognises that there is a degree of risk in every activity that it undertakes and it's appetite for risk will depend upon the impact of the risk on the organisations strategic direction, the likelihood of it materialising and the effect on the organisations reputation and image, however the Trust will be more risk averse in areas of its business where, if it failed, there would be an impact on the safety of our patients and people, the quality of care that we provide and the reputation of the organisation.
- Detailed, defined processes for identifying and evaluating risks. Tools available include a standard process for scoring the consequence and likelihood of risks;
- An electronic risk register providing a comprehensive, standardised record of risks at divisional and corporate level. This allows risks to be managed consistently;
- The use of risk register movement charts to show how risk ratings have changed as risks are managed;
- A dedicated risk management team supporting the risk management process; and
- Training processes to support staff to deliver their risk management objectives.

During 2013/14 the Trust undertook a review of its committee structure to ensure that the requirements for good quality governance identified in national guidance are met. Following a consultation process the revised committee structure was approved by the Board in October 2013 and was implemented in January 2014. The committee structure comprises of:

- The Audit Committee which supports the Board by critically reviewing the governance and assurance processes on which the Board places reliance.

- The Quality Assurance Committee (formerly the Integrated Governance Committee), the role of this Committee and its sub groups is to assist the Board and organisation in ensuring it fully discharges its duties in relation to the delivery of high quality services and patient outcomes, having regard to patient safety, clinical effectiveness and patient experience. Following the revision to the committee structure the Committee expanded its terms of reference and annual work plan to include responsibility for assuring the effective management of risk. The Quality Assurance Committee also reviews the assessment and mitigation of potential risks to quality from new initiatives including those arising from cost improvement work streams or operational efficiency measures.
- The Patient Safety Sub-group (formerly the Patient Safety Programme Board) reports to the Quality Assurance Committee, its role is to monitor the delivery of patient safety improvement initiatives which support the delivery of the Trust's objectives in relation to safety and quality and to review themes and trends from incidents to identify patient safety concerns and ensure actions are taken to address any issues identified.
- A Patient Experience Sub-group was established as a consequence of the committee structure review. Its role is to review patient experience feedback, complaints and PALs. This group reports to the Quality Assurance Committee.
- The Workforce Sub-Group (formerly the Organisational Capability Sub-group) has responsibility for assuring workforce development, workforce planning and staff health & wellbeing.
- The Clinical Standards Subgroup ensures agreement and delivery of the highest clinical standards throughout the Trust.

Quality of care and patient safety is the core transformational theme which underpins the development of the Trust's values and objectives. Each Board meeting starts with a patient story. The Board receives a range of quality information and assurance both through the committee structure and directly at Board meetings. The data used to report the Trust's quality performance is taken from national data submissions, clinical audit, national benchmarking systems, quality observatories and patient and staff surveys. The indicators and measures used to track the Trust's quality and safety objectives are reported through the patient safety and quality dashboards. The dashboards are produced at Trust, divisional, directorate and ward level. The quality indicators are formally reported in the quarterly quality report which includes qualitative and quantitative information, statistical analysis of trends and benchmarking. All serious incidents are reported to the Board. Quality improvement targets are determined by the Trust's strategies and the divisional patient safety and quality action plans.

The performance against Monitor's continuity of service risk rating and applicable national standards is reported monthly to the Board. Self-assessment of compliance with Monitor's quality governance framework is reviewed quarterly at the Quality Assurance Committee; the Trust has declared compliance with the framework throughout 2013/14.

The performance data used by the Trust is split into two categories:

- Clinical data items, related to the accuracy of clinically coded data
- Administrative data items, - relates to other data items related to the patient's care pathway.

The Trust undertakes a number of processes to validate and provide assurance of the quality of the data used within the Trust:

- Participation in external clinical coding audits, undertaken by the Audit Commission
- Internal programme of specialty level clinical coding audits
- Live validation of clinically coded data.
- Weekly validation of NHS numbers
- Weekly validation of Patient's GP details
- Internal audits to review accuracy of data used for specific performance reports, i.e. cancer targets, 18 week targets etc.

To assist in the above the Trust uses a number of sources external to the Trust to facilitate this including:

- Internal Audit data validation and data quality reviews.
- NHS Information Centre – SUS Data quality dashboards
- Audit Commission – external clinical coding audits
- Audit Commission – PbR National Benchmarker
- CHKS – Signpost – Data Quality Indicators

The data quality team review information on the Health and Social Care Information Centre and CHKS websites routinely to highlight any issues which require further investigation.

The management of risk is monitored at all levels within the organisation. There is a rolling programme of presentations from divisions to the Quality Assurance Committee to review local risk management arrangements and to receive a report on risks managed on divisional risk registers. Prior to January 2014 these presentations were given to the Risk and Assurance Sub-group. Minutes of these meetings are reported through the committee structure to the Board. Divisions are also required to present their divisional risk registers at quarterly performance reviews with the Chief Executive, Medical Director, and the Director of Nursing.

Each quarter, the executive directors review risks to the corporate objectives which are identified on the assurance framework this is then presented to the Board of Directors together with a quarterly progress report on the delivery of the strategic objectives. The executive directors also provide updates to the operational risks identified on the corporate risk register and review any risks which have been escalated for possible inclusion on the corporate risk register on a monthly basis. The corporate risk register is then reviewed by the Quality Assurance Committee (formerly the Integrated Governance Committee) which advises on any risks which require detailed reporting to the Board.

The Information Governance Steering Group ensures that the Trust complies with legislation and standards relating to information risks and is chaired by the Trust Senior Information Risk Owner. The Board of Directors has agreed the Information Risk Management (IRM) framework for the Trust.

The Trust has a continuous work programme to further embed the IRM framework within the organisation, ensuring that any data security risks are highlighted by the Information Asset Administrators (IAA) at ward and departmental level, reported to the Corporate Director/Divisional Manager who are the Information Asset Owners (IAO) and then discussed with the Senior Information Risk Owner (SIRO), this role was held by the Director of Information until the 31st of March 2014 and is now held by the Director of Nursing and Quality Assurance.

With regards to data security incidents, the Trust has recently updated its Serious Untoward Incident (SUI) procedure. All data security incidents are incorporated within this procedure and are subject to the same levels of risk treatment.

The Trust has achieved a minimum of level 2 on 44 of the 45 standards of the National Information Governance (IG) Toolkit. Level 1 has been recorded against standard 112, as staff training compliance reached 84% against a target of 95%. The Trust IG compliance score for 2013/14 was submitted at 82% (Red-Unsatisfactory). The Information Governance Department have produced an action plan to address the training issues; key actions include focused work on staff groups and areas which did not reach the required level of training, data validation to reduce duplicates and system issues and a review of all mandatory training. The Trust will address the issues with IG training to ensure the required level of compliance is met for the submission of the IG Toolkit mid-year benchmark in July 2014. Public stakeholders are also involved in managing risks which impact upon the organisation:

- Patients are involved in their own treatment at every level;
- The Trust consults with patients and the public when developing services; and
- The Trust maintains close links with social services, working together on the handling of issues such as delayed discharges.

The processes set out above, in particular the standardised approaches, the on-going training and monitoring mechanisms, have allowed the Trust to embed risk management in the activity of the Trust.

The Trust's assurance framework sets out the following:

- What the organisation aims to deliver (corporate/strategic objectives);
- Factors which could prevent those objectives been achieved (principle risks);
- Processes in place to manage those risks (controls);
- The extent to which the controls will reduce the likelihood of a risk occurring (likelihood);
- The evidence that appropriate controls are in place and operating effectively (assurance).

In the Annual Plan for 2013/14 the Trust identified that there were risks to the financial position, the delivery of the 18 week referral to treatment target (RTT) for admitted patients and the C.Difficile target. These risks were reported and monitored through the Trust's risk management processes.

The most significant of these risks is the Trust's financial position which is subject to a number of risks including the management of the CIP programme, maintaining adequate cash balances and delivering the capital investment programme. These factors all contribute to the achievement of the financial risk rating. The Trust mitigates financial risks through rigorous budgetary control and management of productivity and efficiency schemes via a Programme Assurance Office, with regular reports to management group and the Board of Directors, the Board uses this to support the discussion and decision making regarding the quarterly risk rating declaration.

In 2013/14 the Trust reported a £4.9 million deficit, £4.3 million excluding impairments (the plan was £1 million excluding impairments). A mid-year review was undertaken based on the trading position at the end of August and this was reported to the Board in October. This review forecast the financial outturn position to be £7 million behind plan and actions were agreed to mitigate the risk with the aim of maintaining a risk rating of 3. Following a further month's monitoring information, concerns were raised at the November meeting of the Board of Directors, and an extraordinary meeting was held in December to review the reforecast financial outturn position based on the trading position at the end of October. This reported a worsening in the projection to £9.5 million behind plan with a resulting projected Continuity of Service Risk Rating of 2 and immediate targeted remedial action was agreed. This extensive financial focus helped the Trust deliver a £4.9 million deficit. Cash holdings amounted to £16.1 million at 31 March, which was £8.3 million behind plan.

Looking ahead to 2014/15 the Trust is forecasting a financial deficit of £29.4 million which contributes to a negative cash balance of £25.2 million at 31 March 2015. The Trust has identified £11.8 million worth of productivity and efficiency savings within this figure and are working towards identifying the remaining efficiencies to cover the total deficit. If no further improvement in the forecast outturn is achieved and the amount of productivity and efficiency savings identified does not increase, this deficit will worsen to £48.3 million in 2015/16.

The Trust recognises that there is an urgent need to develop a wider programme for delivery of continued traditional savings and to derive benefits from transformational change. The Trust has, therefore, commissioned external support from McKinsey & Company to build on and develop their previous work with the Trust during May and June 2014 and assist the Trust by contributing to the development of cost reduction programmes in conjunction with the Trust with the aim of delivering a stable financial plan.

Whilst these are being implemented, the Trust is currently taking forward discussions with Monitor over the availability of Public Dividend capital (PDC) funding to bridge the cash shortfall by funding expenditure.

During 2012/13 the Trust experienced a significant mismatch of capacity and demand. Across the North East, and at times nationally, winter 2012/13 saw a surge in emergency demand well above the general trend which led to huge pressure on the emergency capacity and elective programme in the organisation with 549 elective procedures cancelled over a six month period. As a consequence the trust failed to achieve the 18 week RTT in quarter 4 2012/13.

In response to these pressures, the Trust invested in additional capacity to maintain the quality of services and support achievement of national targets. This programme of investment and extensive work on discharge planning appears to have brought success, in that patient flow has been much better over the winter of 2013/14 with no repeat of the unprecedented level of disruption and surgical cancellations resulting from bed pressures that the Trust experienced in 2012/13.

During 2013/14 the Trust has however continued to manage the fall out implications of cancelled surgery in 2012/13 and the need to address the backlog this has created on waiting lists in key specialties. Remedial plans to generate additional capacity were put in place and modelling of the delivery of the 18 week RTT target undertaken at the start of 2013/14 suggested that the Trust would achieve compliance by the end of quarter 2 2013/14. The risk that the Trust would fail to achieve the 18 week RTT target for quarter 1 and 2 2013/14 was identified in the annual plan and in the quarterly declaration to Monitor.

However many of the patients who needed emergency care during the extended winter pressures were frail elderly people with complex conditions and when it came to discharge they proved difficult to place in suitable alternative health or social care, resulting in bed blockages in the Trust's acute services.

A neighbouring FT decommissioning inpatient activity for plastic and oral surgeries and transferring the activity to South Tees NHS Foundation Trust also had an impact on the 18 week RTT position as did growing waiting lists in cardiothoracic services caused by increased demand and problems retaining theatre staff. The position was also adversely impacted by some consultants' reactions to a move by the Trust to address variation in pay for additional work.

The Trust tried to address the shortfall in performance partly by seeking external support from independent providers but this was not sufficient to deliver the 18 week RTT target within the timeframe initially planned.

In September 2013 the Trust sought external support from the NHS Intensive Support Team to address the 18 week RTT position. Subsequent detailed modelling work at sub-specialty level demonstrated that full compliance with national RTT standards could not be achieved until the end of quarter 2 in 2014/15. Work is now underway to ensure a robust sustainability plan is in place. The Trust has shared the result of its internal capacity modelling, the challenges faced, potential solutions and impact with the commissioners and a joint approach to addressing these challenges is being developed.

In October 2013, Monitor informed the Trust of its decision to open a formal investigation into the Trust's compliance with its license. This investigation was opened due to governance concerns arising primarily out of the Trust's failure to meet the Referral to Treatment Target for three consecutive quarters and Monitor also identified concerns about 'never events' and the Trust's performance against the C.Difficile target. The investigation is ongoing and the Trust is in regular dialogue with Monitor to provide updates on the work to address compliance with the performance targets.

The Trust has a strong past record of achieving a year on year reduction in the incidence of C.Difficile, however in 2013/14 the Trust failed to achieve the target for further reduction ending the year with 57 Trust apportioned cases against a target of 37. The C.Difficile action plan has been reviewed and updated during the year and reported regularly to the Board. To provide further assurance that the action plan was targeted at the appropriate areas for improvement, two external reviews were carried out in December 2013.

Key areas of focus were:

- Further increasing medical involvement in root cause analysis undertaken when a case of C.Difficile was identified and shared learning
- Reviewing the quality of the estate
- More antimicrobial prescribing audits
- Greater focus on diarrhoeal management and faecal sampling
- Further tighten hand hygiene compliance monitoring
- Instigating a review of cleaning services (with assurance around National Cleaning Standards)

For cleaning, there has been extra investment in high risk areas and deep cleaning including the use of Hydrogen Peroxide vapour and/or ozone.

A Director-led awareness program reinforced the messages about C.Difficile to all staff groups with over 1,000 staff trained since January 2014.

Implementation of the action plan continues, with ongoing work to further improve awareness of appropriate antibiotic prescribing and increased monitoring of cleaning standards. The Board receives a monthly report on health care acquired infections.

The Trust had three never events in the first two quarters of 2013/14. Two external reviews were commissioned; the first was undertaken by the North East Quality Observatory to provide assurance that the never event investigations had been thorough and that the actions taken in response to the investigations were appropriate. The second was undertaken by an independent senior nurse and neurosurgeon who have expertise in patient safety and the impact of human factors. Their focus was on surgical never events and their work involved detailed reviews of the incidents, observational studies in the theatres across the Trust and interviews with theatre staff of all grades. Their review concluded that *“There is good evidence that the trust has investigated the Never Events and implemented changes. Furthermore we consider the on-going risk of Never Events to have been much reduced by the actions taken.....and consequently going forward we consider the trust to be exceptionally safe”*. There have been no further never events reported by the Trust since August 2013. The rate of never events reported by the Trusts is lower than comparable organisations.

The assurance framework and risk register did not describe any significant gaps in control/assurance during 2013/14. The changing position with the risks described above was closely monitored during the year and the controls applied were reviewed and revised as the factors influencing the risks changed. To provide additional assurance that the action plans developed to mitigate these risks were comprehensive and robust the Trust commissioned external reviews in relation to capacity modelling to support delivery RTT target and the C.Difficile action plan. The Trust has changed its approach to action planning ensuring that actions to be taken are made clear together with timescales and accountability. Work is ongoing to develop better forecasting tools where appropriate to signal potential deviation from plan at an earlier stage.

The foundation Trust is fully compliant with the registration requirements of the Care Quality Commission. Both acute hospital sites and eight of the Trust's community locations were assessed by the CQC during 2013/14; the remaining community sites were inspected in 2012/13. In all inspections the CQC have reported that the Trust has met the required standards and there have been no concerns identified.

The organisation uses an internet based assurance system to assess compliance against the CQC standards and to record sources of evidence to support the declaration. The CQC intelligent monitoring report (previously the quality and risk profile) is reviewed when published and reported by exception to the Quality Assurance Committee.

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

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

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

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

The Trust has a comprehensive system that sets strategic and annual objectives. The Board of Directors sets these objectives with regard to the economic, efficient and effective use of resources. The objectives set reflect national and local performance targets for standards of patient care and financial targets to deliver this care within available resources. Within these targets, the Trust includes specific cost improvement programmes. These are identified from a range of sources including internal review such as internal audit and external organisations such as the Audit Commission and other benchmarking agencies.

The Trust has a robust monitoring system to ensure that it delivers the objectives it identifies. Ultimate responsibility lies with the Board who monitor performance through reports to its monthly meetings. Underpinning this is a system of monthly reports on financial and operational information to the Trust's executive management group, clinical divisions and other management units. Reporting at all levels includes detail on the achievement against productivity and efficiency targets.

The Trust operates within a governance framework of Standing Orders, Standing Financial Instructions and other processes. This framework includes explicit arrangements for:

- setting and monitoring financial budgets;
- delegation of authority;
- performance management; and
- achieving value for money in procurement.

The governance framework is subject to scrutiny by the Trust's Audit Committee and internal and external audit.

Annual Quality Report

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

For the development of the 2013/14 Quality Report the Trust has used a range of sources of feedback from staff, patients, governors and external stakeholders to identify the priorities for quality improvement. This information was presented to the Board who approved the following quality improvement priorities for 2014/15:

Sign up to safety:

- Reduce the number of pressure ulcers acquired during our care
- Reduce all forms of healthcare associated infection.
- Standardise for safety
- Ensuring the right numbers of staff with the right skills to meet our patients' needs.

Right care, right place, right time:

- Improving the recognition and treatment of the deteriorating patient
- Improving nutrition for patients in our care with dementia
- Reducing unnecessary waits for treatment.
- Improving access to care, when it's needed, 7 days per week

At the heart of the matter:

- Caring with compassion and kindness
- Listening and learning; improving how we respond to complaints

Board responsibility for the Quality Report rests with the Director of Nursing and Quality Assurance and the Medical Director, the production of the Quality Report is overseen by the directorate of quality assurance. Each quality priority has a clinical lead and a board lead identified who are responsible for identifying the initiatives which will drive improvements and the measurements which will be used to gauge progress. A mid-year progress report on the quality priorities is presented to the Quality Assurance Committee and the Council of Governors. The data used in the Quality Report is taken from the regular quality and performance reports presented to Board. The quality initiatives described in the Quality Report demonstrate progress across a range of measures but also those where there is scope for further improvement. The mechanisms for assuring the accuracy of the data used is described in the 'Risk and Control Framework Section' above and a number of performance and quality indicators have been subject to internal audit review. Further assurance that the report is accurate and representative was gained by sharing the Quality Report with Clinical Commissioning Groups, Healthwatch and Overview and Scrutiny Committees, as required by national regulation.

The external auditors will provide a signed limited assurance report on the content of the Quality Report and mandated indicators in the annual report. The signed limited assurance report will be submitted to Monitor by the 30th of May 2014.

Review of effectiveness

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

The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on controls reviewed as of Internal Audit's work.

It is his overall opinion that significant assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. However, some weakness in the design and inconsistent application of controls put the achievement of particular objectives at risk. As part of the Head of Audit's opinion he has informed me that there are no significant control issues which he would wish to bring to my attention for potential disclosure.

However, as part of my review I am also required to review the findings of all internal audit work in order to satisfy myself that any significant control issues have been disclosed within the Statement on Internal Control.

As part of this process the corporate directors have reviewed the limited assurance reports issued during the year and have not identified any significant gaps in the adequacy of the controls relevant to the audits.

The following groups and committees are involved in maintaining and reviewing the effectiveness of the system of internal control:

- The Board of Directors has overall accountability for delivery of patient care, statutory functions and Department of Health requirements.
- Audit Committee oversees the maintenance of an effective system of internal control and reviews the Annual Governance Statement.
- the Quality Assurance Committee ensures that a fully integrated approach is taken when considering whether the Trust has in place systems and processes to support individuals, teams and corporate accountability for the delivery of safe patient centred, high quality care. The committee considers the assurance framework and corporate risk register and identifies new corporate risks for escalation to the Board of Directors.

Review and assurance mechanisms are in place and the Trust continues to develop arrangements to ensure that:

- Management, including the Board, regularly reviews the risks and controls for which it is responsible;
- Reviews are monitored and reported to the next level of management;
- Changes to priorities or controls are recorded and appropriately referred or actioned.
- Lessons which can be learned, from both successes and failures, are identified and promulgated to those who can gain from them; and
- Appropriate level of independent assurance is provided on the whole process of risk identification, evaluation and control.

Conclusion

The Trust has not identified any significant control issues for the financial year ending 31 March, 2014, which require reporting within this statement

My review confirms that South Tees Hospitals NHS Foundation Trust has a generally sound system of internal control that supports the achievement of its policies, aims and objectives.



Signed.....

Chief Executive

Date: 27 May 2014



Foreword to the Accounts

South Tees Hospitals NHS Foundation Trust

The accounts for the year ended 31 March 2014 have been prepared by South Tees Hospitals NHS Foundation Trust under Schedule 7 of the National Health Service Act 2006, paragraphs 24 and 25 and in accordance with directions given by Monitor, the sector regulator for health services in England.

Signed:



Professor Tricia Hart
Chief Executive

Date: 27 May 2014

Statement of Comprehensive Income for the year ended 31 March 2014

	NOTE	GROUP		TRUST	
		2013/14	Restated 2012/13	2013/14	2012/13
		£000	£000	£000	£000
Operating income	4	550,547	533,692	549,068	532,252
Operating expenses	5	(537,404)	(519,299)	(535,486)	(517,412)
OPERATING SURPLUS		13,143	14,393	13,582	14,840
FINANCE COSTS:					
Finance income	8	203	393	61	226
Finance costs - financial liabilities	9	(15,171)	(15,294)	(15,171)	(15,294)
Finance costs - unwinding of discount on provisions		(4)	0	(4)	0
PDC dividends payable		(2,802)	(2,648)	(2,802)	(2,648)
NET FINANCE COSTS		(17,774)	(17,549)	(17,916)	(17,716)
Movement in fair value of investment property and other investments	15	246	390	0	0
DEFICIT FOR THE YEAR		(4,385)	(2,766)	(4,334)	(2,876)
Other comprehensive income					
Gain from transfer by absorption from demising bodies	19	957	0	957	0
Revaluation gains and impairment losses on property, plant and equipment		7,341	(530)	7,341	(530)
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		3,913	(3,296)	3,964	(3,406)

Further information on the restatement of the accounts is available within Accounting Policy 1.2 and 1.4 in the notes to the accounts.


The notes on pages 212 to 258 form part of these accounts.

Statement of Financial Position as at 31 March 2014

	NOTE	GROUP			TRUST	
		31 March 2014 £000	Restated position at 31 March 2013 £000	Restated position at 1 April 2012 £000	31 March 2014 £000	31 March 2013 £000
Non-current assets						
Property, plant and equipment	10	246,790	237,177	239,594	246,790	237,177
Intangible assets	11	1,935	2,099	1,640	1,935	2,099
Trade and other receivables	18	1,853	1,695	1,865	1,853	1,695
Other investments	15	5,262	5,042	4,677	0	0
Total non-current assets		255,840	246,013	247,776	250,578	240,971
Current assets						
Inventories	16	7,942	8,294	8,487	7,942	8,294
Trade and other receivables	18	40,510	29,659	31,793	40,474	29,398
Cash and cash equivalents	17	17,854	29,267	32,694	16,133	27,446
Total current assets		66,306	67,220	72,974	64,549	65,138
Total assets		322,146	313,233	320,750	315,127	306,109
Current liabilities						
Trade and other payables	20	(49,992)	(52,460)	(59,334)	(49,882)	(52,296)
Borrowings	21	(8,057)	(5,727)	(5,883)	(8,057)	(5,727)
Provisions	25	(470)	(496)	(471)	(470)	(496)
Total current liabilities		(58,519)	(58,683)	(65,688)	(58,409)	(58,519)
Total assets less current liabilities		263,627	254,550	255,062	256,718	247,590
Non-current liabilities						
Borrowings	21	(143,069)	(139,214)	(137,187)	(143,069)	(139,214)
Provisions	25	(1,891)	(1,924)	(1,167)	(1,891)	(1,924)
Total non-current liabilities		(144,960)	(141,138)	(138,354)	(144,960)	(141,138)
Total assets employed		118,667	113,412	116,708	111,758	106,452
Financed by taxpayers' equity:						
Public dividend capital		155,449	154,107	154,107	155,449	154,107
Income and expenditure reserve		(104,810)	(102,424)	(100,326)	(104,810)	(102,424)
Revaluation reserve		34,643	28,293	29,601	34,643	28,293
Other reserves		26,476	26,476	26,476	26,476	26,476
Others' equity						
Charitable fund reserve		6,909	6,960	6,850	0	0
Total taxpayers' equity		118,667	113,412	116,708	111,758	106,452

The accounts on pages 189 to 258 were approved by the Board on 27 May 2014 and signed on its behalf by:

Signed:  (Chief Executive) Date: 27 May 2014

Signed:  (Director of Finance) Date: 27 May 2014

Statement of changes in Taxpayers Equity for the year ended 31 March 2014

	Public Dividend Capital (PDC)	Income and Expenditure Reserve	Revaluation Reserve	Other reserves	Trust total	Charitable funds reserve	Group total
	£000	£000	£000	£000	£000	£000	£000
Restated taxpayers' equity at 1 April 2012	154,107	(100,326)	29,601	26,476	109,858	6,850	116,708
Changes in taxpayers' equity for 2012/13							
Total comprehensive income for the year:							
(Deficit)/surplus for the year	0	(2,876)	0	0	(2,876)	110	(2,766)
Revaluation gains and impairment losses on property, plant and equipment.	0	0	(530)	0	(530)	0	(530)
Other transfers between reserves	0	778	(778)	0	0	0	0
Total comprehensive (expense)/income for the year:	0	(2,098)	(1,308)	0	(3,406)	110	(3,296)
Restated taxpayers' equity at 31 March 2013	154,107	(102,424)	28,293	26,476	106,452	6,960	113,412
Restated taxpayers' equity at 1 April 2013	154,107	(102,424)	28,293	26,476	106,452	6,960	113,412
Changes in taxpayers' equity for 2013/14							
Total comprehensive income for the year:							
(Deficit) for the year	0	(4,334)	0	0	(4,334)	(51)	(4,385)
Transfer by modified absorption: gain on transfer from demising bodies	0	957	0	0	957	0	957
Revaluation gains and impairment losses on property, plant and equipment.	0	0	7,341	0	7,341	0	7,341
Public dividend capital received	1,444	0	0	0	1,444	0	1,444
PDC adjustment for cash impact of legacy transfer	(102)	0	0	0	(102)	0	(102)
Other transfers between reserves	0	991	(991)	0	0	0	0
Total comprehensive income for the year:	1,342	(2,386)	6,350	0	5,306	(51)	5,255
Taxpayers' equity at 31 March 2014	155,449	(104,810)	34,643	26,476	111,758	6,909	118,667

Note: Additional PDC received by the Trust during the year related to funding from the Department of Health for investment in Nursing technology. 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 cashflows for the year ended 31 March 2014

	NOTE	GROUP		TRUST	
		2013/14 £000	Restated 2012/13 £000	2013/14 £000	2012/13 £000
Cash flows from operating activities					
Operating surplus from continuing operations		13,143	14,393	13,582	14,840
Non-cash income and expense					
Depreciation and amortisation	5	14,155	13,920	14,155	13,920
Impairments	5	3,418	5,312	3,418	5,312
Reversal of impairments	4	(4,004)	(1,521)	(4,004)	(1,521)
(Increase)/decrease in trade and other receivables	18	(5,736)	5,779	(5,961)	5,886
Decrease in inventories	16	352	193	352	193
(Decrease) in trade and other payables	20	(2,457)	(6,820)	(2,580)	(6,889)
(Decrease)/increase in provisions	25	(63)	782	(63)	782
Other movements in operating cash flows		25	412	176	441
Net cash generated from operations		18,833	32,450	19,075	32,964
Cash flows from investing activities					
Interest received	8	313	393	171	226
Purchase of intangible assets	11	(205)	(809)	(205)	(809)
Purchase of property, plant and equipment	10	(13,546)	(12,892)	(13,546)	(12,892)
PFI lifecycle prepayments		(5,281)	(3,475)	(5,281)	(3,475)
Sales of property, plant and equipment		6	39	6	39
Net cash used in investing activities		(18,713)	(16,744)	(18,855)	(16,911)
Cash flows from financing activities					
Public dividend capital received		1,444	0	1,444	0
Public dividend capital received adjustment for adsorption transfer of receivables		(102)	0	(102)	0
Loans received		11,100	5,250	11,100	5,250
Loans repaid		(1,989)	(999)	(1,989)	(999)
Capital element of finance lease rental payments		(1,867)	(2,034)	(1,867)	(2,034)
Capital element of private finance initiative obligations		(2,363)	(3,535)	(2,363)	(3,535)
Interest paid	9	(695)	(635)	(695)	(635)
Interest element of finance leases	9	(738)	(675)	(738)	(675)
Interest element of private finance initiative obligations	9	(13,738)	(13,984)	(13,738)	(13,984)
PDC dividend paid		(2,585)	(2,521)	(2,585)	(2,521)
Net cash used in financing activities		(11,533)	(19,133)	(11,533)	(19,133)
Decrease in cash and cash equivalents		(11,413)	(3,427)	(11,313)	(3,080)
Cash and cash equivalents at 1 April		29,267	32,694	27,446	30,526
Cash and cash equivalents at 31 March	17	17,854	29,267	16,133	27,446

Notes to the Accounts

1 Accounting Policies

Monitor has directed that the accounts of NHS Foundation Trusts shall meet the accounting requirements of the Foundation Trust Annual Reporting Manual, which shall be agreed with HM Treasury. Consequently, the accounts have been prepared in accordance with the Foundation Trust Annual Reporting Manual 2013/14 issued by Monitor. 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, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

1.2 Basis of Consolidation

The Trust is the corporate trustee to South Tees Hospitals Charitable and Associated Fund 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. In line with IAS 27, the Trust was granted dispensation from consolidation in 2011/12 and 2012/13. In 2013/14 that dispensation ceased and the group financial statements have consolidated the accounts of the Trust and the charitable fund that has resulted in the consolidation of income, expenses, assets, liabilities, equity and reserves of the charitable fund into the lines of the accounts.

The charitable fund's statutory accounts are prepared to 31 March in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Generally Accepted Accounting Principles (UK GAAP). 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.

1.2 **Basis of Consolidation (continued)**

1.2.1 **Amendment 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. No adjustments to accounting policies have been undertaken on consolidation apart from these which are different to any Trust accounting policies and are aligned to the Group and Trust.

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 Accounting Policy 1.4 and Note 3 and Note 14 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 Legal claims - legal claims are based on professional assessments, which are uncertain to the extent that they are an estimate of the likely outcome of individual cases. In the majority of cases the estimate is based on advice from the NHS Litigation Authority.

1.3 Critical accounting judgements and key sources of estimation in applying the Trust's accounting policies (continued)

- c 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.
- d 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 operators model over the life of the scheme. Where there is a variation between plan and expenditure, the variation is dealt with as either a prepayment or as part of the PFI liability. The liability or 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 minimising 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 show a deficit in 2014/15 amounting to £34.9 million with a borrowing requirement of £25.2 million at 31 March 2015. In 2015/16, the reported deficit increases to £52.3 million, with a borrowing requirement of £82.9 million. The Trust has been prudent in its assessment of efficiency targets, including cost improvement plans amounting to £11.8 million in both 2014/15 and 2015/16. The Trust believes that this forward plan provides a realistic assessment of the Trust's position.

The Trust recognises that there is an urgent need to develop a wider programme for delivery of continued traditional savings and to derive benefits from transformational change. The Trust has, therefore, commissioned external support from McKinsey & Company to build on and develop their previous work with the Trust by contributing to the development of further cost reduction programmes in conjunction with the Trust with the aim of delivering a stable financial plan.

Notwithstanding the deficits referred to above, the Trust does not have any evidence indicating that the going concern basis is not appropriate as the Trust has not been informed by Monitor 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 is currently taking forward discussions with Monitor over the availability of Public Dividend Capital (PDC) funding. However, there is no certainty that further cost savings will be identified in conjunction with McKinsey and Company or that additional PDC funding will be obtained and this indicates the existence of a material uncertainty that may cast significant doubt about the Trust's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Trust was unable to continue as 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 **Critical accounting judgements and key sources of estimation in applying the Trust's accounting policies (continued)**

1.3.2 **Key sources of estimation uncertainty**

The amounts included within Provisions, Note 25, are based upon advice from relevant external bodies, including the NHS Litigation Authority and NHS Pensions Agency.

On 31 March 2014 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).

1.4 **Prior Period Adjustments (PPAs)**

IAS 8 "Accounting policies, changes in accounting estimates and errors" requires that PPAs should be effected by restating each element of equity in the first set of accounts authorised for issue as if the accounting policy had always applied. The Group has identified a PPA arising from the consolidation of South Tees Hospitals Charity and Associated Fund. This PPA has been corrected retrospectively by restating the comparative amounts of the prior period within these accounts. Further information covering the nature and value of the PPAs is included within Accounting Policies 1.2 and Note 3, Note 14 and Note 15 to the Accounts.

1.5 **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.

1.5 **Income (continued)**

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.

1.6 **Employee Benefits**

1.6.1 **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.

1.6.2 **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.

Employers 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.

1.7 **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.

1.8 Property, plant and equipment

1.8.1 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 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.

1.8.2 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

1.8 Property, plant and equipment (continued)

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 2014 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.

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 were reviewed by DTZ Limited as at 1 April 2009.

1.8.3 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.

1.8.4 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.

1.8 Property, plant and equipment (continued)

1.8.5 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 decrease 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".

1.8.6 Impairments

In accordance with the NHS Foundation Trust Annual Reporting 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 income 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.

1.9 Intangible assets

1.9.1 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.

1.9.2 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.

1.9.3 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 amortised over the estimated life of the asset on a straight line basis. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Revaluation gains and losses and impairments are treated in the same manner as for property, plant and equipment.

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

1.9.4 Amortisation

Intangible assets are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

1.10 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.

1.11 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.

1.12 Leases

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

1.12.1 Finance lease

Where substantially all risks and rewards of ownership of a leased asset are borne by the Group and Trust, the asset and a corresponding liability are recorded at the commencement of the lease as property, plant and equipment. The value that both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability.

The 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.

1.12.2 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.

1.12.3 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.

1.13 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 their 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.

1.13.1 Services received

The fair value of services received in the year is recorded under the relevant expenditure headings within 'operating expenses'.

1.13.2 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.

1.13.3 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.

1.13 Private Finance Initiative (PFI) transactions (continued)

1.13.4 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 prepayment has been 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.

1.13.5 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.

1.13.6 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.

1.14 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.

1.15 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.

1.16 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 -1.9% in the short term to 2.2% 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 1.8% in real terms.

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.

1.16.1 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 25 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 2013/14 relates to the contribution to the Clinical Negligence Scheme for Trusts.

1.16.2 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.

1.17 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 £12 per tonne of CO₂ emissions.

1.18 Financial Instruments and financial liabilities

1.18.1 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 1.12.1.

1.18.2 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.

1.18.3 Classification and measurement

The Group does not currently hold any financial assets or 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.

1.18.4 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets. After initial recognition, they are measured at amortised cost, less any impairment. The Group's outstanding NHS and non-NHS receivables balance, accrued income and cash and cash equivalents have been classified as financial instruments and further information is available in Note 26.

1.18.5 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 26.

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 1.12 and 1.13 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.

1.18 Financial Instruments and financial liabilities (continued)

1.18.6 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.

1.19 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.

1.20 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.

1.21 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 29 to the accounts in accordance with the requirements of HM Treasury's Financial Reporting Manual.

1.22 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.

1.23 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.

1.24 Transfer of functions from other NHS bodies

Functions that have transferred to the Group and Trust from other NHS bodies, the assets transferred have been recognised in the accounts on 1 April 2013, the date of the transfer. The assets have not been adjusted to fair value on recognition.

The net gain corresponding to the net assets transferred from the former Primary Care Trusts has been recognised within the Income and Expenditure Reserve.

Further information on the nature and financial impact of the transfer is included in Note 19 to the Accounts.

1.25 Accounting standards that have been issued but have not yet been adopted

The following standards and interpretations have been issued by the IASB and, apart from IAS 13, are not required to be followed until 2014/15 and 2015/16.

- IFRIC21 Levies;
- IFRS 9 Financial Instruments Assets and Liabilities
- IFRS 10 Consolidated Financial Statements;
- IFRS 11 Joint Arrangements;
- IFRS 12 Disclosure of Interests in Other Entities;
- IFRS 13 Fair Value Measurement;
- IAS 19 Employer contributions to defined benefit pension schemes (amendment);
- IAS 27 Separate Financial Statements;
- IAS 28 Associates and Joint Ventures;
- IAS 32 Financial Instruments Presentation;
- IAS 36 Recoverable amount disclosures (amendment); and
- Annual improvements 2012 and 2013.

The impact of these accounting standards is not known and cannot be reasonably estimated.

1.26 Accounting standards issued that have been adopted early

There have not been any accounting standards issued with an effective date of 1 April, 2014, that have been adopted early.

1.27 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 £498.915 million during the year (£483.977 million in 2012/13 from Primary Care Trusts) from Clinical Commissioning Groups and NHS England, which equates to 91% (91% in 2012/13) 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 its operating divisions to the Board and is satisfied that these can be appropriately aggregated in accordance with IFRS 8. The divisions are 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 are 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 Prior Period Adjustment (PPA)

In accordance with IAS8 'Accounting policies, changes in accounting estimates and errors' the Group is required to disclose the nature of any prior period adjustments and the lines in the financial statements that have been affected.

As stated in Accounting Policy 1.2 and 1.4, the Trust has consolidated the South Tees Hospitals Charitable and Associated Fund into the accounts in line with IAS 27. Further information on the consolidation is available within Note 14 to the Accounts. The impact on the key financial statements are as follows:

Statement of Financial Position

The impact on non-current assets, current assets, current liabilities and reserves at 1 April 2012 amounted to:

	Trust position at 31 March 2012 £000	Charitable fund at 1 April 2012 £000	Consolidated position of the group at 1 April 2012 £000
Other investments	0	4,677	4,677
Trade and other receivables	31,639	154	31,793
Cash and cash equivalents	30,526	2,168	32,694
Trade and other payables	<u>(59,185)</u>	<u>(149)</u>	<u>(59,334)</u>
Charitable fund reserve	<u>0</u>	<u>(6,850)</u>	<u>(6,850)</u>

Statement of Comprehensive Income

The impact on transactions in the Restated Statement of Comprehensive Income in 2012/13 amounted to the following:

	Trust position at 31 March 2013 £000	Charitable fund at 31 March 2013 £000	Consolidated position of the group at 31 March 2013 £000
Operating income	532,252	1,440	533,692
Operating expenses	<u>(517,412)</u>	<u>(1,887)</u>	<u>(519,299)</u>
Operating surplus/(deficit)	14,840	(447)	14,393
Finance costs:			
Finance income	226	167	393
Other finance expense	<u>(17,942)</u>	<u>0</u>	<u>(17,942)</u>
Net finance costs	<u>(17,716)</u>	167	<u>(17,549)</u>
Movement in fair value of investment	<u>0</u>	<u>390</u>	<u>390</u>
(Deficit)/surplus for the year	<u>(2,876)</u>	<u>110</u>	<u>(2,766)</u>
Other comprehensive expense	<u>(530)</u>	<u>0</u>	<u>(530)</u>
(expense)/income for the year	<u>(3,406)</u>	<u>110</u>	<u>(3,296)</u>

4 Operating Income

4.1 Income from activities by classification

	GROUP		TRUST	
	2013/14 £000	Restated 2012/13 £000	2013/14 £000	2012/13 £000
Elective income	99,237	91,170	99,237	91,170
Non elective income	113,275	115,554	113,275	115,554
Outpatient income	74,540	76,822	74,540	76,822
Other NHS clinical income	155,236	137,763	155,236	137,763
Accident and emergency income	15,356	15,337	15,356	15,337
Community services	51,631	53,443	51,631	53,443
Private patient income	1,714	1,395	1,714	1,395
Other non-protected clinical income	100	362	100	362
Total income from activities	511,089	491,846	511,089	491,846
Research and development	3,538	3,280	3,538	3,280
Education and training	14,648	14,826	14,648	14,826
Charitable and other contributions to expenditure	1,743	3,589	1,743	3,589
Non-patient care services to other bodies	3,567	4,403	3,567	4,403
Reversal of impairments of property, plant and equipment	4,004	1,521	4,004	1,521
Profit on disposal of tangible fixed assets	6	0	6	0
Charitable fund - incoming resources	1,479	1,440	0	0
Other income*	10,473	12,787	10,473	12,787
	39,458	41,846	37,979	40,406
Total income from continuing operations	550,547	533,692	549,068	532,252

* Other income includes consideration arising from car parking charges £3.017 million (2012/13 £2.984 million), income in respect of staff costs £0.839 million (2012/13 £1.115 million), staff accommodation £1.038 million (2012/13 £0.992 million), clinical tests £0.684 million (2012/13 £ 0.463 million), crèche services £0.674 million (2012/13 £0.603 million) and catering £0.214 million (2012/13 £0.121 million).

Under the Terms of Authorisation the Group's total activity income from Commissioner Requested Services amounts to £503.069 million. All other activity income relates to Non-Commissioner Requested Services.

4.2 Income from activities by source

	2013/14 £000	2012/13 £000
Group and Trust		
NHS Foundation Trusts	2,589	1,875
NHS Trusts	5	0
Strategic Health Authorities	0	24
Clinical Commissioning Groups and NHS England (Primary Care Trusts in 2012/13)	498,915	483,977
Local Authorities	4,996	20
Non-NHS - overseas patients (non-reciprocal)	182	181
Non-NHS - private patients	1,714	1,395
Non-NHS - other	259	1,949
NHS Injury Scheme	2,429	2,425
Total income from activities	511,089	491,846

Injury cost recovery is subject to a provision for impairment of receivables of 15.8% (2012/13 12.6%) to reflect expected rates of collection.

5 Operating Expenses

5.1 Operating Expenses comprise:

	GROUP		TRUST	
	2013/14	Restated 2012/13	2013/14	2012/13
	£000	£000	£000	£000
Services from NHS Foundation Trusts	3,972	3,810	3,972	3,810
Services from NHS Trusts	89	81	89	81
Services from other NHS bodies	6,883	7,210	6,883	7,210
Purchase of healthcare from non NHS bodies	7,915	4,416	7,915	4,416
Employee expenses - executive directors	1,144	1,040	1,144	1,040
Employee expenses - non-executive directors	151	129	151	129
Employee expenses - staff	327,809	318,216	327,809	318,216
Employee expenses - charitable fund	416	634	0	0
Drug costs	43,217	37,386	43,217	37,386
Supplies and services - clinical	62,973	58,073	62,973	58,073
Supplies and services - general	26,312	26,171	26,312	26,171
Research and development	142	120	142	120
Establishment	5,913	5,637	5,913	5,637
Transport	1,957	1,928	1,957	1,928
Premises	17,085	19,229	17,085	19,229
Provision for impairment of receivables	15	(1,140)	15	(1,140)
Increase in other provisions	125	890	125	890
Change in provisions discount rate	100	0	100	0
Inventories written down	43	114	43	114
Depreciation of property, plant and equipment	13,780	13,570	13,780	13,570
Amortisation of intangible assets	375	350	375	350
Impairments of property, plant and equipment	3,418	5,312	3,418	5,312
Audit fees				
- audit services - statutory audit	45	43	47	43
- audit services - charitable fund	5	5	0	0
Audit related assurance services	16	11	16	11
Clinical negligence	8,163	9,087	8,163	9,087
Loss on disposal of other property, plant and equipment	104	263	104	263
Legal fees	405	456	405	456
Consultancy costs	756	673	756	673
Training, courses and conferences	881	1,276	881	1,276
Patient travel	108	119	108	119
Early retirements	260	0	260	0
Redundancy	155	1,264	155	1,264
Hospitality	35	49	35	49
Insurance	663	522	663	522
Losses, ex gratia and special payments	224	241	224	241
Other resources expended - charitable fund	1,497	1,248	0	0
Other *	253	866	251	866
	537,404	519,299	535,486	517,412

*

There were no individual items of significance within this value.

5.2 Limitation on external auditor's liability

The Companies (Disclosure of Auditor Remuneration and Liability Limitations Agreements) Regulations 2008 (SI 489/2008), requires disclosure of the limitation of the external auditor's liability. The limitation amounts to £1.000 million, as stated within the external auditor's engagement letter, dated 28 March 2014.

5 Operating Expenses (continued)

5.3 Operating leases

5.3.1 Arrangements containing an operating lease

Significant operating lease arrangements include photocopiers and the lease of a building for use by the Group and Trust. The term of the leases range from 3 to 5 years.

Payments recognised as an expense	2013/14 £000	2012/13 £000
Group and Trust		
Minimum lease payments	<u>686</u>	<u>573</u>
	686	573
Total future minimum lease payments		
	2013/14 £000	2012/13 £000
Payable:		
Not later than one year	655	597
Between one and five years	116	205
After 5 years	<u>0</u>	<u>0</u>
Total	<u>771</u>	<u>802</u>

6 Employee Expenses and numbers

6.1 Employee expenses (including Executive Directors' costs)

Group and Trust	2013/14		Other £000	Restated 2012/13 Total £000
	Total £000	Permanently employed £000		Total
Salaries and wages	277,343	264,386	12,957	269,547
Social security costs	20,851	20,851	0	20,455
Pension costs - defined contribution plans employer contributions to NHS Pensions	31,128	31,128	0	29,630
Termination benefits	155	110	45	1,264
Charitable fund staff	416	416	0	634
Total staff costs	329,893	316,891	13,002	321,530
Costs capitalised as part of assets	(369)	(369)	0	(376)
Total staff costs excluding capitalised costs	329,524	316,522	13,002	321,154

6.2 Monthly average number of people employed

Group and Trust	2013/14		Restated 2012/13 Permanently Employed
	Total Number	Permanently Employed Number	Number
Medical and dental	837	837	842
Administration and estates	1,419	1,419	1,403
Healthcare assistants and other support staff	426	426	415
Nursing, midwifery and health visiting staff	2,641	2,641	2,582
Nursing, midwifery and health visiting learners	1,009	1,009	979
Scientific, therapeutic and technical staff	1,236	1,236	1,193
Other	150	150	151
Total	7,718	7,718	7,565
Number of staff (WTE) engaged in capital projects (included above)	<u>8</u>		<u>9</u>

Note: the figures represent the Whole Time Equivalent as opposed to the number of employees.

6 Employee Expenses and numbers (continued)

6.3 Staff Exit Packages

Exit package cost band	2013/14			2012/13		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
Group and Trust						
< £10,000	0	1	1	2	3	5
£10,000 to £25,000	1	1	2	4	12	16
£25,001 to £50,000	2	2	4	4	3	7
£50,001 to £100,000	1	1	2	2	3	5
£100,001 to £150,000	0	1	1	1	0	1
£150,000 to £200,000	0	0	0	1	0	1
> £200,001	0	1	1	0	0	0
Total number of exit packages by type	4	7	11	14	21	35
Total resource cost £000	161	541	702	648	542	1,190

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.

6 Employee Expenses and numbers (continued)

6.4 Exit packages: non-compulsory departure payments

	Agreements	Total value of agreements £000
Mutually agreed resignations (MARS) contractual costs	3	54
Early retirements in the efficiency of the service contractual costs	3	260
Contractual payments in lieu of notice	1	227
Total	<u>7</u>	<u>541</u>
of which: non-contractual payments made to individuals where the payment was more than 12 months of their annual salary	4	300

6.5 Retirements due to ill-health

During 2013/14 there were 13 (2012/13, 15) early retirements from South Tees NHS Foundation Trust agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £1.049 million (2012/13: £0.949 million). The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

7 Pension costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. 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.

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.

7 Pension costs (continued)

An outline of these follows:

a Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period.

Actuarial assessments undertaken in intervening years between formal valuations using updated membership data are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2014, is based on the valuation data as at 31 March 2012, updated to 31 March 2014 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 scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts, published annually. These accounts can be viewed on the NHS Pensions website. 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 the contribution rates.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed by the Government Actuary for the year ending 31 March 2004, at which point the national deficit amounted to £3.3 billion. Consequently, a formal actuarial valuation would have been due for the year ending 31 March 2008. However, formal actuarial valuations for unfunded public service schemes were suspended by HM Treasury on value for money grounds while consideration is given to recent changes to public service pensions, and while future scheme terms are developed as part of the reforms to public service pension provision due in 2015.

The Scheme Regulations were changed to allow contribution rates to be set 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 formal valuation to be used for funding purposes will be carried out as at March 2012 and will be used to inform the contribution rates to be used from 1 April 2015.

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.

7 Pension costs (continued)

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.

III-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 III-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.

8 **Finance Income**

	GROUP		TRUST	
	2013/14	Restated 2012/13	2013/14	2012/13
	£000	£000	£000	£000
Interest on bank accounts	61	226	61	226
Charitable fund - investment income	142	167	0	0
	203	393	61	226

9 **Finance costs**

9.1 **Finance costs – interest expenses**

	2013/14	2012/13
	£000	£000
Group and Trust		
Loans from Foundation Trust Financing Facility	695	635
Finance leases	738	675
Finance costs in PFI obligations		
- Main finance cost	9,170	9,421
- Contingent finance costs	4,568	4,563
Total	15,171	15,294

9.2 **Impairment of assets (Property, Plant and Equipment)**

Group and Trust	2013/14	2012/13
	£000	£000
Impairment of PPE	3,418	7,428
Reversal of impairments of PPE	(4,004)	(1,521)
Total	(586)	5,907

10 Property, plant and equipment

10.1 Property, plant and equipment comprise of the following:

2013/14	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Group and Trust									
Cost or valuation at 1 April 2013	3,966	291,980	1,399	2,420	69,766	52	12,172	2,471	384,226
Transfer by modified absorption	0	0	0	0	25	0	830	0	855
Additions purchased	0	0	0	1,632	5,700	0	329	0	7,661
Additions leased	0	0	0	5,113	493	0	888	0	6,494
Additions donated and government granted	0	0	0	0	509	0	51	0	560
Reclassifications	0	5,191	0	(6,130)	497	0	442	0	0
Disposals	0	0	0	0	(5,012)	0	0	(133)	(5,145)
Revaluation surpluses	0	7,330	11	0	0	0	0	0	7,341
Cost or valuation at 31 March 2014	3,966	304,501	1,410	3,035	71,978	52	14,712	2,338	401,992
Accumulated depreciation at 1 April 2013	0	94,968	133	118	41,988	40	7,905	1,897	147,049
Disposals	0	0	0	0	(4,908)	0	0	(133)	(5,041)
Impairments	0	2,804	0	0	0	0	614	0	3,418
Reversal of impairments	0	(3,951)	(53)	0	0	0	0	0	(4,004)
Provided during the year	0	6,377	32	0	5,913	4	1,298	156	13,780
Accumulated depreciation at 31 March 2014	0	100,198	112	118	42,993	44	9,817	1,920	155,202
Net book value at 1 April 2013	3,966	22,479	1,266	873	22,599	1	2,419	430	54,033
Owned	0	169,742	0	787	0	0	0	0	170,529
Private Finance Initiative	0	2,161	0	0	3,514	0	1,727	0	7,402
Finance Lease	0	445	0	0	220	0	107	84	856
Government granted	0	2,185	0	642	1,445	11	14	60	4,357
Donated	0	0	0	0	0	0	0	0	0
Net book value total at 1 April 2013	3,966	197,012	1,266	2,302	27,778	12	4,267	574	237,177
Net book value at 31 March 2014	3,966	23,089	1,298	1,342	23,977	0	2,344	305	56,321
Owned	0	176,729	0	1,283	0	0	0	0	178,012
Private Finance Initiative	0	1,459	0	0	2,830	0	2,265	0	6,554
Finance Lease	0	764	0	292	918	0	236	63	2,273
Government granted	0	2,262	0	0	1,260	8	50	50	3,630
Donated	0	0	0	0	0	0	0	0	0
Net book value total at 31 March 2014	3,966	204,303	1,298	2,917	28,995	8	4,895	418	246,790

10 Property, plant and equipment (continued)

10.2 Prior year - Property, plant and equipment comprise of the following:

2012/13:

Group and Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2012	3,966	283,456	1,385	4,807	69,512	52	16,655	2,535	382,368
Additions purchased	0	0	0	887	4,987	0	362	13	6,249
additions leased	0	0	0	5,517	1,299	0	1,586	0	8,402
Additions donated and government granted	0	120	0	641	334	0	5	25	1,125
Impairments	0	(2,116)	0	0	0	0	0	0	(2,116)
Reclassifications	0	8,948	0	(9,432)	238	0	246	0	0
Disposals	0	0	0	0	(6,604)	0	(6,682)	(102)	(13,388)
Revaluation surpluses	0	1,572	14	0	0	0	0	0	1,586
Cost or valuation at 31 March 2013	3,966	291,980	1,399	2,420	69,766	52	12,172	2,471	384,226
Accumulated depreciation at 1 April 2012	0	84,748	235	129	42,443	36	13,390	1,793	142,774
Disposals	0	0	0	0	(6,303)	0	(6,682)	(101)	(13,086)
Impairments	0	3,932	(130)	(11)	0	0	0	0	3,791
Provided during the year	0	6,288	28	0	5,848	4	1,197	205	13,570
Accumulated depreciation at 31 March 2013	0	94,968	133	118	41,988	40	7,905	1,897	147,049
Net book value at 1 April 2012	3,966	20,109	1,150	4,678	21,598	3	2,898	694	55,096
Owned	0	173,262	0	0	0	0	0	0	173,262
Private Finance Initiative	0	2,874	0	0	3,525	0	357	0	6,756
Finance Lease	0	402	0	0	229	0	0	0	631
Government granted	0	2,061	0	0	1,717	13	10	48	3,849
Donated	0	0	0	0	0	0	0	0	0
Net book value total at 1 April 2012	3,966	198,708	1,150	4,678	27,069	16	3,265	742	239,594
Net book value at 31 March 2013	3,966	22,479	1,266	873	22,599	1	2,419	430	54,033
Owned	0	169,742	0	787	0	0	0	0	170,529
Private Finance Initiative	0	2,161	0	0	3,514	0	1,727	0	7,402
Finance Lease	0	445	0	0	220	0	107	84	856
Government granted	0	2,185	0	642	1,445	11	14	60	4,357
Donated	0	0	0	0	0	0	0	0	0
Net book value total at 31 March 2013	3,966	197,012	1,266	2,302	27,778	12	4,267	574	237,177

10 Property, plant and equipment (continued)

10.3 Property, plant and equipment - revaluation

Revaluation exercises were undertaken as at 31 March, 2014 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, 2013, for changes in building cost indices and location factors during the year.

The exercise at 31 March, 2014, identified a revaluation increase of £11.345 million, of which £4.004 million reversed previous charges to the Statement of Comprehensive Income.

10.4 Economic Lives of property, plant and equipment

The remaining asset lives are as follows:-

	Min life Years	Max life Years
Buildings excluding dwellings	1	74
Dwellings	19	65
Plant and machinery	1	13
Transport equipment	4	4
Information technology	1	8
Furniture and fittings	1	9

This represents the current range of asset lives relating to these assets.

11 Intangible assets

11.1 Intangible assets

2013/14:	Computer software purchased	Assets under construction	Total
Group and Trust	£000	£000	£000
Gross cost at 1 April 2013	2,804	707	3,511
Additions purchased	45	165	210
Additions donated	1	0	1
Reclassifications	587	(587)	0
Disposals	(27)	0	(27)
Gross cost at 31 March 2014	3,410	285	3,695
Accumulated amortisation at 1 April 2013	1,412	0	1,412
Provided during the year	375	0	375
Disposals	(27)	0	(27)
Accumulated amortisation at 31 March 2014	1,760	0	1,760
Net book value at 1 April 2013			
Purchased	1,283	707	1,990
Donated	109	0	109
Net book value total at 1 April 2013	1,392	707	2,099
Net book value at 31 March 2014			
Purchased	1,384	285	1,669
Donated	266	0	266
Net book value total at 31 March 2014	1,650	285	1,935

11.2 Prior year intangible assets

2012/13:	Computer software purchased	Assets under construction	Total
Group and Trust	£000	£000	£000
Gross cost at 1 April 2012	2,355	430	2,785
Additions purchased	113	629	742
Additions donated	67	0	67
Reclassifications	352	(352)	0
Disposals	(83)	0	(83)
Gross cost at 31 March 2013	2,804	707	3,511
Accumulated amortisation at 1 April 2012	1,145	0	1,145
Provided during the year	350	0	350
Disposals	(83)	0	(83)
Accumulated amortisation at 31 March 2013	1,412	0	1,412
Net book value at 1 April 2012			
Purchased	1,160	430	1,590
Donated	50	0	50
Net book value total at 1 April 2012	1,210	430	1,640
Net book value at 31 March 2013			
Purchased	1,283	707	1,990
Donated	109	0	109
Net book value total at 31 March 2013	1,392	707	2,099

11 Intangible assets (continued)

11.3 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.

12 Assets held under finance leases

12.1 Assets held under finance leases comprise of the following

	Buildings excluding dwellings	Plant and machinery	Information technology	PFI	Total
2013/14:	£000	£000	£000	£000	£000
Group and Trust					
Cost or valuation at 31 March 2014	<u>10,192</u>	<u>12,147</u>	<u>2,868</u>	<u>257,836</u>	<u>283,043</u>
Accumulated depreciation at 31 March 2014	<u>8,733</u>	<u>9,317</u>	<u>603</u>	<u>79,824</u>	<u>98,477</u>
Net book value at 1 April 2013					
Finance lease	2,161	3,514	1,727	0	7,402
PFI	<u>0</u>	<u>0</u>	<u>0</u>	<u>170,529</u>	<u>170,529</u>
Net book value total at 1 April 2013	<u>2,161</u>	<u>3,514</u>	<u>1,727</u>	<u>170,529</u>	<u>177,931</u>
Net book value at 31 March 2014					
Finance lease	1,459	2,830	2,265	0	6,554
PFI	<u>0</u>	<u>0</u>	<u>0</u>	<u>178,012</u>	<u>178,012</u>
Net book value total at 31 March 2014	<u>1,459</u>	<u>2,830</u>	<u>2,265</u>	<u>178,012</u>	<u>184,566</u>

12.2 Prior year assets held under finance leases

	Buildings excluding dwellings	Plant and machinery	Information technology	PFI	Total
2012/13:	£000	£000	£000	£000	£000
Group and Trust					
Cost or valuation at 31 March 2013	<u>10,192</u>	<u>13,688</u>	<u>1,980</u>	<u>246,751</u>	<u>272,611</u>
Accumulated depreciation at 31 March 2013	<u>8,031</u>	<u>10,174</u>	<u>253</u>	<u>76,222</u>	<u>94,680</u>
Net book value at 1 April 2012					
Finance lease	2,875	3,524	357	0	6,756
PFI	<u>0</u>	<u>0</u>	<u>0</u>	<u>173,262</u>	<u>173,262</u>
Net book value total at 1 April 2012	<u>2,875</u>	<u>3,524</u>	<u>357</u>	<u>173,262</u>	<u>180,018</u>
Net book value at 31 March 2013					
Finance lease	2,161	3,514	1,727	0	7,402
PFI	<u>0</u>	<u>0</u>	<u>0</u>	<u>170,529</u>	<u>170,529</u>
Net book value total at 31 March 2013	<u>2,161</u>	<u>3,514</u>	<u>1,727</u>	<u>170,529</u>	<u>177,931</u>

Note: PFI arrangements includes assets constructed and financed through the PFI as part of the original scheme amounting to £72.585 million (31 March 2013, £69.653 million) and assets owned and funded by the Group and Trust of £104.144 million (31 March 2013, £100.876 million).

13 Capital commitment

Contracted capital commitments at 31 March not otherwise included in these accounts:

Group and Trust	31 March 2014	31 March 2013
	£000	£000
Property, plant and equipment	1,228	2,444
Intangible assets	954	177
Total	<u>2,182</u>	<u>2,621</u>

14 Subsidiaries and consolidation of charitable funds

The Trust's principal subsidiary undertaking, South Tees Hospitals Charitable and Associated Fund, is included in the consolidation at 31 March 2014. The accounting date of the financial statements for the charitable fund is in line with the Trust date of 31 March 2014. Key financial information for the charitable fund is provided as follows:

14.1 Reserves

	31 March 2014	31 March 2013	31 March 2012
	£000	£000	£000
Restricted funds	183	2	2
Unrestricted funds	6,726	6,958	6,848
Total	<u>6,909</u>	<u>6,960</u>	<u>6,850</u>

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.

14.2 Aggregated amounts relating to the charitable fund

	31 March 2014	31 March 2013	31 March 2012
	£000	£000	£000
Summary Statement of Financial Position:			
Non-current assets	5,262	5,042	4,677
Current assets	1,952	2,100	2,405
Current liabilities	(305)	(182)	(232)
Net assets	<u>6,909</u>	<u>6,960</u>	<u>6,850</u>
Reserves	<u>6,909</u>	<u>6,960</u>	<u>6,850</u>

14 Subsidiaries and consolidation of charitable funds (continued)

Summary Statement of Financial Activities:

Income	2,471	1,907
Expenditure	(2,768)	(2,187)
Total	(297)	(280)
Net realised gains/(losses) on investment assets	246	390
Net movement in funds	(51)	110

In 2013/14 the eliminations consisted of an £0.850 million adjustment to income and expenditure for capital transactions (£0.300 million adjustment in 2012/13) and adjustments to working capital amounted to £0.195 million (£0.018 million in 2012/13).

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.

15 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 2014	31 March 2013	31 March 2012
	£000	£000	£000
Market value brought forward	5,042	4,677	4,595
Additions	587	388	1,014
Disposals	(613)	(413)	(904)
Net gain/(loss) on revaluation	246	390	(28)
Market value at 31 March	5,262	5,042	4,677

Investments held:

Bonds	1,514	1,648	1,491
Equities	3,180	2,952	2,473
Collectives	0	0	122
Alternative assets	251	210	184
Other holdings	317	232	407
	5,262	5,042	4,677

16 Inventories

16.1 Inventories

	31 March 2014 £000	31 March 2013 £000
Group and Trust		
Drugs	1,639	1,591
Consumables	6,272	6,668
Energy	31	35
Total	7,942	8,294

16.2 Inventories recognised in expenses

	31 March 2014 £000	31 March 2013 £000
Group and Trust		
Inventories recognised as an expense	102,921	93,476
Write-down of inventories recognised as an expense	43	114
Total	102,964	93,590

17 Cash and equivalents

	Group		Trust	
	31 March 2014 £000	31 March 2013 £000	31 March 2014 £000	31 March 2013 £000
Group and Trust		Restated		
At 1 April restated	29,267	32,694	27,446	30,526
Net change in year	(11,413)	(3,427)	(11,313)	(3,080)
Balance at 31 March	17,854	29,267	16,133	27,446
Broken down to:				
Cash with the Government Banking Service	15,937	27,216	15,937	27,216
Commercial banks and in hand	1,917	2,051	196	230
Cash and cash equivalents as in statement of cash flows	17,854	29,267	16,133	27,446

18 Trade and other receivables

18.1 Trade and other receivables

Group and Trust	Group		Trust	
	31 March 2014 £000	31 March 2013 Restated £000	31 March 2014 £000	31 March 2013 £000
Current				
NHS receivables	5,682	1,561	5,682	1,561
Other receivables with related parties	1,378	515	1,378	515
Other trade receivables	4,243	5,134	4,243	5,134
VAT	2,127	1,931	2,127	1,931
Interest receivable	0	110	0	110
Accrued income	6,499	5,940	6,463	5,679
Provision for the impairment of receivables	(631)	(713)	(631)	(713)
Prepayments	21,212	15,181	21,212	15,181
Total	40,510	29,659	40,474	29,398
Non-Current				
Other receivables	2,275	2,119	2,275	2,119
Provision for the impairment of receivables	(422)	(424)	(422)	(424)
Total	1,853	1,695	1,853	1,695

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.

18.2 Receivables past due date but not impaired

	31 March 2014 £000	31 March 2013 £000
Ageing of impaired receivables		
Up to three months	2,687	2,253
In three to six months	104	153
Over six months	225	276
Total	3,016	2,682
Ageing of non-impaired receivables past their due date		
Up to three months	5,134	2,263
In three to six months	545	136
Over six months	284	119
Total	5,963	2,518

The group and Trust does not hold any collateral against these outstanding receivables.

18 Trade and other receivables (continued)

18.3 Provision for impairment of receivables

	31 March 2014 £000	31 March 2013 £000
Balance at 1 April	1,137	2,410
Amount utilised	(99)	(133)
Increase/(decrease) in provision	15	(1,140)
Balance at 31 March	1,053	1,137

The provision relates to outstanding Compensation Recovery Unit debts concerning Road Traffic Accidents (15.8% provision created on all outstanding debt), and provisions on Non-NHS Debtors (including a provision amounting to 10% on individual invoices outstanding over 60 days to 100% on outstanding invoices over a year old) and specific provisions on individual invoices in dispute and in formal recovery. The group does not hold any collateral in support of these debts.

19 Transfer of functions from other bodies

On 1 April 2013 assets were transferred to the Group and Trust from North Yorkshire and York Primary Care Trust and Redcar and Cleveland Primary Care Trust, both of which ceased from that date following reorganisation within the NHS. The assets transferred included plant and machinery and information technology hardware that are used in the provision of Community Services. The impact on the accounts of the transfer consisted of an increase in property, plant and equipment amounting to £0.855 million (from Redcar and Cleveland Primary Care Trust £0.216 million and North Yorkshire and York Primary Care Trust £0.639 million) and the transfer of receivables of £0.102 million (North Yorkshire and York Primary Care Trust).

Further information on the financial impact and nature of the transfer is available within Accounting Policy 1.24, Note 10 of the accounts and within the Statement of Changes in Taxpayers' Equity.

20 Trade and other payables

	GROUP		TRUST	
	31 March 2014 £000	Restated 31 March 2013 £000	31 March 2014 £000	31 March 2013 £000
Current				
Interest payable	30	27	30	27
NHS payables	4,107	6,965	4,107	6,965
Amounts due to other related parties	2,755	992	2,755	992
Other trade payables - revenue	19,499	19,312	19,694	19,330
Other trade payables - capital	1,820	2,048	1,820	2,048
Taxes payable (Income Tax and Social Security)	6,492	6,547	6,492	6,547
PDC payable	315	98	315	98
Accruals	8,127	9,680	7,822	9,520
Receipts in advance	2,568	2,545	2,568	2,523
Other payables	4,279	4,246	4,279	4,246
Total current trade and other payables	49,992	52,460	49,882	52,296

Other payables includes £4.273 million for outstanding pensions contributions (31 March 2013, £3.934 million).

21 Borrowings

Group and Trust	31 March 2014	31 March 2013
	£000	£000
Current		
Loans from Foundation Trust Financing Facility	3,017	1,625
Obligations under:		
Finance leases	1,731	1,739
Private finance initiative contracts	3,309	2,363
Total current borrowings	8,057	5,727
Non-current		
Loans from Foundation Trust Financing Facility	29,721	22,002
Obligations:		
Finance leases	4,133	4,688
Private finance initiative contracts	109,215	112,524
Total non-current borrowings	143,069	139,214

22 Prudential borrowing limit

The prudential borrowing code requirements in section 41 of the NHS Act 2006 have been replaced with effect from 1 April 2013 by the Health and Social Care Act 2012. The accounts disclosures that were provided previously are no longer required.

23 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 £8.762 million (£8.991 million as at 31 March 2013). The Present Value of minimum lease payments included on the Group and Trust's Statement of Financial Position amounts to £5.864 million (£6.427 million at 31 March 2013), with the variance of £2.898 million (£2.564 million at 31 March 2013) 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		Present value of minimum lease payments	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Group and Trust	£000	£000	£000	£000
Within one year	2,454	2,299	1,731	1,739
Between one and five years	5,504	5,319	3,753	3,781
After five years	804	1,373	380	907
Less: finance charges allocated to future years	(2,898)	(2,564)	0	0
Present value of minimum lease payments	5,864	6,427	5,864	6,427
Net lease liabilities				
Not later than one year	1,731	1,739	1,731	1,739
Later than one year and not later than five years	3,753	3,781	3,753	3,781
Later than five years	380	907	380	907
	5,864	6,427	5,864	6,427

Note: the Group and Trust does not offer any leases as a Lessor and does not recover any rental income through such arrangements.

24 Private Finance Initiative contracts

24.1 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 £45.119 million per annum. An element of the payment is also set aside to fund lifecycle expenditure amounting to £6.097 million. In return the Trust receives guaranteed income of approximately £1.906 million in respect of mall retail units, car parking, laundry and catering income.

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 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.

24 Private Finance Initiative contracts (continued)

Total imputed finance lease obligations for on-statement of financial position PFI contracts due:

	31 March 2014	31 March 2013
Group and Trust	£000	£000
Not later than one year	12,268	11,533
Later than one year, not later than five years	45,456	47,655
Later than five years	172,216	182,284
Sub total	229,940	241,472
Less: interest element	(117,416)	(126,585)
Total	112,524	114,887
 Net PFI liabilities		
Not later than one year;	3,309	2,363
Later than one year and not later than five years;	12,341	13,478
Later than five years	96,874	99,046
	112,524	114,887

24.2 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 £22.893 million (2012/13 £23.643 million).

The Trust is committed to the following annual charges:

	31 March 2014	31 March 2013
Group and Trust	£000	£000
PFI scheme expiry date:		
Not later than one year	23,262	24,388
Later than one year, not later than five years	93,048	97,522
Later than five years	348,930	390,208
Total	465,240	512,118

25 Provisions

Group and Trust	Current		Non-current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	£000	£000	£000	£000
Pensions relating to staff	123	123	1,248	1,398
Legal claims	347	373	643	526
Total	470	496	1,891	1,924

Group and Trust	Pensions relating to staff	Legal claims	Total
	£000	£000	£000
At 1 April 2013	1,521	899	2,420
Change in discount rate	56	44	100
Arising during the year	40	370	410
Utilised during the year	(125)	(222)	(347)
Reversed unused	(124)	(102)	(226)
Unwinding of discount	3	1	4
At 31 March 2014	1,371	990	2,361
Expected timing of cash flows:			
- not later than one year;	123	347	470
- later than one year and not later than five years;	446	121	567
- later than five years.	802	522	1,324
Total	1,371	990	2,361

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.

£76.439 million is included in the provisions of the NHS Litigation Authority at 31 March 2014, in respect of clinical negligence liabilities of the Group and Trust (2012/13 £63.370 million).

26 Financial instruments

26.1 Financial assets

	GROUP		TRUST	
	31 March 2014	Restated 31 March 2013	31 March 2014	31 March 2013
	£000	£000	£000	£000
Loans and receivables				
Trade and other receivables excluding non financial assets	17,171	12,547	17,135	12,286
Cash and cash equivalents at bank and in hand	17,854	29,267	16,133	27,446
Investments	5,262	5,042	0	0
Total	40,287	46,856	33,268	39,732

26.2 Financial liabilities

	GROUP		TRUST	
	31 March 2014	Restated 31 March 2013	31 March 2014	31 March 2013
	£000	£000	£000	£000
Borrowings excluding finance lease and PFI liabilities	(32,738)	(23,627)	(32,738)	(23,627)
Obligations under finance leases	(5,864)	(6,427)	(5,864)	(6,427)
Obligations under PFI contracts	(112,524)	(114,887)	(112,524)	(114,887)
Trade and other payables excluding non financial liabilities	(40,617)	(43,270)	(40,507)	(43,128)
Total	(191,743)	(188,211)	(191,633)	(188,069)

26.3 Maturity of financial liabilities

	GROUP		TRUST	
	31 March 2014	Restated 31 March 2013	31 March 2014	31 March 2013
	£000	£000	£000	£000
In one year or less	(48,673)	(43,270)	(48,563)	(43,128)
In more than one year but not more than two years	(8,028)	(6,623)	(8,028)	(6,623)
In more than two years but not more than five years	(20,133)	(18,132)	(20,133)	(18,132)
In more than five years	(114,909)	(120,186)	(114,909)	(120,186)
Total	(191,743)	(188,211)	(191,633)	(188,069)

26.4 Fair values of financial assets – book value

	31 March 2013	31 March 2012
Group and Trust	£000	£000
Non current trade and other receivables excluding non financial assets	1,853	1,695

26.5 Fair values of financial liabilities

There were no non current trade and other payables held by the Group at the end of the current or prior reporting period.

26 Financial instruments (continued)

26.6 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. 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

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 2014 are in receivables from customers, as disclosed in Note 18.

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.

26 **Financial instruments (continued)**

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.

27 **Events after the reporting period**

There were no significant events after the end of the reporting period that would warrant disclosure within these notes to the accounts.

28 **Related party information**

28.1 **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".

28.2 **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. In 2013/14, the core structure of the NHS changed as organisations such as Primary Care Trusts (PCTs) and Strategic Health Authorities (SHAs) were abolished. New organisations including Clinical Commissioning Groups (CCGs), NHS England and Commissioning Support Units (CSU) took their place with local authorities taking on a larger role assuming responsibility for budgets for public health.

28 Related party information (continued)

The impact of this change is detailed in the following tables, which incorporates 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, 2014.

	Income £000	Expenditure £000	Receivables £000	Payables £000
NHS Cumbria CCG	799	0	16	0
NHS Darlington CCG	5,964	0	18	0
NHS Durham Dales, Easington and Sedgfield CCG	10,529	6	21	8
NHS Hambleton, Richmondshire and Whitby CCG	73,984	0	224	0
NHS Harrogate and Rural District CCG	2,737	0	74	0
NHS Hartlepool and Stockton-on-Tees CCG	34,828	47	393	47
NHS North Durham CCG	1,119	0	16	0
NHS Scarborough and Ryedale CCG	609	0	0	8
NHS South Tees CCG	212,694	0	2,193	0
NHS Sunderland CCG	487	0	272	0
NHS Vale of York CCG	1,157	0	86	0
NHS England	2,093	0	1,883	3
Durham, Darlington and Tees Area Team	11,039	0	0	117
Cumbria, Northumberland, Tyne and Wear Area Team	133,414	0	2,771	0
North Yorkshire and the Humber Area Team	5,889	35	938	0
West Yorkshire Area Team	0	0	473	0
Other NHS bodies	3,206	842	957	243
County Durham & Darlington NHS Foundation Trust	246	973	287	1,563
Newcastle Upon Tyne Hospitals NHS Foundation Trust	2,048	507	62	369
North Tees and Hartlepool NHS Foundation Trust	664	2,357	568	1,327
Northumbria Healthcare NHS Foundation Trust	3	144	578	87
Tees, Esk and Wear Valleys NHS Foundation Trust	1,312	185	66	322
Other Foundation Trusts	325	405	233	97
Health Education England	14,736	0	450	0
NHS Blood and Transplant	64	3,156	1	281
NHS Litigation Authority	0	8,605	0	5
NHS Property Services	602	6,685	150	1,950
Other NHS WGA bodies	389	109	43	347
Middlesbrough Borough Council	2,483	2,989	354	477
North Yorkshire County Council	889	235	582	0
Redcar and Cleveland Borough Council	2,147	24	175	9
HM Revenue and Customs	0	20,851	2,127	6,492
NHS Pensions Agency	0	31,127	0	4,273
NHS Professionals	0	4,472	0	0
Other Central Government	340	727	85	52

28 Related party information (continued)

Significant transactions and balances with all Whole of Government account bodies in 2012/13 are detailed below:

	Income £000	Expenditure £000	Receivables £000	Payables £000
County Durham Primary Care Trust	16,775	0	269	53
Cumbria Teaching Primary Care Trust	1,394	14	30	0
Darlington Primary Care Trust	8,195	25	520	0
Hartlepool Primary Care Trust	9,180	98	0	144
Middlesbrough Primary Care Trust	129,559	1,450	748	870
North Tyneside Primary Care Trust	71,335	0	1,079	0
North Yorkshire & York Primary Care Trust	96,576	1,209	1,744	1,114
Redcar and Cleveland Primary Care Trust	118,023	4,645	1,001	1,748
South Tyneside Primary Care Trust	1,219	0	114	0
Stockton Teaching Primary Care Trust	32,391	248	0	269
Sunderland Teaching Primary Care Trust	605	0	99	0
Other NHS Trusts	3,935	146	908	136
County Durham & Darlington NHS Foundation	277	1,289	112	967
Newcastle Upon Tyne Hospitals NHS	1,842	782	78	480
North Tees and Hartlepool NHS Foundation	143	1,981	49	292
Northumbria Healthcare NHS Foundation	6	61	678	60
Tees, Esk and Wear Valleys NHS Foundation	1,423	324	0	220
Other Foundation Trusts	452	482	156	168
Department of Health	2,972	37	227	126
North East Strategic Health Authority	15,366	6	66	0
NHS Blood and Transplant	75	3,053	0	285
NHS Litigation Authority	52	9,442	0	1
Other NHS WGA bodies	128	372	9	157
Hambleton District Council	0	513	0	0
Middlesbrough Borough Council	535	2,771	139	99
HM Revenue and Customs	0	20,455	1,931	6,547
Ministry of Defence	1,245	0	5	178
NHS Pensions Agency	0	29,847	0	3,948
Other Central Government	381	126	371	715

None of the receivable or payable balances are secured. Amounts are usually due within 30 days and will be settled in cash.

28.3 Charitable funds

The Trust receives revenue and capital payments from a number of charitable funds, including South Tees Hospitals Charitable and Associated Fund, certain of the trustees for which are also members of the NHS Trust Board. In 2013/14, the accounts of the South Tees Hospitals Charitable and Associated Fund have been consolidated into the Trust's Annual Accounts as detailed in Accounting Policies 1.2 and 1.4 and Note 3 and Note 14 to the Accounts.

28 **Related party information (continued)**

28.4 **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. In addition, there were no receivable or payable balances held by the Group or its related parties concerning Board Members or key staff.

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. No significant issues, worthy of comment were identified as part of this review.

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.

29 **Third party assets**

The Group and Trust did not hold any cash and cash equivalents at 31 March 2014 (£3,990 at 31 March 2013) relating to monies held by the Group and Trust on behalf of patients.

The Group and Trust held £676,047 cash and cash equivalents at 31 March 2014 (£603,116 at 31 March 2013) 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 £5,992 cash and cash equivalents at 31 March 2014 (£10,245 at 31 March 2013) 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.

30 Losses and special payments

The total number and value of losses and special payments in year amounted to the following:

Group and Trust	2013/14		2012/13	
	Number of cases	Total value of cases £000	Number of cases	Total value of cases £000
Losses:				
Losses of cash	27	2	23	2
Bad debts and claims abandoned	63	95	58	131
Damage to buildings, property as a result of theft, criminal damage etc.	129	12	125	18
Special payments:				
Ex gratia payments	141	264	101	210
Special severance payments	0	0	35	1,190
Total	360	373	342	1,551

The amounts included above are reported on an accruals basis and exclude provisions for future losses.

There were no special severance payments (2012/13, there were 2 cases over £100,000 and all severance payments were included in the note. In 2013/14, only severance payments requiring HMT approval are required in this disclosure) 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 £250,000.

