

1 April 2015 – 31 March 2016

ANNUAL REPORT & ACCOUNTS

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

South Tees Hospitals NHS Foundation Trust


Annual Report and Accounts

1 April 2015 to 31 March 2016

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

Contents

Performance report	9
• Overview	11
– Statement from the Chief Executive	12
– Purpose and activities of the Trust	14
– History of the Trust	15
– Principal risks and uncertainties	16
– Going concern disclosure	17
• Performance analysis	19
– Key performance measures	20
– Our performance in 2015/2016	22
– Environmental matters	27
– Social, community and human rights issues	28
– Important events	29
– Overseas operations	30
Accountability report	33
• Directors' report	35
• Remuneration report	39
• Staff report	47
• Disclosures set out in the <i>NHS Foundation Trust Code of Governance</i>	58
• Regulatory ratings	77
• Statement of accounting officer's responsibilities	83
• Annual governance statement	85
Patient Care	93
Stakeholder relations	109
Highlights of the Year	115
Quality Report	125
Financial Accounts	183



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

Our vision and values



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

Operational excellence

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

Organisational capability

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





Performance report







Overview

- Statement from the Chief Executive
- Purpose and activities of the Trust
- History of the Trust
- Principal risks and uncertainties
- Going concern disclosure

Overview

Statement from the Chief Executive

Undoubtedly 2015/2016 has been a challenging year for us. Our staff have been through a tremendous period of change and it is a testament to them that we are now on track to turn this organisation around and move to a period of growth - rather than cost reduction - to achieve clinical, operational and financial success.

In our second year of financial recovery, the Trust continues to focus on a wide-ranging programme of transformation and move forwards in driving out inefficiencies to deliver excellence in patient experience and outcome, while ensuring our long-term financial stability.

Some of the key headlines are below:

- In our second year of financial recovery, we saw a 30% improvement in our underlying deficit moving from £7million to £4.9million.

More significantly, this organisation is outperforming the health sector as a whole where the provider deficit for 2015/2016 is now estimated to be at £2.2billion (a 60% decline from the previous year).

- We under-achieved on income by £4.7million (£551million against £556million) but with the support of our commissioners achieved a favourable contract outcome at the end of the year.

Our operational plan for 2016/2017 is built on a robust understanding of the demand we are expecting to encounter, and the capacity required to meet this demand, so we can hit our national targets as well as local commissioner and Trust priorities. Our focus must be on getting our activity levels right earlier in the year – rather than being reactive towards the end of the financial year.

- We have a tighter grip on cost control as an organisation which, in turn, has seen a reduction in pay and non-pay spend.

In year we achieved Cost Improvement Programme savings of £35.4million, which was just below the £36million target set. Our shortfall was due to our failure to deliver some CQUIN targets, particularly around discharging patients before midday.

- In our third year of recovery we need to make savings of £35million to deliver a surplus control total of £8.5million in 2016/2017. We will do this through our programme of transformation with key areas of focus including:
 - Transforming care closer to home
 - Transforming inpatients
 - Transforming outpatients
 - Transforming surgical pathways
 - Transforming clinical support services (diagnostics and therapies)
 - Transforming our workforce
 - Transforming wards and working lives
 - Transforming business programmes

In terms of our clinical performance, the Trust achieved the vast majority of the key performance targets we are measured against at both national and local level.

Areas of note include a marked reduction in all categories of pressure ulcers (21%) both in our inpatient and community settings, demonstrating a significant improvement in the quality of care that is being delivered to patients.

If we are to achieve our ambition of delivering excellence in patient experience and quality we must maintain focus on four key areas of risk:

- *Clostridium difficile* – we had 61 Trust-attributed cases in 2015/2016 against a threshold of 50 (an improvement of the previous year's position of 76 cases). Nationally it has been acknowledged that the rate of improvement relating to *Clostridium difficile* reduction has slowed down and that this is an increasing burden in the community.

Collectively working with commissioners, GPs and external experts, we must maintain a constant purpose to effectively address the causes of this infection and I am pleased to say increased focus across the health community is starting to see results – for example improvements in GP antibiotic prescribing.

Our work with our private sector partner Carillion around cleaning standards is also showing a continued and sustained improvement with cleaning audits at 95% compliance in all high risk areas for four consecutive months.

- The four-hour accident and emergency waiting time target continues to be a concern. The Trust has not met this target for two quarters in the past 12 months – particularly on The James Cook University Hospital site – although this was a pattern reflected in the wider NHS.

On a positive, we were the only Trust in the North East to achieve compliance in quarter three and were the best performer in the region over the course of the year (on aggregate) with our position now improving. In order to mitigate this risk, the Trust has been - and will - continue to work collaboratively with our system partners to manage unplanned surges in demand.

- We failed the 62-day cancer wait for first definitive treatment for all cancers every month in 2015/2016 and one in five of our patients are waiting longer than is acceptable. For two months out of 12 we also failed the two-week rule.

A refreshed cancer action plan, led by the strategic lead for cancer, is being developed to support delivery of the 62-day target although ongoing achievement will be dependent on building capacity in the system to respond to the growing demands for cancer services and in advance of any national cancer awareness campaigns.

- Throughout the year, high levels of emergency admissions impacted on our 18-week referral to treatment target and our elective programme, resulting in decisions to cancel operations. We had a 3.2% decrease in the number of patients being seen within the target (95.5% to 92.3%) and while the Trust remained compliant with this target, it was only marginal.

Continued strong performance is critical as we are currently negotiating with Monitor to not only be taken out of Enforcement but also to re-structure our balance sheet.

I envisage this process will take between three to six months to complete due to the complexity involved, and will only happen if we continue to deliver the financial and operational performance we have committed to.

Undoubtedly challenges remain, particularly around driving inefficiency out of the organisation to deliver a further £35million in savings, but we are now on a firmer footing to do this.



Chief Executive – Siobhan McArdle
27 May 2016

Purpose and activities of the Trust

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.

The 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.
- 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 9,000 staff and is continuing to build links with the Universities of Teesside, Durham and Newcastle through our Institute of Learning Research and Innovation which has brought all of the Trust's learning, research, training development functions into one.

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.

The principal activities of the Trust during the course of the year were, in summary, the provision of diagnostic, acute care and community services in response to the contracts placed by clinical commissioning groups and specialist commissioning bodies to a population spanning the Tees Valley, County Durham and North Yorkshire (and in the case of spinal injuries a North East of England regional service).

In total, the organisation had almost 910,000 (909,217) patient contacts including 45,453 emergency admissions, 182,011 inpatients and daycases (acute – 180,514, community – 1,497), 128,467 people through accident and emergency (new and follow-up), 70,745 urgent care/walk-in centre attendances (44,305 Resolution Centre, 26,440 minor injury units) and 482,541 outpatient appointments (new and review).

History of the Trust

Key changes of note during the Trust's history include:

- In 1999, the Trust signed a multi-million pound concession agreement with Mowlem (John) & Co for the redevelopment of South Cleveland Hospital under a Private Finance Initiative (PFI) scheme.
- In 2001, South Cleveland Hospital was renamed The James Cook University Hospital to reflect its local heritage and growing research and academic links.
- In April 2002, the Trust merged with the Friarage Hospital in Northallerton – a district general hospital providing services for a population stretching from the North Yorkshire Moors to the central Pennines, borders of York district in the south and the borders of Darlington in the North.
- In August 2003 we completed the £155million PFI initiative to transfer all of our Middlesbrough services onto the one site at The James Cook University Hospital. The scheme meant the closure of Middlesbrough General Hospital, North Riding Infirmary and the neuro-rehabilitation unit at West Lane Hospital and made James Cook one of the biggest hospitals of its type in Europe.
- In 2007, a £21million redevelopment of the Friarage Hospital was completed.
- In May 2009, the Trust received its terms of authorisation from Monitor.
- In April 2011, community services staff from Hambleton, Richmondshire, Middlesbrough, Redcar and Cleveland joined the Trust as part of the Government's 'Transforming Community Services' agenda.

This followed a huge piece of work involving the Trust, NHS Tees and NHS North Yorkshire and York and in total 1,800 staff transferred over with the move providing real opportunities for hospital and community staff to work side-by-side to improve the patient pathway for the local population.
- In October 2015, the Trust's new Institute for Learning, Research and Innovation was launched at The James Cook University Hospital, bringing together a full range of research, teaching, development, training and innovation facilities into one 'hub' with the ambition to grow and become a regional, national and international leader in its field.

Principal risks and uncertainties

The areas of South Tees Hospitals NHS Foundation Trust's activities to which the key issues and risks of the organisation are perceived to be attributable are set out below:

- The Trust continues to be subject to enforcement action by Monitor for its failure to meet *Clostridium difficile* annual targets. This remains a key area of quality concern and will continue to be a challenging target in 2016/2017 (further information is available under the regulatory ratings section of the annual report).

- The four-hour accident and emergency waiting time target continues to be a concern. The Trust has not met this target for two quarters in the past 12 months – particularly on the James Cook site – although this was a pattern reflected in the wider NHS.

A key risk to delivering this target during 2016/2017 is that winter pressures and other peak demand periods, often overwhelm our available capacity. In order to mitigate this risk, the Trust has been and will continue to work collaboratively with our system partners to manage unplanned surges in demand.

We have a bed escalation plan for periods of peak demand and protocols are in place, which allow us to quickly bring key decision makers together across the local health economy to consider options, for example, flexing out of hospital capacity.

The local System Resilience Group, which involves key stakeholders in health and social care, has already started planning for winter 2016/2017 and will focus on key areas where change is needed including better discharge arrangements and additional community capacity.

- We did not achieve the 62-day cancer wait for first definitive treatment for all cancers throughout 2015/2016 and recognise this as a risk in the forthcoming financial year. We are developing a cancer improvement plan in collaboration with our commissioners.

On-going achievement of this standard will be dependent on building capacity in the system and responding to growing demands for cancer services, particularly in advance of national cancer awareness campaigns.

- Workforce – national shortages in certain medical and surgical staff groups and nursing, coupled with a reduction in national training numbers, means the Trust is looking at innovative approaches to recruitment and selection, exploring alternative models of service provision and developing extended roles for non-medical staff.

The organisation has also been through a period of significant change and restructure and must engage and motivate our staff to embrace change and new opportunities available to them under our new target operating model (further information is available in the staff report).

- IT infrastructure and electronic systems – Current paper-based systems are a risk to our ability to transform and innovate across the organisation. We have undertaken a strategic review of IT and have a plan of prioritised investment in place to support our technological development. This will align with the community-wide digital roadmap to support paper free at point of care delivery.

- The Trust's overall efficiency plan target for 2016/2017 is £35million and represents a major challenge, particularly in the context of the significant savings made in the previous two years, coupled with evidence and benchmarking within Lord Carter's review which ranks us as an efficient organisation when compared to peers.

We will continue to deliver further efficiencies to ensure the organisation's sustainability through our transformation work which will look at patient flow, workforce, clinical effectiveness and procurement schemes, explore savings opportunities in a number of clinical areas identified through our own work on the back of the Lord Carter review and implement a number of cross-cutting themes including theatre efficiency, day cases and outpatients.

All of our plans have been developed with accountable owners through a robust process of challenge, key performance indicators and milestones and reviewed for quality and by finance.

- Clinical commissioning group QIPP (Quality Innovation Productivity and Prevention) Programme – this is a national, regional and local level programme designed to support clinical teams and NHS organisations to improve the quality of care they deliver while making efficiency savings that can be reinvested into the NHS.

The risk to the Trust concerns the management of the reduction in income required from the delivery of regional CCG QIPP saving schemes.

To manage these risks the Trust has put in place a range of action plans and monitoring arrangements.

We also have a well-established formal process to ensure that any cost improvement/improvement programmes are subject to a quality impact assessment (QIA) - a risk assessment and rating against patient safety, clinical outcomes, patient experience and workforce which also identifies metrics which will be used to monitor impact and flag any increasing risk.

These QIAs are initially signed off within the clinical centres and then formally reviewed by the executive Medical and Nursing Directors and the Director of Quality.

Other factors not discussed within this summary could also impact on the Trust and accordingly, this summary should not be considered to represent an exhaustive list of all the potential risks and uncertainties, both positive and negative that may affect the Trust.

Information on the principal risks to the Trust and internal controls are included in the annual governance statement in the annual report.

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 and NHS England for a further year and these payments provide a reliable stream of funding reducing the Trust's exposure to liquidity and financing problems.

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

This plan reports a surplus control total of £8.5million in 2016/2017 (surplus from continuing operations excluding impairments and donations and depreciation on donated or grant funded assets). The equivalent deficit control total in 2015/2016 amounted to £10.6million.

We will require further borrowing of £13.3million in interim revenue and capital support. The Trust will further utilise a working capital loan of £2.4million in May 2016 and repay in March 2017. The Trust has an approved working capital loan facility in place with the Department of Health and has drawn down £1.9million of this facility in May 2016.

In total in 2015/2016, the Trust has borrowed £15.3million from the Department of Health in February and March 2016. This included £8.7million as interim capital covering interest and principal payments commencing in September 2016 and concluding in March 2017 and £6.6million as interim revenue support including interest with the repayment of principal due in March 2017.

The Trust has set testing efficiency targets, including cost improvement plans amounting to £35million in 2016/2017. The Trust believes that this forward plan provides a realistic assessment of the Trust's position.

The Trust continues to develop a wider programme for delivery of recurrent savings and derive benefits from transformational change under the leadership of the Chief Executive (who originally joined the Trust in May 2015 as the Director of Transformation)

The Trust does not have any evidence indicating that the going concern basis is not appropriate as the Trust has not been informed by 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 has received support through the Department of Health in both 2014/2015 and 2015/2016. The Trust is currently in discussions with the Department of Health over the early drawdown of interim support in 2016/2017.

The operational stability of the Trust is dependent on the Trust achieving the 2016/2017 cost improvement plan together with the on-going financial support of the Department of Health. The Trust believes that this plan is realistic. Based on on-going discussions and past experience the Trust is reasonably confident that the 2016/2017 support required will be made available.

The Trust has therefore concluded that while there are clear risks associated with these assumptions, these risks are not considered to represent a fundamental threat to the continuity of services provided by the Trust and hence to its ability to continue to be a going concern.

The Trust is currently subject to enforcement action from Monitor regarding its financial sustainability, Board governance and target breaches. In 2015/2016, the Trust submitted a recovery plan to Monitor that outlined an underlying deficit of £3.1million (excluding impairments and restructuring costs).

At the year-end, the Trust reported a £4.9million underlying deficit (difference to £6.4million deficit reported in accounts equates to £3.7million benefit on impairments and £5.1million in restructuring costs) and is planning to deliver a surplus control total of £8.5million in 2016/2017 (equivalent to a £10.6million deficit control total in 2015/2016). The Trust continues to demonstrate significant progress during the year and continues to provide monthly performance updates to Monitor.

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



Chief Executive – Siobhan McArdle
27 May 2016



Performance analysis

- Key performance measures
- Our performance in 2015/2016
- Environmental matters
- Social, community and human rights issues
- Important events
- Overseas operations

Performance analysis

Key performance measures - operating performance overview

Given the organisation's financial challenges it was, overall, another tough trading year as our sixth year as a Foundation Trust.

In our second-year of financial recovery, we continued to plan for a sustainable future through our programme of transformation and address the issues flagged as part of Monitor's enforcement action – Board governance, infection control and finance - without compromising the quality of care we provide.

It was also a massive year of change for the Trust – and our staff – in 2015/2016 as we underwent a complete workforce review and organisation re-structure.

The new clinically-led strategic management and target operating model comes into effect on 1 April 2016 and replaces the seven existing clinical centres with five centres which each have a senior leadership model of a Medical Director, Operations Director and Associate Director of Nursing.

It is designed to deliver an increase in:

- our patient focus to ensure clinical effectiveness and excellence in both patient outcome and experience.
- our market focus to ensure we meet the requirements of our commissioners while, at the same time, ensuring we build the long-term financial sustainability of our organisation.
- our operational focus to reduce waste, improve capacity and increase margin to invest in growth.
- the capability and clinical representation in our leadership and management teams to ensure we develop a high performance culture, underpinned by ownership and accountability.

In-year the Trust introduced an integrated Board performance report covering quality, finance, performance and workforce. The report includes an integrated dashboard showing the monthly position throughout the year RAG rated against the relevant target and a next quarter and year-end forecast.

The body of the report provides further detail on any exceptions and remedial actions and the detailed analysis, which informs the integrated report, is scrutinised and challenged at performance reviews with the clinical centres and the relevant NED-chaired Board Committee.

The interdependency of quality, workforce and finance to further improve quality and productivity is reflected in the Trust's target operating model and strategic approach.

In a changing health and social care environment our priority was, as always, to put patients first in everything we do by providing high quality, safe and integrated specialist, secondary and community services and our year-end performance did, overall, reflect that.

In summary, the Trust achieved the vast majority of the key performance targets we are measured against at both national and local level. In with national trends, the organisation's main operational challenges came from:

- Emergency (unscheduled) care pressures (resulting in failure to achieve the four-hour accident and emergency waiting time target).
- Access to elective treatment within 18 weeks of referral (incomplete pathway).
- Meeting the cancer 62-day (first referral to treatment) target.
- Failure to meet the *Clostridium difficile* target.
- Mortality.

These are covered in further detail in the next section of the annual report entitled 'our performance in 2015/2016'. The Trust is awaiting its Quarter four governance rating from Monitor at the time of writing but failure to achieve the 62-day cancer target and four-hour A & E target does not necessarily trigger further action on the part of Monitor.

The Trust is now in its second year of recovery and delivered a £4.9million underlying deficit, excluding impairments and restructuring and a cost improvement plan of £35.4million (£26.6million recurring and £8.8million non-recurring).

The publication of the Care Quality Commission's report in June 2015 following its inspection of the organisation in December 2014, gave the Trust an overall rating of 'requires improvement' for providing safe and effective care although inspectors found services were caring, responsive and well led.

In total, 89 of the 105 individual ratings (84%) were either good or outstanding and a number of areas of excellent and outstanding practice were identified, particularly in maternity services. The Trust has worked closely with the CQC throughout the implementation of an action plan with a re-inspection taking place in June 2016.

Our annual plan for 2015/2016 predicted a continuity of service risk rating of one – with two the highest the organisation can achieve due to on-going and historic liquidity issues – and we received an automatic risk rating of red under Monitor's risk assessment framework due to ongoing enforcement action.

As well as submitting our quarterly returns to Monitor on the Trust's financial performance and performance against national access and outcomes standards, progress review meetings continue to be held regularly between the Board and our regulator with extensive reports and action plans tracked.

In terms of the patient experience, we received excellent feedback in national patient surveys for both maternity and paediatrics and also in the friends and family test.

The creation of the Institute for Learning, Research and Innovation in 2015 also supported our collaborative multi-organisational approach to quality improvement. Seven rapid process improvement workstreams (RPIW) and two Kaizen events took place in-year supporting the organisation's transformation programme. We now have over 20 certified RPIW leaders in the Trust and a service improvement faculty with 1,259 members who have undergone training in service improvement methodology.

Collaborative work with our strategic partners on transforming the health and social care system across the Tees Valley and North Yorkshire also progressed through programmes such as the Better Health Programme, IMProVE and Fit for the Future and will continue through the local Sustainability and Transformation Plan (STP), where collectively we have to demonstrate how local services will evolve and become sustainable over the next five years – ultimately delivering the Five Year Forward View vision.



Our performance in 2015/2016

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.

This section provides more detailed analysis and explanation of the development and performance of the Trust during 2015/2016, particularly around some of our key indicators, with further information also available in the quality report.

Emergency (unplanned) care

Patient flow has been a major pressure across the organisation as we manage competitive demands of the elective programme against peaks in emergency admissions.

For the last quarter of 2015/2016, the Trust did not achieve compliance against the four-hour wait target in accident and emergency (with March's position at 93.3% against the target of 95%) – reflecting the national picture - although was still one of the best performers in the region.

This was a particular issue at The James Cook University Hospital - a major trauma centre for the southern part of the region – which saw high levels of attendance and admission, leading to extended waits for our local patient population.

Consequently, bed occupancy has remained high throughout the year, putting pressure on key performance targets such as getting patients into hospital quickly enough.

In-year a number of actions were taken to improve our compliance rate including developing new standard operating procedures to support issues identified through an emergency care pathway review, investing in additional staff and extra capacity in accident and emergency (although the organisation has yet to see the full impact of that investment) and monitoring specialty response times. An acute frailty unit was also set up to better manage the flow of emergency patients into the hospital.

As an organisation we need to look at other parts of the emergency pathway in more detail and transforming inpatient services is one of a number of transformational themes for 2016/2017 with the aim of reducing length of stay and delayed discharges, both of which would have a positive impact on the number of accident and emergency breaches as the majority of these on the James Cook site are due to lack of bed availability.

Elective Care (18-weeks referral to treatment – incomplete pathways)

Throughout the year, high levels of emergency admissions impacted on our 18-week referral to treatment target and our elective programme, resulting in decisions to cancel operations.

While the Trust remained compliant with this target - with a performance of 92.3% against 92% in March - it was only marginal and remains a risk going into 2016/2017.

A strong focus was maintained on improving performance in this area with actions to increase on-site and off-site working using private providers and KPI dashboards – broken down to specialty level - tracking performance.

At specialty level, orthopaedics, neurology and ophthalmology remain non-compliant and each specialty is being supported to calculate the ideal waiting list size using the recommended NHS modelling methodology and agree expected activity levels each month which will accommodate current demand and eliminate backlogs. Compliance with these plans will be monitored on a monthly basis.

Cancer

The Trust achieved all cancer standards in 2015/2016, with the exception of the 62-day first definitive treatment target and the cancer 62-day screening target. A refreshed cancer action plan, led by the strategic lead for cancer, is in development to support delivery of the 62-day target.

Ongoing achievement of the standard will be dependent on building the capacity in the system to respond to the growing demands for cancer services and in advance of any national cancer awareness campaigns.

Clostridium difficile

A key patient safety issue for the organisation, we finished the year with 61 Trust-attributed cases of *Clostridium difficile* against a target of no more than 50 (which remains the target for 2016/2017).

Despite an improved position compared to the previous year-end position of 76 cases, there continues to be a risk that this target will not be achieved in the new financial year due to the increased prevalence of this infection in the local population.

The Trust has a detailed *Clostridium difficile* action plan, which is shared monthly with our regulator, and root cause analysis is performed on all Trust-apportioned cases, with case reviews held and chaired by the Medical Director or Director of Nursing. A range of actions were taken in 2015/2016 to tackle infection and further information is available under the 'regulatory ratings' section of the annual report.

A number of initiatives are planned to support further reduction including implementing a refurbishment plan of existing estate, a review of bed numbers, working with our commissioners to improve antibiotic prescribing and working with cleaning service providers to ensure consistent cleaning standards.

Mortality

Mortality data continues to show the Trust as an outlier for the HSMR – hospital standardised mortality ratio – an alternative risk adjusted measure which uses around 80% of in-hospital deaths. This is a more complex risk model which includes adjustment for specialist palliative care (care provided by a specialist team to a small proportion of more complex patients receiving palliative care in the hospital).

HSMR for the Trust in the period October 2014 - September 2015 is 116 giving the organisation a rating of 'higher than expected' and the relatively low rate of specialist palliative care coding (the Trust is in lowest fifth of Trusts nationally) is adversely affecting the HSMR.

There has been a review of coding practices to try to ensure that all patients who receive specialist palliative care are included.

There is a well-established mortality review process in the Trust which will be further developed in line with recent national guidance on mortality surveillance. The integrated performance report provides a monthly summary of the Trust's mortality measures with the Board receiving a detailed mortality report on a quarterly basis.

Performance against key national priorities

MONITOR compliance framework	11/12	12/13	13/14	14/15	15/16	15/16 Target
Safety						
<i>Clostridium difficile</i> – meeting the <i>Clostridium difficile</i> objective	67	49	57	76	61	50
Cancer – two week from referral to date first seen comprising:						
All urgent referrals (cancer suspected)	93.7%	94.7%	95.3%	94.3%	94.2%	93%
For symptomatic breast patients (cancer not initially suspected)	95.9%	96.5%	96.5%	94.5%	93.6%	93%
Quality – All cancers: 31 day wait from diagnosis to first treatment	98.8%	99%	98.3%	97.9%	97.2%	96%
Quality – all cancers: 31 day wait for second or subsequent treatment comprising:						
Anti-cancer drug treatments	100%	99.6%	99.4%	99.6%	99.4%	98%
Surgery	99.1%	98.0%	98.6%	98.4%	94.1%	94%
Radiotherapy	98.7%	98.4%	98.9%	99.1%	99.1%	94%
Quality – all cancers: 62 day wait for first treatment from:						
Urgent GP referral for suspected cancer	86.9%	86.4%	84.7%	85.3%	79.1%	85%
Consultant upgrade	NA	NA	94.2%	89.8%	87.8%	90%
NHS Cancer Screening Service Referral	94.5%	92.8%	94.8%	92.6%	89.8%	90%
18 weeks referral to treatment time (RTT)						
Admitted patients	92.1%	91.1%	86.7%	93.3%		
Non-admitted patients	98.8%	99.0%	98.7%	98.4%		
Incomplete pathways	94.0%	94.6%	95.2 %	95.7%	93.2%	92%
Accident and Emergency						
Four hour maximum wait in A&E from arrival to admission, transfer or discharge	97.5%	95.9%	96.7%	94.9%	95.8%	95%
Effectiveness – data completeness: community services, comprising:						
Referral to treatment information		82.4%	93.9%	98.5%	99.6%	50%
Referral information		68.2%	98.2%	98.9%	99.5%	50%
Treatment activity information		64.4%	98.8%	99.9%	98.4%	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.

Other quality indicators (Quality Report)

In the quality report, which is part of the annual report, we also identified a number of areas for quality improvement focus in 2015/2016:

Sign up to safety	Right care, right place, right time	At the heart of the matter
<ul style="list-style-type: none"> Reduce avoidable harm by -50% over three years <ul style="list-style-type: none"> Falls Pressure ulcers Healthcare Associated Infections (HCAI) Missed diagnosis 	<ul style="list-style-type: none"> Improving the recognition and treatment of the deteriorating patient 	<ul style="list-style-type: none"> Improving care for people with dementia through accurate assessment of needs and person centred care planning Listening and learning; improving how we respond to complaints and patient feedback
Supported by our clinical strategy		

The progress the organisation has made against the goals identified for each priority areas is available in the quality report.

Our plan for 2016/2017 is summarised by the following schematic which shows the 'sign up to safety' initiatives which underpin the organisation's aim to deliver care free from avoidable harm:



We will also continue to improve reporting and investigations of incidents to embed learning and improve safety, supporting families, carers and staff involved.

Seven day services

The provision of seven day services is about ensuring that patients receive consistent high quality safe care every day of the week. In-year, the organisation assessed its position against the ten Clinical Standards developed to end variations in outcomes at the weekend, having established a Seven Day Services Forum to drive improvement.

A clinical reference group informed progress and reported to the Trust's operational management board while a broader away-day event held with commissioners provided an impetus to a wider perspective of 24/7 care across the health community.

We are continuing to progress compliance with the four priority clinical standards which have been identified as most likely to have greatest impact on reducing variation in mortality risk – time to consultant review, access to diagnostics, access to consultant-directed interventions and on-going review – although recognise there is scope for improvement with many areas requiring additional resource.

The Trust's baseline assessment of seven day provision showed good overall cover for consultant directed interventions and diagnostic services and there is ongoing work as part of the Trust's Commissioning for Quality and Innovation (CQUIN) programme to further improve patient flow and review/discharge at weekends.

We routinely analyse and review weekend mortality as part of our mortality surveillance process. The development of the Trust's seven day implementation plan (SDIP) is integral to our transformation programme and South Tees Clinical Commissioning Group's current consultation regarding the future of out-of-hours services.

Looking ahead to 2016/2017 and in the longer-term, our operational plan is built on a robust understanding of the demand we are expecting to encounter – and the capacity required to meet this demand - so we can achieve national targets and local commissioner and Trust priorities.

It also supports the organisation restructure which was completed in March 2016 and from April 2016 our revised target operating model was implemented with our new clinically led business centres collectively operating, planning and contributing together to ensure we achieve clinical, operational and financial success.

Our plan fully links into our local Sustainability and Transformation Plan process which is governed through the established Better Health Programme Board (Darlington, Durham, Tees and North Yorkshire CCG areas) working closely with the North East wide Urgent and Emergency Care Vanguard. Further information on the STP is available in the stakeholder relations section.

Finance review

Key financial information for the year for the Trust was:

- In our second year in recovery (2015/2016) the Trust posted a £4.9million underlying deficit (£1.8million behind plan) excluding impairments and restructuring costs (£6.4million including impairments and restructuring).
- Cash holdings amounted to £2.8million at 31 March 2016 – in line with plan.
- Capital expenditure amounted to £22.3million (including property, plant and equipment (PPE) and intangible expenditure).

The Trust delivered a programme of cost reduction of £35.4million which equates to 98% of plan. Of this £26.6million of the delivered savings were recurrent.

Looking ahead to our third and final year of our recovery plan (2016/2017), we are forecasting a surplus control total of £8.5million (surplus from continuing operations excluding impairments and donations and depreciation on donated or grant funded assets). The equivalent deficit control total in 2015/2016 amounted to £10.6million.

The organisation also has the support of commissioners to repatriate activity from the independent sector as part of this workstream.

The group performance* in 2015/2016 included an overall deficit for the year of £6.3million and an overall cash position of £4.4million. Specifically the group consolidated £6.8million of charitable reserves, £5.3million of investments and £1.6million of cash. Intra-group transactions have been eliminated on consolidation.

Over the past year, the organisation invested £22.3million into the development and acquisition of property, plant and equipment and intangible expenditure, including:

- the equipment replacement programme - £8.8million investment in planned replacement, rolling and emergency medical equipment and information technology.
- investment in IT desktop estate, windows and server development - £3.8million.

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

A full set of accounts have been prepared on a going concern basis and will be submitted to Parliament with the annual report in June 2016. 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.

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



Environment issues

The Trust recognises the need for effective sustainability in order to ensure better patient care and productivity. Therefore to operate economically and ethically the organisation is committed to reducing its carbon emissions and taking actions to reduce its impact on the environment.

This is being achieved in collaboration with both Endeavour, Carillion PLC and Interserve and examples include the introduction of LED lighting internally and externally and investing in heating and lighting controls across the Trust.

To pre-empt the introduction of new legislation, the Trust is also reviewing the feasibility of processing food waste into compost/bio fuel pellets which would have the following benefits:

- An improved sustainable solution to food waste disposal.
- Potential revenue stream/community scheme benefit.
- Elimination of food waste being disposed of via macerator/drains.

As a Category 1 responder, under the Civil Contingencies Act 2004, the Trust also has a set of civil protection responsibilities which it must fulfil in response to any emergency 'which threatens serious damage to human welfare, the environment or the security of the United Kingdom.'

By using the integrated emergency management cycle, and by planning, exercising and sharing information with other multi-agency partners, the organisation fulfils its civil protection duties.

In the NHS, the term major incident has been more commonly used than emergency; however the emergency planning community uses the terms emergency and major incident interchangeably.

The NHS England Emergency Preparedness, Resilience and Response (EPRR) Framework, 2015, defines a major incident as 'any occurrence that presents serious threat to the health of the community or causes such numbers or types of casualties, as to require special arrangements to be implemented.'

The Trust's major incident plan has been peer reviewed and shared through the Durham, Darlington & Tees Local Health Resilience Partnership Health & Social Care sub group and is being updated to reflect the new organisation structure.

In the aftermath of the Paris attacks, the Department of Health, NHS England and other national agencies have reviewed current EPRR arrangements and learning from these tragic events and all trusts were asked to review and provide assurance on the following areas:

- Call out cascade systems – these have been reviewed and tested to ensure that all staff groups can be contacted, in a timely manner, even in the event of a loss of the main switchboard at The James Cook University Hospital.
- Access to Trust sites – arrangements are in place to ensure that staff can gain access to Trust sites, even in the event of disruption to the transport infrastructure, including loss of public transport.
- Critical Care expansion plans – plans for increasing capacity and critical care capability for a protracted period, in extreme circumstances, would rely on a reduction in elective surgery.
- Access to specialist advice on the management of patients with traumatic blast and ballistic injuries – the Trust has a multi-skilled team with extensive practical experience of this type of patient.

In January, the Board formally received a Statement of Readiness on the Trust's level of preparedness for a major incident.

The Trust also participated in a number of multi-agency exercises in-year which are designed to test the knowledge and understanding of the notification and activation cascade, the implications on the Trust(s) and health community in the event of a major incident and to assess the wider impact on the community.

Contingency plans were also put in place around junior doctors' industrial action.

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 serves.

We also recognise collaborative work with strategic partners on transformation of health and social systems across the Tees Valley and North Yorkshire, such as the Sustainability and Transformation Plan, Better Health Programme, IMPROvE and 'Fit 4 the Future' projects and the region-wide urgent and emergency vanguard, is essential for future sustainability and continued quality improvement.

More than in any previous year, 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 matters are explored further in detail in the performance report, stakeholder relations section and the main body of the annual report and quality report.



Important events

From 1 April 2016, the organisation's new target operating model was implemented with our new clinically led business centres collectively operating, planning and contributing together to ensure we achieve clinical, operational and financial success.

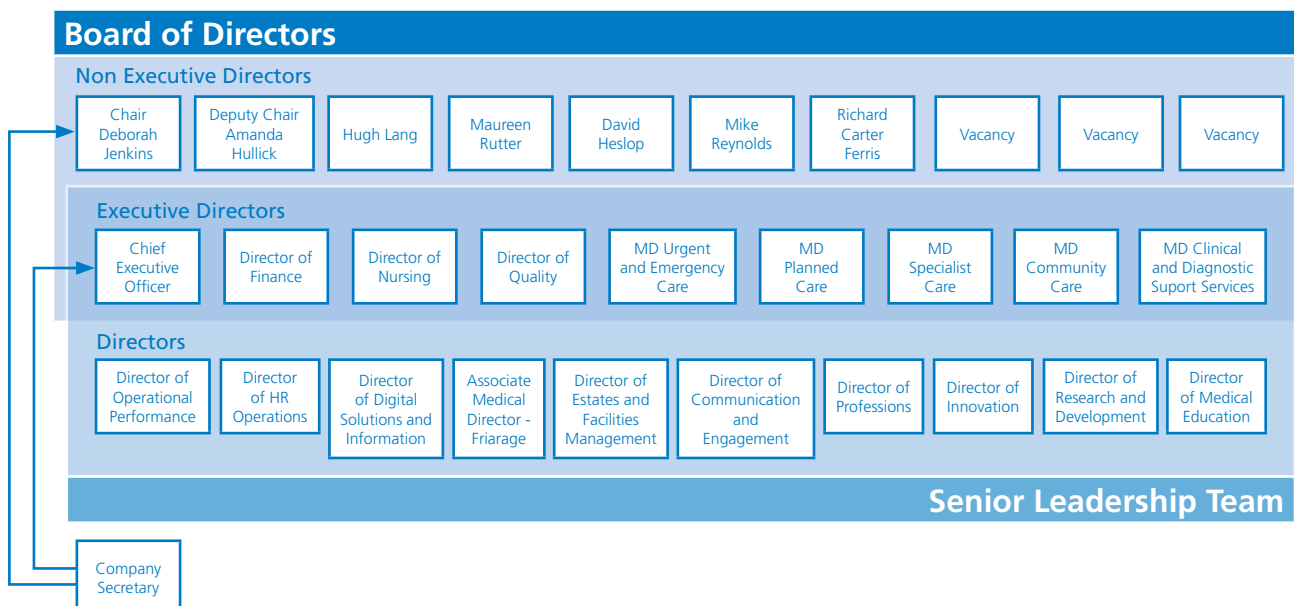
This was coupled with a reconfiguration of the Board of Directors which now consists of the Chairman, Non-Executive Directors, the Chief Executive and Executive Directors who will make up the executive team as follows:

- Five clinical Medical Directors (Urgent and Emergency Care, Planned Care, Specialist Care, Community Care, Clinical and Diagnostic Support Services).
- Director of Finance.
- Director of Nursing.
- Director of Quality and Risk.

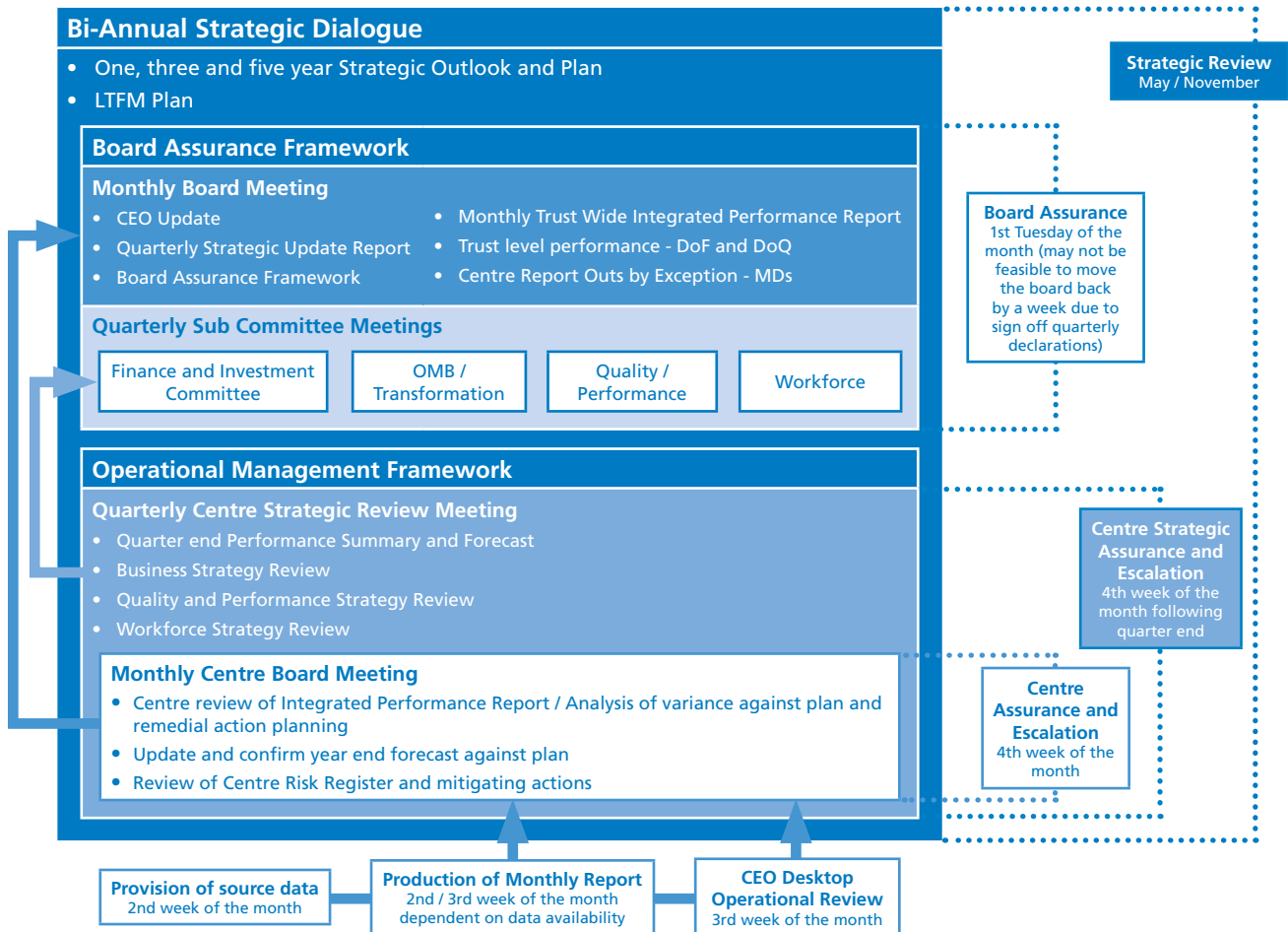
These changes highlight the Board's commitment to a strong model of clinical leadership at the centre of all future strategic, clinical and operational decision-making. The first three to six months of the new financial year will also see a transfer of responsibilities including the Responsible Officer role from the current Executive Medical Director to the five newly appointed Clinical Medical Directors.

Greater emphasis is also being given to the risk management element of the Director of Quality's portfolio and this change will see the introduction of a more proactive approach to the early identification and management of risk, with greater visibility of organisational risk at Board level through the creation of a risk management sub-committee.

Board and senior leadership team structure



Strategic Management and Board Assurance Framework



To help us deliver excellence in patient outcome and experience and our financial targets, we will be focusing on two key programmes of work this year:

“Laying the Foundations” which will focus on driving standardisation and operational excellence across our organisation in order to create capacity and drive down our waiting lists.

“Building for the Future” which will see us develop our organisation-wide and specialty level strategies to ensure the sustainability of our organisation for the long term.

Overseas operations

The Trust does not have any overseas operations.

Siobhan McArdle

Chief Executive – Siobhan McArdle
27 May 2016







Accountability report





South West Hospital
Diane Kelly
Nurse

serco						
Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
Breakfast	Breakfast	Breakfast	Breakfast	Breakfast	Breakfast	Breakfast
Midday	Midday	Midday	Midday	Midday	Midday	Midday
Evening	Evening	Evening	Evening	Evening	Evening	Evening
...

Directors' report

The Directors of South Tees Hospitals NHS Foundation Trust and their positions during 2015/2016 were as follows.

Chair and Non-Executive Directors

- Deborah Jenkins – Chairman
- David Kirby- Deputy Chairman (retired November 2015)
- Maureen Rutter – Senior Independent Director
- Amanda Hullick – Non-Executive Director (from September 2014). Amanda was also appointed as the Deputy Chairman following David Kirby's retirement.
- Hugh Lang – Non-Executive Director
- Brenda Thompson – Non-Executive Director (retired August 2015)
- Jonathan Smith – Non-Executive Director (stepped down October 2015)
- Richard Carter-Ferris – Non-Executive Director (from August 2015)
- Mike Reynolds – Non-Executive Director (from August 2015)
- David Heslop – Non-Executive Director (from August 2015)

Executive Directors

- Professor Tricia Hart – Chief Executive (handed over accountable officer responsibility on 30 September 2015)
- Siobhan McArdle – Acting Chief Executive (Assumed Accountable Officer responsibility from October 2015)
- Richard Wight – Medical Director (from April 2015)
- Ruth Holt – Director of Nursing (handed over accountable officer responsibility on 31 August 2015)
- Gill Hunt – Acting Director of Nursing from September 2015, Director of Nursing (from 26 November 2015)
- Chris Newton – Deputy CEO/Director of Finance and Performance (June to October 2015) and Director of Commercial (October to December 2015 when left the organisation)
- Maxime Hewitt-Smith – Acting Director of Finance and Performance from April 2015 taking on substantive permanent position as Director of Finance in October 2015 – accountable officer responsibilities throughout 2015/2016)
- Caroline Parnell – Director of Corporate Affairs
- Ruth James – Director of Quality
- Chris Harrison – Director of Workforce (non-voting member of Board who left the organisation on 1 May 2015)

Details of company directorships and other significant interests held by Directors or Governors are available to the public from the Chairman and Chief Executive's office in the Murray Building, The James Cook University Hospital.

Directors' report

Cost allocation and charging guidance

The Trust has complied with the cost allocation and charging guidance in accordance with the HM Treasury framework.

Political and charitable donations

As an NHS body, South Tees Hospitals NHS Foundation Trust does not make political or charitable donations.

Better Payment Practice Code

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

Non NHS	NHS
Target: 95%	Target: 95%
Result by number: 96%	Result by number: 96%
Result by value: 98%	Result by value: 95%

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

	2015/2016		2014/2015	
	Number	£000	Number	£000
Total non NHS trade invoices paid in the year	91,063	234,004	112,380	351,042
Total non NHS trade invoices paid within target	67,459	177,027	63,265	242,768
% of non NHS trade invoices paid within target	74%	76%	56%	69%
Total NHS trade invoices paid in the year	2,436	19,721	3,783	53,125
Total NHS trade invoices paid within target	984	9,265	1,148	34,664
% of NHS trade invoices paid within target	40%	47%	30%	65%

Governance

Governance – or how we oversee care for patients, deliver national standards and remain economic, efficient and effective – is assessed and evaluated using a range of methods across South Tees Hospitals NHS Foundation Trust.

The Trust's Board of Directors ("the Board") is responsible for exercising all of the powers of the Trust and is the body that sets the strategic direction, allocates the Trust's resources and monitors its performance.

The organisation has a system of internal control designed to manage risk to a reasonable level and this is based on an on-going process designed to identify and prioritise the risks to the achievement of the Trust's policies, aims and objectives and manage them efficiently, effectively and economically.

Effective risk management and integrated governance systems are in place across the organisation to ensure we meet all statutory requirements and adhere to guidance issued by Monitor in respect of governance and risk management.

The Trust is currently subject to an enforcement action from Monitor regarding its financial sustainability, Board governance and target breaches and, subsequently, received an automatic risk rating of red under the regulator's risk assessment framework.

We will also have an 'overall continuity of service' risk rating throughout the year of 2, which is the highest risk rating the organisation can achieve due to on-going and historic liquidity issues.

Further detail about this – and actions we are taking – can be found under the 'regulatory ratings' section of the annual report.

The Trust also received a rating of 'requires improvement' following a Care Quality Commission inspection in December 2014 – the findings of which were published in June 2015 and has worked closely with the CQC throughout the implementation of an action plan with a re-inspection taking place in June 2016.

Our risk management and quality impact assessment processes ensure that the Board is continually sighted on risks to quality. The measurement and monitoring of quality is supported by a system of quality dashboards which include patient safety, patient experience and workforce metrics.

Each ward has a monthly quality dashboard and quality performance is monitored through performance reviews with each clinical centre and through the Quality Committee at an aggregated Trust level.

The Board receives an integrated quality, finance, performance and workforce report every month, which includes any issues and exceptions identified through the local performance reviews.

There are clear roles and accountabilities identified in the management structure of the Trust which will be further strengthened by the current organisational restructure which came into effect on 1 April 2016.

There are no material inconsistencies between the annual governance statement, the annual and quarterly board statements required by the Risk Assessment Framework and the Care Quality Commission's review.

The Board complies with the provisions of the code of governance and its key principles and further detail can be found within the annual governance statement and performance report.

The Trust has not arranged appropriate insurance to cover the risk of legal action against its directors.

Patient care and stakeholder relations

In addition to the recommended disclosures in respect of the strategies, performance, resources and financial position of the business in the performance report and directors' report, we have also highlighted information about patient care activities and stakeholder relations in dedicated sections of the annual report and also in the quality report.

Income disclosures

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. There is no impact from other income received.

Directors' statement

So far as each Director is aware, there is no relevant audit information of which the NHS Foundation Trust's auditor is unaware.

Each Director has taken all the steps they ought to have taken 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.

We confirm that the annual report is taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the group's and parent trust's performance, business model and strategy.



Remuneration report

Annual statement on remuneration

I am pleased to present the annual statement on remuneration on behalf of the remuneration committee.

The remuneration committee is a sub-committee of the Board which is appointed in accordance with the constitution of the Trust to ensure the Trust maintains a robust approach to the policies, procedures and practice for Senior Executive appointments, remuneration, performance management and termination.

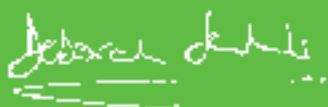
In 2015/2016, the remuneration committee met on 13 occasions and in-year worked with the Chief Executive to establish the new senior structure and ratify all Board and Executive Director appointments.

The committee also undertook a full review of the terms of reference to reflect the needs of the organisation and agreed not to award a general increase to Executive Directors salaries.

Membership is made up of all the board's Non-Executive Directors including the Chairman (who chairs the committee) and details of their attendance at remuneration committees is available in the Disclosures section of the annual report.

The Chief Executive and other Executive Directors may be invited to attend the committee meeting provided that their Executive roles are not subject to committee discussion/decision-making.

The remuneration committee does not determine the terms and conditions of office of the Chairman and Non-Executive Directors, which are decided by the Council of Governors at a general meeting.



Chairman – Deborah Jenkins

Senior Managers' remuneration policy

In agreeing the remuneration for Executive Director appointments, the Board's remuneration committee balanced the need to attract and appoint high calibre managers capable of implementing the strategic changes required within the Trust, with the need for any salary levels to be justified in the context of benchmarking, constraints on pay of our general staff and the productivity and efficiency targets which the Trust must meet.

All Executive Director appointments have been approved by the remuneration committee of the Board with terms appropriate to the position. The period for service notice is between three to six months. Any lesser period must be approved by the remuneration committee which would assess the risk to the continuity of business. Non-Executive Directors can terminate their contract at any time.

The remuneration committee would not agree to an Executive Director leaving the Trust's employment, except in accordance with their terms of their contract of employment, without the Board first having completed and approved a full risk assessment.

The committee does not have a role in relation to pay of the Chairman and other Non-Executive Directors as this responsibility lies with the Council of Governors, guided by Monitor's Code of Governance for NHS Foundation Trusts. However, levels of remuneration do reflect the time commitment and responsibilities of their roles.

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 for a further period of three years up to a maximum of nine years. Any term beyond six years is subject to rigorous review by the Council of Governors.

Remuneration report

Future policy table

Salary/fees		Taxable benefits	Annual performance related bonus	Long-term related bonus	Pension related benefits
Support for the short and long-term strategic objectives of the Trust	Ensure the recruitment /retention of directors of sufficient calibre to deliver the Trust's objectives	None disclosed	N/A	N/A	Ensure the recruitment/ retention of directors of sufficient calibre to deliver the Trust's objectives
How the component operates	Paid monthly	None disclosed	N/A	N/A	Contributions paid by both employee and employer, except for any employee who has opted out of the scheme
Maximum payment	As set out in the remuneration table. Salaries are determined by the Trust's remuneration committee	None disclosed	N/A	N/A	Contributions are made in accordance with the NHS Pension Scheme
Framework used to assess performance	Trust appraisal system (Executive Directors appraised quarterly)	None disclosed	N/A	N/A	N/A
Performance measures	Based on individual objectives agreed with Chief Executive	None disclosed	N/A	N/A	N/A
Performance period	Concurrent with the financial year	None disclosed	N/A	N/A	N/A
Amount paid for minimum level of performance and any further levels of performance	No performance related payment arrangements	None disclosed	N/A	N/A	N/A
Explanation of whether there are any provisions for recovery of sums paid to directors, or provisions for withholding payments	Any sums paid in error may be recovered. In addition there is provision for the recovery of payments in relation to Mutually Agreed Resignation Scheme (MARS) payments where individuals are subsequently employed in the NHS	None disclosed	Any sums paid in error may be recovered	None paid	N/A

The Council of Governors decides on the remuneration of the Non-Executive Directors including the Chairman. In line with best practice and Monitor guidance, the nomination committee market tested salaries and other terms and conditions at the time we became an NHS Foundation Trust. There have been no changes to Non-Executive Directors' salaries, terms and conditions in-year.

Executive Directors' remuneration and pension benefits are related in the tables on the following pages. The key components of the remuneration package for Executive Directors include:

- Salary and fees.
- All taxable benefit.
- Pension-related benefit.

Salaries are determined in line with the Agenda for Change scheme or as agreed by the remuneration committee. Notice periods are standard in the Trust depending on the level of a role. Standard contracts have a notice period of one month whereas Executive Directors have an extended notice period of between three to six months. This has been determined in line with guidelines.

As part of the Health and Social Care Act 2012 we are required to include information on the expenses of Directors and Governors. In 2015/2016 Directors' total expenses were £6,596.15 compared to £3,964.42 in 2014/2015 (eight directors out of 10 claimed expenses). The total expenses claimed by governors was £684.02 compared to £567.22 in 2014/2015.

Performance conditions

The Council of Governors has approved an appraisal process for the Chairman, taking into account national best practice.

The annual process is led by the Senior Independent Director and Lead Governor, and provides all governors and members of the Board with an opportunity to comment on the Chairman's delivery against objectives, which are determined by the Council of Governors annually in line with the job description for the role.

The Chairman agrees objectives for the Non-Executive directors and in line with recommendations from an independent review of Board governance, has introduced an annual appraisal process for Non-Executive Directors.

Executive Directors performance is appraised against agreed annual objectives on a quarterly basis by the Chief Executive. As a result of the independent review, during 2015/2016 the Chairman will also contribute to Executive Director appraisal by commenting on their performance as Board members.

The Chief Executive's performance against agreed annual objectives is also reviewed by the Chairman on a quarterly basis.

Service contracts obligations

There are no other obligations in service contracts which could give rise to, or impact on, remuneration payments or payments for loss of office which are not disclosed elsewhere in this report.

Policy on payments of loss of office

Payments for loss of office in a compulsory redundancy situation are made under the nationally negotiated compensation scheme. The Trust also has a Mutually Agreed Resignation Scheme (MARS) which is open to all employees.

The scheme is in line with the nationally agreed scheme and is a form of voluntary severance, designed to enable individual employees—in agreement with their employer—to choose to leave their employment voluntarily in return for a payment.

Provision is made in the agreement for repayment to be made in certain circumstances if the individual is re-employed in the NHS. The remuneration committee also has the authority to consider the compensation in relation to exit arrangements and to get the relevant authorisation from the appropriate body for any severance payments. In the event of early termination the Executive Directors contracts provide for compensation in line with their contractual notice period.

Salary and allowances

2015/2016						
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)	Total
	£000	£000	£000	£000	£000	£000
Ms Deborah Jenkins MBE, Chairman	50-55					50-55
Mr David Kirby, Deputy Chairman	10-15					10-15
Mrs Brenda Thompson, Non-Executive Member	5-10					5-10
Mr Hugh Lang, Non-Executive Member	10-15					10-15
Mr David Heslop, Non-Executive Member	5-10					5-10
Mr Mike Reynolds, Non-Executive Member	5-10					5-10
Mr Richard Carter-Ferris, Non-Executive Member	10-15					10-15
Mrs Amanda Hullick, Non-Executive Member	15-20					15-20
Mr Jonathan Smith, Non-Executive Member	5-10					5-10
Mrs Maureen Rutter, Senior Independent Director / Non-Executive Member	10-15					10-15
Mr Chris Newton, Commercial Director / Deputy Chief Executive	110-115	52				115-120
Mrs Maxime Hewitt-Smith, Director of Finance *	145-150				112.5-115	255-260
Ms Ruth James, Director of Quality, Performance and Patient Experience	130-135				405-407.5	540-545
Miss Ruth Holt, Director of Nursing	120-125				0**	120-125
Mrs Gill Hunt, Director of Nursing	95-100				197.5-200	295-300
Mrs Caroline Parnell, Director of Corporate Affairs	95-100	10			102.5-105	200-205
Mrs Siobhan McArdle, Chief Executive *	190-195				70-72.5	260-265
Professor Tricia Hart, Chief Executive *	185-190				0**	185-190
Mr Richard Wight, Medical Director	245-250					245-250
Band of highest paid director's total remuneration (£'000)	245-250					
Median total remuneration	21,844					
Ratio	11.3					

The figures for Taxable Benefits relate to lease cars.

* In accordance with Monitor's NHS Foundation Trust Annual Reporting Manual s7.39, disclosure is now shown where one or more senior managers are paid more than £142,500 (currently equating to the Prime Minister's managerial and parliamentary salary). Every salary approved by the remuneration committee has been appropriately externally benchmarked and salary levels set to assure we are attracting the right skills and competencies.

** In accordance with Monitor's NHS Foundation Trust Annual Reporting Manual s7.51, where the calculations for Pension-Related Benefits result in a negative value the result should be reported as zero. The figures calculated in 2014/2015 are shown as reported at the time.

A change has been included within the statements for a payment to the Commercial Director/Deputy Chief Executive who left the Trust on 31 December 2015. The payment of £125,642 comprises the cost of statutory redundancy to the end of the period of notice, a payment in lieu of notice and a payment in lieu of accrued untaken holiday entitlement.

The median total remuneration is a calculation based on trust employees as at 31 March 2016. This number includes locum staff and the Trust's in-house nurse and clerical bank staff but excludes external agency staff. Any part time employee numbers are pro-rated to provide whole time equivalents.

- Prof Tricia Hart was accountable officer until 30 September 2015, and left the Trust on 31 January 2016.
- Mrs Siobhan McArdle assumed the role of Acting Chief Executive from 1 October 2015.
- Mr Chris Newton assumed the role of Commercial Director/ Deputy Chief Executive (previously Director of Finance) from 1 October 2015 and left the Trust on 31 December 2015.
- Mrs Maxime Hewitt-Smith assumed the role of Director of Finance (previously Acting Director of Finance and Performance) from 1 October 2015.
- Mr Richard Wight commenced in post on 1 April 2015.
- Miss Ruth Holt left the Trust on 29 February 2016.
- Mr David Kirby left the Trust on 30 November 2015.

2014/2015						
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)	Total	
£000	£000	£000	£000	£000	£000	
50-55					50-55	Ms Deborah Jenkins MBE, Chairman
20-25					20-25	Mr David Kirby, Deputy Chairman
10-15					10-15	Mrs Brenda Thompson, Non-Executive Member
10-15					10-15	Mr Hugh Lang, Non-Executive Member
0					0	Mr David Heslop, Non-Executive Member
0					0	Mr Mike Reynolds, Non-Executive Member
0					0	Mr Richard Carter-Ferris, Non-Executive Member
5-10					5-10	Mrs Amanda Hullick, 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
170-175	25				170-175	Mr Chris Newton, Commercial Director / Deputy Chief Executive
40-45				60-62.5	100-105	Mrs Maxime Hewitt-Smith, Director of Finance *
15-20				67.5-70	80-85	Ms Ruth James, Director of Quality, Performance and Patient Experience
130-135				27.5-30	160-165	Miss Ruth Holt, Director of Nursing
0					0	Mrs Gill Hunt, Director of Nursing
60-65	7			75-77.5	135-140	Mrs Caroline Parnell, Director of Corporate Affairs
0					0	Mrs Siobhan McArdle, Chief Executive *
220-225				0**	220-225	Professor Tricia Hart, Chief Executive *
0					0	Mr Richard Wight, Medical Director
220-225						Band of highest paid director's total remuneration (£'000)
21,792						Median total remuneration
10.2						Ratio

- Mr David Heslop was appointed to the role of Non-Executive Director on 1 August 2015.
- Mr Mike Reynolds was appointed to the role of Non-Executive Director on 1 August 2015.
- Mr Richard Carter-Ferris was appointed to the role of Non-Executive Director on 1 August 2015.
- Mrs Gill Hunt was appointed to the role of Director of Nursing on 26 November 2015 and was previously Acting Director of Nursing from 1 September 2015.

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 2015-2016 was £245,262 (2014-2015 £224,687). This was 11.3 times (2014-2015 10.2 times) the median remuneration of the workforce, which was £21,844 (2014-2015 £21,792). 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 2015-2016, one employee received remuneration in excess of the highest paid director (six employees in 2014/2015). Remuneration ranged from £15,100 to £267,111 (2014-2015 £15,100 to £265,294). 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.

Pension benefits

Name and title	Real increase in pension at pension age (bands of £2,500)	Real increase in pension lump sum at pension age (bands of £2,500)	Total accrued pension at pension age at 31 March 2016 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31 March 2016 (bands of £5,000)	Cash equivalent transfer value at 1 April 2016	Real increase in cash equivalent transfer value	Cash equivalent transfer value at 31 March 2015	Employer's contribution to stakeholder pension
	£000	£000	£000	£000	£000	£000	£000	£000
Professor Tricia Hart, Chief Executive	(£2.5-£5)	(£10-£12.5)	(£110-£115)	(£340-£345)	2597	(59)	2529	0
Mrs Siobhan McArdle, Chief Executive	0-£5	0	0-£5	0	35	35	0	0
Miss Ruth Holt, Director of Nursing	(£0-£2.5)	(£0-£2.5)	(£45-£50)	(£135-£140)	801	(1)	764	0
Mrs Maxime Hewitt-Smith, Director of Finance	£5-£7.5	£7.5-£10	£10-£15	£25-£30	107	42	62	0
Mrs Gill Hunt, Director of Nursing	£7.5-£10	£25-£27.5	£30-£35	£95-£100	529	152	359	0
Ms Ruth James, Director of Quality, Performance and Patient Experience	£17.5-£20	£45-£47.5	£50-£55	£150-£155	921	307	586	0
Mrs Caroline Parnell, Director of Corporate Affairs	£2.5-£5	£12.5-£15	£20-£25	£70-£75	451	86	347	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 Performance and Mr Richard Wight, Medical Director, are not included in the detail above as they have both chosen to opt out of the NHS Pension Scheme.

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 – Siobhan McArdle
27 May 2016





Staff report

National 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.

In 2015, the NHS survey itself underwent significant changes in order to meet the needs of NHS organisations and associated bodies so direct year-on-year comparatives cannot be applied to every question.

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

This year the Trust undertook a census survey and achieved a 46% response rate compared to a median response rate for combined acute and community trusts of 41% (the lowest being 19% and the highest, 59%). In total, 3,898 members of staff completed the questionnaire.

The report was structured around four of the seven pledges to staff in the NHS Constitution with some new additional themes:

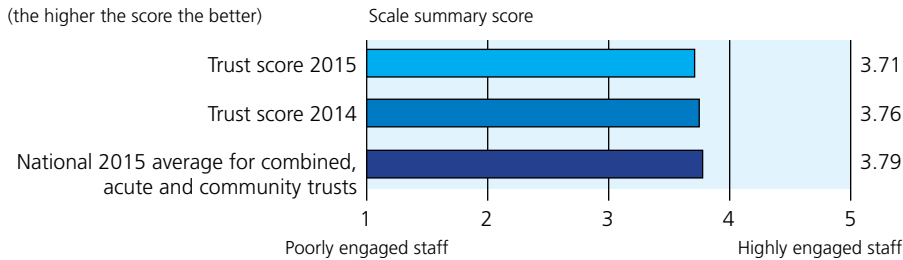
- **Staff pledge 1** – to provide all staff with clear roles and responsibilities and rewarding jobs for teams and individuals that make a difference to patients, their families and carers and communities.
- **Staff pledge 2** – to provide all staff with personal development, access to appropriate education 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, wellbeing 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 arrangements.
- **Additional theme:** Equality and diversity.
- **Additional theme:** Errors and incidents.
- **Additional theme:** Patient experience measures.

An overall staff engagement indicator was also published with a rate of 3.71 – a marginal decrease on last year's figure of 3.76 and slightly below the national average for combined acute and community trusts in 2015.

This score needs to be reviewed in the context of the Trust's performance in the three key findings which contribute to this overarching indicator (as shown on the following page), which has seen no overall change since 2014, although two of them remain below the national average. This also needs to be considered in the context of the Trust undergoing a significant period of transformation and organisation change during the year.

Staff report

Overall staff engagement



	Change since 2014 survey	Ranking, compared with all acute trusts
Overall staff engagement	No change	Below (worse than) average
KF1. 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	Average
KF4. 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	Below (worse than) average
KF7. 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.)	No change	Below (worse than) average

		Your Trust in 2015	Average (median) for combined acute and community trusts	Your Trust in 2014
Q21a	"Care of patients / service users is my organisation's top priority"	68%	73%	70%
Q21b	"My organisation acts on concerns raised by patients / service users"	70%	72%	75%
Q21c	"I would recommend my organisation as a place to work"	53%	58%	52%
Q21d	"If a friend or relative needed treatment, I would be happy with the standard of care provided by this organisation"	72%	67%	70%
KF1	Staff recommendation of the organisation as a place to work or receive treatment (Q21a, 21c-d)	3.65	3.71	3.69

The Trust's staff experience network group previously considered matters relating to staff engagement and the NHS staff survey, monitoring locally agreed action plans, although the group was temporarily disbanded in 2015 pending the development and implementation of the new organisation restructure.

However workforce has remained an agenda item on all centre board meetings and important work has continued throughout 2015/2016 which supports the overall staff experience across the organisation. This includes:

- Introducing a weekly update from the Chief Executive and changes to the blog, supporting on-going work related to improving communications between front line staff and senior management.
- The Maintaining a Healthy Workforce training programme continues for managers with positive evaluation. This includes sickness absence and management of stress policies, occupational health, health promoting hospitals – Extra Life, health and human resources – and changes are made to the programme on an on-going basis following periodic review.

A recent change is the introduction of a bereavement services presentation and this was introduced following analysis of long-term absence.

- Developing and leading on health and wellbeing initiatives such as offering reduced rate complementary therapies and championing the uptake of the flu vaccination.
- Introducing fast-track access to an occupational health physician.
- Rolling out bespoke leadership development programmes in a number of clinical centres which included delegates leading on an improvement project.
- Making significant improvements to the induction and mandatory training programmes including better accessibility and flexibility as to how members of staff can complete the programme.

The combination of organisation restructure and the staff survey outcomes have provided the Trust with a timely opportunity to develop an ambitious programme around workforce development in 2016/2017 and beyond and our key priorities are set out below:

Attract, recruit and retain appropriately skilled, qualified and experienced staff

- Recruiting innovatively to the agreed establishment to secure a stable workforce.
- Identifying areas of high agency spend, implementing effective strategies to reduce costs.
- Identifying both current and future hard to recruit roles and working with our neighbouring trusts to develop innovative system wide patient pathways and supporting workforce models.
- Working through the Institute for Learning, Research and Innovation with key strategic partners to recruit hard to fill posts and address key workforce gaps.
- Appropriately exploring recruitment options in the EU.
- Reviewing attrition and taking appropriate action to maintain an appropriate balance of retention and turnover of staff.
- Ensuring our ageing workforce is supported as they continue to work.

Develop the capacity and capability of every member of staff through providing rewarding roles and the personal development people need to succeed

- Developing talent in all of our employees, ensuring robust succession planning is in place to maintain a constant supply of future workforce, managers and leaders.
- Implementing a robust appraisal system, a new performance management and development tool.
- Engaging with staff about opportunities to recognise and reward.
- Reviewing the NHS Leadership Academy talent management tools for Trust-wide implementation.
- Positively engaging and supporting all relevant staff groups with revalidation requirements.

Develop a high performance culture by:

- Being clear about responsibilities, deliverables and accountability of roles.
- Setting clear standards and expectations of performance and behaviour.
- Setting clear, business relevant personal task objectives.
- Ensuring everyone has job descriptions which reflect required performance levels.
- Creating a culture of recognising the value of and rewarding high performance and consistent achievement.
- Holding people to account for their performance at all levels.
- Using key performance data in service management to hold leaders to account.
- Use appropriate technologies to enable effective and appropriate resource allocation to ensure the use of agency staff is minimised i.e. e-rostering.

Improving our leadership capability

- Increasing medical (clinical and nursing) leadership and decision making through the review of Executive Director portfolios and implementation of a new senior structure.
- Increasing the amount of management time for clinical directors through formal job planning.
- Through talent management, succession planning and leadership development programmes ensure a pipeline of managers and leaders.
- Implementing development for senior leaders based on the Healthcare Leadership Model.
- Creating an internal leadership competency framework and development programme.

A people strategy is now being developed which will, in turn, drive improvements to address the strategic themes of staff engagement and experience, health and wellbeing and performance management, alongside an internal communication and engagement strategy.

Exploring demarcation between roles and finding new ways of working

- Working in partnership with education providers to maximise NHS and University graduate and Apprenticeship options.
- Pioneering skills mixing and matrix working across service boundaries.
- Developing trainee and career graded roles internally.
- Pursuing flexibilities within Agenda for Change.
- Working in partnership with external organisations and providers to develop alternative resourcing options.
- Commissioning training in line with the widening participation agenda through Health Education North East (HENE).

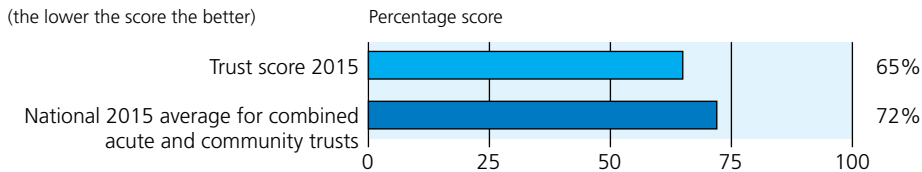
Making the best use of the Institute of Learning, Research and Innovation

- Working with NHS strategic partners to resolve hard to fill vacancy and training modernisation.
- Working strategically with education partners to address training programme issues, commissioning research and studies and developing new programmes.
- Working with other NHS trusts and organisations to collaboratively address workforce recruitment, training, learning and development.
- Working with Royal Colleges and Institutes to progress development of national training and education programmes.

Top five ranking scores

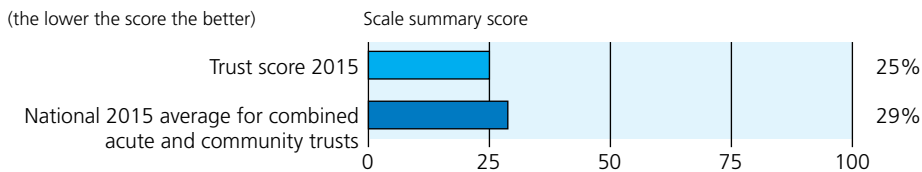
KF16. Percentage of staff working extra hours

(the lower the score the better)



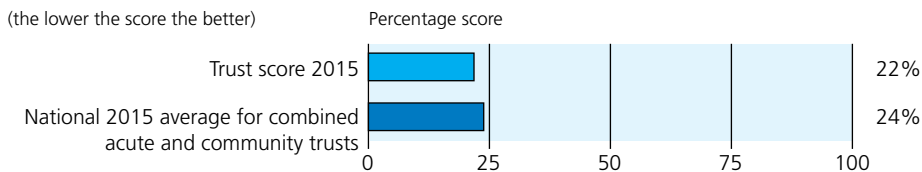
KF28. Percentage of staff witnessing potentially harmful errors, near misses or incidents in last month

(the lower the score the better)



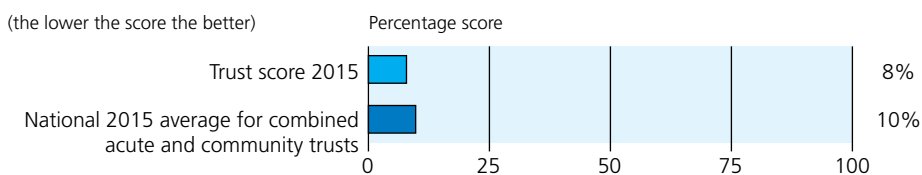
KF26. Percentage of staff experiencing harrassment, bullying or abuse from staff in last 12 months

(the lower the score the better)



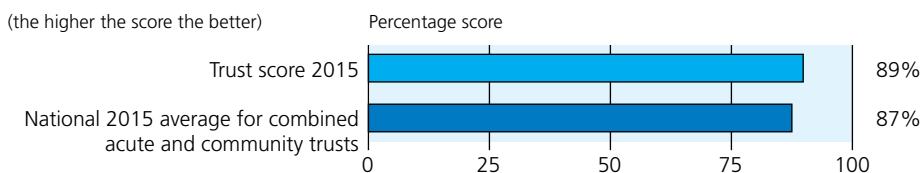
KF20. Percentage of staff experiencing discrimination at work in the last 12 months

(the lower the score the better)



KF21. Percentage of staff believing that the organisation provides equal opportunities for career progression or promotion

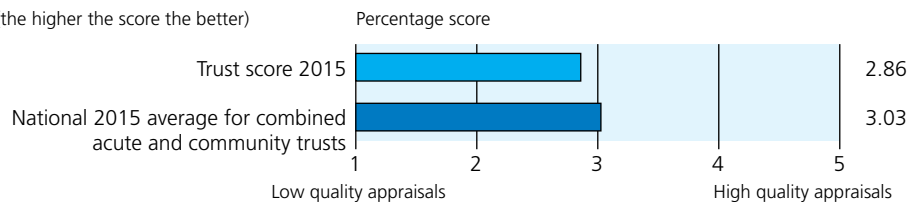
(the higher the score the better)



Bottom five ranking scores

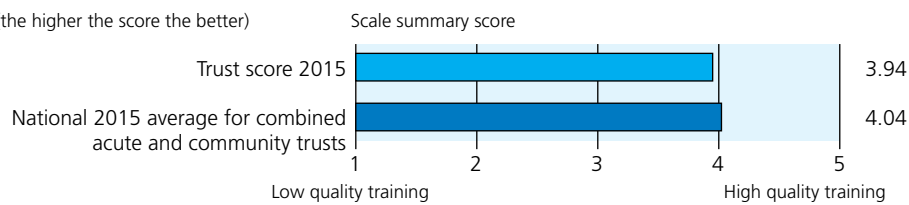
KF12. Quality of appraisals

(the higher the score the better)



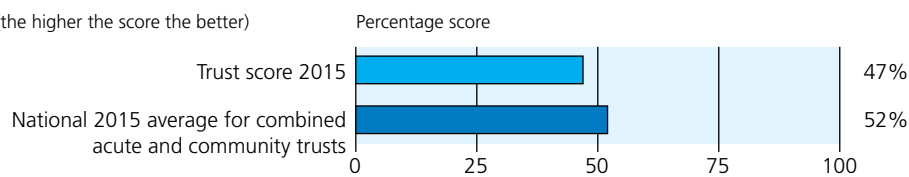
KF28. Quality of non-mandatory training, learning or development

(the higher the score the better)



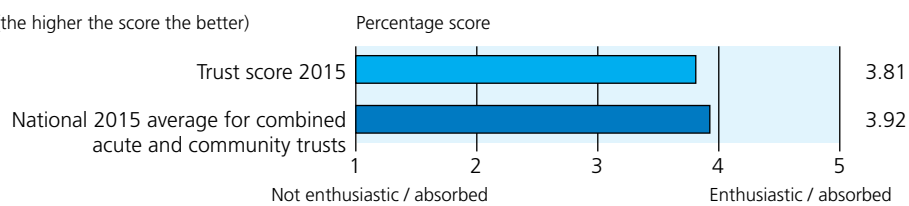
KF24. Percentage of staff / colleagues reporting most recent experience of violence

(the higher the score the better)



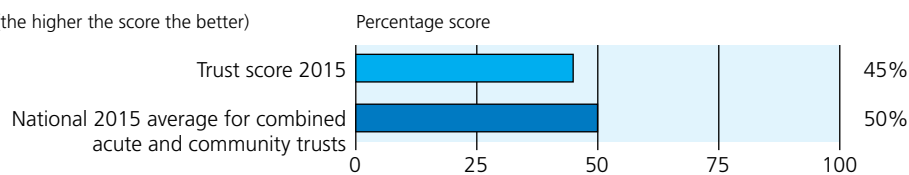
KF4. Staff motivation at work

(the higher the score the better)



KF15. Percentage of staff satisfied with the opportunities for flexible working patterns

(the higher the score the better)



Staff communication and engagement

Staff engagement remains 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 (JPC) which through consultation and communication enables staff, through their elected union representatives, to influence decisions made across the organisation and also a joint local negotiating committee (JLNC) for medics.

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.

Alongside the Trust's staff corporate communication such as the Chief Executive's weekly update, staff bulletin, Trust magazine and intranet, 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.

Both clinical and corporate centres continue to be involved in a range of activities to enhance staff engagement, communication and motivation and extensive engagement took place in-year with the organisation going through a significant period of transformation and restructure.

A weekly change management steering group was also introduced to consult with union colleagues about the ongoing change programmes.

Workforce review

In year we carried out a complete workforce review to look at a proposed new organisation structure for the Trust, starting with a managerial review, to ensure we operate in the most effective way to deliver our strategy.

Consultation around the structure, roles and the consequential selection and appointment process of the Trust's leadership and management team began in October after being discussed in detail at the September Board of Directors meeting.

The proposed new management structure covered the following roles with formal consultation taking place with affected staff:

- Executive Directors, Chiefs of Service, Managing Directors, Heads of Nursing and Heads of Professions.
- Clinical Directors, Directorate Managers/Deputy Managers, Matrons.

A series of staff engagement events were held to give people the opportunity to hear, first-hand, the proposed changes and what they are designed to deliver which includes an increase in:

- our patient focus to ensure clinical effectiveness and excellence in both patient outcome and experience.
- our market focus to ensure we meet the requirements of our commissioners while, at the same time, ensuring we build the long-term financial sustainability of our organisation.
- our operational focus to reduce waste, improve capacity and increase margin to invest in growth.
- the capability and clinical representation in our leadership and management teams to ensure we develop a high performance culture, underpinned by ownership and accountability.

This new target operating model replaced the seven existing clinical centres with five centres which each have a senior leadership model of a Medical Director, Operations Director and Associate Director of Nursing.

A new role - Director of Professions – was also established to provide leadership and strategic direction to all allied health professionals, pharmacy staff, physiologists, medical photography and biomedical scientists across the trust.

1. The community care centre will grow profitable income through partnership working across the health system to deliver care closer to home and create capacity in our planned and specialist care business.

2. The urgent and emergency care centre will manage demand and reduce attendance and avoidable admissions to protect and grow our core elective business.

3. The planned care centre will defend and grow profitable activity and market share, divest unprofitable activity or develop alternative models of care and drive margin through increased productivity and efficiency in order to become lowest cost provider and invest in growth.

4. The specialist care centre will further develop our regional and national reputation, developing supporting strategic partnerships, while improving our margin in order to grow profitable revenue and market share.

5. The clinical diagnostic and support services centre will develop a model by improving demand and capacity planning, reducing waste and increasing productivity and efficiency in order to deliver a high clinical quality, lowest cost service which can meet customer demand both within and outside the organisation.

Following the appointment to these senior leadership roles, further engagement and consultation took place with staff potentially affected by phase two of the organisation restructure (corporate functions) and phase three (clinical centres and transformation team) from January 2016.

The complete organisation-wide restructuring process will see the implementation of a clinically-led strategic management and operating model from 1 April 2016.



Staff numbers

An analysis of our average staff numbers, in accordance with the employee definitions as listed in the Information Centre's Occupational Code Manual, are listed below.

Headcount	Period	
Assignment category	2014 / 2015	2015 / 2016
Bank	237	229
Fixed Term Temp	662	638
Locum	19	25
Permanent	8286	8114
Total	9204	9006

Full Time Equivalent	Period	
Assignment category	2014 / 2015	2015 / 2016
Bank	0.00	0.00
Fixed Term Temp	574.40	545.90
Locum	3.15	1.52
Permanent	7042.89	6914.56
Total	7620.45	7461.98

Headcount	Period	
Age group	2014 / 2015	2015 / 2016
16 – 20	75	63
21 – 25	650	626
26 – 30	903	939
31 – 35	1046	975
36 – 40	1136	1118
41 – 45	1318	1253
46 – 50	1406	1332
51 – 55	1367	1339
56 – 60	850	876
61 – 65	351	378
66 – 70	87	90
71 & above	15	17
Total	9204	9006

Full Time Equivalent	Period	
Age group	2014 / 2015	2015 / 2016
16 – 20	65.33	57.11
21 – 25	595.17	577.73
26 – 30	780.51	812.72
31 – 35	879.13	814.25
36 – 40	928.30	916.06
41 – 45	1088.30	1029.91
46 – 50	1191.78	1135.69
51 – 55	1151.19	1125.35
56 – 60	662.57	686.09
61 – 65	230.06	255.04
66 – 70	42.55	46.59
71 & above	5.55	5.42
Total	7620.45	7461.98

Headcount	Period	
Ethnicity	2014 / 2015	2015 / 2016
Asian	313	331
Black	42	41
Mixed	53	48
Not Stated	867	765
Other	153	136
Undefined	2	2
White	7774	7683
Total	9204	9006

Full Time Equivalent	Period	
Ethnicity	2014 / 2015	2015 / 2016
Asian	279.93	288.32
Black	38.92	37.99
Mixed	46.13	43.29
Not Stated	714.77	629.84
Other	137.84	118.59
Undefined	0.00	0.15
White	6402.85	6343.80
Total	7620.45	7461.98

Headcount	Period	
Gender	2014 / 2015	2015 / 2016
Female	7603	7409
Male	1601	1597
Total	9204	9006

Full Time Equivalent	Period	
Gender	2014 / 2015	2015 / 2016
Female	6223.94	6077.97
Male	1396.50	1384.01
Total	7620.45	7461.98

Headcount	Period	
	2014 / 2015	2015 / 2016
Religious belief		
Atheism	475	517
Buddhism	16	11
Christianity	3582	3508
Do not wish to disclose	4146	4358
Hinduism	33	31
Islam	60	64
Other	489	508
Sikhism	6	9
Undefined	397	
Total	9204	9006

Full Time Equivalent	Period	
	2014 / 2015	2015 / 2016
Religious belief		
Atheism	416.10	453.48
Buddhism	13.41	9.92
Christianity	3014.64	2948.63
Do not wish to disclose	3358.19	3525.73
Hinduism	31.01	27.67
Islam	51.57	55.31
Other	414.43	434.12
Sikhism	5.92	7.12
Undefined	315.17	
Total	7620.45	7461.98

Headcount	Period	
	2014 / 2015	2015 / 2016
Sexual orientation		
Bisexual	11	11
Do not wish to disclose	4132	4307
Gay	26	31
Heterosexual	4623	4644
Lesbian	14	13
Undefined	398	
Total	9204	9006

Full Time Equivalent	Period	
	2014 / 2015	2015 / 2016
Sexual orientation		
Bisexual	9.32	9.48
Do not wish to disclose	3344.29	3483.69
Gay	23.44	26.08
Heterosexual	3915.15	3931.36
Lesbian	11.43	11.37
Undefined	316.82	
Total	7620.45	7461.98

Headcount	Period	
	2014 / 2015	2015 / 2016
Disabled		
No	3612	4098
Not Declared	4189	4716
Undefined	1226	2
Yes	177	190
Total	9204	9006

Full Time Equivalent	Period	
	2014 / 2015	2015 / 2016
Disabled		
No	3041.11	3444.54
Not Declared	3422.08	3852.08
Undefined	1005.45	1.00
Yes	151.81	164.36
Total	7620.45	7461.98

Headcount	Male	Female
All employees	1597	7409
Directors (including CEO)	1	6
Senior managers*	8	14

*The above figures are taken in accordance with the Occupation Code guidance – 'include as senior managers those staff at executive level and also includes those who directly report to the members of the executive team, such as Assistant Directors.

Directors' figures include those currently on the Board and exclude those who retired or left the organisation during 2015/2016.

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.

At the end of 2015/2016 the average sickness absence rate for the Trust was 4.45% – a 0.08% decrease on the previous year's figure of 4.53%. Constant improvement is the key to secure the organisational target of 3.9% and better.

The Trust has a high level of unplanned sickness absence and this will be a key area of focus in 2016/2017, with the human resources team working closely with the unions, occupational health, South Tees Institute of Learning, Research and Innovation and the leadership teams to review our current processes, systems and training programmes to ensure these are all in line with the needs of the organisation.

Equality and diversity

The Trust has adopted legal duties of the Equality Act 2010 and the Public Sector Equality Duty and in 2015/2016 continued to implement the requirements from the workforce race equality standard and the Equality Delivery System 2 to drive further improvements.

Through the use of the previous Equality Delivery System, we continued to implement five equality and diversity objectives, which were:

- Information collection for all protected characteristics for patients.
- Increase the Trust's engagement with patients and the public from all protected characteristics.
- Improve the experience of older people using our services.
- Make equality and diversity training mandatory for all staff.
- Reduce discrimination, bullying and harassment of disabled staff employed by the Trust.

These objectives will need to be reviewed and refreshed in line with our programme around workforce development.

The Trust continues to ensure staff are trained in equality and diversity, which is mandatory, incorporating aspects of dignity at work and it is also included in the organisation's monthly corporate induction for new starters.

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 includes support mechanisms (if required) through occupational health and staff counselling services.

We are also signed up to the Mindful employer charter which is a way of assuring the public we are committed to the mental wellbeing of our staff and those we wish to recruit.

Recruitment

The Trust's recruitment process was completely changed from February 2016 following a review which began in October. This focused on seven stages of recruitment from vacancy approval within centres to the applicant's start date (with key performance indicators), resulting in a reduction in the overall process to eight weeks. Nurse recruitment has also changed, with individual vacancies now being advertised against speciality areas.

Trust named as a best place to work

The Trust was named as one of the NHS's top employers by the HSJ and Nursing Times who, in partnership with NHS Employers, released a list of the best places to work in the NHS for 2015.

The list celebrates organisations that have worked hard to promote great staff engagement and create an environment where people can enjoy their work and uses data compiled from the NHS staff survey.

This data was categorised into seven core areas - leadership and planning, corporate culture and communication, role satisfaction, work environment, relationship with supervisor, training, development and resources, employee engagement and satisfaction – and the final list includes 40 acute trusts, 31 mental health trusts, 16 specialist trusts, 11 community trusts and 20 clinical commissioning groups.

Flu campaign

The Trust achieved its 75% flu target for the year with 5,642 vaccinations given to staff working to support patients and families in our care (75.2%). The breakdown was as follows:

- Doctors 98.3% (680).
- Nurses, midwives and health visitors 71.3% (1,984) - our highest uptake to-date for this professional body.
- Other professionally qualified 70% (839).
- Support to clinical staff 75.6% (2,139).



Health and safety

The Trust's health and safety compliance is monitored and managed by the health and safety team. The department investigates all staff-related incidents and accidents which are reported on the Trust incident database and remedial actions are implemented where appropriate. It also monitors trends and reviews ward and department risk assessments and their local safety documentation.

The total number of staff incidents for the last financial year was 1,446 which equates to an incident rate of 16% in comparison to 21.5% for 2014/2015.

All existing staff are provided with health and safety and fire training as part of the mandatory training programme and training is also provided to new staff as part of their corporate induction.

There have been no Health and Safety Executive (HSE) inspections in 2015/2016 although one improvement notice was issued in relation to the maintenance and monitoring of canisters in pathology, which has subsequently been complied with and the matter is now closed.

The Trust is committed to providing a safe environment and to minimising risks and incidents of fire and false alarms. All sites are audited with continuous improvements implemented in fire detection, and in reduction and elimination of fire risks and unwanted fire alarms.

Staff exit packages

Inevitably, as the organisation reviewed its efficiency savings, workforce costs were also scrutinised to ensure it gets the best value for money from the resources we invest in staff and that staff are working in the most efficient and effective structures.

In-year we made changes to the way our clinical and corporate services were structured and also implemented a voluntary severance scheme for staff.

In 2015/2016, 20 members of staff were made compulsory redundant at a cost to the organisation of £1.379million. A number of other departures, including voluntary redundancy, were agreed with a further 36 members of staff at a cost of £2.278million.

All staff exit packages are run in line with NHS policy terms or local policies.

A single exit package can be made up of several components, each of which will be counted separately in this note.

Expenditure on consultancy

There were no off-pay roll engagements as of 31 March 2016 for more than £220 per day and that last for longer than six months.

There were also no new off-payroll engagements, or those that reached six months in duration, between 1 April 2015 and 31 March 2016, for more than £220 per day and that last for longer than six months.

Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2015 and 31 March 2016

Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	0
Number of individuals that have been deemed 'board members and/or senior officials with significant financial responsibility' during the financial year.	1

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	3	3	6
£10,000 - £25,000	0	2	2
£25,001 - £50,000	4	10	14
£50,001 - £100,000	9	14	23
£100,001 - £150,000	4	7	11
£150,001 - £200,000	0	0	0
Total number of exit packages by type	20	36	56
Total resource cost	£1.379million	£2.278million	£3.657million

Exit packages – non-compulsory departure payments

	Agreements Number	Total value of agreements (£000)
Voluntary redundancies including early retirement contractual costs	36	£2.278
Mutually agreed resignations (MARS) contractual costs	0	0
Early retirements in the efficiency of the service contractual costs	0	0
Contractual payments in lieu of notice	0	0
Exit payments following Employment Tribunals or court orders	0	0
Non-contractual payments requiring HMT approval*	0	0
Total	36	£2.278
Of which: Non-contractual payments requiring HMT approval made to individuals where the payment value was more than 12 months of their annual salary	0	0

Disclosures set out in the NHS Foundation Trust Code of Governance

South Tees Hospitals NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a comply or explain basis. The NHS Foundation Trust Code of Governance, most recently revised in July 2014, is based on the principles of the UK Corporate Governance Code issued in 2012.

CoG reference	Summary of requirement	Location of supporting information to support disclosures
A.1.1	The schedule of matters reserved for the board of directors should include a clear statement detailing the roles and responsibilities of the council of governors. This statement should also describe how any disagreements between the council of governors and the board of directors will be resolved. The annual report should include this schedule of matters or a summary statement of how the board of directors and the council of governors operate, including a summary of the types of decisions to be taken by each of the boards and which are delegated to the executive management of the board of directors.	Council of Governors report
A.1.2	The annual report should identify the chairperson, the deputy chairperson (where there is one), the chief executive, the senior independent director (see A.4.1) and the chairperson and members of the nominations, audit and remuneration committees. It should also set out the number of meetings of the board and those committees and individual attendance by directors.	Directors' report Board of Directors Nomination Committee Audit Committee Remuneration Committee
A.5.3	The annual report should identify the members of the Council of Governors, including a description of the constituency or organisation that they represent, whether they were elected or appointed, and the duration of their appointments. The annual report should also identify the nominated lead governor.	Council of Governors' report
FT ARM	The annual report should include a statement about the number of meetings of the Council of Governors and individual attendance by governors and directors.	Council of Governors' report Board of Directors report
B.1.1	The Board of Directors should identify in the annual report each non-executive director it considers to be independent, with reasons where necessary.	Directors' report Board of Directors
B.1.4	The Board of Directors should include in its annual report a description of each director's skills, expertise and experience. Alongside this, in the annual report, the board should make a clear statement about its own balance, completeness and appropriateness to the requirements of the NHS foundation trust.	Board of Directors report
FT ARM	The annual report should include a brief description of the length of appointments of the Non-Executive Directors, and how they may be terminated.	Directors' report Council of Governors' report
B.2.10	A separate section of the annual report should describe the work of the nominations committee(s), including the process it has used in relation to board appointments.	Nominations Committee
FT ARM	The disclosure in the annual report on the work of the nominations committee should include an explanation if neither an external search consultancy nor open advertising has been used in the appointment of a Chair or Non-Executive Director.	Nominations Committee
B.3.1	A chairperson's other significant commitments should be disclosed to the council of governors before appointment and included in the annual report. Changes to such commitments should be reported to the Council of Governors as they arise, and included in the next annual report.	Directors' report Board of Directors Council of Governors
B.5.6	Governors should canvass the opinion of the Trust's members and the public, and for appointed governors the body they represent, on the NHS foundation trust's forward plan, including its objectives, priorities and strategy, and their views should be communicated to the board of directors. The annual report should contain a statement as to how this requirement has been undertaken and satisfied.	Council of Governors
FT ARM	If, during the financial year, the Governors have exercised their power* under paragraph 10C** of schedule 7 of the NHS Act 2006, then information on this must be included in the annual report. This is required by paragraph 26(2)(aa) of schedule 7 to the NHS Act 2006, as amended by section 151 (8) of the Health and Social Care Act 2012. * Power to require one or more of the directors to attend a governors' meeting for the purpose of obtaining information about the foundation trust's performance of its functions or the directors' performance of their duties (and deciding whether to propose a vote on the foundation trust's or directors' performance). ** As inserted by section 151 (6) of the Health and Social Care Act 2012)	Council of Governors

CoG reference	Summary of requirement	Location of supporting information to support disclosures
B.6.1	The Board of Directors should state in the annual report how performance evaluation of the board, its committees, and its directors, including the chairperson, has been conducted.	Board of Directors
B.6.2	Where there has been external evaluation of the Board, the external facilitator should be identified in the annual report and a statement made as to whether they have any other connection to the Trust.	Board of Directors
C.1.1	The Directors should explain in the annual report their responsibility for preparing the annual report and accounts, and state that they consider 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. Directors should also explain their approach to quality governance in the Annual Governance Statement (within the annual report).	Directors' report
C.2.1	The annual report should contain a statement that the board has conducted a review of the effectiveness of its system of internal controls.	Directors' report Annual Governance Statement
C.2.2	A Trust should disclose in the annual report: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Audit Committee
C.3.5	If the Council of Governors does not accept the audit committee's recommendation on the appointment, re-appointment or removal of an external auditor, the board of directors should include in the annual report a statement from the audit committee explaining the recommendation and should set out reasons why the Council of Governors has taken a different position.	Council of Governors
C.3.9	A separate section of the annual report should describe the work of the audit committee in discharging its responsibilities. The report should include: <ul style="list-style-type: none"> the significant issues that the committee considered in relation to financial statements, operations and compliance, and how these issues were addressed an explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, the value of external audit services and information on the length of tenure of the current audit firm and when a tender was last conducted; and if the external auditor provides non-audit services, the value of the nonaudit services provided and an explanation of how auditor objectivity and independence are safeguarded. 	Audit Committee
D.1.3	Where an NHS foundation trust releases an executive director, for example to serve as a Non-Executive Director elsewhere, the remuneration disclosures of the annual report should include a statement of whether or not the director will retain such earnings	Remuneration report
E.1.5	The Board of Directors should state in the annual report the steps they have taken to ensure that the members of the board, and in particular the nonexecutive directors, develop an understanding of the views of governors and members about the NHS foundation trust, for example through attendance at meetings of the council of governors, direct face-to-face contact, surveys of members' opinions and consultations.	Directors' report Board of Directors Council of Governors
E.1.6	The Board of Directors should monitor how representative the NHS foundation trust's membership is and the level and effectiveness of member engagement and report on this in the annual report.	Membership report
E.1.4	Contact procedures for members who wish to communicate with governors and/or directors should be made clearly available to members on the NHS foundation trust's website and in the annual report.	Membership report
FT ARM	The annual report should include: a brief description of the eligibility requirements for joining different membership constituencies, including the boundaries for public membership; information on the number of members and the number of members in each constituency; and a summary of the membership strategy, an assessment of the membership and a description of any steps taken during the year to ensure a representative membership including progress towards any recruitment targets for members.	Membership report
FT ARM	The annual report should disclose details of company directorships or other material interests in companies held by governors and/or directors where those companies or related parties are likely to do business, or are possibly seeking to do business, with the NHS foundation trust. As each NHS foundation trust must have registers of governors' and directors' interests which are available to the public, an alternative disclosure is for the annual report to simply state how members of the public can gain access to the registers instead of listing all the interests in the annual report.	Directors' report Council of Governors



Board of Directors

The Trust's Board of Directors ("the Board") is responsible for exercising all of the powers of the Trust and is the body that sets the strategic direction, allocates the Trust's resources and monitors its performance.

During 2015/2016 the Board was made up, at any one time, of at least seven Non-Executive Directors, including a Non-Executive chairman and six Executive Directors including the Chief Executive.

The Chairman and Non-Executive Directors are appointed by the Nominations Committee – a committee of the Council of Governors. Their tenure is three years and then subject to a further period of three years up to a minimum of nine years. Any term beyond six years is subject to rigorous review by the Council of Governors.

All of the Non-Executive Directors are considered to be independent and, as part of their roles as members of a unitary board, challenge and scrutinise the performance of executives in order to:

- satisfy themselves of the integrity of the financial, clinical and other information they receive.
- to ensure that risk management and governance arrangements are robust and effective.

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. Non-Executive Director meetings are frequently held throughout the year without Directors present.

The Executive Directors are appointed by the remuneration committee of the Board on permanent contracts.

The appointments of Non-Executive Directors are for fixed terms and may have their terms of office terminated if they become disqualified for appointment. The Chairman can also recommend to the Council of Governors to terminate appointment on the grounds that:

- It is their opinion that it is not in the interests of the health service that they continue to hold office.
- They do not attend a meeting of the Board of Directors for a period of three months.
- They do not properly comply with requirements with regard to pecuniary interests in matters under discussion at meetings of the Trust (for example failure to disclose such an interest).

The following list provides examples of matters which may indicate that it is no longer in the interests of the health service for the Non-Executive Director to continue in office. The list is not intended to be exhaustive or definitive, the Chairman will consider each case on its merits, taking account all relevant factors:

- If an annual appraisal or sequence of appraisals is unsatisfactory.
- If the appointee no longer enjoys the confidence of the Board or Council of Governors.
- If the appointee fails to deliver work against pre-agreed targets incorporated within their annual objectives.
- If there is a terminal breakdown in essential relationships.

The Board has established a framework of regulation and control for the Trust's business which includes the Trust's Constitution, Standing Orders, a Scheme of Decisions Reserved to the Board and a Scheme of Delegation.

The Board sets the strategic aims of the Trust, taking account of the governors and members views, approves annual plans and budgets and monitors performance across the whole of range of trust business.

The Board delegates the relevant statutory functions to its audit and remuneration committees and has established a range of functional committees charged with approving management policies and seeking assurance on delivery and risk management. The Board also ensures committees have access to the necessary resources to meet priorities and objectives.

Management functions and financial powers are delegated to Executive Directors in line with their portfolios, within the limits imposed by a Scheme of Delegation, Standing Orders and Standing Financial Instructions.

Directors have overall responsibility for the effective, efficient and economical discharge of the functions of the Trust, taking joint responsibility for every decision of the Board, notwithstanding the particular responsibilities of the Chief Executive as accounting officer.

The Chief Executive - as the accountable officer – follows the procedure set out by Monitor for advising the Board and the Council of Governors about recording and submitting objections to decisions considered or taken by the Board in matters of propriety or regularity, and on issues relating to the wider responsibilities of the accounting officer for economy, efficiency and effectiveness.

The Board has an annual schedule of business which ensures that it focuses on its responsibilities and the long-term strategic direction of the organisation which include:

- 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.
- Having systems in place to monitor the economy, efficiency and effectiveness of the Trust as well as quality.
- 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 (particularly the Non-Executive Directors through their attendance at Council of Governor meetings).

Nationally the Board is accountable 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 and meets monthly (normally on the last Tuesday of each calendar month) to conduct its business.

Debate is facilitated by the presentation of regular reports and detailed high quality information 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.

The Board also ensures that Directors, especially Non-Executive Directors, have access to independent professional advice (at the Trust's expense), where they judge it necessary to discharge their responsibilities as Directors. Board members also attend seminars and training events throughout the year.

Decision-making for the operational running of the Trust is delegated to the Operational Management Board and senior leadership team meeting, which comprises of executive directors and senior leaders.

A rigorous evaluation of the Board's performance - and that of its committees and individual directors - is based on the 'Seven Principles of Public Life'; the Nolan principles of selflessness, integrity, objectivity, accountability, honesty, transparency and leadership.

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. 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.

As part of Monitor's enforcement action the Trust commissioned Deloitte to carry out an independent review of its governance arrangements in line with the Well Led Framework.

Deloitte presented the findings of their review to the Board early in 2015 and the organisation developed an action plan to address the review's recommendations.

Progress against the action plan was tracked by the Board at its monthly meetings and in April 2015, the Trust asked Deloitte to carry out a mini-review to identify any areas where work was not underway or progressing satisfactorily.

No concerns were raised about progress and by October 2015 the majority of the agreed actions had been completed. Those that were outstanding were largely linked to the on-going development of the Trust's long-term strategy.

When the review was initially commissioned there was an expectation from Monitor that Deloitte would return to the Trust to carry out a full re-review of the Trust's governance and leadership arrangements.

However as this would have coincided with a significant amount of organisation change in the Trust (with new management structures and related governance processes being put in place) an agreement was reached with Monitor that the organisation's internal audit plan would look at governance arrangements in the clinical centres and their services. An independent leadership review is now being conducted later in 2016 once all new structures are well established.

Part of the enforcement action was also a requirement for the Board to have an agreed development programme to cover both the issues raised in the governance review and also training needed identified through individual and collective Board appraisal.

An outline programme was shared with Monitor but due to the significant amount of change to the Board during 2015/2016 it was agreed to delay implementation of the programme until March 2016 to allow for the majority of substantive board members to be in post. The programme is now underway with the support of Paul Stanton, a leading national expert on board development.

The remuneration committee, which is a sub-committee of the Board and is made up entirely of Non-Executive Directors, is responsible for the identification and nomination of Executive Directors, confirming their appointment and determining their remuneration.

Detail as to the Trust's remuneration committee can be found within the remuneration report.

Nominations committee

Responsibility for the appointment of the Chairman and Non-Executive Directors resides with the nominations committee – 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) although membership is flexible.

In 2015/2016, membership of the nominations committee included the Chairman Deborah Jenkins (committee chairman), governors Jonathan Broughton, Paul Crawshaw and Jean Herbert (Lead Governor), Non-Executive Director Maureen Rutter and Director of Corporate Affairs Caroline Parnell.

The committee met twice (once in December and once in March) to:

- Review the re-appointment of Maureen Rutter as a Non-Executive Director for a further three years and recommend her re-appointment to the Council of Governors as the Senior Independent Director (Mrs Rutter did not attend this March meeting).
- Determine the process for appointing three new Non-Executive Directors following the retirement of David Kirby, deputy chairman, and resignation of Jonathan Smith, as well as the need for a further Non-Executive to balance the make-up of the Board.
- Recommend to the Council of Governors the appointment of three further non-executive directors to balance the make-up of the board following changes to be implemented in April 2016 that would see the Medical Directors from the Trust's five clinical centres becoming full voting members.

In considering the appointment of new Non-Executive Directors, the committee reviewed not only the skills required for candidates but also previous processes for appointing to these key posts.

For the appointment of three new Non-Executive Directors – Richard Carter-Ferris, David Heslop and Mike Reynolds – the committee recommended the Trust should use an external search company to identify the candidates with the required skills.

The Trust had previously used a company that had successfully identified candidates who would not have answered an open advertisement for a Non-Executive Director role with the Trust.

In identifying candidates the company not only used its own extensive networks but information about the roles were also advertised on NHS Jobs and the Trust's website.

The appointments of three Non-Executive Directors in August 2015 have further supplemented the experience and skills within the Board with respect to finance, risk management and business expertise.

In considering the process for appointing the three new Non-Executive Directors the committee has looked at a range of options, including the possibility of co-opting Non-Executive Directors from other local trusts to strengthen partnership working.

However it is expected to recommend to the Council of Governors that on this occasion the Trust use its own human resources team to carry out the search as it has recently appointed an expert in senior staff recruitment.

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.

We consider we have the appropriate balance and completeness of skills in the Board's membership to meet the requirements appropriate to the leadership of an NHS Foundation Trust.

Duty of Candour

The Board considered the requirements of Duty of Candour legislation in 2014/2015 and were advised that its own robust recruitment arrangements were already in line with what was expected of an NHS organisation.






The only additional action taken was for voting members of the Board to make a signed declaration in line with the duty on appointment, and then on an annual basis thereafter.





Board of Directors - Non Executive Directors

Board of Directors - Non Executive Directors		Board meetings	Audit	Remuneration committee	Nominations committee	Council of Governors
	<p>Deborah Jenkins MBE</p> <p>Deborah became chairman of the Trust in August 2008 Deborah is also Chief Executive of TDI – The Derwent Initiative – a national charity which promotes an inter-agency response to sexual offending – and a visiting professor on leadership to the University of Newcastle. She was awarded the MBE in 1995 for services to urban regeneration and has previously worked on Teesside for The Industrial Society and Common Purpose.</p>	13/13		13/13	2/2	5/5
	<p>David Kirby - Deputy Chairman</p> <p>David joined the Board in June 2005 and is a chartered public finance accountant. He retired on 30 November 2015.</p>	9/9	3/3	8/9		2
	<p>Maureen Rutter - Senior Independent Director</p> <p>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 2013, she was an appointed governor of the Trust (current tenure ends 31 August 2016 but re-appointment confirmed for a further three years)</p>	13/13		12/13	1/2	4/5
	<p>Hugh Lang</p> <p>Hugh was group airports director of Peel Airports Group from 2008 to 2010, with responsibility for the management and operation of Liverpool John Lennon Airport, Robin Hood Doncaster Sheffield Airport and Durham Tees Valley Airport. He 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)</p>	12/13	3/5	8/13		
	<p>Brenda Thompson</p> <p>Brenda joined the Trust as a Non-Executive Director in 2008 and is an executive member for children's services at Middlesbrough Council. Her tenure ended in August 2015.</p>	5/6		5/5		1
	<p>Jonathan Smith</p> <p>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. He joined the Trust as a Non-Executive Director in June 2013, stepping down in October 2015.</p>	4/7	2/2	2/7		

Board of Directors - Non Executive Directors		Board meetings	Audit	Remuneration committee	Nominations committee	Council of Governors
	<p>Amanda Hullick - Deputy Chairman</p> <p>Amanda was appointed as a Non-Executive director with the Trust in September 2014 after an international career in human resources and organisational development. She has worked at a senior level in a number of major private companies including Shell, ICI and Rolls Royce. In the public sector Amanda worked for British Rail and was instrumental in the work carried out to privatise the national railway service.</p>	13/13	5/5	13/13		5
	<p>David Heslop</p> <p>David joined the Board in August 2015 bringing with him decades of expertise developed in the finance and insurance industry. David became director for the teachers' pension scheme at Capita in 2015. Prior to joining Capita, he was COO for the Pension Protection Fund and had a 20 year career at Aviva, one of the UK's largest insurance and savings groups. David read statistics at City University and is a Fellow of the Royal Statistical Society and the Institute of Actuaries.</p>	8/8		8/10		2
	<p>Mike Reynolds</p> <p>Mike joined the board in August 2015. He spent the majority of his career in industry as a chief finance officer working for a variety of companies. He spent many years at Cape PLC (a multi-national contracting business) and became the group finance director. Since 2011 he has set up a nursing home group which now has three homes. Mike qualified as a Chartered Accountant while at Arthur Anderson & Co after reading mathematics at Bristol University.</p>	7/8		8/10		
	<p>Richard Carter-Ferris</p> <p>Richard joined the Board in August 2015. He is a chartered accountant and experienced finance professional who has worked at senior level in a number of very large complex businesses. Previous roles include director of internal audit at Asda Wal*Mart, global financial controller for GE Plastics, finance director of National Express, East Coast and finance director of Vantage Airports UK. He is currently working in an accountancy firm providing financial and non-executive support to a range of clients.</p>	7/8	3/3	8/10		2

Board of Directors - Executive Directors

Board of Directors - Executive Directors		Board meetings	Audit	Remuneration committee	Nominations committee	Council of Governors
 <p>Professor Tricia Hart</p> <p>Professor Tricia Hart was appointed Chief Executive on 1 January 2013. A previous nurse, midwife, community nurse and health visitor, Tricia has over 40 years NHS experience. Tricia was the nursing representative on the national working party that produced the Caldicott documentation on 'Patient Identifiable Data' and was the nursing representative on the expert working party chaired by Professor Sir Liam Donaldson that produced the documentation, 'Organisation with a Memory'.</p> <p>Tricia 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 was invited to jointly lead with Ann Clwyd MP on the Department of Health's National Review of Complaints Handling.</p> <p>Tricia 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>	5/7		3		3/3	
 <p>Siobhan McArdle</p> <p>Siobhan became the Acting Chief Executive in October and was previously the Trust's Director of Transformation joining in May 2015. As a supervising consultant with PwC, Siobhan worked with a number of major national companies before setting up her own management consultancy in 1998. Since then she has worked nationally and internationally on strategic reviews, performance improvement and transformational change for a number of high profile private companies, as well as NHS organisations in the North East.</p>	12/13		10		2/2	
 <p>Richard Wight</p> <p>Richard was the former chief of service for surgery at the Trust before taking up the post of Medical Director in April 2015, following the retirement of Professor Rob Wilson. He is also an ENT consultant.</p>	10/13		1			
 <p>Chris Newton</p> <p>Chris Newton 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 – and joined the Trust in January 2012 as Director of Finance. His last position in the Trust was Director of Commercial (October to December 2015).</p>	8/8	2			2/3	
 <p>Maxime Hewitt-Smith</p> <p>Maxime became substantive Director of Finance on 1 October 2015 after being the acting Director of Finance and Performance from 1 December 2014. Maxime is a Chartered Accountant with over ten years' experience across both the NHS and the private sector.</p> <p>Maxime trained as an accountant at PwC where she worked predominantly with heavy manufacturing businesses and financial service firms. Since joining the NHS she has held senior positions in acute, community and mental health trusts, specialising in organisations that require financial recovery and organisational transformation.</p>	8/8	2			2/2	

Board of Directors - executive directors		Board meetings	Audit	Remuneration committee	Nominations committee	Council of Governors
	<p>Ruth Holt</p> <p>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). Following the appointment of a Director of Quality her portfolio concentrated on nursing. She handed over accountable officer responsibility on 31 August 2015.</p>	4/5				
	<p>Gill Hunt</p> <p>Gill was appointed as the Director of Nursing/Director of Infection Prevention and Control in November 2015 having previously taken over as Acting Director of Nursing from September. With 29 years' experience in the NHS, Gill has held a number of senior nursing and management posts in the region.</p>	7/7				
	<p>Caroline Parnell</p> <p>Caroline took up her post of Director of Communication and Engagement in September 2014. A former journalist, Caroline joined the Trust in 2012 as company secretary/executive assistant to the CEO after spending 16 years working in local government and mental health trusts in the North East. She has led the merger of two NHS organisations and advised on two bids for NHS Foundation Trust status, as well as winning more than a dozen national awards for strategic communication and marketing, including NHS Communicator of the Year.</p>	12/13		3	2/2	4/5
	<p>Ruth James</p> <p>Ruth was appointed as the Trust's Director of Quality in February 2015 having previously had the role of Deputy Director of Quality Assurance in the organisation. She trained as a biomedical scientist and was a laboratory manager for a number of years before moving onto a number of business and operational management roles within the NHS.</p>	13/13	4			5/5

*Note – there was no public Board of Directors meeting in December. Two extraordinary Board meetings were held in May 2015 (to sign-off operational plan for 2015/2016) and February 2016 (to approve the draft operational plan 2016/2017).



Audit Committee

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

The committee is chaired by a Non-Executive Director and during the year had the following Non-Executive Directors in its membership as below:

- Mr David Kirby – Chairman (stepped down as chair in October 2015).
- Richard Carter-Ferris – Chairman (from October 2015).
- Mrs Amanda Hullick.
- Mr Hugh Lang.
- Mr Jonathan Smith (until October 2015).

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.

There were five 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.

The audit committee reviewed significant risks in-year which have included:

- Management override of control and fraud in revenue/ expenditure recognition.
- Financial sustainability of the Trust.
- Valuation of property, plant and equipment.

These have been considered through the presentation of the external audit plan and discussions with our external auditors KPMG.

The main duties of the audit committee 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 for 2015/2016.

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

- There were no external audit adjustments proposed which required amendments to be made to the financial 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.

Significant items of judgement

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

- The draft going concern statement was presented to audit committee members at its informal accounts briefing on 12 May 2016, where this was reviewed and subsequently updated. The going concern statement was received at the full audit committee on 26 May 2016 where it was discussed and approved for recommendation to the Board of Directors.
- At its meeting on 12 May 2016, the committee reviewed the exclusion of VAT from the valuation of Trust land and buildings. At the committee recent guidance on the treatment of VAT asset valuations was discussed and it was noted that based on the level of investment required to provide a replacement, this could only be undertaken in partnership using a PFI which would exclude VAT. It is the Trust's judgement to maintain the valuation, excluding VAT, and this was approved by the committee.

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 organisation'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.

Internal audit was provided by PwC with direct reporting to the Director of Finance and a regular reporting link to the audit committee.

External audit

KPMG are the external auditors for the Trust and were appointed through a tendered process in the last financial year by the Council of Governors in a joint exercise with the audit committee. This new appointment was for a three-year term.

The total annual contract value for 2015/2016 is split as follows:

1. Financial statements external audit fee – £55,098
2. Fees for audit of consolidation with charity - £4,800
3. Quality accounts fee - £12,000

The accounts for 2015/2016 were the first year audited during the audit contract term.

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 and reported to the Council of Governors.

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. The committee recommended to the Board, that it should consider how it receives whistleblowing incidents, action taken and the outcome.

Currently staff can raise concerns through the reporting concern at work policy (policy 39) which can be escalated to Board level under step three if it is felt the matter is so serious it cannot be discussed with a line manager or senior management.

Concerns at this level are initially raised through the Assistant Director of Human Resources (employee relations) who will make the executive team aware in the first instance. Executive directors will then make the decision to inform the board if appropriate.

The committee has noted that the Trust had a process in place which was subject to ongoing development in the light of national considerations following the Francis Enquiry. The Trust is also going to review its own procedures against other Trusts and NHS England.

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 Board to account, via the Non-Executive Directors, for its performance.

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:

Elected

- Public – Hambleton and Richmondshire (5), Middlesbrough (5), Redcar and Cleveland (5), Rest of England (1).
- Patient and/or carer (2).
- Staff (3).

Nominated

- 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 Chairman or other Non-Executive Directors.
- Decide the remuneration and allowances, and the other terms and conditions of office, of the Chairman 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.

It is the responsibility of the Council of Governors to hold the Board of Directors to account via the Non-Executive directors. To support this, most Non-Executive Directors attend Council of Governor meetings to help build strong working relationships with both appointed and nominated governors and the Senior Independent Director is always in attendance.

In line with the annual planning programme determined by Monitor, the Trust develops a yearly plan based on its three-year financial recovery plan and five-year strategic plan. Governors are provided with regular information about the planning process and are consulted on the annual plan, as well as the Trust's annual quality account priorities.

The annual plan sets the Trust's objectives for the year and regular progress updates on delivery are provided to the Council of Governor meetings, along with updates on progress against quality, operational and financial targets set nationally and locally. These reports mirror what is provided to the Board of Directors on a monthly basis.

In 2015/2016, 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.

The Board of Directors maintains a close working relationship with the governors and wider membership in a number of ways. Key Executive Directors attend each meeting to give governors detailed reports and updates on progress against performance, quality and financial targets as well as other relevant areas of responsibility and issues key to the on-going success of the Trust.

The Board also notifies the Council of Governors on any public interest/public attention disclosures.

Where possible, all governors use their personal and professional networks to canvas the opinion of the Trust's members and the public on the Trust's forward and annual plan and other key issues – and these are shared with the Board through the Executive Director lead.

Papers for all governor meetings are also made available to the public – in advance – on the Trust's website and regular communication is shared with members through emails and a quarterly newsletter.

In line with their statutory duties, governors also led the recruitment of three new Non-Executive Directors in-year and will also lead the recruitment of a further three new Non-Executive Directors to be appointed in 2016.

When considering the appointment of Non-Executive Directors, the Council take into account the views of the Board and the governor-led nominations committee on the qualifications, skills and experience required for each position. They also approved the appointment of the Chief Executive.

All governors played an active role in agreeing the process for the Chairman's annual appraisal and provided both group and independent feedback as part of the process that was jointly led by the Trust's Senior Independent Non-Executive Director and Lead Governor.

They have also been involved in discussions about the Trust's annual plan for 2016/2017, and at each council meeting have reviewed the Trust's performance against key national and local performance targets, paying particular attention to the organisation's performance in relation to infection prevention and control and mandatory training for staff.

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:

- Shaping a new "mystery shopper" approach to assessing the quality of patient experience.
- Taking part in PLACE inspections of our facilities.
- Visiting a range of clinical and support services to learn more about the challenges facing the organisation.
- Judging the Trust's annual staff awards.
- Being part of the panel that determined doctors' clinical excellence awards.
- Representing the Council at a range of internal conferences, including the annual Nightingale conference that celebrates the contribution nurses make to the Trust.

As set out in Monitor's code for governance for NHS Foundation Trusts, there is a requirement for a mechanism to be in place for the resolution of any disagreements between the Board of Directors and Council of Governors.

In the first instance, it is the responsibility of the Chairman, as leader of both forums, to attempt to lead to a consensus. Failing that, the next formal step would be for the Chairman to receive formal representation from the Senior Independent Director and/or lead governor and seek to arrive at a mutually acceptable position. In 2015/2016 the Trust has not needed to have recourse to such a mechanism.

Paragraph 10C of schedule 7 of the NHS Act 2006 makes provision for governors to remove a governor from Council for any of the reasons set out in the Constitution of the Trust. This power was not exercised during the year.

In 2015 the Council of Governors reviewed its long standing arrangements for governors' induction, training and development. The induction and training sessions, which cover key elements of the governor role including finance, quality, and annual planning, evaluated highly but as the training was not mandatory not all governors were accessing the sessions.

Therefore in-year the Council piloted a new approach that incorporated training into the days when governors were in the Trust for the five full council meetings a year. This ensured more governors were accessing the training available and the sessions continued to be highly evaluated.

Details of how governors discharge their duties are made available to the public via the annual report, quarterly membership magazine and the Trust's website.

In February 2016, elections were held for two staff governors with Jonathan Broughton re-elected for a second term and Stuart Finn elected unopposed.

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, telephone 01642 854151.

As part of the Health and Social Care Act 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 2015/2016, the total expenses claimed by governors was £684.02 compared to £567.22 in 2014/2015.

Council of Governors meetings

Elected governors	Tenure	Constituency	5 meetings from April 2015 to March 2016
*Plym Auty	3yrs from April 2015	Hambleton and Richmondshire	4/5
*Noel Alasdair Beal	3yrs from April 2015	Hambleton and Richmondshire	5/5
*Jean Herbert (Lead Governor)	3yrs from April 2014	Hambleton and Richmondshire	3/5
Stella Kilvington	3yrs from April 2015	Hambleton and Richmondshire	4/5
John Wilkinson	3yrs from April 2015 (Resigned 14 January 2016)	Hambleton and Richmondshire	3/5
*Norman Leslie	3yrs from April 2014	Middlesbrough	0/5
Carolyn Newton	3yrs from November 2013	Middlesbrough	3/5
*Alan Parton	3yrs from April 2015	Middlesbrough	3/5
Geraldine Hart	3yrs from April 2015	Middlesbrough	5/5
Gillian Spensley	3yrs from April 2015	Middlesbrough	4/5
*William Davis	3yrs from April 2015	Redcar and Cleveland	5/5
Allan Jackson	3yrs from April 2015	Redcar and Cleveland	2/5
*John Race	3yrs from April 2015	Redcar and Cleveland	3/5
*Peter Sotheran	3yrs from April 2014	Redcar and Cleveland	2/5
*Jacqueline Wesson	3yrs from April 2014 (Resigned July 2015)	Redcar and Cleveland	0/1
David Wood	3yrs from April 2015	Redcar and Cleveland	4/5
*Elaine Lewis	3yrs from April 2015	Patient and/or carer of patient	4/5
Grant Reid	3yrs from April 2015	Patient and/or carer of patient	5/5
Angela Seward	3yrs from November 2013	Rest of England	5/5
*Jonathan Broughton	3yrs from April 2016 (re-elected)	Staff	5/5
Stuart Finn	3yrs from April 2016	Staff	NA
Julie O'key	3yrs from April 2014	Staff	2/5
Michelle Payne	3yrs from April 2015	Staff	2/5
Appointed governors	Tenure	Partner organisation	
Prof Mark Shucksmith	Tenure commenced October 2013 (stood down September 2015)	Newcastle University	0/2
Dr Stephen Jones	Tenure commenced 25 January 2016	Newcastle University	0/1
Lynn Pallister	Tenure commenced October 2015	Redcar and Cleveland Council	0/2
Peter Race	Tenure commenced July 2013	South Tees CCG	4/5
Tony Hall	Tenure renewed October 2014 (Ended March 2016)	North Yorkshire County Council	4/5
Prof David Hunter	Tenure renewed 2012	Durham University	3/5
David Williams	Tenure commenced March 2014	Hambleton, Richmondshire and Whitby CCG	2/5
Prof Eileen Martin	Tenure commenced 1 November 2014 (stepped down July 2015)	Teesside University	0/1
Anne Binks	Tenure commenced 18 December 2015	Teesside University	0/1
Paul Crawshaw	Tenure commenced 1 November 2014	Healthwatch	2/5
Richenda Broad	Tenure commenced 15 June 2015	Middlesbrough Council	1/4

*Designates governors who have been re-elected

Currently there is one vacant position for Hambleton, Richmondshire and Whitby constituency

Membership

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 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) decreased from 5,193 to 4,969 although this remained representative in 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 Director of Corporate Affairs.

While we have a membership target of recruiting 500 new members each year, only 26 new people were signed up in 2015/2016. This was not surprising as the Trust has been limited in its ability to undertake proactive membership recruitment due to staffing issues. Instead, over the last year, we have relied on governors own networks to recruit members alongside information on our website and links with our charity and patient and care engagement teams.

The Trust has recognised the need to improve its membership recruitment and, as part of its organisation restructure, has identified the need for a full time company secretary to work with governors on delivering its membership strategy during 2016/2017.

The Trust is currently recruiting to the post and, as part of their role, the company secretary will be expected to focus on encouraging patients and carers using our premises and services to join the trust’s membership.

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 835616**. Members can also contact their own constituency representatives on the number above or email them at gov@stees.nhs.uk

Membership breakdown

Public constituency	2015/2016	2016/2017 estimate
As at start (1 April)	4,575	
New members	20	100
Members leaving	223	200
Year-end (31 March)	4,372	
Public constituency - breakdown by catchment		
Hambleton and Richmondshire	1,336	
Middlesbrough	1,349	
Redcar and Cleveland	1,380	
Rest of England	307	
Total	4,372	
Staff constituency - headcount	(2015/2016)	2016/2017 estimate
As at start (1 April)	9,204	
New members		
Members leaving		
Year-end (31 March)	9,006	
Patient constituency	(2015/2016)	2016/2017 estimate
As at start (1 April)	618	
New members	0	0
Members leaving	21	25
Year-end (31 March)	597	
Public constituency*	Number of members	Eligible membership
Age (years):		
0-16	0	5,529
17-21	71	25,427
22-65	2,210	332,983
66+	1,902	
Unknown	189	

*For the purposes of the membership report, the public constituency population breakdown excludes ‘Rest of England’ but includes the patient constituency.

Anti-bribery and corruption

The Trust is committed to applying the highest standards of ethical conduct, following good NHS business practice and having robust controls in place to prevent bribery. However, as an organisation we cannot afford to be complacent and under no circumstances is the giving, offering, receiving or soliciting of a bribe acceptable and the Trust will not tolerate this in any form.

The Trust's zero tolerance approach to bribery and corruption is set out in further detail in the counter fraud, bribery and corruption policy, and across a range of other Trust policies and procedural documentation. This applies to all staff and Non-Executives, together with contractors and agents working or acting on behalf of the Trust.

All staff are responsible for gaining an understanding of the requirements, the standard of conduct expected of them and ensuring that they comply at all times with all of our policies and procedures. This includes those in relation to procurement, hospitality and the acceptance of gifts.

Bribery and corruption under the act are punishable for individuals as a criminal offence by up to ten years imprisonment and if the Trust is found to have taken part in the corruption the Trust could face an unlimited fine and face incalculable damage to our reputation. The Trust therefore takes its legal responsibilities very seriously.

All staff and others acting for, or on the behalf of the organisation, are encouraged to report any suspected bribery in accordance with the procedures set out in either the reporting concerns at work or the counter fraud, bribery and corruption policy.

Other disclosures

The Trust has sought to cover all of the content required by Monitor's NHS Foundation Trust Annual Reporting Manual 2015/2016 elsewhere in this report. The Trust considers that there are no further matters required to be included in the public interest.



ECOLAB

Regulatory ratings

Monitor enforcement action

The independent regulator Monitor stepped up its enforcement action of the organisation in June, with a particular focus on reducing rates of *Clostridium difficile*, although a number of actions had already been taken ahead of the announcement including:

- Further developing a detailed action plan with clear milestones and outcomes.
- Seeking external assurance of the detailed plan within one month by an infection prevention control expert.
- Ensuring effective governance and accountability for delivering the action plan.

On-going monthly monitoring of the Trust's progress against the action plan (with an expert follow-up review to assess implementation) is also required by Monitor to make sure any improvements made are sustainable.

The Trust was first found to be in breach of its licence in July 2014 and asked to take the following legally binding steps to address Board governance issues, the financial position and infection control:

- Develop and implement a three-year financial recovery plan to save £90.8million between 2014 to 2017.
- Appoint a Transformation Director (who joined the organisation in May 2015).
- Commission an external leadership review to identify what has gone wrong and why, and what action the trust needs to take to address any recommendations.
- Develop and implement an infection control action plan.
- Seek external assurance that all these actions are properly completed.

Background and a summary of actions taken around these key areas are included below although extensive reports are shared with Monitor and progress review meetings (PRM) are held regularly with the Board of Directors and the regulator.

Finance

In our second year of financial recovery, we were required to make savings of £36million and at year-end we achieved £35.4million. We also have a £35million cost improvement programme built into the 2016/2017 plan and a surplus control total of £8.5million.

The organisation's programme of transformation is now firmly established and has supported a number of projects in 2015/2016 to increase efficiency, drive out waste and improve services, systems and processes to benefit both patients and staff.

A permanent Transformation Director took up post in May 2015 to lead this work with the aim of supporting our clinical centres to develop into robust business units with a strong culture and ethos of accountability, rapid decision making and improvement.

We are also seeking government support in 2016/2017 to assist with the funding of the Private Finance Initiative at The James Cook University Hospital and further support on debt service costs in relation to loans with the Department of Health.

Board governance

As part of Monitor's enforcement action the Trust commissioned Deloitte to carry out an independent review of the Trust's governance arrangements in line with the Well Led Framework.

Deloitte presented the findings of their review to the Board early in 2015 and the organisation developed an action plan to address the review's recommendations.

Progress against the action plan was tracked by the Board at its monthly meetings and in April 2015, the Trust asked Deloitte to carry out a mini-review to identify any areas where work was not underway or progressing satisfactorily.

Regulatory ratings

No concerns were raised about the progress the Trust was making, and by October 2015 the majority of the agreed actions had been completed. Those that were outstanding were largely linked to the on-going development of the Trust's long-term strategy.

When the review was initially commissioned there was an expectation from Monitor that Deloitte would return to the Trust to carry out a full re-review of its governance and leadership arrangements.

The anticipated timescales for that work would have coincided with a significant amount of organisational change with new management structures and related governance processes being put in place.

An agreement was reached with Monitor that rather than commission a full re-review, the organisation's internal audit plan would look at governance arrangements in the clinical centres and their services, and an independent leadership review would be conducted in the Trust late in 2016 once all new structures were well established.

Clostridium difficile

Our rate of *Clostridium difficile* prompted further enforcement action from Monitor in-year. We recognise reducing 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.

The organisation's target this year was to have no more than 50 trust-attributable cases in 2015/2016 and we declared 61 – a 20% reduction in the number reported last year (76 cases).

The trust has a detailed *Clostridium difficile* action plan, which is shared monthly with our regulator, and root cause analysis is performed on all Trust-apportioned cases, with case reviews held and chaired by the Medical Director or Director of Nursing.

Audits of death certificates where *Clostridium difficile* was the definite or probable main cause are continuing.

Reducing infection remains a key patient safety target and priority for the Board – and the organisation – which will always require constant vigilance from every member of staff if we are to create a zero-harm culture for all our patients.

The Trust is working hard with commissioners, GPs, external experts, and staff to effectively address the causes of this infection and increased focus across the health community is also seeing results – for example improvements in GP antibiotic prescribing.

The following actions were taken during 2015/2016:

- The 'Focus on Five' campaign was launched with over 90 clinical areas, including inpatient, outpatient and primary care settings, visited in the first week. This consisted of a planned programme of activities over a five-month period to promote the use of the diarrhoea assessment tool, early isolation, hand hygiene, antimicrobial prescribing, cleaning and communication. The campaign was extremely successful with evaluation demonstrating increased staff knowledge and competence in key areas of infection prevention control practice.

- A further campaign is now being developed to promote key messages for both the public and staff focussing on the behavioural barriers to infection prevention and control for 2016/2017.
- Following a year-long drive on the completion of hand hygiene refresher trainer and assessment of competency, end-of-year figures show that 98.4% of substantive medical staff and 98.5% of all other clinical staff were assessed, representing over 5,500 frontline clinical staff.
- We introduced Chlorox wipes in April 2015 but are now trialling an alternative product following some concerns about potential environmental damage caused by the active chlorine.
- Antimicrobial stewardship continues to be a major focus and includes an antimicrobial working group, annual development of trust guidelines, an antimicrobial policy, an antimicrobial champion, the award-winning SPARED/ERA campaign and a comprehensive programme of audit called the A RED programme.

The Trust also took part in the national Global Point Prevalence audit in August 2015 and held an awareness event to coincide with the National Antibiotic Guardian campaign.

- An IT system to deliver real time data on side room usage is being explored and following a pilot, fields are being developed in the Trusts' existing patient administration system.
- A decant programme to facilitate deep cleaning started in 2016 in the old tower block at The James Cook University Hospital with further works being considered as part of the estates plan.
- Environmental support workers are now in post on the acute admission units at our Middlesbrough hospital, having completed an extensive training programme, who support frontline staff to ensure beds and equipment are effectively and consistently cleaned between patients. A DVD has been produced to support the cleaning of beds and mattresses and is being used for all staff.
- A diarrhoea assessment tool was introduced in April 2015 with further revisions in January 2016 to highlight the requirement for documentation of medical review. This has been audited weekly from February 2016 to demonstrate compliance and lapses in this documentation with the results discussed at the matrons' weekly CDI meeting.
- A specific CDI role was developed in the IPC team, concentrating on the review and care of patients with the infection and increasing education available to staff at ward level. This distinct role finished on 31 March with duties being absorbed by individual IPC nurses linked to the Trust's new centre structure.
- 100% nursing staff were assessed as competent in cleaning commodes against an agreed standard by July 2016.
- Toolbox teaching was developed in a number of key areas with 45 planned sessions being delivered alongside mandatory training and ad-hoc ward-based training.
- Intensive support was provided by the infection prevention control team to two wards over December including a series of observational analysis of practice and IPC audits, focused training, commode checks and feedback to ward sisters and clinical matrons.
- We linked with Derriford Hospital - part of Plymouth Hospitals NHS Trust - and Aintree University Hospitals NHS Foundation Trust which has provided opportunities for mutual learning around areas of good practice.

- The infection prevention control team now runs a full seven-day working service, facilitating early identification of patients with positive infection samples and early intervention and management, providing support for staff and site management with decision making around isolation and appropriate patient flow.
- A retrospective review of common Ribotypes of *Clostridium difficile* cases was carried out to establish the patient journey through the Trust and see if there was any potential cross contamination from the identified clinical areas or other links to infection prevention control issues.

It is acknowledged that the delivery of consistently high cleaning standards requires constant purpose and joint monitoring against cleaning standards with our private sector partner Carillion has been taking place since September with audit results showing a continued and sustained improvement.

We are also working in collaboration with Carillion and Endeavour to work flexibly and adapt to increasing service demand in some clinical areas and a monthly cleaning standards meeting is chaired by the Chief Executive/Director of Infection Prevention Control to monitor performance and ensure improvements are sustained.

Nationally it has been acknowledged that the rate of improvement relating to *Clostridium difficile* reduction has slowed over recent years and the Trust's annual target remains at 50 for 2016/2017.

The organisation has also been re-classified as a 'Teaching Acute Trust' which means we can now be compared with trusts similar to ours in terms of size and complexity.

Actions in 2016/2017 include completing a bed reconfiguration review on James Cook site to include refurbishment of tower block and deep clean programme, scoping the feasibility of an equipment decontamination unit, ensuring improvements continue and are sustained during reconfiguration of clinical centres, participating in the 2016 national point prevalence survey on healthcare associated infection, continued focus on antimicrobial use in acute hospitals and developing a business case to introduce technology which supports the transformation of infection prevention control services.

Risk assessment framework - Monitor

The risk assessment framework is a regulatory framework under which Monitor ensures NHS Foundation Trusts are well run and can continue to deliver good quality services for patients in the future.

It 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.

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.

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 are outlined below and, in each case, an action plan was submitted:

- Cancer wait 62-day wait for the first definitive treatment for all cancers – this measure has not been achieved throughout the year. A number of issues have contributed to this including late referrals from other organisations, complex pathways, delays to diagnostics, elective capacity and patient choice.

Actions taken - Additional theatre sessions have been introduced to increase elective capacity, increased capacity created in endoscopy, business cases developed for additional consultant posts to address gaps in workforce and action plans developed for individual tumour sites.

- *Clostridium difficile* – the threshold of 50 was exceeded with a total of 61 cases. Actions we have taken in year are covered in greater detail earlier in this section of the annual report.

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 2014/2015. An analysis of our performance – and action taken - is detailed above and in the performance report. The Trust automatically received a red rating when Monitor took enforcement action.

	Annual plan 2015/2016	Q1	Q2	Q3	Q4
Continuity of service rating	1	1	2	2	TBA*
Governance rating	Red	Red	Red	Red	TBA*

*To be announced

	Annual plan 2014/2015	Q1	Q2	Q3	Q4
Continuity of service rating	1	2	1	1	1
Governance rating	Red	Red	Red	Red	Red

Intelligent monitoring

Intelligent monitoring is one of the four key elements in the way Monitor regulates services and more than 150 different sets of data on NHS trusts are looked to help the regulator decide when, where and what to inspect, alongside local information from healthcare partners and patients.

The data looked at includes information from staff, patient surveys, mortality rates and hospital performance indicators such as waiting times and infection rates and trusts are then grouped into one of six priority bands for inspection based on the results – band one being the highest priority and band six the lowest.

The Trust's risk reduced from a band 5 in December 2014 to a band 4 in May 2015 with the risks identified included in the table below:

Risk	May 2015
Hospital standardised mortality ratio indicators (HSMR)*	√ (Elevated risk)
Composite indicator in-hospital mortality – Endocrinological conditions*	Risk
Monitor – governance risk rating	√ (Elevated risk)
Monitor – continuity of service rating	√ (Elevated risk)

*Note HSMR and composite indicators are grouped as one risk each and is covered in detail in the Quality Report.

The issues around our governance and continuity of service rating are covered earlier in this section of the annual report.

We have also looked in detail at the composite indicators for endocrinological conditions and while we cannot replicate the methodology used, the Board was assured that there were no quality of care concerns.

In October, the CQC announced it would not be publishing any further iteration of Intelligent Monitoring reports for NHS acute and specialist trusts as, by March 2016, all of them will have had an inspection under the new regulatory approach.







Statement of accounting officer's responsibilities

Statement of the Chief Executive's responsibilities as the accounting officer of South Tees Hospitals NHS Foundation Trust.

The NHS Act 2006 states that the Chief Executive is the accounting officer of the NHS foundation trust. The relevant responsibilities of the accounting officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the *NHS Foundation Trust Accounting Officer Memorandum* issued by 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.
- prepare the financial statements on a going concern basis.

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

The Accounting Officer is also responsible for safeguarding the assets of the NHS foundation trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. To the best of my knowledge and belief, I have properly discharged the responsibilities set out in Monitor's *NHS Foundation Trust Accounting Officer Memorandum*.

Siobhan McArdle

Chief Executive – Siobhan McArdle
27 May 2016



Annual Governance Statement 2015/2016

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 2016 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.

I took up post as Accountable Officer and Acting Chief Executive in October 2015 following the retirement of the previous Chief Executive. This became a substantive appointment from April 2016.

Some aspects of risk are delegated to the Trust's Executive Directors:

- The Director of Quality is the Senior Information Risk Owner and is accountable for the assessment and improvement of quality and patient safety and delivery of national access standards. The Director of Quality is responsible for ensuring effective risk management processes are in place and works closely with the other executives to maintain the system of internal control.
- The Medical Director is the responsible officer and is accountable for the local clinical governance processes in the Trust, focussing on the conduct and performance of doctors. The Medical Director is also the Caldicott Guardian, responsible for information governance risks and is the accountable officer for controlled drugs.
- The Director of Nursing is responsible for infection prevention and control and provides assurance to the Board on nurse staffing levels. The Director of Nursing is also responsible for business continuity planning and emergency planning.
- The Director of Finance provides the strategic lead for financial risk and the effective co-ordination of financial controls throughout the Trust. The current post holder was Acting Director of Finance until being appointed into the substantive post on the 1st of October 2015.
- I was appointed as Transformation Director on the 1st of May 2015, responsible for the development and delivery of the Trust's transformation programmes to ensure achievement of the organisation's strategic aims. I have retained this responsibility since being appointed as Chief Executive.
- As Chief Executive I am the also the executive lead for workforce, and information technology.
- The Executive Directors are supported in the management of risk by the Head of Quality and Patient Experience and the Head of Patient Safety Legal and Risk.

Annual Governance Statement

During 2015/16 the delivery of clinical activities was managed within a structure of seven clinical centres supported by the corporate directorates. Each clinical centre was led by a triumvirate consisting of a Chief of Service, Managing Director and Head of Nursing. All Chiefs of Service, Clinical Directors and Managers had delegated responsibility for the management of risk and patient safety in their areas.

From April 2016 a new organisational structure has been established based on five clinical centres. These new clinical centres are managed by a Medical Director, an Operations Director and an Associate Director of Nursing. The Centre Medical Directors are also executive members of the Board of Directors. The clinical directorates have been organised into service groups to enhance quality of care and improve patient pathways. Recognising and managing risk is integral to the day-to-day management responsibilities of the clinical centre management teams.

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 Risk Management Policy and their own Clinical Centre risk management and escalation process.
- 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, and permanent, temporary and locum staff are provided risk management training appropriate to their role. Training includes:

- corporate induction training when staff join the Trust.
- mandatory update training for all staff every three 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.

During 2015/2016 the Quality Assurance Committee reviewed all new or escalated risks each month and advised on the adequacy of the controls in place, the Committee also identified risk for escalation to the corporate risk register. From September 2016/2017 the newly formed Risk Committee will take over this role. The organisation's risk appetite was reviewed and updated at the Board of Directors meeting in April 2015, the current risk appetite statement is:

The Trust accepts 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 and sustainability, the likelihood of it materialising and the effect on the organisation's reputation and image. The Board has considered the level of risk that it is prepared to tolerate in relation to the delivery of our objectives and agreed the following approach for different types of risk exposure:

Regulatory Compliance. *We have a moderate appetite for risk where actions may result in challenge to regulatory compliance.*

Finance. *The Trust has a moderate appetite for financial risk and is prepared to accept the possibility of some limited financial loss if the overall benefit justifies the risk. The Trust is prepared to support investment for return and minimise the possibility of financial loss by managing associated risks to a tolerable level.*

Innovation, quality improvement. *The Trust will pursue innovation and challenge existing practice to drive transformation in care and improvement in quality. In this aspect of our strategic decision-making the Trust has a higher appetite for risk.*

Reputation. *The Trust has a moderate risk appetite for actions and decisions that may affect the reputation of the organisation and its employees. Such actions and decisions will be subject to a rigorous risk assessment and will be signed off by the Board.*

The strategy is supported by a range of detailed Trust policies and accompanying guidance. The risk management policy describes:

- A clear framework of accountability and delegated responsibility for risk.
- 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 clinical centre 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.
- A clearly defined committee structure that supports the risk management process.

The risk management strategy and policy are to be revised to reflect the new organisational structure and the strengthened performance management and assurance framework. The Board and Trust senior managers are undertaking risk management training in June 2016. The Board is to review its risk appetite for the delivery of the 2016/2017 objectives and longer term strategic aims, this review will be informed by strategic planning workshops in May 2016.

The committee structure in 2015/2016 comprised of:

- The Audit Committee which supports the Board by critically reviewing the governance and assurance processes on which the Board places reliance.
- The Finance and Investment Committee to assure the Board that there is robust financial management by monitoring financial performance and making recommendations to the Trust Board as appropriate.
- The Quality Assurance 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. During 2015/2016 the Quality Assurance Committee was also responsible for assuring the Board on the effective management of risk and played a key role in the risk escalation process. This element of the Quality Assurance Committee's role will transfer to the Risk Committee from September 2016.
- The Operational Management Board oversees the delivery of operational performance and the transformation programme. This group does not have delegated powers from the Board but supports the executives to discharge their responsibility for the operational delivery of the annual plan.

The Board has approved a revised committee structure for 2016/2017, in addition to the groups described above there will be;

- A Workforce Committee to provide assurance that the Trust has developed and continues to maintain a robust approach to the workforce policies, procedures and practices and these align with the strategic needs.
- A Risk Committee to provide assurance that risks are identified and are managed effectively in accordance with the trust's risk appetite.

Quality of care and patient safety is the core transformational theme which underpins the development of the Trust's values and objectives. 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, clinical centre, 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, triangulation of incidents, complaints and claims, audits and CQUIN contracts.

During 2015/2016 the Trust established a transformation team to provide support to the delivery of the transformation programme which underpins the achievement of cost improvement initiatives. Risks to quality arising from cost improvement initiatives are assessed using a quality impact assessment process which is defined in a standard operating procedure. Quality impact assessments are signed off by the Director of Nursing, Director of Quality and the Medical Director and are monitored by the Quality Assurance Committee.

The performance against Monitor's continuity of service risk rating and applicable national standards is reported monthly to the Board. 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, related to the patient's care pathway.

The clinical coding department undertakes an internal programme of specialty level audits as part of the clinical coding improvement programme. These audits are carried out on unfrozen, live data. In addition there is;

- 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, in 2015/2016 these were:
 - Referral to treatment (RTT).
 - Cancer Targets.
 - Data Quality Audit (falls, pressure ulcers, cancelled operations).
 - Mortality.
 - Emergency Readmissions.
- HSCIC – SUS Data quality dashboards.
- Clinical benchmarking through the HED system.

The data quality team review information on the Health and Social Care Information Centre, Data Dictionary and SUS data quality dashboards to highlight any issues which require further investigation

The management of risk is monitored at all levels within the organisation. Each clinical centre undertakes a quarterly review of their risk register in their centre governance meeting and all new or escalated risks are reviewed at the Quality Assurance Committee. Any risks for escalation are reported to Board via the monthly Chair's log and minutes of the Quality Assurance Committee.

Each quarter, the Executive Directors review progress with the achievement of the strategic objectives and risks to future delivery. This is then presented to the Board of Directors.

The Information Governance Steering Group is chaired by the Trust Senior Information Risk Owner (SIRO) and ensures that the Trust complies with legislation and standards relating to information risks. 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 centre level, reported to the Managing Director who are the Information Asset Owners (IAO) and then discussed with the SIRO.

All data security incidents are investigated and reported in accordance with the Trust's incident and serious incident policies and are escalated via the Information Governance (IG) Toolkit as mandated nationally.

Toolkit as mandated nationally

There were four level 2 IG incidents reported through the IG Toolkit in 2015/2016, these related to:

- The destruction of records within their retention period.
- A doctor's handover sheet found by a member of the public and immediately handed over to a member of staff.
- Two incidents where clinical letters were sent to the wrong address.

All incidents were fully investigated and actions were taken to reduce the risk of re-occurrence: The Information Commissioners Office has closed the incidents and no formal action has been taken.

The Trust has successfully achieved a minimum of level 2 on the 45 standards of the Information Governance (IG) Toolkit. The Trust overall IG compliance score for 2015/2016 was submitted as 80% Green – Satisfactory.

Public stakeholders are also involved in managing risks which impact upon the organisation;

- Patients are involved in planning their own treatment at every level.
- The Trust works closely with Healthwatch organisations to review services. In 2015/2016 this included a review of the care of patients with dementia and a review of discharge processes.
- 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 Trust promotes an open and honest culture encouraging staff to report incidents and near misses and applying the duty of candour when errors occur. The NHS Learning from Mistakes League published in March 2016 classified the Trust as 'good' for levels of openness and transparency.

The Trust is subject to enforcement action from Monitor which was initiated in July 2014 due to:

- The breach of the *Clostridium difficile* annual objective.
- The continuity of services risk rating.

In response the trust agreed the following undertakings:

- To develop and implement a *Clostridium difficile* action plan which had been subject to external assurance.
- To develop and submit a financial recovery plan which returns the trust to an acceptable continuity of services risk rating of 3 within three years.
- Commission a Board governance review.

The Trust is now in the third year of its recovery plan.

The actions which were highlighted in the independent review of governance arrangements commissioned to respond to the enforcement action are largely complete. The remaining actions are linked to the development of the organisational strategy and the planned programme of Board development.

The risks associated with the delivery of the plan for 2015/2016 were mitigated through rigorous budgetary control and management of cost improvement plans through the transformation office with regular reports to the management group and the Board of Directors. The Recovery Plan included an underlying deficit of £3.1 million for 2015/2016 (excluding restructuring and impairment costs). The Trust ended the year £1.8 million behind plan due mainly to the delayed sale of trust property which will now take place in 2016/2017 (£1.3million). In addition, the Trust delivered £35.4 million of efficiencies against the target £36.0 million set in the Recovery Plan, of which £26.6 million were recurring and £8.8 million were non-recurring savings. Although this is another significant improvement, the Trust is looking to deliver a further £35.0 million of efficiencies in 2016/2017 and the organisation must continue to maintain the current momentum in order to deliver these challenging financial targets.

On the basis of the improved performance in 2015/2016, the programme of service transformation planned for 2016/2017 and further assistance in 2016/2017 through debt restructuring, PFI support and Sustainability and Transformation funding, the Trust is forecasting that it will achieve the 2016/2017 element of the recovery plan.

Implementation of the *Clostridium difficile* action plan has resulted in a 20% decrease in the number of cases of Trust-apportioned *Clostridium difficile* in 2015/2016 compared to 2014/15. However, despite this improvement, the Trust exceeded the upper threshold of 50 cases, ending the year with 61 Trust apportioned cases. The target for 2016/2017 remains an upper threshold of 50 cases.

Whilst there are further actions planned within the acute hospitals relating to cleaning and antibiotic stewardship, achievement of this target is a significant risk for 2016/2017 as the level of hospital attributed *Clostridium difficile* is also influenced by the burden of disease in the local population which has increased. The most significant factor influencing the level of *Clostridium difficile* in the community is the prescribing of antibiotics in primary care. The local commissioners are working with primary care to address high levels of antibiotic prescribing across the Tees locality. The Board is provided with a monthly report on numbers of cases of *Clostridium difficile* and progress with the action plan.

The winter pressures in 2014/2015 and 2015/2016 resulted in significantly increased demand on A&E services nationally. The Trust failed the A&E target in quarter 1 and quarter 4 2015/16, a position that was replicated across the country and the region. As part of its transformation programme the Trust is focussing on improving care closer to home to reduce admissions and streamlining inpatient pathways to reduce delays and improve patient flow. This work will support sustained delivery of the A&E standard in 2016/2017.

The percentage of patients achieving the cancer 62 day target for referral to treatment has deteriorated during 2015/2016 and the Trust has been non-compliant with the 85% standard in all four quarters.

The main contributory factors have been an increase in cancer referrals, late tertiary referrals, increasing complexity of patients, a lack of surgical capacity to accommodate the growth in demand and delays in diagnostic testing. Delays in the first part of the pathway, referral to decision to treat, are the major contributor.

The diagnostic pressures are compounded by national consultant shortages in radiology and histopathology. Improving cancer services is one of the Trust's overarching strategic objectives; a clinical strategic lead has been appointed and six cancer care co-ordinators are soon to take up post to support patients and ensure that they move quickly through their cancer pathway. The Trust is also working with Macmillan and the cancer network to redesign specific pathways. Delivery of the 62 day standard remains a risk for 2016/2017 and the Trust is forecasting that it will take two quarters to return to compliance with the standard. Much of the improvement needed will be driven through the transformation programme, the cancer-specific actions are;

- Working with primary care to reduce the number of patients choosing to delay their first two week wait outpatient appointment, aiming to see all patients by day seven to improve the front end of the pathway.
- Improvements in cancer data flows and information to ensure local ownership and accountability in the clinical centres with a more proactive approach to monitoring.
- Improving access to diagnostic tests and quicker reporting times for two week wait referrals and 62 day pathways.
- Implementing a standard operating procedure (SOP) for multi-disciplinary teams (MDTs) to reduce variation and avoid unnecessary delays.
- Increased surgical capacity to include standard pathways for diagnostic biopsies.
- Increased oncology and radiotherapy activity with reduced waits to first appointment.

The other significant risk managed during 2016/2017 was the diversion of medicines. This is a national problem and there are particularly high levels of diversion of drugs of abuse from hospitals in the North East region.

A review of the security of medicine storage and handling revealed a number of weaknesses in the systems in the Trust. An intensive programme of work was initiated, including the installation of electronic monitoring. The majority of the actions are complete or in process.

Whilst the final improvements are implemented the continued weaknesses in systems are mitigated by frequent monitoring, management attention and wide use of CCTV. It appears that all major avenues for diversion are being controlled; manual reconciliations are demonstrating that no major diversion is occurring and suspicious activity, as identified on the monitoring software has reduced markedly.

These risks identified above have been monitored by the Board throughout the year, the controls applied were reviewed and revised as the factors influencing the risks changed. The assurance framework and risk register did not describe any significant gaps in control/assurance during 2015/2016.

For 2016/2017 the key risks are:

- Delivery of the £35million transformation programme as approved within the Monitor Annual Plan.
- Manage the reduction in income required from the delivery of the CCG QIPP saving schemes.
- Delivery of the national access standards for cancer and A&E which is also linked to accessing the strategic transformation programme funding.

- Continuing the reduction in *Clostridium difficile* against a backdrop of increased burden of disease in the local population.

The adequacy and effectiveness of the plans to mitigate these risks will be tested as part of the internal audit plan in 2016/2017.

The Care Quality Commission (CQC) inspected the Trust in December 2014 and published its findings in June 2015. The ratings matrix can be found below;

Overall rating for this trust	Requires improvement 
Are services at this trust safe?	Requires improvement 
Are services at this trust effective?	Requires improvement 
Are services at this trust caring?	Good 
Are services at this trust responsive?	Good 
Are services at this trust well-led?	Good 

The trust submitted an action plan to the CQC to address the areas where improvement was needed, which were:

- Documentation of do not attempt cardio-pulmonary resuscitation decisions.
- Accuracy of patient records.
- The safe handling and administration of medication.
- Compliance with mandatory training.
- Ensuring appropriate staffing levels.
- Actions to address the findings of the College of Emergency Medicine audits.

The Trust has worked closely with the CQC throughout the implementation of the action plan and the CQC are aware of the ongoing work to improve medication safety. The Trust uses a rolling programme of ward accreditation assessments based on the CQC standards and a range of clinical audits to provide assurance that actions taken to address the areas requiring improvement have been effective and standards are sustained. The CQC are to undertake a follow up inspection in June 2016.

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 is undertaking a significant programme of work to set strategic and annual objectives led by the CEO through the Transformation Office. The annual plan for 2016/2017 is in place, there is further work to develop the organisation's strategy with a strategic dialogue workshop for more than 150 of the organisation's top leaders taking place on the 18 May 2016.

The Board of Directors sets the organisation's 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 which will be delivered through rigorous budgetary control and the transformation of services. The Trust is also an active participant in the system wide Strategic Transformation Programme.

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 centres and other management units. Reporting at all levels includes detail on the achievement against cost improvement 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 2015/2016 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 2015/2016:

Sign up to safety (Patient Safety); Reducing avoidable harm by 50% over three years with a specific focus on:

- Reducing HCAI.
- Improving medication safety.

Improving outcomes:

- Improving the management of patients with Sepsis.

Improving patients' experience:

- Improving end of life care.
- Improving care for patients with dementia and their carers.
- Implementation of the patient and carers strategy.
- Improving the discharge process.

Board responsibility for the Quality Report rests with the Director of Quality, the production of the Quality Report is overseen by the directorate of quality assurance. Each quality priority has a clinical lead identified who is responsible for 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 in quality monitoring reports is described in the 'Risk and Control Framework Section' above. The Trust is assured of the quality and accuracy of elective waiting time data through the application of national definitions and guidance for the extraction of raw data from the trust's patient administration system (PAS) which is then used to create a patient target list (PTL). This is used to manage the patients on the elective pathway. The technical processes to produce the PTL have validation checks built in to them and a further manual validation check is undertaken before the report is distributed. The information services team have full procedural documentation that the team follow to run the processes that produce the PTL and waiting list reports.

A central tracking team receives the PTL and waiting list reports and, working closely with identified personnel in every specialty across the organisation, validate the data on a daily basis.

The risks to the accuracy of the data arise from the potential for error in the manual data entry. These risks are mitigated by the regular checks that are built in and the daily validation by the central tracking team. Any errors with data input are fed back to the appropriate teams with further guidance, training and education. The Trust has an access policy which is reviewed every two years so that the processes for the management of waiting lists is standardised.

Further assurance that the Quality 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 27 May 2016.

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. 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.

For the 2015/2016 internal audit plan management asked internal audit to undertake a number of audits in areas where there were known to be risks so that the findings could inform the strengthening of control processes. The plan included a number of core systems, being:

- Key financial systems.
- PFI and contract management.
- Risk management and governance.

Internal audit are satisfied that sufficient internal audit work had been undertaken to allow an opinion to be given to the adequacy and effectiveness of governance, risk management and control.

In giving the opinion, it should be noted that with the agreement of Audit Committee and management, the work in the year focused on the areas of management concern and this was reflected in the number of high and medium risk ratings assigned to reviews, which have been taken into account in the opinion. Executive Directors have also 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.

Head of Audit opinion

I am pleased to report that the head of internal audit draft opinion is generally satisfactory with some improvements required. Governance, risk management and control in relation to business critical areas is generally satisfactory. However, there are some areas of weakness or non-compliance in the framework of governance, risk management and control which potentially put the achievement of objectives at risk.

As part of the Head of Audit's opinion he has informed me that some improvements are required in these areas to enhance the adequacy or effectiveness of the framework of governance, risk management and control. The opinion reflects that the Trust has been through a significant period of change and, with the agreement of Audit Committee and management, internal

audit work focused on the major areas where management had concerns. This is reflected in the number of high and medium risk ratings and the satisfactory opinion acknowledges these issues and reflects the significant challenges that have been faced by the Trust and subsequently addressed.

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.
- 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. During 2015/2016 the Committee has reviewed the corporate risk register and identified new corporate risks for escalation to the Board of Directors. This aspect of Board assurance will be strengthened in 2016/2017 with the establishment of the Risk Committee.

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.
- 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, 2016, 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 – Siobhan McArdle
27 May 2016

This also concludes the accountability report within the annual report.

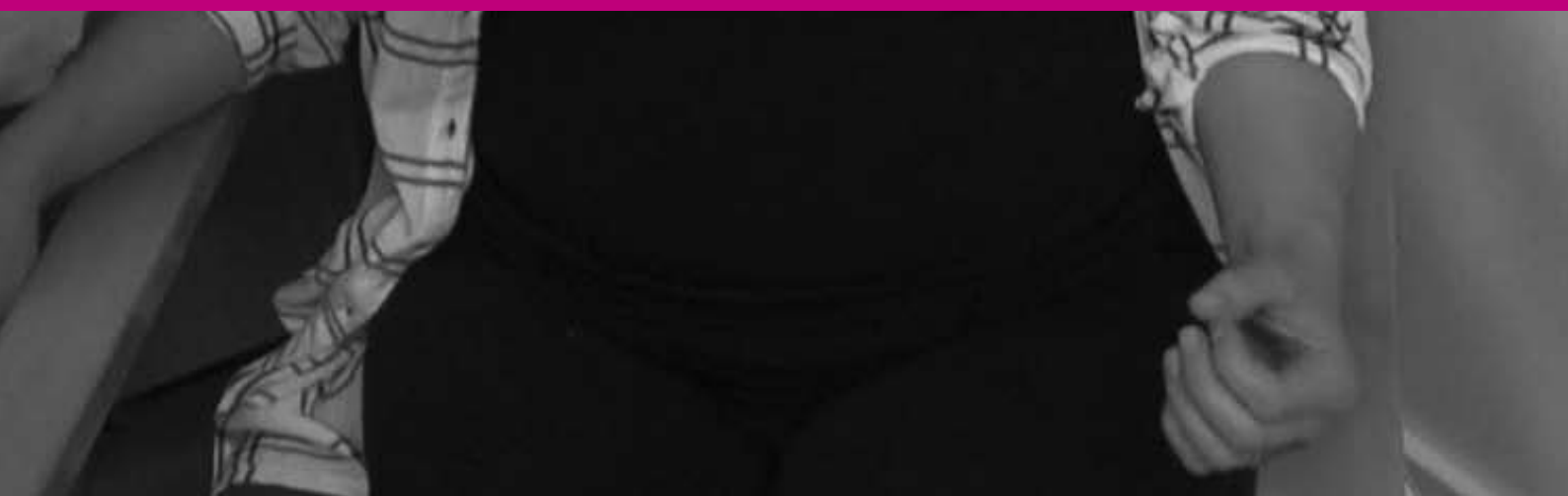
Chief Executive – Siobhan McArdle
27 May 2016



Name	Age	Sex	Religion
Patient			
Family			
Community			



Patient care



Patient care

Patient safety and quality are at the heart of everything we do. It continues to drive our organisation strategy to increase our patient focus, ensuring clinical effectiveness and excellence in both patient outcome and experience.

Care Quality Commission

The Trust was given an overall rating of 'requires improvement' by the Care Quality Commission for providing safe and effective care although inspectors found services were caring, responsive and well led following its inspection of the organisation in December 2014.

In total, 89 of the 105 individual ratings (84%) were either good or outstanding and a number of areas of excellent and outstanding practice were also identified, particularly in maternity services which were managed by a 'strong, cohesive leadership team.' These included:

- Our team of therapeutic volunteers led by a therapeutic nursing sister which support patients who may be living with dementia or other illnesses which affected their behaviour. They also support patients who need help with eating or want to explore their environment.
- In maternity services at the Friarage and The James Cook University Hospital, the families and birth forum was involved in the design of the induction of labour suite and in championing the take-up of breastfeeding rates through the use of peer supporters, as well as improving information to raise awareness and promote the service to women when they had left the hospital.
- A 'baby buddy' mobile phone app was being piloted by the community midwives to inform women of pregnancy issues, common ailments and reasons to seek advice.
- Diabetes specialist nurses provided telephone support and advice and clinic sessions for patients with diabetes supported by a dietitian and ran the DESMOND (Diabetes Education and Self-Management for On-going and Newly Diagnosed) programme which was accessible to patients with diabetes or the risk of developing Type 2 diabetes to provide learning and support for the patient and the healthcare professionals involved with them.

At the time of inspection the Trust was in the process of implementing a significant programme of change to restructure services in order to operate more effectively and staff told inspectors they felt encouraged to introduce innovative ideas to improve service delivery and development.

Areas identified as requiring improvement included:

- Reviewing staffing in some areas.
- Safe medication practice - ensuring that patients have their medication reconciled upon admission to hospital, where medication doses are omitted that these are escalated and reported and that controlled drugs checks take place.
- Ensuring that the documentation of do not attempt cardio-pulmonary resuscitation decisions records discussions with patients and their relatives and, where a patient is identified as lacking the mental capacity to make a decision about resuscitation, a mental capacity assessment is carried out and recorded.
- Ensuring better attendance at mandatory training and subject specific training, particularly around safeguarding and mental capacity training.
- Ensuring patients' records are appropriately updated and stored to ensure confidentiality is maintained at all times and that daily checks of equipment on wards are carried out and documented.
- Ensuring patient information leaflets are up to date.

Since the CQC inspection - and publication of their report in June 2015 – the organisation has made some good progress to address the CQCs findings although we recognise there are some areas where we can make further improvement. A further inspection will be carried out in June 2016 which will specifically focus on the key areas identified as 'requiring improvement' in the safe and effective care domains.

Patient-led assessments of the care environment (PLACE)

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

The objective of PLACE assessments is to provide a snapshot of how an organisation is performing against a range of non-clinical activities which impact on the patient experience of care and in 2015 a new domain was added for dementia, focussing on flooring, décor and signage as well as areas such as availability of handrails and appropriate seating.

It focuses entirely on the care environment and does not cover clinical care provision or how well staff are doing their job. Assessments take place every year and the overall Trust breakdown for 2015 is as follows:

	Overall Trust score	National average
Cleanliness	98.59%	97.57%
Condition, appearance and maintenance	93.19%	90.11%
Privacy, dignity and wellbeing	83.07%	86.03%
Food and hydration	85.23%	88.93%
Dementia	72.69%	74.51%

	Cleanliness	Condition, appearance and maintenance	Privacy, dignity and wellbeing	Food and hydration	Dementia
National average	97.57% (97.25%)	90.11% (91.97%)	86.03% (87.73%)	88.93% (88.79%)	74.51%
James Cook	98.20% (98.37%)	93.43% (95.73%)	82.66% (87.57%)	84.98% (90.73%)	74.01%
Friarage	99.75% (99.38%)	93.40% (95.04%)	85.91% (92.14%)	85.72% (88.84%)	69.89%
Guisborough	100% (99.12%)	93.13% (96.67%)	80.68% (86.84%)	78.26% (92.48%)	72.58%
Friary	99.32% (100%)	90.54% (95.31%)	85.71% (93.75%)	83.85% (95.17%)	73.87%
Redcar	99.56% (100%)	90.09% (98.47%)	77.14% (89.74%)	92.46% (94.70%)	53.72%
Lambert Memorial	100% (98.41%)	91.18% (92.45%)	79.63% (83.33%)	96.19% (90.86%)	76.79%
East Cleveland	100% (97.66%)	87.50% (96.20%)	84.48% (86.36%)	80.94% (84.59%)	65.61%

Scores highlighted in Green indicate above the national average score.

Scores highlighted in Red indicate below the national average score.

2014 figures in brackets.

Common themes around the privacy, dignity and wellbeing scores were lack of internet access, no separate treatment room for minor wounds/dressings, shared television facilities along with the need to pay for the use of these facilities on some sites and environment issues.

Food and hydration scores have also fallen, mainly influenced by the new domains introduced in-year around the provision of finger food, new patient meal times, allergen information of patient food being kept at ward level and the ability of patients being able to wash their hands prior to the meal service.

Corrective action plans have been developed to address any improvements which were identified during the PLACE inspections at each individual site and this was shared with the Board of Directors in August.

Information governance

Information governance is the framework by which the NHS handles information about patients and employees, in particular personal and sensitive information, bringing together all the requirements, standards and best practice.

It has four fundamental aims:

- To support the provision of high quality care by promoting the effective and appropriate use of information.
- To encourage staff to work closely together, preventing duplication of effort and enabling more efficient use of resources.
- To develop support arrangements and provide staff with appropriate tools and support to enable them to discharge their responsibilities to consistently high standards.
- To enable organisations to understand their own performance and manage improvement in a systematic and effective way.

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

The Trust must publish details of any personal information related incidents categorised as level 2 serious incidents requiring investigation (SIRI) as part of the statement of internal control.

Incidents classified at an IG SIRI severity level 2 are those classed as a personal data breach (as defined in the Data Protection Act 1998) or a high risk of reputational damage and these are reportable to the Department of Health and the Information Commissioner's office through the HSCIC reporting tool.

Between April 2015 and March 2016, the Trust had four serious untoward incidents relating to information governance with a severity rating of two.

Personal data related incidents classified at a severity rating of level 1 are summarised in the required Department of Health format below.

Summary of other personal data related incidents in 2015/2016		
Category	Breach type	Total
A	Corruption or inability to recover electronic data	0
B	Disclosed in Error	18
C	Lost in Transit	1
D	Lost or stolen hardware	1
E	Lost or stolen paperwork	0
F	Non-secure Disposal – hardware	0
G	Non-secure Disposal – paperwork	1
H	Uploaded to website in error	0
I	Technical security failing (including hacking)	0
J	Unauthorised access/disclosure	0
K	Other	0

The Trust also assesses 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 develop a strategy and annual work programme to raise our level of compliance year-on-year, and also improve our information risk management process.

A toolkit score level of 0-1 equates to a grade red and a score level of 2-3 equates to a grade green. This year we achieved a minimum of a level 2 on all 45 of the required standards with a score of 80%.

SUMMARY OF SERIOUS UNTOWARD INCIDENTS INVOLVING PERSONAL DATA AS REPORTED TO THE INFORMATION COMMISSIONER'S OFFICE IN 2015-2016					
Date of incident	Nature of Incident	Nature of data involved	Number of people potentially affected	Notification steps	Further action on information risk
July	Doctor's handover sheet found by a member of the public and immediately handed over to a member of staff	Sensitive healthcare data	43	Individuals not notified as information had not been read by the member of the public so no actual breach had occurred	Reinforce the guidance on maximum identifiable data that can be recorded on handover sheets
August	Maternity records destroyed in error	Sensitive healthcare data	598	Individuals notified by letter and a helpline set up	Change in procedure for destruction of records. All maternity notes are now stored separately from the main healthcare record
October	Formal complaint response letter sent to the wrong address	Sensitive healthcare data	1	Individual notified in person	Protocol issued which states that three demographic data fields must be checked on outgoing post.
November	Clinic letter containing sensitive information was sent to the wrong address and opened by the recipient.	Sensitive healthcare data	1	Individual notified by telephone	



Patient experience

To support us to gain a broad understanding of what our patients are experiencing when they receive care and treatment, it is important to consider many different forms of feedback such as local surveys, the open and honest care programme, patient safety walkabouts, Friends and Family responses, the national inpatient survey and complaints and PALS enquiries. This is covered in further detail in the quality report.

Complaints and concerns

Our strategic imperative is to increase our patient focus, ensuring clinical effectiveness and excellence in both patient outcomes and patient experience.

Poor communication often lies at the heart of many NHS complaints and getting it right is a cornerstone of providing quality health care and an area we have 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 embed learning to improve safety supporting families, carers and staff involved.

Between 2015/2016 we dealt with 428 formal complaints, which received a written response from the Chief Executive compared to 471 in 2014/2015. We assisted other organisations with a further 43 complaints.

Currently the standard response time to complainants is set at 25 or 40 working days, (60 for a serious incident). The Trust has only achieved this with 20% of our responses – a slight improvement on last year (17%).

A number of measures are being put in place to ensure a systematic approach to managing and analysing incidents, complaints, PALS, claims and information governance and some improvements to-date include:

- Introducing a quarterly lessons learned report.
- Strengthening links between the patient relations team and clinical centres and departments by confirming a corporate link advisor.
- Standardising signposting regarding how to raise concerns at ward/department level.
- Profile raised among clinical teams of availability of patient advocacy services.
- Purchasing a complaints module in Datix to standardise workstreams, reduce duplication of work and improve tracking of complaints.
- Weekly centre reports detailing all aspects of patient safety and information governance (including complaints).

The terms of reference for the complaints leads group was updated following an implementation of centre links in May 2015. The purpose of this group is to monitor and discuss information from complaints and PALS, identify themes, lessons learned and any areas of good practice and service improvement.

The complaints review panel meet monthly to score responses against the Patients Association Standards. This group has an independent chair and the terms of reference and membership were updated in July 2015 and now include representation from our commissioners and the complaints advocacy service.

A number of workshops were held throughout the year with an aim of improving investigations into incident and complaints and help to ensure staff are appropriately skilled and confident to be able to manage and handle complaints effectively.

Further actions to be implemented in 2016/2017 are:

- Agree a response time with the complainant particularly when the complaint is complex or the complainant requests a meeting.
- Monthly 'lessons learned' bulletins to share outcomes of investigations.
- To pilot a new response template.
- To improve action plans associated with complaints.
- To complete work on a guidance pack on handling complaints.

A total of 27 requests were received by the Parliamentary and Health Service Ombudsman (PHSO), whose role is to investigate complaints where individuals feel they have been treated unfairly or have received a poor service. This compares to 11 requests last year and the increase is likely to be due to the change in remit of the PHSO.

Of these, three were not upheld, six were partially upheld and for the further 16, the Trust is still awaiting a decision from the Ombudsman. Of those awaiting a decision, one is assisting another organisation and two were requests for information only.

We also had 2,134* PALS enquiries in 2015/2016, a decrease on the previous year of 2,481* (which included all enquiries made through the team including compliments and enquiries, rather than concerns raised which is what is reported in the quality report).

During the past year a new system for monitoring and handling PALS enquiries has also been introduced which has had a positive effect on the Trust response times with 72% being resolved and closed within 10 days (target 80%).

Some of the changes the organisation has made as a direct result of complaints or concerns being raised include:

- Changing practice in radiology to review further along the mesenteric artery to reduce likelihood of missing an embolus.
- Raising organisation awareness of the use of critical medications - The Golden Rule for Prescribing and Administering Critical Medication. All areas to agree a local list of critical medications.
- Making changes to nursing documentation including admission documentation and care plans.
- Discharge tickets have been introduced in all in patient areas to inform patients of their discharge arrangements.
- Reviewing the 'Knowing How We are Doing' boards to simplify information available to patients around quality indicators.

- Working more closely with Tees Esk and Wear Valley NHS Foundation Trust – the local mental health provider - to create/define a collaborative process when jointly managing patients with mental health issues.
- Improving communication with family and relatives regarding patients diagnosis and prognosis – information leaflets have been updated to include web sites which can be accessed for further information.

Friends and Family Test

The NHS Friends and Family Test (FFT) was introduced in response to the Department of Health mandate that all patients who receive NHS services should be offered the opportunity to comment anonymously on whether or not they would recommend the service to their friend or family member.

First introduced in 2013 to hospital wards, accident and emergency and maternity departments, it is now also offered to patients who attend and have experienced care in outpatient and daycase areas, paediatric services and some community services.

The Trust is currently performing above the national average and a detailed breakdown is available in the quality report.

Open and Honest Care

The Open and Honest Care Improvement programme aims to support organisations to become more transparent and consistent in publishing safety, experience and improvement data; with the overall aim of improving care, practice and culture.

Over the last 12 months the patient experience feedback part of the programme has developed further and the numbers of patients who are giving their feedback on a standard set of questions has increased.

Overall results are positive and the trust is now focussing on two areas identified as requiring more work - discharge home from hospital and reducing noise at night. All results are published on the Trust's website at <http://southtees.nhs.uk/patients-visitors/patient-experience/open-honest-care-driving-improvements/>

Some improvements implemented during the past 12 months as a result of patient feedback include:

- New television handsets purchased.
- Introduction of bay nursing in many areas, increasing nurse visibility.
- Improvements to environment (re-decoration and maintenance).
- Reduction in noise at night through raised awareness.
- More stringent monitoring of cleanliness of wards and departments.
- Development of a robust therapeutic care volunteer network.
- Implementation of "hello my name is..." initiative.
- Inclusion of real patient stories in many training events.
- Implementation of discharge ticket and standard operating procedure for discharge.
- Launch of carers campaign and raised awareness about the importance of supporting carers.

The organisation also has an established patient and carer experience sub group which provides a forum to feedback progress on different patient experience workstreams across the Trust, discuss potential barriers and provide a platform for discussion and debate around patient experience.

The group's purpose is to give assurance that the Trust delivers high quality, patient-centred care throughout its acute and community services, particularly with regard to patient and carer experience and engagement, and has primary responsibility for the governance and delivery of the organisation's strategic objectives relating to improving patient and carer experience and engagement.

Ongoing work includes:

- Developing a patient and carer engagement strategy.
- Receiving and analysing triangulated patient experience data and reports (from complaints, compliments, PALS, settled claims, internal patient and carer experience project work, staff surveys and other relevant sources).
- Monitoring the organisation's participation in national surveys.
- Developing and supporting the delivery of (and monitoring) of the inpatient survey action plan.
- Providing consultation and support to research bids that will be used to contribute and influence the national patient experience agenda.
- Development of a reducing noise at night standard for launch in the summer of 2016.

National surveys

The Trust participated in three national surveys which were published in year:

- The Care Quality Commission's maternity survey, the findings of which highlight women's responses to questions across themes such as access to care, personal choices, type of birth and emotional wellbeing.
- The first national children's survey conducted by CQC, representing the experiences of children and young people who received inpatient or day case care in 2014.
- 'Patterns of Maternity Care in English NHS Trusts' (a report by The Royal College of Obstetricians and Gynaecologists - RCOG) which looked at various aspects of intrapartum care (labour, delivery and child birth) and showed good outcomes for women and their babies.

An analysis of the Trust's results – and subsequent actions taken – is covered in detail in the quality report.

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.

South Tees, like all healthcare organisations, is looking at how we can be more productive and efficient without affecting patient quality if we are to respond to – and meet – these challenges.

Our transformation programme

The organisation's programme of transformation is now firmly established and has supported a number of projects in 2015/2016 to increase efficiency, drive out waste and improve services, systems and processes to benefit both patients and staff.

A permanent Director of Transformation took up post in May 2015 to lead this work with the aim of supporting our clinical centres to develop into robust business units with a strong culture and ethos of accountability, rapid decision making and improvement.

Key projects in-year included:

- **Surgical pathways project** – looking at best practice around theatre use to improve patient experience and increase productivity, reducing cancellations/did not attend rates and improving patient flow.
- **Emergency care pathway** – with an increased operational focus on patient flow and discharge processes, particularly across the James Cook site, with a number of systems and services put in place to help ensure our patients are treated in the right beds by the most appropriate team.

This included increasing staffing levels to support patients who require resuscitation, introducing an electronic patient administration system, more standardised response to A&E requests for review from speciality teams to help improve patient flow and reduce A&E waiting times, introduction of Ticket Home, pharmacy trolley.

A rapid access frailty assessment (RAFA) unit was set up on ward 11 as a pilot scheme (24/7) with resident consultant cover five days a week 9am to 5pm (eventually extending to 8am to 8pm), supported by a nurse practitioner and junior medical staff.

A comprehensive geriatric assessment (CGA) starts for the patient in the first couple of hours of arriving on the unit involving physiotherapists, occupational therapists, psychiatric liaison and social services. The changes aim to ease pressures on accident and emergency and the acute assessment unit while ensuring patients get the right care in the right place as soon as possible.

We also opened a clinical decisions unit, which will manage patients who require medical assessment prior to an expected discharge and also heavily promoted the discharge suite, based on ward 29, which is open 8am to 6pm. This has the capacity to take up to 300 patients a week and also has its own dedicated patient transport ambulance and a priority service in pharmacy.

- **Outpatients** - Reducing DNA (Did Not Attend) rates and standardising systems such as room bookings across all departments.
- **Postage campaign** – Staff urged to help us keep costs down by ensuring envelopes are addressed correctly and by only using first class post if it is absolutely necessary.
- **Mobile device amnesty** – Ensuring all devices are registered and holding a two-week amnesty to enable staff to hand in any used mobile phones, pagers, laptops or SIM cards.
- **Corporate optimisation** - Streamline the gathering of information, stop duplication of activities and improve support to the frontline service.

Embracing information technology

One of the major strategic issues for the Trust is to transform care we provide for patients, underpinned by supporting information technology. In the health service writing everything down on pen and paper is not always efficient and there are considerable patient safety benefits of moving towards electronic ways of working.

The Trust was awarded £1.35million from the Integrated Digital Care Fund to support the organisation in moving away from paper-based clinical record keeping in healthcare records to a more integrated electronic system.

A project team has been set up to rollout this new system – known as Evolve - with software company Kainos and the first phase of this clinical noting scheme is expected to go live in the summer of 2016. The project involves standardisation and rationalisation of current paper forms, UAT - user acceptance testing, and quality assurance.

Other IT projects in-year included:

- **BookWise** - a new electronic room booking system for outpatients – to ensure departments are using the same scheduling process, enabling staff to make use of all available clinic rooms, not just those in their own area.

The new system will help reduce the need for overtime clinics and external venue hire as well as enabling staff to easily see which clinics are taking place and how many rooms are available at any one time.

- **Symphony** - an electronic patient record (EPR) system – was implemented in the Trust's accident and emergency departments to record and track the patient's journey. The system is paper light, uses voice recognition technology (with a combination of desk-based and portable IT devices), is easy to use and will improve patient safety through recording real time data.
- Theatre teams can now see blood clotting results live on the big screen while they are being processed on a TEG (Thromboelastograph) machine in the pathology lab. This innovative way of working means theatre teams see the test results much faster which enables them to deliver individually-tailored care to patients. The new system also potentially reduces use of blood products which improves patient safety and efficiency while reducing demand on vital resources.

First patients undergo new type of radiotherapy treatment – radium 223

A new type of radiation therapy in treating prostate cancer patients was made available for the first time at James Cook.

Radioactive radium 223 is used to treat prostate cancer which has spread to the bones and specifically targets tumours with less pain and fewer side effects. It is given by injections into the vein and travels in the blood system to the bones, killing the cancer cells which, because they are more active than normal bone cells, are more likely to be targeted by the radium.

The injection, which is given in an outpatient setting, is normally repeated every four weeks up to six times and patients can go home immediately afterwards.

Between 30 and 40 patients a year will benefit from this new service and until its introduction, similar treatments had been limited to symptom control rather than improving survival. This drug enables men to live longer and experience less pain and fewer side-effects, giving them a better quality of life.

Trust offers advanced radiotherapy to wider range of patients

The Trust was chosen as one of 17 centres in England to be able to offer SABR – stereotactic ablative radiotherapy - to a wider range of patients as part of NHS England's latest national evaluation programme.

NHS England has invested £15million over three years to assess the use of SABR through its Commissioning through Evaluation initiative, which will allow up to 750 new patients a year nationally to access the treatment.

SABR is a modern, more precise delivery technique of radiotherapy which delivers high doses of radiation while causing less damage to surrounding healthy tissue than conventional radiotherapy.

At The James Cook University Hospital, we have already successfully delivered SABR to more than 200 patients to treat tumours in the chest – predominantly lung cancer - but now we can extend provision to treat oligometastatic tumours (cancer that has spread to less than five other sites within the body).

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 to 30 treatments of conventional radiotherapy.

NHS England's investment in the Commissioning through Evaluation programme is in addition to its pledge to fund up to £6million over the next five years to cover the NHS treatment costs of SABR clinical trials funded by Cancer Research UK.

Surgeon performs UK's first robotic diaphragm procedure

The UK's first robotic diaphragm plication was performed by cardiothoracic surgeon Joel Dunning using the Trust's da Vinci robot. James Cook was the second hospital in the country to offer robotic thoracic surgery but the first to use it to carry out a diaphragm plication – an operation to repair a paralysed diaphragm.

A paralysed diaphragm can leave you feeling very out of breath and normally patients would have to have a big thoracotomy which is very painful and can leave them out of action for up to six weeks. With this endoscopic technique patients can be back home within two to four days.

The robot arms control long instruments that go into the chest through three to four small holes of about 8mm. The surgeon sits at the console throughout the procedure and has full control of the robot and excellent vision via a 3D camera.

The real advantage of the robot is that the instruments are so controllable inside the chest and can move in every direction so patients benefit from the robot's accuracy and vision and we hope this new technique will also significantly speed up their recovery.



Improving treatment and outcomes for cancer patients

An innovative partnership has been forged to improve treatment and outcomes for cancer patients across Teesside, County Durham and North Yorkshire.

The Macmillan Integration of Cancer Care (MaICC) Programme – a collaboration between Macmillan Cancer Support, the Trust and health and social care partners – looks at the whole patient journey from diagnosis and treatment to living with, and beyond, cancer. In-year a number of pioneering projects focussing on earlier diagnosis of the disease were launched including:

- South Tees Optical Referral Project (STORP) – the first project of its kind in the country which allows Middlesbrough, Redcar and Cleveland opticians to directly refer patients to the neurosciences team at The James Cook University Hospital if concerns are picked up during an eye examination rather than going to a GP first.
- An open access chest X-ray clinic to aid the earlier diagnosis of lung cancer (in partnership with public health shared services and funded by South Tees Clinical Commissioning Group).

Alongside the MaICC programme, the Trust has linked in with NHS England's 'Acceleration Co-ordination and Evaluation' (ACE) initiative which looks at early cancer diagnosis.

Parkinson's initiative wins innovation award

The Parkinson's team was selected by the Health Foundation, an independent healthcare charity, to be part of its new £1.5 million 'Innovating for Improvement' programme.

The programme is supporting 17 healthcare projects in the UK, with the aim of improving healthcare delivery and the way people manage their own healthcare by testing and developing innovative ideas and approaches and putting them into practice.

One person in every 500 has Parkinson's disease. Hospital outpatient clinics struggle to meet the often complex needs of patients, particularly when it comes to symptoms such as falls, freezing episodes, hallucinations and dementia.

The James Cook team has set up a 'Parkinson's advanced symptom unit' (PASU) – the first of its kind in the UK – based at Redcar Primary Care Hospital to provide rapid access, specialist care for people struggling with their symptoms so rather than seeing patients for 15 to 30 minutes, the PASU will offer half-day or all-day appointments, enabling a more complete assessment of complex issues, from a wide variety of team members including occupational therapists, physiotherapists and specialist nurses.

The clinic is open to referrals from patients and carers themselves, as well as primary care providers and community-based teams, and functions as a centre of excellence, offering training to doctors, nurses and allied health professionals who work in the region.

It is led by consultant neurologist Dr Neil Archibald supported by members of the Parkinson's team as well as Parkinson's UK and mental health specialists from Tees, Esk and Wear Valley NHS Foundation Trust.

UNICEF praise for Friarage maternity centre

The midwife-led maternity centre at the Friarage Hospital was praised by UNICEF's UK baby-friendly initiative for the promotion of breastfeeding. The centre met all of the criteria relating to Stage 3 accreditation and now has the same level of accolade as the maternity unit at James Cook.

Almost all of the mothers interviewed spoke very highly of the care they had received at Friarage maternity centre, which was reflected in the assessment results, with community midwives also being successfully reassessed for the same accreditation.

Retinal development appeal

The ophthalmology team took delivery of a cutting-edge eye scanner – thanks to the success of the retinal development appeal – which will help save the sight of thousands of patients.

The Heidelberg eye scanner, which cost over £175,000, has advanced components which allow staff to diagnose patients quicker because of the high quality images that it produces. Fundraisers contributed over £84,000 to the charity appeal for the scanner, which was added to a £120,000 grant from Novartis.

It is now being used to diagnose and treat many of the major eye diseases which lead to loss of sight such as glaucoma, diabetic retinopathy and macular degeneration and can also be upgraded in future years to ensure it remains at the forefront of medical technology.

Centre of excellence

The James Cook University Hospital was recognised as a centre of excellence for the treatment and research of Paget's disease of the bone.

The Paget's Association, the dedicated UK charity for Paget's disease, formally awarded the centre of excellence status to James Cook at an official unveiling in the rheumatology department.

Paget's disease is a common bone disorder that is caused by a problem with the process of bone regeneration, which results in the bone being replaced at a faster rate than usual. This leads to weak bones, deafness, pain and severe deformity.

The award was made in recognition of the comprehensive range of services developed for the management and support of patients with Paget's disease of bone, together with plans for research into the treatment of the condition.

Ambulatory care and OHPAT unit – Friarage Hospital

In November, the ambulatory care and OHPAT (outpatient and home parenteral antimicrobial treatment) unit, which allows emergency patients who would usually have to stay in hospital to be treated as outpatients – or even in their own homes – was officially opened at the Friarage Hospital.

During a pilot period, the unit saw around 300 patients a month needing urgent diagnostics and treatment for conditions as diverse as skin infection, pulmonary embolus (a blockage of an artery in the lungs) and liver failure. Although in urgent need of help, these patients are not unwell enough to need an overnight stay in hospital.

The unit is staffed by an 11-strong team, including consultants, GP hospitalists and nurse practitioners, and during the first pilot year it saved over 4,000 overnight stays, with demand for the service steadily growing.

The Friends of the Friarage Hospital has contributed £42,000 towards the establishment of the unit which was opened by Richmond MP Rishi Sunak - a donation which has come from the proceeds of the Friends hospital shop.

Community transport project

An innovative project was launched at Reeth Medical Centre to reduce social isolation, improve standards of care for disadvantaged patients and provide support for local voluntary services.

The centre, in partnership with the Trust, NHS Hambleton Richmondshire and Whitby CCG and Reeth and District Community Transport, has developed a project to provide free transport for housebound patients, allowing them to attend the practice for routine checks such as monitoring of heart conditions, blood tests and influenza vaccinations.

The dedicated clinic is staffed by practice staff and community nurses, in turn reducing the number of hours spent by the community nursing team on home visits.

North-east first for HeRO

A HeRO (Haemodialysis Reliable Outflow) graft operation – the first one of its kind in the North East – was carried out on 55 year-old dialysis patient Elizabeth Fraser in December.

Due to the state and continuing deterioration of Elizabeth's veins after 15 years of dialysis and previous operations, this procedure involved putting a length of silicone-coated catheter inside her central vein in her neck to re-enforce the collapsing vein.

The catheter's diameter is three times wider than a conventional stent and goes from one of her heart vessels to beneath her collar bone and shoulder blade. A titanium connector then runs a second graft from there under the skin to the main vein in the inside of her elbow. It will be this area that will be used in further dialysis treatment.

Without this procedure dialysis would no longer have been possible for Elizabeth and while there have been over 50 such procedures in the UK to date, this was the first one to be carried out in North East England.

Upgrade of MRI Scanner

South Cleveland Heart Fund reached its £1million target for the upgrade of a MRI scanner in just 18 months! The scanner upgrade will enable cardiac consultants to carry out state-of-the-art scanning and a full Cardiac Magnetic Resonance (CMR) imaging service, supporting The James Cook University Hospital's current status as a regional cardiothoracic centre at the leading edge of heart care advances.

We have now begun a major upgrade of our existing MRI scanner, which will bring it up to the latest specifications, while a further portion of the money raised will be used to facilitate the installation of a brand new high-powered MRI scanner which will bring greater capacity to the unit and allow clinicians to undertake scans in a greater proportion of the population than was previously possible.

These new developments will also drive an increase in the unit's research activity, with the aim of improving our understanding of heart disease and its future management.

Heart failure patients first in world to benefit from new life-saving technology

The cardiology unit became the first in the world to treat heart failure patients using a new wireless pacemaker the size of a grain of rice. Surgeons and cardiologists conventionally treat the condition with a Cardiac Resynchronisation Therapy (CRT) device, known as a biventricular pacemaker, which sits below the collar bone and relies on wires that feed into the right chambers of the heart.

A third wire is required to maintain a steady heartbeat by "pacing" the left ventricle, where blood is pumped out through the aortic valve into the aortic arch and onward to the rest of the body.

It is thought up to 30% of patients fail to respond to treatment with these pacemakers but with this new pacemaker, developed by EBR Systems Inc and known as WiSE Technology, the device is implanted directly into the innermost layer of tissue that lines the left chamber of the heart.

This can then perform the same job as a traditional CRT pacemaker - controlling abnormal heart rhythms using low-energy electrical pulses to prompt the heart to beat at a normal rate - but without the need for wires and the risk of complications that come with them.

Early indications have shown patients are responding well to this new type of treatment and could enable clinicians to increase the number of patients who respond to this therapy, helping them to live a longer, more active life.

The Trust was the first globally to take advantage of this new type of treatment on behalf of patients outside of a research study and this is an important addition to the treatment options available for our patients with heart failure.

UK first in robotic lung surgery

Gemma Walker became the first patient in the UK to have innovative robotic lung surgery, just weeks after giving birth. Gemma was pregnant with her second child when she was told she had a tumour on her lung and because of the delicate nature of the proposed operation to remove the tumour would have to wait until the baby had been born.

The Darlington mum was put under the care of cardiothoracic consultant Joel Dunning who wanted to treat Gemma as quickly and as least invasively as possible with the use of the Da Vinci robot and after her son was born she had the minimally invasive procedure and was home in four days.

The benefits of robotic lung surgery have been immense in the short time that the Trust has been performing this surgery and to find out more about Gemma's story visit <https://youtu.be/qRvymvKTXjE>

£1.5m investment for therapy services

Therapy services across Middlesbrough, Redcar and Cleveland received a £1.5million investment to enable services to be provided seven days a week from community hospitals and a higher level of treatment being delivered to patients in their own homes.

The Trust is recruiting an additional 35 therapy staff as well as providing existing staff with advanced training in specialist areas such as respiratory, stroke/neurology, complex musculoskeletal conditions and dementia.

This extended provision will minimise the amount of time patients need to spend in hospital as well as reducing waiting times for patients requiring rehabilitation at home.

Telemedicine at the Friarage Hospital

With rurality across the Hambleton and Richmondshire area a real challenge for healthcare providers and commissioners, patient Dorothy Flintoft's story really demonstrated how far technology has come in health.

After falling seriously ill in the hospital in the middle of the night, the team in the clinical decision unit set up a webcam link between Dorothy and the consultant on-call Dr James Dunbar, rather than wait for him to come in to give advice.

This resulted in Dorothy getting a CT scan and a heart problem was diagnosed with the great grandmother being subsequently transferred – and successfully treated – at The James Cook University Hospital.

With our ongoing Fit for the Future work in partnership with NHS Hambleton, Richmondshire and Whitby CCG, this is an example of how investment in technology – in this case telemedicine – is improving the patient experience and outcomes.

New vascular procedure

Teesside farmer Francis Fabi was the first to undergo a 'new generation' stent procedure performed by vascular surgeons and radiologists at James Cook. Due to his large and life-threatening aneurysm being so close to the arteries to his kidneys, a conventional stent was not an option as there was not enough 'neck' for the usual stents to secure to. Instead surgeons used a new Nellix stent – an endovascular aneurysm sealing system - to overcome the problem.

UK first for Gamma camera

The Trust installed the first Siemens 'Symbia Evo' gamma camera in the country in the nuclear medicine department. Where other diagnostic imaging procedures—such as x-rays, computed tomography (CT) and ultrasound—offer pictures of physical structure, the gamma camera allows clinicians to see how the body is functioning and to measure its chemical and biological processes, producing very precise pictures of the area of the body being imaged.

Although technology has changed little, the new camera will be able to see a significant higher number of patients as it can scan much quicker than the previous generations of cameras. It also does its own quality controls overnight, when not in use, so the team are ready to start treating patients as soon as they arrive for their appointment, rather than having to go through the quality control process at the start of each day.

Eye outpatient clinics – Whitby Hospital

Eye (ophthalmology) outpatient clinics at Whitby Hospital began in April 2015 after the Trust was commissioned to provide an eye clinic by Hambleton, Richmondshire and Whitby Clinical Commissioning Group. Due to staffing pressures in July 2014, previous providers York Hospitals NHS Foundation Trust stopped the clinics at the hospital, meaning patients had to travel to Scarborough or elsewhere for care. The Trust is now providing a full-day clinic every alternate week, run by clinicians on a rotational basis.



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.

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

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

In-year, the Institute for Learning, Research and Innovation was launched, supporting our collaborative multi-organisational approach to quality improvement.

The Institute brings together a full range of research, teaching, development, training and innovation facilities into one 'hub' with the ambition to grow and become a regional, national and international leader in its field by working in partnership with other agencies.

In 2015/2016, seven rapid process improvement workstreams (RPIW) and two Kaizen events have taken place to support the transformation programme and we now have more than 20 certified RPIW leaders in the trust, along with a service improvement faculty which has 1,259 members who have undergone training in service improvement and methodology.

Our plans to further develop our quality improvement capabilities in 2016/2017 are to secure external support to further develop our own in-house lean programme in line with service and organisational strategic objectives.

Teaching and training

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

In the recent GMC regional training survey 'Your School, Your Say', which is based on the responses from foundation doctors, the Trust was ranked number one for educational supervision with other positives including best scores for appropriate handover, FY trainees feeling supported to raise a patient safety issue and recommending the Trust to friends thinking of applying.

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.

The number of patients receiving relevant health services provided or sub-contracted by the Trust in-year recruited to take part in research approved by a research ethics committee in 2015/2016 was 2,538.

In addition, the Trust is supporting 30 'commercial' research studies – the second highest number in the region – which range from complex interventional trials involving small numbers (often only two or three people) to large non-interventional studies.

Of the 182 studies we recruited to, 104 were to interventional studies, and together with other research studies (e.g. 'non-portfolio' research and studies in 'follow-up') the trust is supporting over 300 projects.

This active engagement in research is reflected in a report published by the National Institute for Health Research (NIHR) in year, which ranked the organisation in the top 10% of NHS trusts in the country for the number of 'recruiting' to trials in 2014/2015.

Income from participation in research continues to rise despite the challenging financial climate and was in excess of £1million in 2015/2016. The Trust was also successfully awarded further NIHR research grants to deliver two major Health Technology Assessment (HTA) funded trials:

- **'Occupational advice initiated prior to planned surgery for lower limb joint replacement'** - an assessment of the feasibility of a trial to evaluate whether an occupational advice intervention delivered to working adults, which starts prior to primary hip or knee joint replacement surgery, improves speed of recovery to usual activities including work.
- **'UK Mini Mitral'** - a multi-centre randomised controlled trial, incorporating an internal pilot and 12 month follow-up. Together this will enable the evaluation of short and long-term patient-focused, clinical and economic outcomes following mitral valve repair (MVR) by conventional median sternotomy versus minimally invasive thoracoscopically guided right minithoracotomy.

A dragon's lair event was also held to invite colleagues to pitch for a £30,000 research grant – the overarching aim being to help researchers develop grant applications that would be competitive in national award programmes.

The winning 12-month pilot project builds on existing studies that show people with diabetes and kidney failure who require dialysis have a higher risk of suffering foot ulcers and leg amputation and will involve a podiatrist attending the dialysis unit three times a week to examine the feet of all patients with the condition and assess the risk of foot ulceration.

World first in neurosurgery research trial

The Trust recruited the first two patients in the world for a global-wide commercial research trial which aims to compare the safety and effectiveness of two different sealants that are used in neurosurgery.

Comparison of the two products and analysis of their use in helping to reduce the incidence of cerebrospinal fluid (CSF) leakage could be beneficial for future patient care.

CSF leakage, which occurs when the fluid around the brain leaks through a hole in the skull bone and can either drain from the ear or the nose depending on where the skull bone is damaged, is one of the most challenging complications in neurosurgery and can potentially impact on a patient's outcome following their operation.

Therefore further data on which sealant best minimises this risk could be worthwhile and the organisation's first two patients were enrolled ahead of other participating hospitals in Europe, Asia-Pacific and the United States.

In addition, Professor Rudy Bilous, Professor of Clinical Medicine, and the Research Nurses Sue Winship and Mary Bilous, successfully recruited the first patient in the UK and fifth globally, out of 44 countries and 650 planned sites, for another major commercial trial - the FIGARO study.

Ovarian cancer screening trial

The Trust was involved in the world's biggest ovarian cancer screening trial – the results of which were published in-year.

Results suggest that screening based on an annual blood test may help reduce the number of women dying from the disease by around 20%, although they do caution that longer follow up is needed to establish more certain estimates of how many deaths from ovarian cancer could be prevented by screening.

The UK Collaborative Trial of Ovarian Cancer Screening (UKCTOCS) is an international ovarian cancer screening trial, led by UCL and funded by the Medical Research Council, Cancer Research UK, Department of Health and The Eve Appeal. The James Cook University Hospital was one of 13 centres involved, with 10,000 local women aged between 50 and 74 contributing to this 'landmark' trial.

This trial has been incredibly useful in improving our understanding of ovarian cancer as well as raising awareness and was also a significant undertaking for our staff to run the programme.

PACE trial

The James Cook University Hospital was the first in the North of England to recruit suitable patients to the Prostate Advances in Comparative Evidence (PACE) trial for prostate cancer, which is comparing a new type of radiotherapy - stereotactic ablative radiotherapy (SABR) with either conventional radiotherapy or surgery.

The trial is for men who have been diagnosed with prostate cancer that has not grown outside the prostate gland and is being led by researchers at The Royal Marsden NHS Foundation Trust and The Institute of Cancer Research, London.

Our first two patients were treated in December and, if successful, this trial could revolutionise the way that radiotherapy is given.

Cancer research - Melanoma

Dr Rob Ellis, a consultant dermatologist at the Trust and honorary clinical senior lecturer at Newcastle University - along with Professor Penny Lovat from the university – received a grant to lead a research project to look at why ulceration of the skin above a melanoma leads to a greater risk of the disease spreading.

Melanoma Focus - a national charity dedicated to providing a comprehensive and authoritative source of information for public and professionals, as well as supporting education and promoting research about melanoma – has provided a £100,000 grant to the scientific group at the university to conduct the 18-month study.

It is hoped the findings will help improve diagnosis by predicting which patients are at a higher risk of their skin cancer spreading to other parts of the body (metastatic melanoma) and as such require closer follow-up. This would allow patients to plan for their future treatment appropriately and help to reduce uncertainty.







Stakeholder relations

Stakeholder relations

Partnership is essential to our work in delivering and designing healthcare services around the needs of patients and carers.

The Trust's continued collaborative work with our strategic partners on transforming health and social systems across the Tees Valley and North Yorkshire will be essential for future sustainability and continued quality improvement.

The 'Fit for the Future' and 'IMPRovE' projects are examples of the work which is underway with our strategic partners on transforming the health and social care system across the Tees Valley and North Yorkshire.

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.

Every health and care system is now working together to produce a multi-year Sustainability and Transformation Plan (STP), showing how local services will evolve and become sustainable over the next five years – ultimately delivering the Five Year Forward View vision.

Locally, the STP is governed through the established Better Health Programme Board (Darlington, Durham, Tees and North Yorkshire CCG areas) working closely with the North East wide urgent and emergency care vanguard and has two main elements – a major planned acute reconfiguration driven by standards, outcomes and workforce and considerable investment in more appropriate non-acute settings

Additionally, the programme seeks to increase financial sustainability through extended use of risk share and cost sharing arrangements involving the NHS, local authority and voluntary sector partnerships.

The Trust is fully engaged and committed to the STP process with our own operational plans linking into this system-wide programme. Other ways we engage with commissioners and partner agencies is demonstrated through:

- Executive team to team meetings with our key commissioners (NHS South Tees, Hambleton, Richmondshire and Whitby) and Cumbria, Northumbria and Tyne and Wear (CNTW) and Durham, Darlington and Tees area teams.
- Unit of planning meetings bringing together CCGs, local authorities (including Middlesbrough and Redcar and Cleveland Borough Councils) 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 (North Yorkshire County Council).
- 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.

We've also done extensive engagement around our financial and quality challenges, built on our established links with our commissioners, specialist commissioners, NHS England area team, local authorities, universities, health scrutiny committees, GPs, Council of Governors and local MPs and on potential service reconfiguration as outlined as follows.

Short-stay paediatric assessment unit - Friarage Hospital

The short-stay paediatric assessment unit at the Friarage Hospital opened in October 2014 following changes to children's and maternity services at the Friarage Hospital and assesses, observes and treats children and young people referred by their GP or who have an open-access arrangement.

Once the unit was operational, it was agreed with Hambleton, Richmondshire and Whitby Clinical Commissioning Group that the trust would review its activity over the course of the year, regularly reporting back to the CCG and North Yorkshire County Council's Scrutiny of Health Committee.

Between October 2014 and September 2015, 1,666 children received care on the unit (planned and non-planned) alongside 944 ward attenders but the review clearly highlighted we were not making the best use of the skills or time of staff working on the short-stay paediatric assessment unit at weekends based on the numbers of children we see.

Following the review, a recommendation was made to the CCG to change the opening times on Mondays to Fridays for the service to be open when most needed and to close on weekends and Bank Holidays which was supported.

These changes came into force on 1 April 2016 with the new opening times 9am to 7pm, Monday to Friday.

Fit for the Future

The Trust and Hambleton, Richmondshire and Whitby CCG, working with North Yorkshire County Council and partners have ambitious plans to address the rising challenges of looking after a growing, ageing population living across a wide, largely rural, and area.

We want to redesign health and care services and be a beacon of rural health and care - delivering the highest quality health and care services – and during the year, the public, staff and other key stakeholders took part in 'care conversations' designed to identify opportunities for working together to improve and enhance local services.

The 'Fit 4 the Future' project has a number of objectives to:

- Keep the Friarage Hospital at the centre of healthcare for the people of Hambleton and Richmondshire.
- Address the immediate issues of the urgent care pathway.
- Ensure that treating people at, or near to home, is a viable option wherever possible.
- Work together across the system to shift the focus from illness to wellness.
- Assess the future purpose of the community hospitals.
- Create a step change in the integration of health and social care.
- Radically rethink the delivery of health and care in rural areas, including the use of technology.
- Radically rethink and take opportunities to reform our workforce.

In November a Clinical Summit was held, bringing together over 200 clinical professionals including GPs, hospital consultants, nurses, therapists and social care colleagues from across the locality to discuss, influence and help shape how health and social care can be delivered effectively and sustainably in the future.

The key theme from the summit was one of integration, joining up services on a local footprint, which make sense to local people and communities and enable care wherever possible to be delivered at home or as near to home as possible.

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 worked 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 in-year involved:

- Improving stroke rehabilitation services, including centralising stroke and rehabilitation teams at Redcar Primary Care Hospital, making it a centre of excellence for stroke rehabilitation with dedicated beds, specialist staff, excellent facilities and the added support of an early supported discharge (ESD) team.
- Improving community support for elderly and vulnerable people, bringing more services to their homes, including a £1.5m investment in therapy services.
- Closing two minor injury services in East Cleveland and Guisborough Primary Care Hospitals and consolidating and enhancing minor injury services onto one single site (Redcar Primary Care Hospital) by April 2015.
- Closure of Carter Bequest Hospital and transfer of services within the community by April 2015 alongside the progression of improved community infrastructure.
- Part closure of Guisborough Primary Care Hospital (main building) by transferring inpatient beds to East Cleveland Primary Care Hospital.
- Setting up a single point of contact for all community health and social care needs.

The project was a finalist in the 'Improved partnerships between health and local government' category in the HSJ Awards 2015.

Urgent care review

In 2016, South Tees Clinical Commissioning Group launched a three-month public consultation into the future of urgent care services across Middlesbrough, Redcar and Cleveland to seek views on three different options offering improved access to GP services, seven days a week.

Its proposals include closing the two existing walk-in centres – the Resolution Centre in North Ormesby and Eston Grange Healthcare Centre – at the end of 31 March 2017, replacing them with a number of extended hours GP centres across the whole of the South Tees area.

The Resolution is a valuable part of our organisation with 44,305 patients using its services in 2015/2016. As a stakeholder we are working with commissioners on capacity and demand planning and looking at the potential impact this could have on our patients, staff and other frontline services such as accident and emergency. The consultation ran until 1 April 2016.

Healthwatch – North Yorkshire

In September, Healthwatch North Yorkshire carried out an 'enter, view and observe' visit to the Friarage Hospital as part of its wider programme of work looking at the quality of health and social care across the county.

The purpose of the visit was to observe the improvements made in response to recommendations made following their last visit in November 2014 and to look at the quality of hospital discharge and post hospital support arrangements, particularly for the most vulnerable patients.

A summary of their key findings were:

- Paperwork and recording had improved but was still a work in progress.
- There was a marked improvement in the support for patients with dementia with the use of 'forget-me-not' as a symbol.
- There was evidence of improved discharge processes, including the presence of Age UK's home from hospital service, although lack of community support around some delayed discharges was noted.
- The hospital met its four-hour A & E target for patients with physical needs, but concerns were raised about the target in relation to mental health patients.

The trust has subsequently fed back on the issues raised by Healthwatch and developed an action plan to address the concerns raised.

Our charities

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

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

The mission of South Tees Hospitals Charity team is to enhance the care, treatment and environment of patients. Through charitable giving, the management of charitable funds and other activities, the charity seeks to:

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

During the financial year voluntary income from donations totalled £803,000 (£788,000 in 2014/2015) and bequests totalled £292,000 (£107,000 in 2014/2015). Investment income of £154,000 (£143,000 in 2014/2015) was received as well as income from charitable activities totalling £459,000 (£392,000 in 2014/2015).

One of the primary functions of the charity is to ensure that donations are processed, acknowledged and spent in their intended areas. Overseeing 317 funds (325 in 2014/2015), the team processed 9,180 transactions in the last financial year and, in total, oversaw the spending of £2,425,000 to enhance patient care and the environment, compared to £1,732,000 in the previous year.

Having launched the £2million Friarage Scanner Appeal in 2013, the appeal reached £1.25million and is on course to be completed by the end of 2016. The location has been determined and plans initiated once funds are in place to create the new service.

Work has also begun on a new hub for the charity which will be located at the centre of The James Cook University Hospital and has been made possible by the generous donation of space by Endeavour SCH plc.

The space will allow the charity to highlight the impact of donations, give them the ability to promote forthcoming events and deliver excellent donor care. In 2016/2017, the charity will continue to support the Trust by aligning itself to new structures and strategic goals, hoping to increase its fundraised income and further consolidate the number of funds held across the Trust to become more effective and efficient.







Friarage Maternity Centre

opened on Thursday 28 May 2015

By Lady Williams





Highlights of the Year

Highlights of the Year

Boost for therapy services - £1.5million funding enabled therapy services to be provided seven days a week from community hospitals and a higher level of treatment delivered to patients in their own homes as part of the Integrated Management and Proactive Care of the Vulnerable and Elderly (IMProVE) programme. This extended provision minimises the amount of time patients need to spend in hospital as well as reducing waiting times for patients requiring rehabilitation at home.



Taking to the skies - Dare devil fundraiser, 80-year-old Barry Parker went to great heights skydiving for the first time, raising more than £4,500 for the Friarage Hospitals MRI (Magnetic Resonance Imaging) Scanner Appeal.

UK first - Together with the world's first robotic thoracic surgeon, Franca Melfi, cardiothoracic surgeon Joel Dunning and his team performed the UK's first robotic diaphragm plication at The James Cook University Hospital on Tyneside granddad Michael Jackson using the hospital's new da Vinci robot.



Long awaited eye scanner is unveiled - Staff and patients celebrated the success of the retinal development appeal with the unveiling of the cutting edge Heidelberg eye scanner that will help save the sight of thousands of patients.



Maternity celebration - Cathy Warwick, chief executive of the Royal College of Midwives joined midwives and staff at the Friarage maternity centre's open day showcasing the excellent services available for women and their babies. The centre also celebrated its first birthday as a midwifery-led unit joined by women who have used the service and their babies.



Helping patients to get home quicker

- The rapid access frailty assessment (RAFA) unit for older people opened its doors at The James Cook University Hospital. The dedicated unit will enable patients to be discharged more quickly, reducing unnecessary stays in hospital.



Patient names racehorse after robot that performed his cancer surgery

- David Barker of Northallerton named his yearling racehorse 'Da Vinci Dawn' after the da Vinci robotic equipment used to treat his bladder cancer and Macmillan specialist nurse, Dawn Watson, who supported him.



Service innovation at the Friarage

The ambulatory care and OHPAT (outpatient and home parenteral antimicrobial treatment) unit was officially opened at the Friarage Hospital by MP Rishi Sunak. The unit allows emergency patients, who would usually have to stay in hospital, to be treated as outpatients – or even in their own homes.

It's not absolutely everything! - Staff reminded patients Accident and Emergency doesn't mean Absolutely Everything, as part of a campaign demonstrating the impact of winter on the Trust aimed at keeping A&E free for emergencies and speeding up patient discharge processes.



Dorothy's 'TV' moment leads to diagnosis for a heart problem - When great grandmother Dorothy Flintoft fell seriously ill in the middle of the night, clinician on call, Dr James Dunbar used telemedicine - a webcam link between the patient and team in the Friarage Hospital's clinical decision unit - directly to his home, subsequently leading to treatment for a heart problem.

Dancer, Shannon opens LRI Institute as she recovers from hip surgery - Patient Shannon Barstow, officially opened the new Institute for Learning Research and Innovation. Now on the road to recovery Shannon benefitted from a clinical trial comparing two different types of treatment for hip impingement.



World-first pacemaker - Grandma Joan Smith, 71, from Marton became the first woman in the world to benefit from a new type of tiny wireless pacemaker the size of a grain of rice. We were the first Trust to take advantage of the new type of treatment on behalf of heart failure patients outside of a research study.

Helping you get home from hospital - A new discharge suite at James Cook is helping patients get home from hospital faster and providing a safe and relaxing environment away from the ward for patients to wait for their prescriptions and transport home.



They're all heart - South Cleveland Heart Fund reached its £1m target for the upgrade of an MRI scanner, thanks to generous donations from the public. Cardiac consultants will be able to carry out state of the art scanning and a full cardiac magnetic resonance (CMR) imaging service, supporting James Cook's existing status as a regional cardiothoracic centre.



Life-saving gift – Dialysis patient Elizabeth Fraser was given the ‘best Christmas present’ - a life-saving HeRO (haemodialysis reliable outflow) graft operation – the first one of its kind in the North east and the last possible course of action the medical team (pictured) looking after her could offer her.





painting & decorating

ZINSSER
B-I-N
WOOD BARRIER
WOOD SEALER
WOOD STAIN
WOOD KILLER

ZINSSER
B-I-N
PRIMER & SPOT EX
PRIMER-SEAL
STAIN KILLER



Setting the PACE – The James Cook University Hospital was the first hospital in the north of England to recruit suitable patients to the prostate advances in comparative evidence (PACE) trial for prostate cancer looking at a type of radiotherapy called stereotactic radiotherapy and comparing it with either conventional radiotherapy or surgery.

One patient who took up the opportunity to be part of the trial was 69-year-old Martin Jewkes of Croft near Darlington.



Care closer to home - the rapid response therapy team helped ease hospital pressures by taking specialist care directly into patients' homes. Community occupational therapists, physiotherapists and therapy assistants now provide a rapid response service across Middlesbrough, Redcar and Cleveland from 8am to 8pm seven days a week.





Quality report

Contents

PART ONE - Statement on quality from the Chief Executive	129
PART TWO - Priorities for improvement and statements of assurance from the Board	131
2.0 Priorities for improvement	132
Review of progress with the 2015/2016 quality priorities	132
2016/17 Quality Priorities	138
2.2 Statements of assurance from the Board	142
Review of services	142
Participation in clinical research	145
Goals agreed with commissioners - use of the CQUIN payment framework	145
Care Quality Commission Registration	146
NHS number and general medical practice code validity	146
Information Governance (IG) toolkit attainment levels	146
Clinical coding	146
2.3 Reporting against core indicators	148
Domain 1 - Preventing people from dying prematurely	148
Domain 2 - Enhancing quality of life for people with long-term conditions	149
Domain 3 - Helping people to recover from episodes of ill health or following injury	150
Domain 4 - Ensuring people have a positive experience of care	152
Domain 5 - Treating & caring for people in a safe environment and protecting them from avoidable harm	153
PART THREE – Other information	157
3.1 An overview of the quality of care based on performance in 2015/2016 against indicators	158
Patient Safety	158
Clinical effectiveness	159
Patient experience	165
National Patient Surveys	166
National Staff Survey	168
3.2 Performance against key national priorities	169
Annex 1: Statements from Clinical Commissioning Groups and Healthwatch	172
Annex 2: Statement of Directors' responsibilities in respect of the quality report	175
Annex 3: How to provide feedback on the account	176
Annex 4: Glossary of terms	177
Independent auditors' report	180

Part one

Statement on quality from the Chief Executive

Undoubtedly it was a challenging year but one in which we have achieved some incredible results for our patients and our organisation.

Our quality measures directly link to the outcomes and experience of patients and in the second year of our programme to reduce avoidable harm by 50%, we continued to make good progress in many areas.

We have seen a marked reduction in all categories of pressure ulcers (21%) both in our inpatient and community settings, falls have reduced by a fifth and we are making significant inroads in the care and treatment of patients with sepsis, community acquired pneumonia (CAP) and acute kidney injury (AKI).

We performed strongly against the standards set by our independent regulator, Monitor, and have clear plans in place to address the following areas where we need to make further improvement:

- **Accident and emergency targets** – despite being non-compliant in quarter two and quarter four, we were still the best performer in the region over the year, hitting an aggregate 95.1% against the 4-hour target. We were the only trust to achieve compliance in quarter three.
- **Clostridium difficile** – we ended the year with 61 cases against a threshold of 50, which is down from the 76 cases recorded at the end of 2014/2015. We have seen sustained improvements in cleaning with 95% cleaning audit compliance in each of the last four months of the year but recognise we must maintain an absolute focus on infection.
- **Referral to treatment** – we have seen a 15% increase in patients waiting more than 18 weeks for treatment and a 16% increase in patients waiting more than 12 weeks for treatment.
- **Cancer** – we missed the 62-day wait time for treatment every month last year, and the 2 week rule in February and October. Cancer remains a key priority for the organisation.

In terms of the patient experience, we received excellent feedback in national patient surveys for both maternity and paediatrics and also in the friends and family test although in 2016/2017 we must increase the voice of our patients, carers and staff to improve patient pathway design, outcome and experience.

We also worked closely with the Care Quality Commission on the implementation of an action plan after our organisation was given an overall rating of 'requires improvement' for providing safe and effective care (although inspectors found services were caring, responsive and well led) and will be re-inspected in June 2016.

With a new target operating model now in place, this year we will focus on two key programmes of work to help us deliver excellence in patient outcome and experience and meet our challenging financial targets in our final year of recovery:

"Laying the Foundations" - which will focus on driving standardisation and operational excellence across our organisation in order to create capacity and drive down our waiting lists.

"Building For the Future" - which will see us develop our organisation-wide and specialty level strategies to ensure the sustainability of our organisation for the long term.

As an organisation we still have much to do but I think we have many reasons to be optimistic about our future.



Chief Executive – Siobhan McArdle
27 May 2016





Part two

Priorities for improvement and statements of assurance from the Board

2.0 Priorities for improvement

Review of progress with the 2015/2016 quality priorities
2016/17 Quality Priorities

2.2 Statements of assurance from the Board

Review of services
Participation in clinical research
Goals agreed with commissioners - use of the CQUIN payment framework
Care Quality Commission Registration
NHS number and general medical practice code validity
Information Governance (IG) toolkit attainment levels
Clinical coding

2.3 Reporting against core indicators

Domain 1 - Preventing people from dying prematurely
Domain 2 - Enhancing quality of life for people with long-term conditions
Domain 3 - Helping people to recover from episodes of ill health or following injury
Domain 4 - Ensuring people have a positive experience of care
Domain 5 - Treating and caring for people in a safe environment and protecting them from avoidable harm

Part two

Priorities for improvement and statements of assurance from the Board

2.0 Priorities for improvement

Review of progress with the 2015/2016 quality priorities

In last year's quality account we identified the following areas for quality improvement focus:

Sign up to safety	Right care, right place, right time	At the heart of the matter
<ul style="list-style-type: none"> Reduce avoidable harm by 50% over three years <ul style="list-style-type: none"> Falls Pressure ulcers Healthcare Associated Infections (HCAI) Missed diagnosis 	<ul style="list-style-type: none"> Improving the recognition and treatment of the deteriorating patient 	<ul style="list-style-type: none"> Improving care for people with dementia through accurate assessment of needs and person centred care planning Listening and learning; improving how we respond to complaints and patient feedback
Supported by our clinical strategy		

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

Sign up to safety

Reduce avoidable harm by 50% over three years

Our goals:

- Reduce the numbers of falls per 1,000 bed days.
- Reduce harm from falls (classified moderate and above).
- Eliminate category 3 and 4 pressure ulcers which develop in our care over the next three years and make a 50% reduction of avoidable category 2 pressure ulcers.
- Minimise serious incidents due to Healthcare Associated Infections (HCAI).
- Reduce trust apportioned MRSA and *Clostridium difficile*.
- Ensure that diagnostic test results of all patients are communicated to, and received by the appropriate registered health professional.
- Ensure registered health professionals design and implement "safety net" procedures for their speciality.

Progress to date:

Falls

During the first eleven months of 2015/2016 the trust has seen a 19% reduction in the number of inpatient falls compared with the same period last year. The number of falls resulting in a fracture has remained the same as last year; however there have been less falls resulting in a fractured neck of femur (#NOF) but an increase in other fractures particularly facial injuries.

The Trust commenced a nine month project, funded by the Academic Health Sciences Network (AHSN), working collaboratively with Newcastle upon Tyne Hospitals Foundation Trust (lead organisation) and County Durham and Darlington NHS Foundation Trust to reduce inpatient falls by improving the implementation of FallSafe. A project nurse has been appointed and five pilot wards identified. The pilot wards have undertaken a baseline audit of the key FallSafe elements and priorities for improvement include the recording of lying and standing blood pressure, urinalysis and documentation of newly developed documentation. Each ward are conducting PDSA cycles and initial results have demonstrated improvements in compliance with the elements of the FallSafe bundle and an overall reduction in falls on these wards.

Falls	Apr 2015	May 2015	Jun 2015	Jul 2015	Aug 2015	Sep 2015	Oct 2015	Nov 2015	Dec 2015	Jan 2016	Feb 2016	Mar 2016	2015/2016	2014/2015
Number of inpatient falls (inc PCH)	158	133	132	122	147	135	129	113	148	122	153	132	1624	2001
Number of community falls	0	0	0	0	0	0	0	0	0	0	0	3	3	6
Total number of falls resulting in a fracture	5	4	4	3	1	2	4	3	1	1	2	1	31	31
% of falls resulting in a fracture	3.2%	3.0%	3.0%	2.5%	0.7%	1.5%	3.1%	2.7%	0.7%	0.8%	1.3%	0.8%	1.9%	1.55%
Falls per 1000 bed days	5.1	4.4	4.5	4.1	5.0	4.7	4.2	3.8	5.1	4.0	5.1	4.2	4.5	5.3

PCH - Primary Care Hospitals

Data source: Datix system

Pressure Ulcers

Inpatient (inc PCH)	Apr 2015	May 2015	Jun 2015	Jul 2015	Aug 2015	Sep 2015	Oct 2015	Nov 2015	Dec 2015	Jan 2016	Feb 2016	Mar 2016	2015/2016	2014/2015
Pressure Ulcers Category 1	29	18	26	24	14	29	24	15	26	13	21	22	261	337
Pressure Ulcers Category 2	49	52	51	61	41	31	47	32	43	37	27	34	505	678
Total Category 1 and 2	78	70	77	85	55	60	71	47	69	50	48	56	766	1015
Per 1000 bed days	2.5	2.3	2.6	2.9	1.9	2.1	2.3	1.6	2.4	1.6	1.6	1.8	2.1	4.4
Category 3 and above	2	7	5	4	2	2		1	4	2	2	3	34	43

Data source: Datix system

The number of all categories of Trust acquired pressure ulcers has decreased in the inpatient setting. There has been a 26% reduction in category 2 pressure ulcers, and a 21% reduction in category 3 and 4 pressure ulcers. This demonstrates significant improvement in the quality of care that is being delivered to patients.

Community	Apr 2015	May 2015	Jun 2015	Jul 2015	Aug 2015	Sep 2015	Oct 2015	Nov 2015	Dec 2015	Jan 2016	Feb 2016	Mar 2016	2015/2016	2014/2015
Pressure Ulcers Category 1	14	9	5	14	7	3	11	10	6	6	8	9	102	134
Pressure Ulcers Category 2	42	42	48	46	36	35	45	34	36	48	53	50	515	497
Total Category 1 and 2	56	51	53	60	43	38	56	44	42	54	61	59	617	631
Category 3 and above	11	8	6	8	5	6	9	6	2	6	2	3	72	135
Unavoidable Category 3 and 4	10	7	6	8	4	6	7	6	2	6	2	2	66	
Unavoidable %	90.9%	87.5%	100%	100%	80%	100%	77.8%	100%	100%	100%	100%	66.7%	91.7%	

Data source: Datix system

In the community setting the number of Trust acquired category 2 pressure ulcers demonstrates the maintenance of the significant reduction achieved in 2014/2015. There has been a significant reduction (47%) in category 3 & 4 pressure ulcers. Following an in-depth review of each case, 93% of these were deemed unavoidable. This means that all the necessary preventable measures and appropriate clinical care was in place.

This data is collated from our incident reporting system and no changes to reporting methodologies have been made in the last two years.

This data is supported by the National Safety Thermometer data which is a monthly snapshot of patients in our service on one particular day. This shows an 11% reduction in newly acquired category 2, 3 and 4 pressure ulcers across both hospital and community settings reducing from a rate of 1.60% in 2014/2015 to 1.42% in 2015/2016.

The South Tees Pressure Ulcer Prevention Collaborative was established in May 2014 and continues to meet monthly. It is a multi-professional and multi-agency steering group and is responsible for overseeing the identified workstreams and overarching action plan.

The Collaborative has seven distinct work streams each with a lead(s) and a documented action plan. Key achievements for each workstream are outlined below.

Engagements, ownership, culture – There has been intensive intervention and increased scrutiny for hotspot areas. Recording of the number of days free of Trust acquired ulcers has been introduced to help increase ownership.

Documentation - A variety of new charts/tools and documents have been implemented from the 1 October 2015 including an intentional rounding chart, a categorisation tool, patient information leaflet and patient posters.

Equipment - New hybrid mattresses have been provided in high risk areas, there has been a review of additional equipment and preventative dressings, training has taken place and use of repositioning reminder tools has been introduced.

Education – A week long STOP pressure ulcer event has included spot training and a one-day conference, there has been intensive intervention training and competency checks. A review of current training provision has taken place and monthly pressure ulcer and wound care training continues.

Reporting and Learning - A quarterly report is submitted to the quality assurance committee. Ward dashboards include monthly pressure ulcer data which is reviewed with the clinical teams each month. A quarterly thematic analysis has been introduced to share themes and lessons.

Partnership working - The Trust has commenced pilot work with care homes.

Audit - Week-long audits have taken place in November as part of the STOP the pressure ulcer week. An annual audit is planned for January 2016.

Healthcare Acquired Infections (HCAI)

IPC - South Tees Hospitals NHS Foundation Trust	Q1 - April to June				Q2 July to September				Q3 October to December				Q4 January to March				2015/2016	2014/2015 YTD	Target
	Apr	May	Jun	Q1	Jul	Aug	Sep	Q2	Oct	Nov	Dec	Q3	Jan	Feb	Mar	Q4			
<i>Clostridium Difficile</i> HAI (National Priority Target)	5	8	5	18	4	7	3	14	3	7	7	17	7	4	1	12	61	76	50
MRSA Bacteraemia (National Priority Target)	1	0	0	1	0	0	0	0	0	0	0	0	1	0	0	1	2	4	0
MRSA Bacteraemia per 10,000 bed days	0.6	1.0	0.7	0.8	0.3	1.4	0.3	0.7	0.7	1.0	0.3	0.7	2.6	2.3	1.3	2.1	1.1	0.7	

Data source: Datix system

Reducing health care acquired infections continues to prove challenging for the Trust. Although the target to have no more than 50 cases was exceeded with a total of 61 for the year, there was a 20% reduction in *Clostridium Difficile* compared to the previous year. This demonstrates that the actions implemented through the *Clostridium difficile* Infection action plan have been effective. There have been two cases of MRSA bacteraemia, which is a 50% reduction compared to last year. There has been an increase in MSSA bacteraemia compared to the same period last year. These cases have been investigated and are not linked however a number were in patients with intravenous lines in place. Work to reduce infection in patients with lines in situ is part of the infection prevention action plan for 2016/2017.

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

Focus on five – This campaign focused on improving isolation, hand hygiene, cleaning, use of antibiotics and communication. A new campaign called 'Spotlight on six' is currently in development with Public Relations to promote key messages for both the public and staff. This will be rolled out in 2016/2017.

Antimicrobial ARED audits – These have been developed and carried out by the antibiotic pharmacist to provide support and education regarding appropriate prescribing and to identify where knowledge gaps exist. The Trust took part in a national Global Point Prevalence Survey of antibiotic prescribing in August 2015 and was better than the national average in six of these standards, was neutral in one and worse in three. As a result the Medical Director has reviewed the antimicrobial audit program; the new pharmacy software will be used to establish high antimicrobial use areas which will inform a new specialty-specific audit program. The Trust also took part in the national 'Antibiotic Awareness Day' campaign with staff being encouraged to sign up to be 'Antibiotic Guardians'.

Proton pump inhibitors - The Trust has worked with medical staff to develop further guidance on the use of the drug group known as 'Proton Pump Inhibitors'. This group of drugs is recognised as one of the high risk drugs in the development of *Clostridium difficile*. The new guidance ensures that patients who are known to either carry *Clostridium difficile* or have developed it have their medication reviewed to ensure that these medicines are essential.

Diarrhoea assessment tool (DAT) – This has been developed and implemented to assist with the early identification of patients with suspected infectious diarrhoea. It is now supported by an isolation escalation flow chart which provides information on the correct

processes to follow. This has very recently been revised to include prompts to ensure that medical staff complete a diarrhoea severity assessment and document their decision to send a stool sample to the laboratory.

Environmental support workers – Additional staff have been appointed to acute admission wards to support appropriate bed cleaning in these high patient flow wards.

Cleaning monitoring meetings – These meetings take place monthly with our PFI partners to ensure agreed actions are delivered. The delivery of consistently high cleaning standards requires constant purpose. Joint monitoring by the Trust and the PFI partner takes place on a weekly basis and is reported to Liaison Committee.

Weekend cover - The Infection Prevention Control team has extended their service to cover weekends to provide expert advice to staff and support the patient flow team in risk assessment and decision making for patients who require isolation.

Missed Diagnosis

Following an increase in incidents and complaints relating to missed or delayed diagnosis, particularly involving radiological tests, a process was introduced to send a backup email notification of abnormal radiology results to a specific email account for each clinical team. The audit identified that although the process was effective in most cases there were still areas for improvement to ensure that the radiology department flagged all of the relevant abnormal results and that the right consultant was notified on every occasion. A working group has been established to review the policy for acting on diagnostic results and standard operating procedures.

The improvement in the process can be seen in the reduction in both incidents and claims relating to missed diagnosis.

	2014/2015	2015/2016
Incidents	50	34
Complaints	56	58
Claims	58	36

Data source: Datix system

Right care, right place, right time

Increased appropriateness and timeliness of intervention for patients leading to better patient outcomes, particularly for those with Sepsis, CAP or AKI.

Goals:

- Increased appropriateness and timeliness of intervention for patients with sepsis, Community Acquired Pneumonia (CAP) or Acute Kidney Injury (AKI).
- Reduction in cardiac arrest calls.
- Reduction in number of adverse clinical events.

During 2015/2016 there have been national quality incentive schemes in place for sepsis, and AKI, and a local quality incentive scheme for CAP.

The initiative to improve the care of patients with sepsis concentrated on improving the screening for sepsis in patients admitted as an emergency and improving the prompt treatment with appropriate antibiotics of patients with severe sepsis. Screening has improved from 31% compliance in quarter one to 87% in quarter three and is on track to achieve 90% in quarter four. Treatment of patients with severe sepsis within one hour of arrival at hospital with appropriate antibiotics has improved from 32% in quarter two to 60% in quarter three. This is a significant improvement in the quality of care of patients suffering with sepsis.

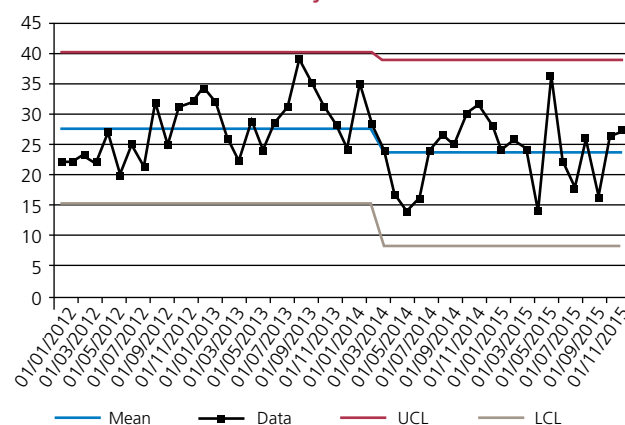
The initiative for patients with Acute Kidney Injury focused on improving the quality of information that is provided to GPs when a patient who has had AKI while in hospital is discharged ensuring that the following information is recorded in the discharge summary; AKI stage (severity of disease), evidence that medication has been reviewed, confirming what tests need to be undertaken by the GP and how often. Compliance with this measure has improved from 18% in quarter one to 31% in quarter three. This has been particularly challenging to implement due to the technical limitations of the current discharge summary system. During the year the nephrology team have developed a training package, delivered a programme of educational packages, conducted training sessions on wards as well as an awareness raising week with one of the consultants dressed as a kidney!

The Community Acquired Pneumonia quality improvement initiative is in its second year of implementation and concentrates on ensuring that a specific care bundle is delivered for all relevant patients when they are admitted to hospital. This has been shown to significantly improve the outcome for this patient group. Demonstrating improvement in the delivery of the care bundle has been slow, however in February 2016 the process of requesting chest x-rays was modified to collect the relevant data on request of the x-ray. The final data is being collated but early indications are that this has resulted in a significant improvement and all x-rays that have been requested for these patients have the information recorded.

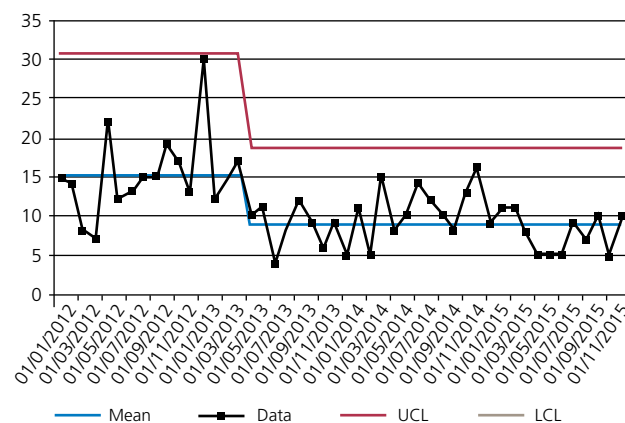
Reduction in cardiac arrest calls

There has been a significant decrease in both true and non-cardiac arrests since the introduction of the Critical Care Outreach service and the vital signs monitoring system (VitalPAC) as can be seen in the charts below.

Non cardiac arrest calls January 2012 - December 2015



True cardiac arrest calls January 2012 - December 2015



Data source: Resuscitation department database

Further analysis of this data has shown that the non-cardiac arrest calls are predominantly peri-arrest and episodes of acute deterioration, whilst a smaller proportion of calls relate to collapse and faints. This has led to a change in the cardiac arrest form to differentiate between the nature of the call in order to support future analysis of cardiac arrests.

The VitalPAC system was implemented during 2014 with funding provided through the Nursing Technology Fund. The system has significantly improved the management of the deteriorating patient. The focus for further development is to increase the appropriate individualised observations for patients rather than the using the traditional approach of completing all observations at the same time.

At the heart of the matter

Improving care for people with dementia through accurate assessment of needs and person centred-care planning.

Our goals:

- Modernise our approaches to communicating, seeking and acting on feedback from people with dementia and their carers.
- Become a dementia friendly organisation with environments and processes that cause no avoidable harm to patients with dementia.
- Deliver person centred care that supports the patient with dementia and their care.
- Develop partnerships to improve care and outcomes.
- Develop a skilled and effective workforce, with recognised levelled competency, able and unafraid to champion compassionate person-centred care.

Progress to date:

Improving care for patients with dementia has been a quality improvement priority for a number of years. The Trust's dementia strategy is overseen by the Dementia Assurance board. Several work streams are in place to support the achievement of our goals and progress over the last 12 months has included:

Training in dementia care for all staff – 1,900 staff receiving training during 2015/2016.

Improved management of pain – The pain management results seen in the dementia quality assurance audit conducted in July 2015 are improving. The pain team have developed a flow chart for pain management in people with dementia. This is currently in draft form awaiting ratification.

Focused work and leadership to improved clinical assessments particularly with regard to assessment of dementia needs, nutrition, continence and pain - Dementia indicators are now included in the South Tees Assurance for Quality of Care (STAQC) assessment and clinical centres are reporting progress with compliance against patient safety indicators via a highlight report to the dementia assurance board.

Improved internal reporting of dementia specific indicators – Data is shared with clinical matrons and included in the report sent to the quality assurance committee.

Nutrition in dementia - Crockery has now been replaced on the majority of wards at James Cook and Friarage Hospitals whilst funding to replace crockery in the community hospitals is being sought. The picture snack menu has been trialled successfully on three wards. Meal time volunteers have been trialled successfully on ward 10 and ward 12 and additional volunteers are being recruited to allow this to be extended to other areas of the Trust.

Embed in the 'Forget me Not' document in practice - Dementia quality assurance audit data demonstrates improving compliance with the 'Forget me not' document and Heads of Nursing and Matrons have been asked to support and monitor usage. Some areas are now including this in their safety huddle. Carer feedback which has been gathered via the carers' survey is extremely positive and supportive of the initiative.

The use of a blue 'Forget me not' pillowcase – A trial on Romanby Ward has been completed successfully which demonstrated an improved awareness of the patients' dementia and the increased need for support and help with communication. Carer feedback which has been gathered via the carers' survey is positive and supportive. Additional pillow cases have been purchased and the trial has been extended to include Gara ward.

Partnership working with carers – Posters and postcards have been developed with staff guidance and this was launched in February 2016.

Listening and learning; improving how we respond to complaints and patient feedback

The trust values all feedback received; negative or positive. The following goals were set in order to improve the experience and satisfaction of service users who provide feedback.

Our goals:

- Map current patient and carer engagement activities and identify gaps to inform the development of a patient and carer engagement strategy.
- Improve the timeliness of responding to formal complaints, with 80% receiving a response within 25 working days.
- Reconfiguration of the central team to support the complaint handling process.
- Survey of those who have been involved in the complaint handling process to identify further opportunities for improvement.
- Publish information on complaints and actions taken on the Trust internet site.

Progress to date:

A review of current patient and carer engagement was undertaken by the Head of Patient/Carer Engagement across the organisation. A database of local patient surveys was established and staff are encouraged to report all such work to the team. In addition to this the Patient Experience Forum has been re-invigorated, and includes patient representation as well as representation from the local Healthwatch group. The forum identify areas for improvement resulting from patient feedback, these include reducing noise at night.

A number of changes have been implemented in order to improve the time taken to respond satisfactorily to complaints. However only moderate improvement has been made in the timeliness of complaint responses with currently 20% of complaints responses being issued within the required timeframe.

Patient safety and information governance advisors linked to each of the clinical and corporate centres have been introduced resulting in an increased focus on the quality of responses. The advisors also check responses before they are returned to patient relations.

The web based "Datix" module is now live in all areas. This provides corporate and centre colleagues with a single system for the tracking of complaints. It also allows all correspondence to be linked to the complaint record making it easier to advise complainants on current progress / status. The web based module also supports the setting of a differential time frame for response depending on the complexity of the complaint based on the same principle used for serious incidents.

A complaints toolkit is being developed which will incorporate revised templates, complaints investigation training and standard operating procedures.

The complaints review panel is a monthly meeting chaired by a patient representative. The panel review a sample of complaint responses and "re-opened" complaints to ensure the Trust is meeting the Patients Association Standards. Members are working on creating a set of "South Tees" standards to help focus on what is required. The terms of reference for the complaints review panel and the complaints leads meetings have been revised and feedback from these meetings is helping in the development of thematic analysis and lessons learned bulletins which will be shared across the organisation in the coming months.

Further actions planned for the coming months include:

- A review of the literature available to patients in respect of complaints.
- A thematic review of "re-opened" complaints to determine a more streamlined approach and ensure we are listening to the views of complainants in respect of the quality of our responses.
- To pilot an amended response letter with associated learning and actions log.
- A further review of the complaints handling process as part of the wider organisation restructure.
- Work with the communication team and the complaint review panel to determine what information would be useful to display on the Trust's website.
- Conduct a satisfaction survey for complainants.

2016/2017 Quality Priorities

Quality Priorities

The quality account priorities are a sub-set of the quality improvement objectives within the Trust's annual plan. To identify the specific objectives for inclusion in the quality account we have drawn on feedback from a range of stakeholders throughout the last year in addition to other local intelligence from surveys, complaints, claims and incidents. Following agreement by the Board of Directors the following areas have been selected as quality priorities for 2016/2017 in the Quality Account.

Quality Priorities 2016 / 2017		
Improving safety	Improving outcomes	Improving the patient experience
<ul style="list-style-type: none"> • Zero tolerance on hospital associated infection • Medication Safety 	<ul style="list-style-type: none"> • Improving the management of patients with sepsis 	<ul style="list-style-type: none"> • End of life care • Improving care for patients with dementia and their carers • Development of the patient and carer strategy • Improving the discharge process

The detail of the work linked to each priority area is described below:

Improving Safety

Priority: Zero tolerance on healthcare associated infection

Why we chose this priority:

Securing reductions in the incidence of healthcare associated infection continues to be a key priority for the organisation as these are a significant cause of morbidity and mortality. Progress has been made in 2015/2016 to reduce the incidence of Trust attributed *Clostridium difficile* and the Trust aims to make further improvement in 2016/2017. The trust will.

Goals:

- To reduce the incidence of healthcare associated infection.

How will we do this?

- Continue to develop and implement strategies to combat existing and newly emerging infections.
- Participate in the National Point Prevalence Survey of Healthcare Associated infection, devices and antimicrobial use in acute hospitals.
- Work with clinical commissioning groups to improve antibiotic use in primary care.
- Implement a refurbishment plan of existing estate following a review of facilities.
- Increase isolation facilities.
- Introduce technology and systems to provide a more effective Infection Prevention and Control services across the organisation.
- Focus on the management of intravascular devices.

How will we know how we have done?

- Reduce the number of trust attributable *Clostridium difficile* cases, eliminating linked cases (where cross infection is likely).
- Reduce the number of MSSA cases.
- Reduce antibiotic prescribing in line with the national CQUIN objective.

Who will this be reported to?

- Infection Prevention Action Group.
- Board of Directors.

Priority: Medication Safety

Why we chose this priority:

Medication safety is an important priority for the organisation. Internationally it is estimated that one medication error occurs per hospital in-patient per day, a small proportion of errors result in patient harm, but all are potentially preventable. Recognising and reporting medication errors demonstrates a good, open patients safety culture.

Goals:

- Increasing the identification of medication incidents and near misses.
- Improving the timeliness and quality of medicines reconciliation.

How will we do this?

- Ensure all wards are promoting the reporting of medication incidents.
- Improve the number of patients that have their medication reconciled (level 2) within 24 hours of admission.
- Every ward to have an agreed list of critical medicines.

How will we know how we have done?

- Improved correlation of medication incidents reported and number of interventions made by pharmacist.
- Increase in wards reporting medication incidents.
- Increase the percentage of patients have a level 2 reconciliation within 24 hours to >90%.

Who will this be reported to?

- Medication Safety Group.
- Quality Assurance committee.

Improving Outcomes

Priority: Improving the management of patients with sepsis

Why we chose this priority:

The rate of sepsis is increasing annually. Sepsis is the primary cause of death from infection and early recognition of this condition by both the public and clinicians is essential in the successful treatment. Nationally the profile is being raised by the use of the CQUIN schemes and updating of NICE guidance.

Goals:

- To comply with updated NICE guidance.
- To achieve national CQUIN goals.

How will we do this?

- Monitor the percentage of patients who meet the criteria for sepsis screening and who were screened for sepsis.
- Monitor the percentage of patients with severe sepsis that were administered IV antibiotics within the appropriate timeframe.
- Work with the pharmacy team and the sepsis action group to establish the baseline percentage of patients with sepsis on antibiotics who have an empiric review within three days and set an improvement target.

How will we know how we have done?

- >90% of patients will be screened for sepsis.
- >75% of patients with severe sepsis will have their antibiotics within one hour.
- Deliver the improvement target for review of antibiotics.

Who will this be reported to?

- Sepsis Action Group.
- Acutely ill patient group.
- Board of Directors.

Improving the Patient Experience

Priority: End of life care

Why we chose this priority:

Providing high quality end of life care is an important element of the services we provide. It is important that people approaching the end of their life are identified at the right time to receive care and support to meet their needs and preferences including the opportunity to develop and review a care plan detailing their preferences for current and future support and treatment.

How will we do this?

- Improve the percentage of patient records that include documented discussion of Do Not Attempt Cardiopulmonary Resuscitation (DNACPR) decision.
- Improve the percentage of DNACPR orders that are countersigned by a consultant.
- Increase the level of palliative care input.
- Transforming End of Life Care (EOLC) in Acute Hospitals programme (to be discussed at EOLC steering group 16 May 2016).

How will we know how we have done?

- Monthly audit of patient records.
- Monitor the number of patients with specialist palliative care coded on their record.

Who will this be reported to?

- EOLC steering group.
- Board of Directors.

Priority: Improving care for patients with dementia and their carers

Why we chose this priority:

Within the North East of England around 33,000 people have dementia (DNEEDU 2011). This number is expected to double in the next 30 years due to our aging population and environmental and social factors such as smoking and changing attitudes to exercise and diet. The trust launched its dementia strategy in 2013 and this continues to be a key priority for the Trust, commissioners and the local population.

How will we do this?

- Improve pain assessment on admission using the appropriate tool and re-evaluation.
- Ensure capacity assessments undertaken for omissions/refusal of medication.
- Improve carer support.

How will we know how we have done?

- Audit of practice.
- Monthly carer surveys.

Who will this be reported to?

- Dementia Steering Group.

Priority: Development of the patient and carer engagement strategy

Why we chose this priority:

The patient voice is seen as central to our quality improvement within the organisation. Current patient and carer engagement is not undertaken in a consistent and effective way. To improve, the Trust will develop an overarching strategy and annual work plan.

How will we do this?

- Review processes for collecting Friends and Family Test data and improve the use of feedback from this process.
- Further develop local patient and carer engagement processes including surveys.
- Explore the use of volunteers to support this process.
- Make our PALS service more accessible to patients and their families and carers.

How will we know how we have done?

- Increased number of local patient surveys with demonstrable outcomes.
- Better engagement with FFT process.

Who will this be reported to?

- Quality Assurance Committee.

This work will take place hand in hand with the annual Quality Plan for 2016/2017 which includes the "Sign up to Safety" initiatives, as can be seen below:



Priority: Improving the discharge process

Why we chose this priority:

Improving the discharge process is a key enabler for ensuring a better experience for our patients. It will allow better patient flow, ensuring that patients can be admitted and discharged on time and safely.

How will we do this?

- Implementation of key transformation programmes including transforming inpatients and transforming care closer to home.
- Working with the MDT to achieve target length of stay.
- Aware of demand / capacity requirements in speciality and undertake a leadership role in terms of delivery.
- Effective use of the discharge ticket.
- Ensure the number of patients discharged before noon is in line with agreed trajectory.
- Ensure all elements of the ward processes SOP are delivered.
- Ensure compliance with real time admission, discharge, transfer (ADT) data entry onto Camis.
- Ensure effective use of the discharge lounge in line with agreed objectives.

How will we know how we have done?

- Increase the percentage of discharges by noon.
- Increase the percentage of discharges by 5pm.
- Increase the use of the discharge lounge meeting daily discharge target.
- Increase compliance with real time admission, discharge, transfer (ADT) data entry.
- 100% usage of discharge ticket.

Who will this be reported to?

- Operational Management Meeting.



2.2 Statements of assurance from the Board

Review of services

During 2015/2016, 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 in 75 of these relevant health services.

The income generated by the relevant health services reviewed in 2015/2016 represents 100% per cent of the total income generated from the provision of relevant health services by South Tees Hospitals NHS Foundation Trust for 2015/2016.

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 2015/2016, there were 41 national clinical audits and five national confidential enquiries covering relevant health services that the Trust provides.

During that period, South Tees Hospitals NHS Foundation Trust participated in 98% of the national clinical audits and 100% of the national confidential enquiries of the national clinical audits and the national confidential enquiries it was eligible to participate in.

The national clinical audits and national confidential enquiries that the Trust was eligible to participate in during 2015/2016 are as follows in the table below.

The national clinical audits and national confidential enquiries that the Trust was eligible to participate in, and for which data collection was completed during 2015/2016 are listed below alongside the number of cases submitted to each audit or enquiry as a percentage of the number of registered cases required by the terms of that audit or enquiry:

Title	Eligible	Participated	Type of audit	Target	Number entered
Acute Care					
Adult Critical Care (Case mix programme - ICNARC CMP)	✓	✓	Every patient	All applicable	2545 (100%)
Procedural sedation (CEM)	✓	✓	Snapshot	All eligible cases or 50 consecutive cases	52 (100%)
Vital signs in children (CEM)	✓	✓	Snapshot	All eligible cases or 100 consecutive cases	102 (102%)
VTE in patients with lower limb immobilisation (CEM)	✓	✓	Snapshot	All eligible cases or 50 consecutive cases	100 (100%)
National Joint Registry	✓	✓	Every patient	All applicable	100%
National Emergency Laparotomy Audit (NELA)	✓	✓	Every patient	All applicable	100%
Severe Trauma (Trauma Audit & Research Network)	✓	✓	Every patient	All applicable	100%
National Comparative Audit of lower gastrointestinal bleeding and the use of blood	✓	✓	Every patient	All applicable	18 (75%)
National Emergency Oxygen (BTS)	✓	✓	Snapshot	All applicable wards	100%
National Adult Community Acquired Pneumonia (BTS)	✓	✓	Snapshot	All applicable	16
National Ophthalmology Audit (pilot)	✓	✓	Every patient	All applicable	100%
National Care of the Dying Audit	✓	✓	Every patient	All applicable	83
National Neurosurgical Audit Programme	✓	✓	Every patient	All applicable	100%
Cancer					
Bowel Cancer (NBOCAP) Deadline October 16	✓	✓	Every patient	All applicable	100%
Head and Neck Oncology (DAHNO)	✓	✓	Every patient	All applicable	National audit on hold
National Lung Cancer (NLCA)	✓	✓	Every patient	All applicable	374
Oesophago-gastric cancer	✓	✓	Every patient	All applicable	100%
National Prostate cancer audit	✓	✓	Every patient	All applicable	437

Title	Eligible	Participated	Type of audit	Target	Number entered
Heart					
Acute Myocardial infarction & other ACS (MINAP)	✓	✓	Every patient	All applicable	100%
Adult cardiac surgery (ACS)	✓	✓	Every patient	All applicable	100%
Cardiac arrhythmia (Heart Rhythm management Audit)	✓	✓	Every patient	All applicable	1200 (100%)
Coronary angioplasty (interventions) audit	✓	✓	Every patient	All applicable	1787 (100%)
National Heart Failure Audit	✓	✓	Every patient	All applicable	340 (100%)
Intensive Care National Audit and Research (ICNARC) data - for Cardiothoracic ICU	✓	✓	Every patient	All applicable	1180 (100%)
National Cardiac Arrest Audit	✓	✓	Snapshot	All applicable	100%
National Vascular Registry	✓	✓	Every patient	All applicable	95%
Long term conditions					
National Diabetes Footcare Audit (N DFA, part of NDA)	✓	✓	Every new patient	All applicable	Ongoing data collection
National Diabetes Inpatient audit	✓	✓	Every patient	All diabetic inpatients	124 (100%)
National Diabetes Core audit	✓	✓	Every patient	All applicable	100%
Inflammatory bowel disease	✓	✓	Snapshot	All applicable	0
National Chronic Obstructive Pulmonary Disease (COPD) Audit Programme – pulmonary rehabilitation	✓	✓	Snapshot	All applicable	134 cases
Rheumatoid and Early Inflammatory Arthritis	✓	✓	Every patient	All applicable	100%
Renal Replacement therapy (renal registry)	✓	✓	Snapshot	All applicable	Continuous data collection
Older People					
National Hip Fracture Database (FFFAP)	✓	✓	Every patient	All applicable	Continuous data collection
National Falls audit	✓	✓	Every patient	All applicable	39 (100%)
Sentinel Stroke National Audit programme (SSNAP)	✓	✓	Every patient	All applicable	100%
Women and Children					
National Neonatal Audit (NNAP)	✓	✓	Every patient	All applicable	100%
Paediatric Intensive Care (PICANet)	✓	✓	Every patient	All applicable	100%
Diabetes - paediatric	✓	✓	Every patient	All applicable	143 (100%)
Paediatric Asthma (BTS)	✓	✓	snapshot	All applicable, min 20.	54
National Pregnancy in Diabetes audit	✓	✓			100%
National Confidential Enquiries (NCE):					
The National Maternal, Newborn and Infant Review Programme	✓	✓	Every patient	All applicable	Continuous data collection
NCEPOD Gastrointestinal Haemorrhage	✓	✓	Snapshot	All applicable	2 (66%)
NCEPOD Sepsis study	✓	✓	Snapshot	All applicable	3 (75%)
NCEPOD Acute Pancreatitis	✓	✓	Snapshot	All applicable	8 (89%)
NCEPOD Mental Health in Adults (study ongoing)	✓	✓	Snapshot	All applicable	4

The reports of 14 national clinical audits were reviewed by South Tees Hospitals NHS Foundation Trust in 2015/2016 and the Trust intends to take the following actions to improve the quality of healthcare provided:

Title of Audit	Actions to improve quality
National Emergency Laparotomy Audit (NELA)	<ul style="list-style-type: none"> • Development of better pathways in theatres for emergency patients. • Introduction of P-POSSUM (a risk prediction score). • Documentation of family discussions.
CEM Childhood seizures	<ul style="list-style-type: none"> • Patient leaflet developed for parents/carers providing clear safety net advice for all children discharged from the Emergency Department.
CEM Mental Health	<ul style="list-style-type: none"> • Feasibility study for the provision of an appropriate assessment facility.
CEM Cognitive Impairment In Older People:	<ul style="list-style-type: none"> • Routine measurement and documentation of a cognitive impairment (dementia/delirium) screening at arrival for all patients over 75 years of age undergoing triage and further assessment in the ED and, where necessary, more detailed assessment if this is positive. • Communicating these results appropriately with inpatient service, if admitted, or with GP/carers when discharged.
Do Not Attempt Cardiopulmonary Resuscitation	<ul style="list-style-type: none"> • Medical Directors campaign to highlight key requirements for doctors when completing DNACPR orders.
Implementing NICE guidance for Health and Work report	<ul style="list-style-type: none"> • An executive lead on staff health and wellbeing identified. • Development of wellbeing strategy. • Develop business case for additional resource to support the agenda. • Health Improvement Specialist from Middlesbrough Public Health seconded two days a week until March 16. • Review of current wellbeing policy and promote the pathway of different services and interventions. • Develop an organisation wide plan to reduce overweight and obesity, increase physical activity and an active travel plan. • Review of the Smoke Free policy. • Review of current sickness absence reporting. • Improve current training for line manager.
Lower Limb Amputation	<ul style="list-style-type: none"> • Currently compliant with 14 of the 20 recommendations. A further three are partly in-place and are on-going. The report was presented to the Clinical Standards Sub Group and support was given for the recommendations presented.
National Heavy Menstrual Bleeding audit	<ul style="list-style-type: none"> • Develop treatment protocols. • Review and test patient information. • Put in place a programme of rolling audits of PROMs. • Work with clinical commissioning groups to CCGs regarding further work in primary care to include the summary of findings from the audit.
National Paediatric Diabetes Audit	<ul style="list-style-type: none"> • Improved data collection. • Lowering mean and median HbA1c. • Reduce number of patients within the high HbA1c range >80mmol/mol. • Continued service development optimising skill levels and use of new technologies. • Business plan to ensure staffing levels adequate to meet increasing service need and on par with comparative centres in region.
NCEPOD Gastrointestinal Haemorrhage study	<ul style="list-style-type: none"> • Develop action plan to allow patients to be treated on a specialist ward.
NCEPOD Sepsis	<ul style="list-style-type: none"> • There is a screening tool which has been developed in the Trust which is very clear and easy to follow. • Improvement in care has been demonstrated in the two measures included in the CQUIN scheme for 2015/2016 and this scheme has been expanded in 2016/2017.
Trauma Audit and Research Network (TARN)	<ul style="list-style-type: none"> • Improve the time it takes to get a CT scan.
Audit of Neonatal Care as per National Neonatal Audit Program (NNAP)	<ul style="list-style-type: none"> • Appointment of two breast feeding support nurses to allow for improved uptake of mother's milk before discharge (we are national outliers on this parameter). • ROP screening – improved capture of data from ROP screening for babies who have this done as outpatient. • Introduction of 'infection control/ aseptic technique bundle' to reduce line sepsis rate.
Falls and Fragility Fracture Audit Program (FFFAP) 2015 national audit of inpatient falls	<ul style="list-style-type: none"> • Introduction of dedicated falls assessment and care plans to be introduced. • Incorporate delirium assessment within falls assessment and care plans.

Local Clinical Audits

The reports of 398 local clinical audits were reviewed by South Tees Hospitals NHS Foundation Trust in 2015/2016 and South Tees Hospitals NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided (these are a sample of the actions arising from the programme of local audits):

- Re-design of the falls risk assessment documentation.
- Improve patient information particularly for skin cancer patients and for children in the emergency department.
- Develop prescribing guidance flow chart to promote the non-pharmacological management of behaviours and psychological symptoms of dementia.
- Promote the use e-learning tool on fluid prescription and administration to improve fluid management.
- Introduce new charts for fluid management including a management plan.
- Improve the prescribing of opioid analgesia.
- Provide a greater number of evening classes for children with diabetes who are moving to adult services.
- Update the protocol for administration of prophylactic antibiotics when inserting dialysis catheter.
- Develop simple protocol to standardise the management of anticoagulation in patient with Atrial Fibrillation.

Participation in clinical research

The number of patients receiving NHS services provided or sub-contracted by South Tees Hospitals NHS Foundation Trust in 2015/2016 that were recruited during that period to participate in research approved by a research ethics committee was 2,538 (as of 20 March 2016).

In addition, the Trust is supporting 30 'commercial' research studies; this is the second-highest number of studies in the region. Studies range from complex interventional trials involving small numbers (often only two or three people) to large non-interventional studies. 104 of the 182 studies the Trust recruited participants to were interventional studies.

Taking part in clinical research shows the Trust is committed to improving the quality of care it offers and is making a contribution to wider health improvement. Clinical staff keep abreast of the latest possible treatment options and recognise that active participation in research leads to improved patient outcomes. The Trust remains committed to testing and offering the latest medical treatments and techniques

The Trust's active engagement in research is reflected by the high number of research studies being undertaken. In 2014/2015 the Trust ranked in the top 10% of NHS trusts in the country for the number of 'recruiting' National Institute for Health Research (NIHR) portfolio studies.

In 2015-2016 to date the Trust has recruited participants to 182 NIHR Portfolio studies, the second-highest number of any partner organisation in the North-east and North Cumbria clinical research network (CRN NE&NC). Together with other research studies (e.g. 'non-portfolio' research and studies in 'follow-up') the Trust is supporting over 300 projects.

Income from participation in research continues to rise despite the challenging financial climate. Total income generated from research in the financial year to-date is in excess of £1million. This year the Trust was successfully awarded further NIHR research grants to deliver two major Health Technology Assessment (HTA) funded trials:

1) 'Occupational advice initiated prior to planned surgery for lower limb joint replacement': This study is an assessment of the feasibility of a trial to evaluate whether an occupational advice intervention delivered to working adults, commencing prior to primary hip or knee joint replacement surgery, improves speed of recovery to usual activities including work.

2) 'UK Mini Mitral': A multi-centre randomised controlled trial, incorporating an internal pilot and 12 month follow-up. Together this will enable the evaluation of short and long-term patient-focused, clinical and economic outcomes following mitral valve repair (MVR) via conventional median sternotomy versus minimally invasive thoroscopically guided right minithoracotomy.

Goals agreed with commissioners - use of the CQUIN payment framework

A proportion of the South Tees Hospitals NHS Foundation Trust's income in 2015/2016 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 2015/2016 and for the following 12 month period are available on request from the Quality Assurance Team, South Tees Hospitals NHS Foundation Trust, The James Cook University Hospital, Marton Road, Middlesbrough TS4 3BW or email quality.assurance@stees.nhs.uk.

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


	Income conditional upon achievement of the CQUIN measures	Payment received by the Trust
2014 / 2015	£11,010,158	£10,594,052
2015 / 2016	£10,999,815	£8,680,911

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 'Registered without conditions'.

CQC Rating

The Care Quality Commission inspected the Trust in December 2014 and published its findings in June 2015. The ratings matrix can be found below;

Overall rating for this trust	Requires improvement 
Are services at this trust safe?	Requires improvement 
Are services at this trust effective?	Requires improvement 
Are services at this trust caring?	Good 
Are services at this trust responsive?	Good 
Are services at this trust well-led?	Good 

The Trust submitted an action plan to the CQC to address the areas where improvement was needed, which were:

- documentation of do not attempt cardio-pulmonary resuscitation decisions.
- accuracy of patient records.
- the safe handling and administration of medication.
- compliance with mandatory training.
- ensuring appropriate staffing levels.
- actions to address the findings of the College of Emergency Medicine audits.

The Trust has worked closely with the CQC throughout the implementation of the action plan and the CQC are to undertake a re-inspection in June 2016.

South Tees Hospitals NHS Foundation Trust has not participated in any special reviews or investigations by the Care Quality Commission during the reporting period.

NHS number and general medical practice code validity

South Tees Hospitals NHS Foundation Trust submitted records during 2015/2016 to the Secondary Uses Service for inclusion in the Hospital Episode Statistics which are included in the latest published data.

The percentage of records in the published data which:

Included the patient's valid NHS number was:

- 99.8% for admitted patient care; and
- 99.9% for outpatient care; and
- 99.1% for accident and emergency care.

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

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

Information Governance (IG) toolkit attainment levels

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

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

The Trust has achieved the required minimum level 2 standard on all 45 of the 45 standards of the National Information Governance Toolkit.

Annual IG mandatory training compliance has been achieved with an overall score of 95.1%.

South Tees Hospitals NHS Foundation Trust Information Governance Assessment Report overall score for 2015/2016 was 80% and was graded green.

Clinical coding

South Tees Hospitals NHS Foundation Trust was not subject to the Payment by Results clinical coding audit during 2015/2016.



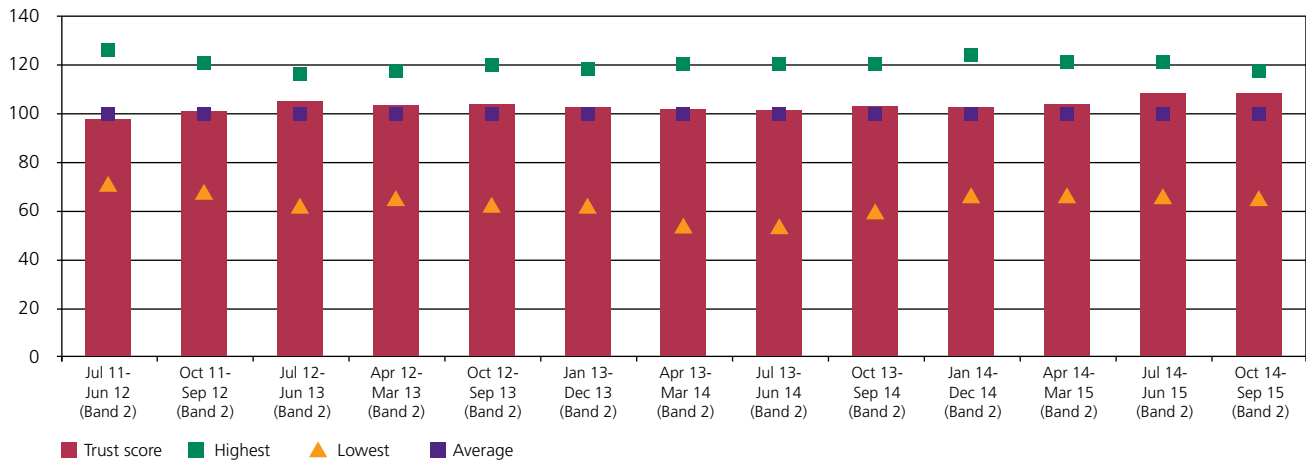
2.3 Reporting against core indicators

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 Quality Account regulations require a selection of these to be included in this report and these are described below under the heading of the relevant domain.

Domain 1 - Preventing people from dying prematurely

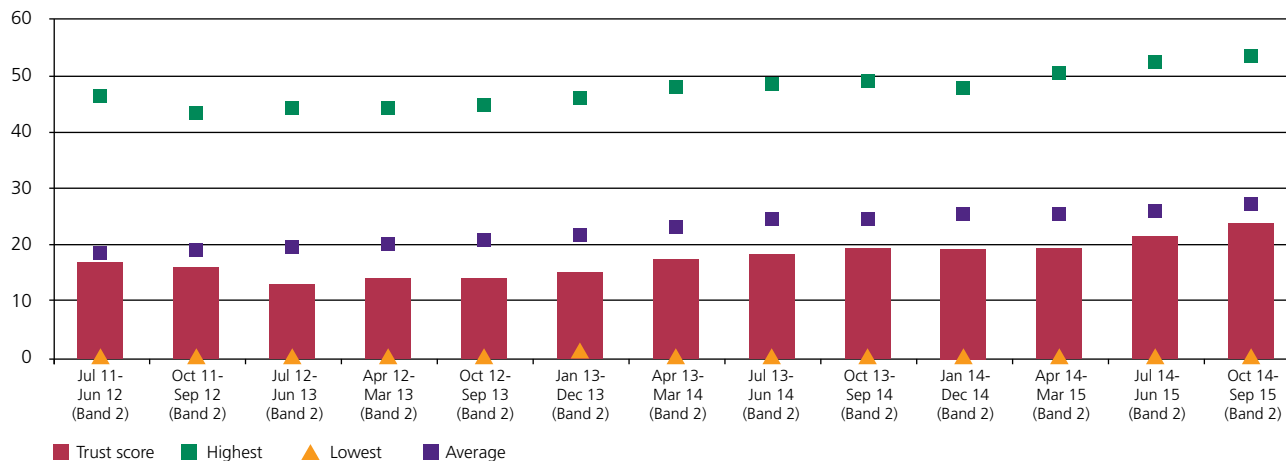
a. Summary hospital-level mortality indicator (SHMI)



Data source: Health and Social Care Information Centre

The South Tees Hospitals NHS Foundation Trust considers that this data is as described for the following reasons. The trust experiences approximately as many deaths as would be expected, given the patients it serves and the range of services it delivers. Thus the SHMI is approximately 100 (i.e. observed and expected mortality rates are approximately the same). The categorisation of the SHMI into band 2 means that the mortality is within the expected range.

b. Percentage of patient deaths with palliative care coded at either diagnosis or speciality level



Data source: Health and Social Care Information Centre

The percentage of patient deaths with specialist palliative care coding has continued to rise to 22.9% in the latest data release. This is in line with national trends.

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. In 2013 the Trust established a mortality group to coordinate hospital mortality monitoring and improvement activity. This includes reviewing the range of statistics available to monitor hospital mortality, overseeing a weekly clinical review of hospital deaths so that common themes can be identified and lessons can be learned to improve the quality of its services. The specialist palliative care team (SPCT) has reviewed their processes for identifying patients and recording their input into the care of individual patients. This has resulted in more patients being identified by the SPCT. This has required an expansion of the team but is an improvement in the service provided to patients.

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

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

No applicable indicators.

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

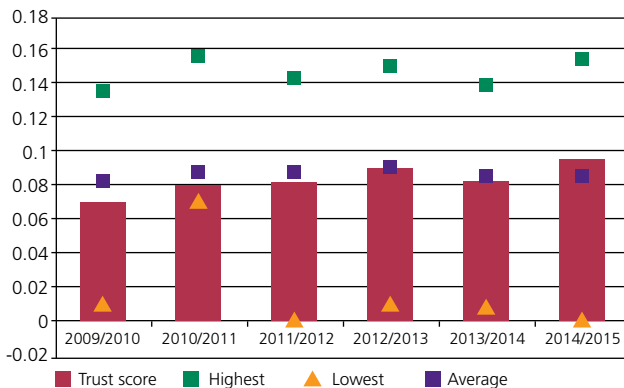
Patient Reported Outcome Measures (PROMs)

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

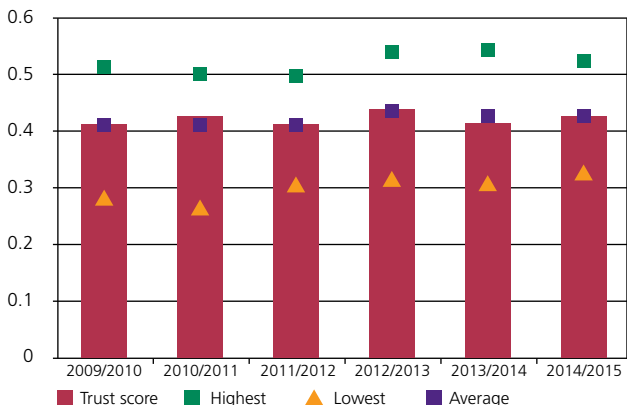
The South Tees Hospitals NHS Foundation Trust considers that this data is as described for the following reasons. The specialist review and pre-assessment process ensures that patients are offered the procedure likely to deliver the most benefit and best outcome. The scores achieved show that the Trust health gain score for patients undergoing a hernia operation has improved although there are relatively low numbers of patients undergoing this procedure. The health gain score for hip replacements has improved and is now in line with the national average. The score for knee replacements has improved for the fourth consecutive year and is above the national average. No score is reported for Varicose Veins as the returns from patients has been too low.

The South Tees Hospitals NHS Foundation Trust has taken the following actions to improve these 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 service is maintained.

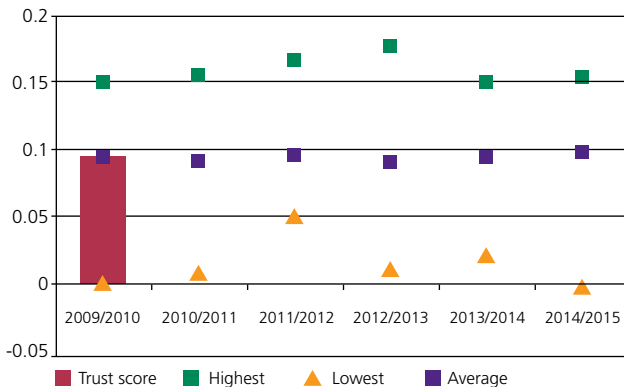
Groin hernia patient reported outcome measures - health gain score



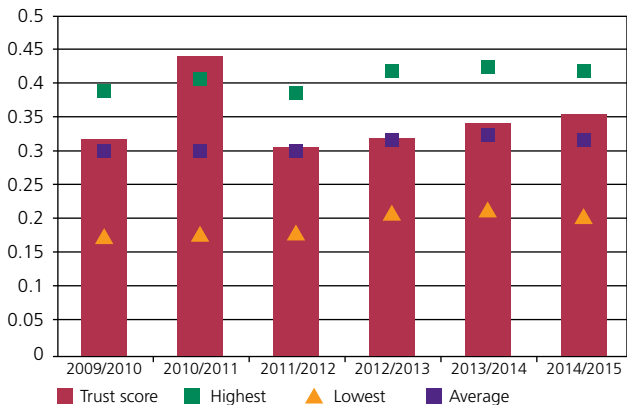
Hip replacement patient reported outcome measures - health gain score



Varicose vein patient reported outcome measures - health gain score



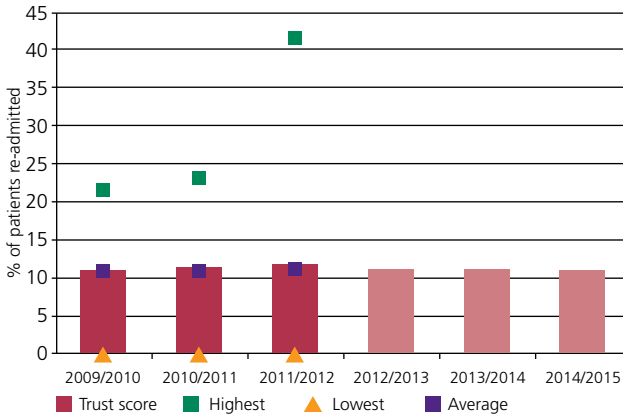
Knee replacement patient reported outcome measures - health gain score



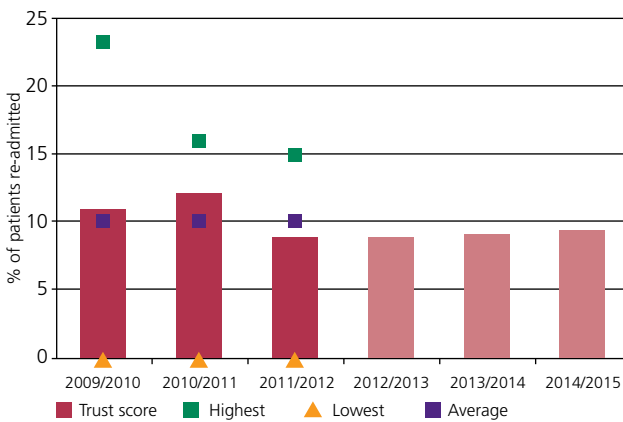
Data source: Health and Social Care Information Centre

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: Health and Social Care Information Centre, 2012/2013 2013/2014 and 2014/2015 Local patient administration system

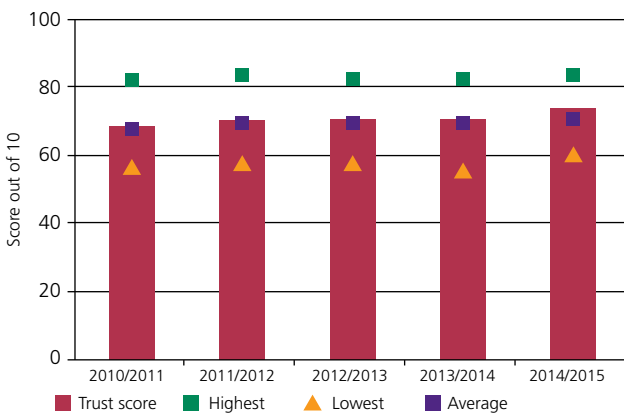
The South Tees Hospitals NHS Foundation Trust considers that this data is as described for the following reasons. The percentage of re-admissions for patients aged over 16 has remained at 11% for the last three years. The percentage of re-admission for children aged 0 to 15 years has increased slightly year on year. The paediatric service has an open access day unit facility where children that have had a recent acute admission or a long-term chronic condition can return if they deteriorate.

The South Tees Hospitals NHS Foundation Trust is taking the following actions to improve these percentages, and so the quality of its services; the trust is launching a number of new transformation schemes including transforming inpatients and transforming care closer to home that will develop initiatives to reduce the number of emergency re-admissions.

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: Health and Social Care Information Centre

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 coordinated care being in the top 20% of trusts again for 2014/2015. The Trust is waiting for the release of the 2015/2016 results.

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: Health and Social Care Information Centre

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 and makes information on patient safety and clinical outcomes readily available for staff to access at ward level through how you are doing boards.

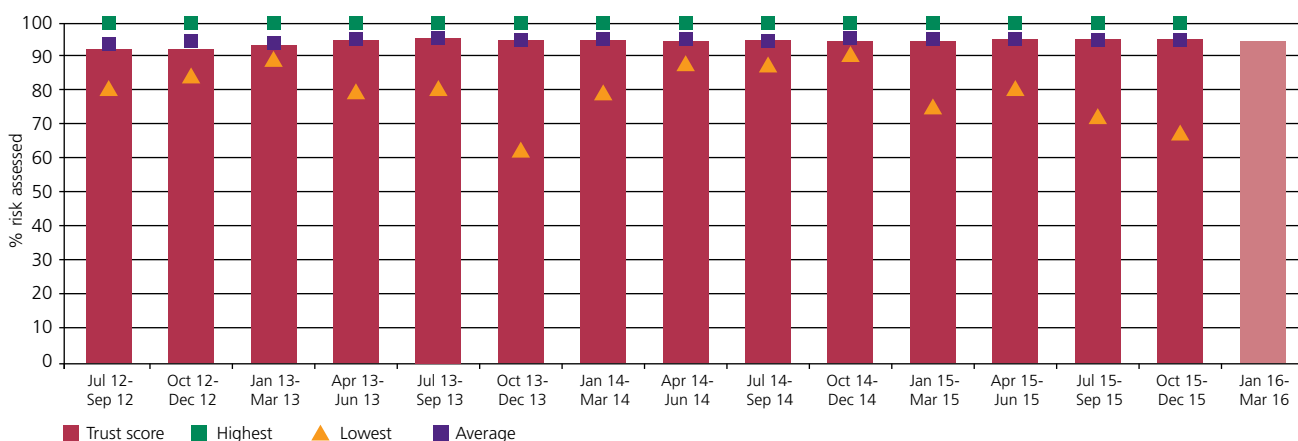
The South Tees Hospitals NHS Foundation Trust intends to take the following actions to improve this percentage, and so the quality of its services; the trust recognises the importance of feedback from staff and has started work through our internal communications team to promote the opportunities that staff have to provide feedback through the use of the staff survey and staff friends and family test. There has been an increase in responses to the quarter four staff FFT, so this approach has started to make a difference, although it is acknowledged that further work is needed.

A much more robust approach to staff engagement will be identified and managed through the implementation of a workforce strategy which will be developed later in the year.

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



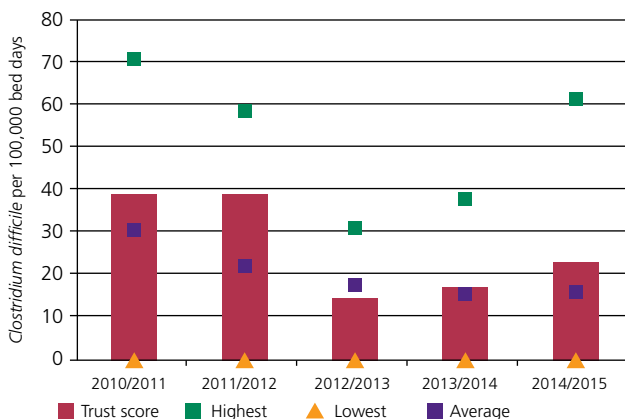
Data source: Health and Social Care Information Centre

The South Tees Hospitals NHS Foundation Trust considers that this data is as described for the following reasons. The Trust has achieved the national 95% target for the last three years.

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. A daily report is available to all areas which demonstrate their compliance and any patients which have not received a risk assessment.

Rate per 100,000 bed days of cases of *Clostridium difficile* infection reported within the Trust amongst patients aged 2 or over.

Rate of *Clostridium difficile* per 100,000 bed days amongst patients age 2 or over



Data source: Health and Social Care Information Centre

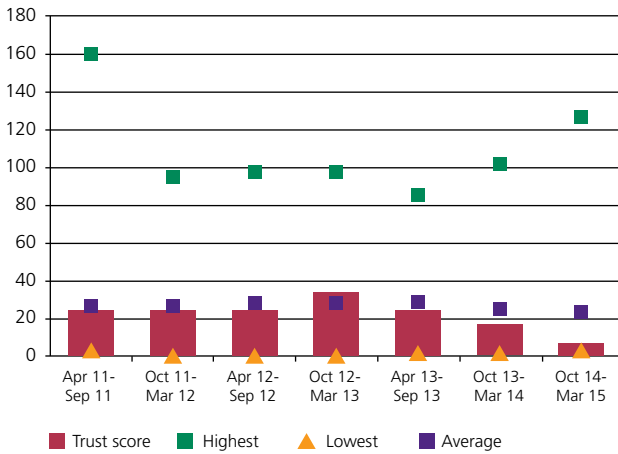
The South Tees Hospitals NHS Foundation Trust considers that this data is as described for the following reasons. The Trust is committed to driving down healthcare acquired infections, although reducing the rate of *Clostridium difficile* continues to prove challenging.

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 prevention and 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 monthly infection prevention action group and monthly at the 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.

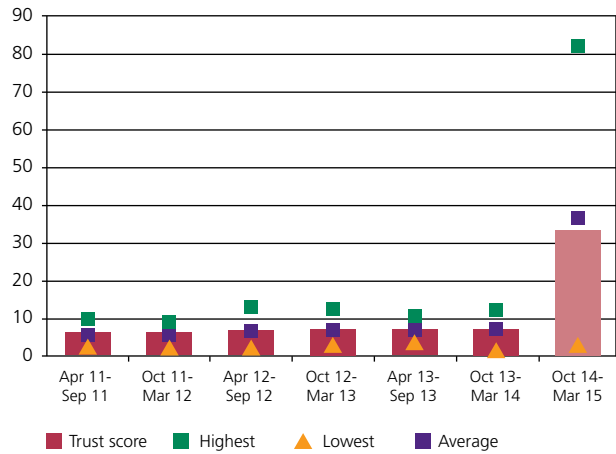
The South Tees Hospitals NHS Foundation works collaboratively with our clinical commissioning group colleagues and PFI partners to investigate all cases of *Clostridium difficile* infection to ensure that all policies are adhered to and identify learning to prevent future cases.

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

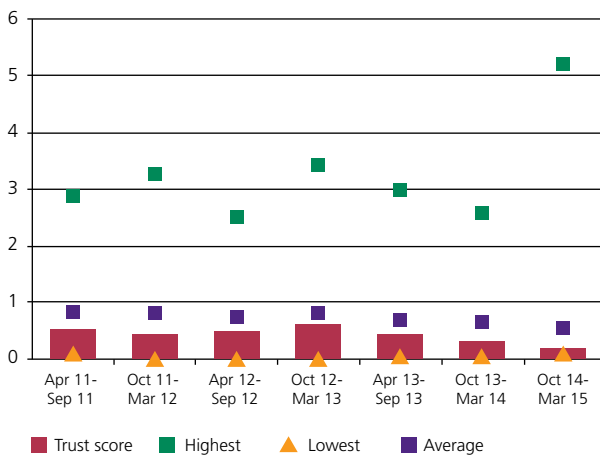
Number of patient safety incidents that have resulted in severe harm or death



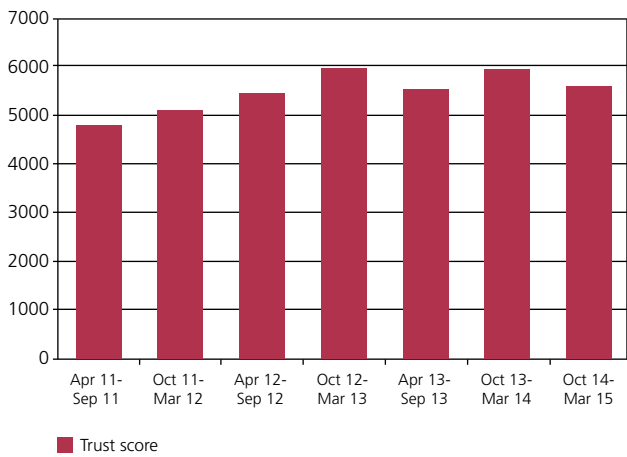
Rate of patient safety incidents reported per 100 admissions / 1000 bed days



% of patient safety incidents that have resulted in severe harm or death



Number of patient safety incidents



Data source: Health and Social Care Information Centre

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

The South Tees Hospitals NHS Foundation Trust considers that this data is as described for the following reasons. The number of reported patient safety incidents that resulted in death or severe harm has fallen against a backdrop of increased awareness, learning and reporting by The South Tees Hospitals NHS Foundation Trust. The Trust actively promotes the reporting of patient safety incidents and considers that this number/percentage is as described for the following reasons. The Trust view that a higher than average rate of incident reporting is 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 so the quality of its services by review and development of 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 including pressure ulcer and medication related incidents to ensure specific detail is collected in respect of these event types and the incident reporting system includes an automatic feedback to staff that report incidents.







Part three

Other information

3.1 An overview of the quality of care based on performance in 2015/2016 against indicators

Patient Safety

Clinical effectiveness

Patient experience

National patient surveys

National Staff Survey

3.2 Performance against key national priorities

Part three

Other information

3.1 An overview of the quality of care based on performance in 2015/2016 against indicators

This section of the quality report contains a review of our quality performance during 2015/2016. It also includes comments on the development and content of the quality report 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.

Information about quality of care is collated in the form of a dashboard at ward, clinical centre and Trust level, and is reviewed monthly. This information is shared with the Board of Directors, Council of Governors, senior clinicians and managers to provide assurance the Trust is on track to deliver its key targets.

The following section reviews the work of a range of quality workstreams during 2015/2016. These have been selected as the key indicators by the Board that demonstrate the quality of care provided by our organisation.

Patient Safety

Sign up to Safety is a national patient safety campaign that was launched in June 2014 with the mission to strengthen patient safety in the NHS and make it the safest healthcare system in the world.

The Secretary of State for Health set out the ambition of halving avoidable harm in the NHS over the next three years, and saving 6,000 lives as a result.

The Trust's plan to reduce avoidable harm by 50% over the next three years is underpinned by a zero tolerance on hospital associated infection, further reductions in fall and hospital acquired pressure ulcers. Progress made in these areas is described in section two.

In the coming year the sign up to safety plan for the Trust has expanded to include improving medication safety.

Duty of Candour

Central to the Trust's strategy to improve patient safety is its commitment to improving communication between healthcare professionals and patients and/or carers when a patient is harmed as a result of a patient safety incident. This communication is known as 'Being Open'. Being Open involves apologising and explaining what happened. It ensures communication is open, honest and occurs as soon as possible following an incident. Being Open about what happened and discussing incidents promptly, fully and compassionately can help patients cope better with the after-effects. Incidents can incur extra costs through litigation and further treatment; openness and honesty can help prevent such events becoming formal complaints and litigation claims. Being Open is a process rather than a one off event. The Duty of Candour is the statutory and regulatory requirement of the Being Open process and applies when a patient safety incident results in moderate harm, major (severe) harm or death.

The Trust's process to discharge its duty of candour is described in the Being Open Policy which is available to all staff. In addition the incident reporting system and documentation includes prompts to ensure the duty of candour requirements are considered. An audit of incidents graded as moderate or greater severity undertaken in October 2015 showed that the duty of candour had been met in all cases.

Clinical effectiveness

Dying in hospital - mortality

Hospital mortality rates or how many people die in different hospitals, 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. However, for an individual hospital or Trust it is important to monitor a number of measures of mortality as collectively they can provide alerts about the quality of care provided in the organisation.

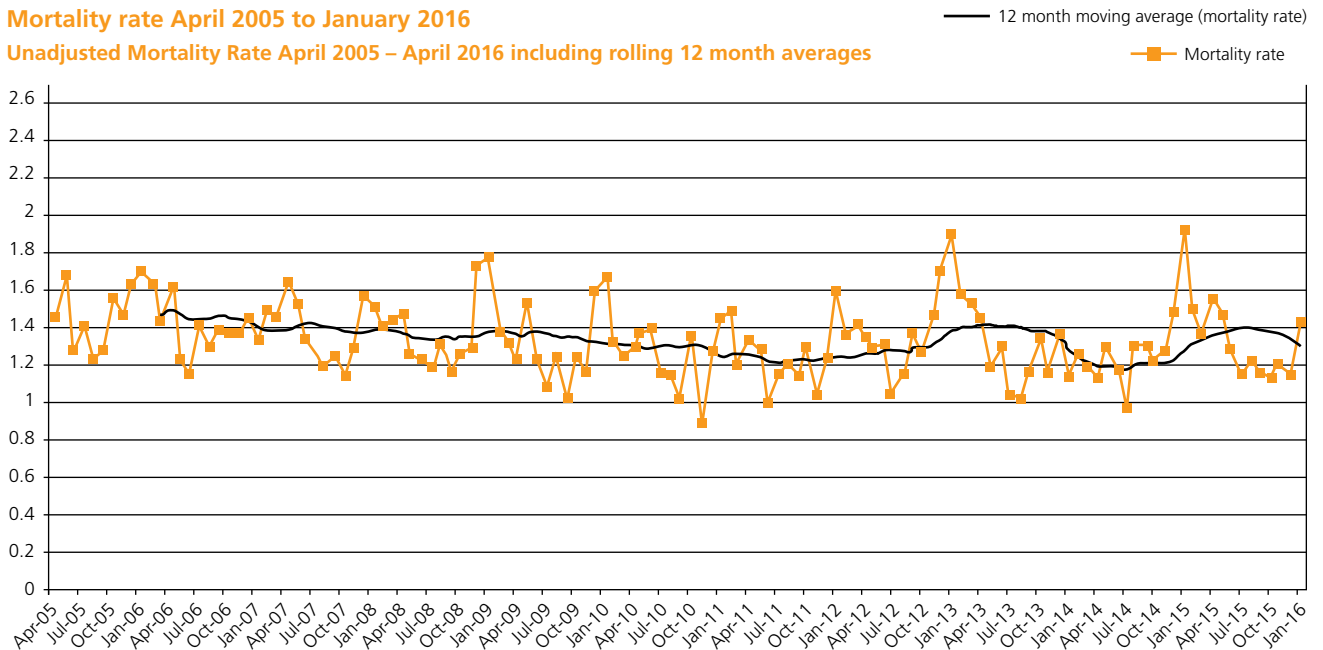
The basic measure is to monitor the number of people who die in hospital and this number, the unadjusted mortality rate, is monitored on a weekly basis.

Risk adjusted measures can take account of the different levels of risk to some extent. They are calculated by estimating the risk of death for each patient with specific medical conditions and comparing the actual death rate 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 Summary Hospital-level Mortality Indicator (SHMI) and Hospital Standardised Mortality Ratio (HSMR) are standard nationally defined measures that are routinely monitored. Although similar in approach, these measures vary in their specifics and so produce different results.

Mortality rate April 2005 to January 2016

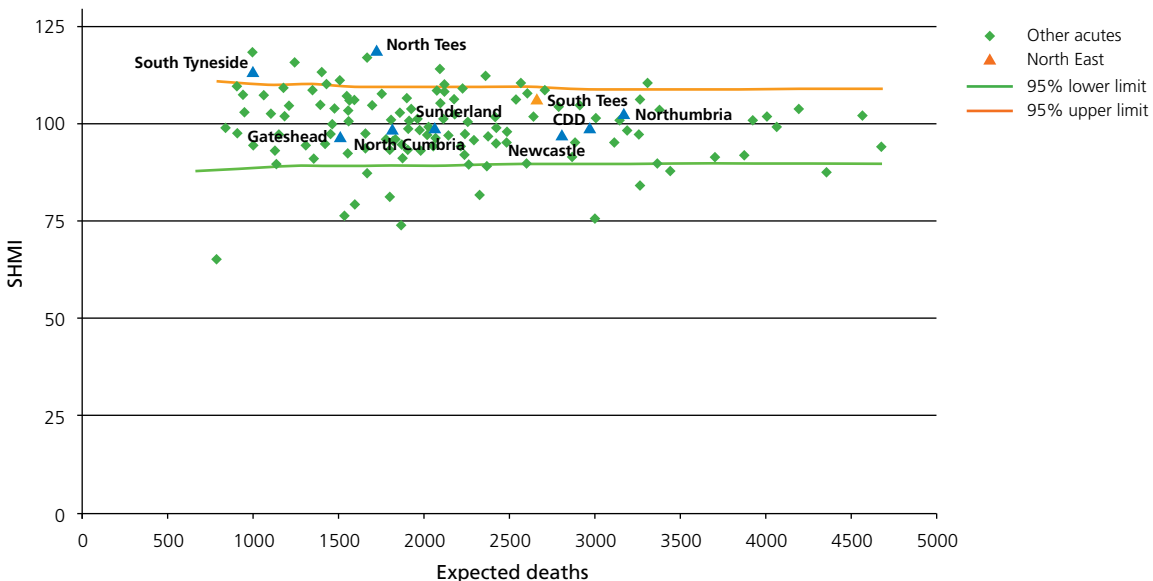
Unadjusted Mortality Rate April 2005 – April 2016 including rolling 12 month averages



Source: CHKS/CAMIS

Unadjusted mortality measures the number of deaths as a percentage of patient inpatient and day case spells, excluding well babies (less than 28 days old). It is most useful for seeing the pattern of deaths through time. Looking at the trend from April 2005 to January 2016 it can be seen that a winter peak is experienced in most years, especially in 2013 and 2015. The peak in January 2015 in particular was severe but of short duration and reflects the amount of respiratory infections in the community.

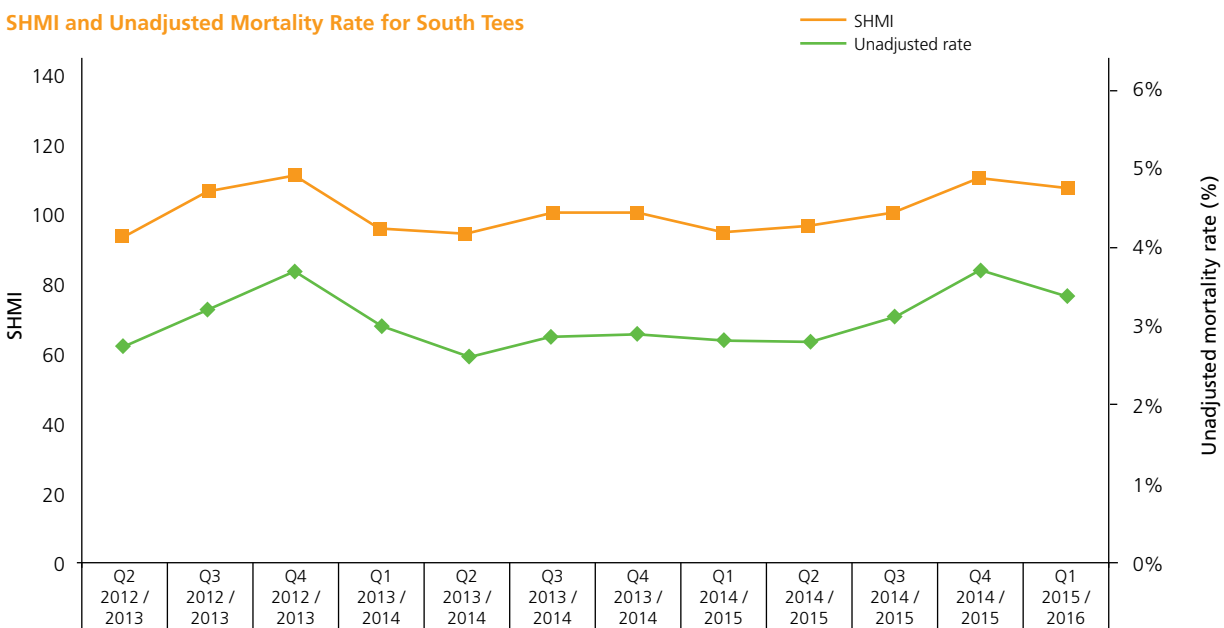
SHMI with banding using 95% Control Limits and with adjustment for over-dispersion for July 2014 to June 2015



Source: SHMI Data Release HSCIC January 2016

The Summary Hospital-level Mortality Indicator is designed to allow comparison between Trusts across the NHS. It includes deaths in hospital as well as deaths within 30 days of discharge from hospital. The SHMI for the Trust has been 'as expected' (i.e. within the amount of variation that can be anticipated by chance) in all data releases to date and the SHMI is currently 108 (July 2014 to June 2015). This means that the number of deaths in hospital or within 30 days of discharge from hospital is virtually the same as the number expected using a statistical model.

SHMI and Unadjusted Mortality Rate for South Tees

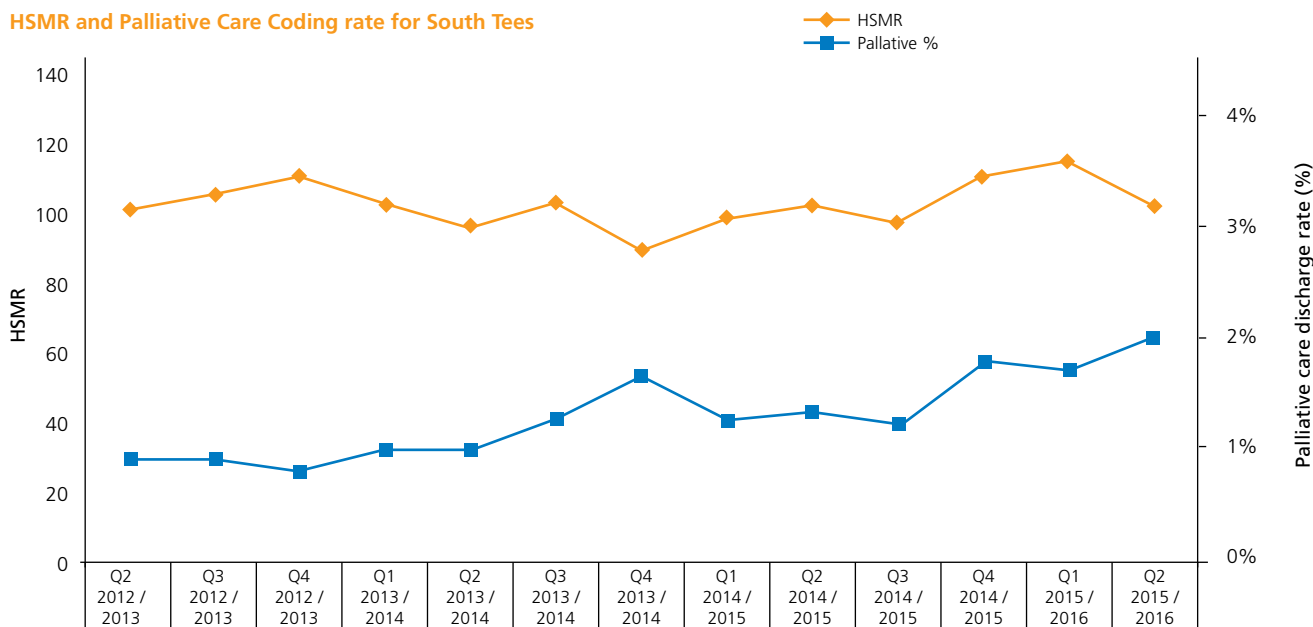


Source: NEQOS Hospital Mortality Monitoring Report 27. Data extracted from HED January 2016.

The SHMI is monitored on a quarterly basis and broadly reflects the unadjusted rate for deaths included in the SHMI. It has stayed around the average level of 100 and so is 'as expected'.

An alternative risk adjusted measure which uses around 80% of in-hospital deaths is called the Hospital Standardised Mortality Ratio (HSMR). It uses a more complex risk model which includes adjustment for specialist palliative care (care provided by a specialist team to a small proportion of more complex patients receiving palliative care in the hospital).

HSMR and Palliative Care Coding rate for South Tees



Source: NEQOS Hospital Mortality Monitoring Report 27. Data extracted from HED January 2016.

HSMR for the trust in the period October 2014 - September 2015 is 116 giving the Trust a rating of 'Higher than Expected'.

HSMR adjusts for patients that are coded as receiving specialist palliative care. The relatively low rate of specialist palliative care coding (the Trust is in lowest fifth of Trusts nationally) is adversely affecting the HSMR.

There has been a review of coding practices to try to ensure that all patients who receive specialist palliative care are included.

CQC Mortality Alerts were issued for Intracranial Injuries and Fluid and Electrolyte Disorders.

Intracranial injury:

- 34 deaths were identified, 31 cases were reviewed.
- The patients were of varying ages (mean average 68 range 14 to 96) and comorbidities (mean average 9.2, range 0 to 42). Eight (23.5%) were dependent on residential care and one patient was cared for in their own home.
- 52.9% (18) were admitted out of hours.
- 91.2% (31) were admitted via the Emergency Department. 8.8% (3) were transfers from other trusts.
- The 31 reviews completed showed no preventability.
- There seems some slight evidence for mortality being higher for those admitted at a weekend.
- 5 cases had areas for improvement identified (some more than one area).
- All cases reviewed were judged to have had good to excellent care.
- It was concluded that the patients identified by the alert were elderly and vulnerable with a wide range of co-morbidities. No instances of preventable death were identified by reviewers. There were areas of improvement identified in relation to DNACPR/end of life care and documentation.

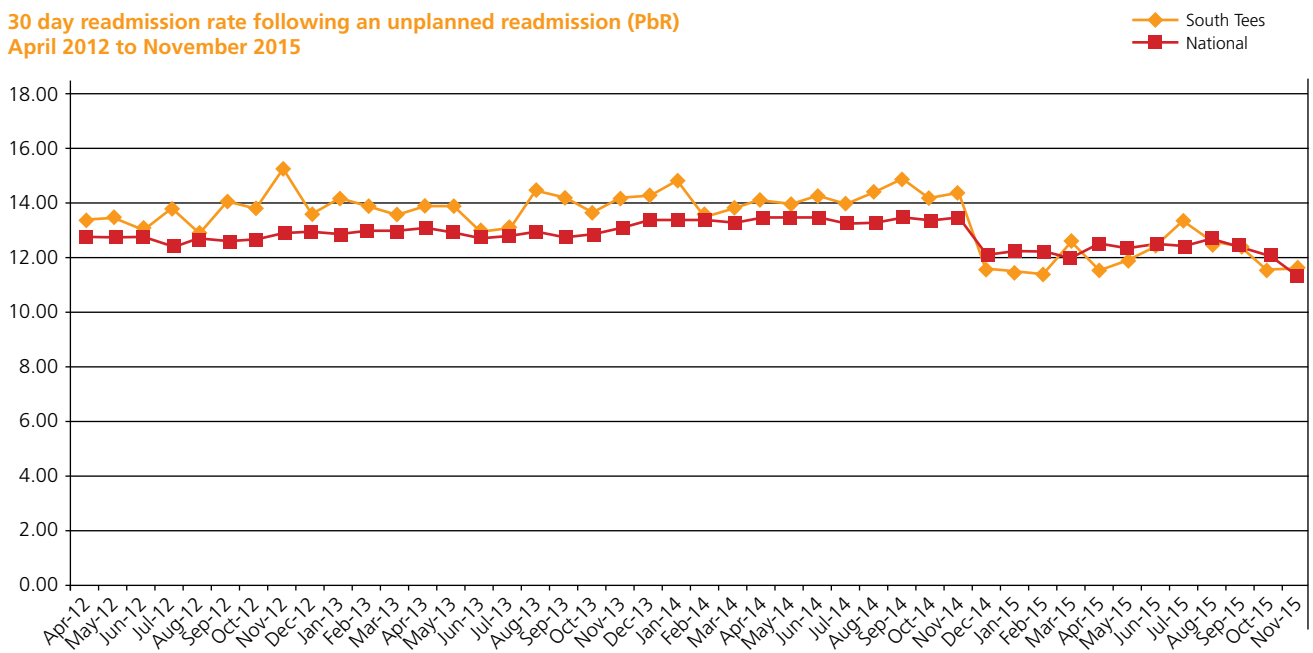
Fluid and Electrolyte Disorders:

- 30 deaths were identified, 25 cases were reviewed.
- Mean average age of patients in this category was 80 years (range 53 to 97). Mean average comorbidity score was 11.1 (range 0 to 48). Nine patients were in residential care.
- 22 cases (64.7%) were 'in hours'.
- 6 cases (17.6%) were admitted via the Emergency Department. No cases were transfers.
- There was no evidence of any preventability in the cases reviewed – all scored Hogan 1.
- There is some evidence of higher mortality rates for those admitted at the weekend but because the number of patients admitted is so much lower there is a large denominator factor in play.
- 5 cases had areas for improvement identified (some more than one area).
- Care was judged to be good or excellent in 21 cases.
- It was concluded that the patients identified by the alert were elderly and vulnerable with a wide range of comorbidities. No instances of preventable death were identified by reviewers. There were areas of improvement identified in relation to DNACPR/end of life care and documentation.

The reports were discussed at Mortality Group, Clinical Standards Sub Group and Quality Assurance Committee especially around the wider issues identified around End of Life Care, clinical documentation, and DNACPRs.

Re-admissions

30 day readmission rate following an unplanned readmission (PbR)
April 2012 to November 2015



Source: HED (March 2016).

There are two main measures used to monitor re-admissions. Re-admissions within 28 days as discussed on page 151 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. The graph demonstrates that the re-admission rate has stayed static over the period reported.

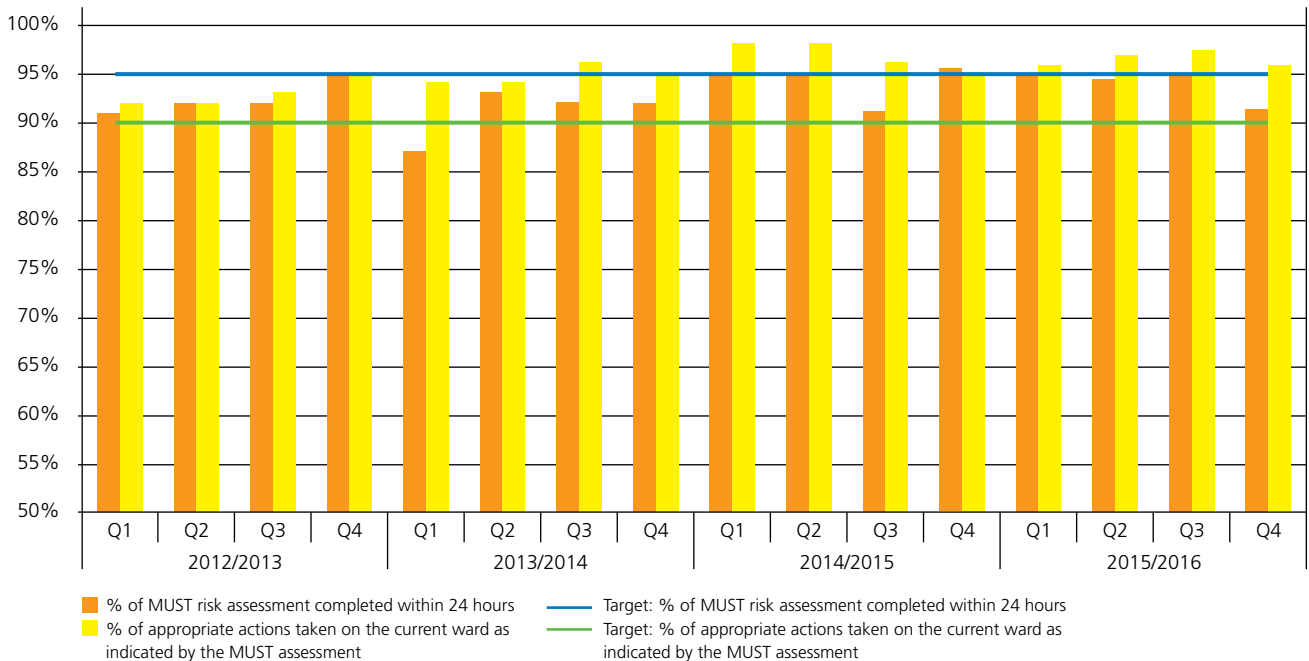
There has been considerable work undertaken in individual pathways, for example alcohol dependency, pain management and chronic obstructive pulmonary disease (COPD). The rapid response service and the integrated community care team will support those patients at high risk of re-admission.

Nutrition and hydration – getting the balance right

Good nutritional care is an important part of high quality care with considerable benefits especially for patients with long-term conditions and those with other conditions such as stroke, pressure ulcers and falls.

Patients are assessed on admission 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.

Compliance with MUST assessments



Data source: Local audit

The nutrition team includes staff from medicine, nursing, dietetics and pharmacy and through working together provides the best support for patients, helping speed up their recovery and protect their future health. The introduction of the new nursing documentation and nutritional care plans last year saw improvement in compliance with MUST assessments which has been sustained over 2015 to 2016, with all targets achieved.



Patient experience

It is important the Trust gains insight into the experience of patients while they are receiving care and treatment. There are many different forms of feedback the Trust can use such as that from local surveys, the open and honest care program, patient safety walkabouts, friends and family responses, the national inpatient survey and complaints and PALS enquiries.

Friends and Family Test

In line with national and local mandated contract requirements the last three years has seen the introduction of the NHS Friends and Family test (FFT) across South Tees Hospitals NHS Foundation Trust. This was in response to the Department of Health mandate that all patients who receive NHS services should be offered the opportunity to comment anonymously on whether or not they would recommend the service to their friend or family member.

First introduced in 2013 to hospital wards, accident and emergency and maternity departments, the opportunity to give feedback in this way has evolved over the past year and is now offered to patients who attend and have experienced care in outpatient and day case areas, paediatric services and some community services.

The roll-out has presented some challenges in terms of best method of delivery (e.g. paper cards, SMS text/integrated voice messaging) and agreement on how best to engage staff to maximise the learning opportunities. We have had variable success with these challenges.

Nationally the emphasis of FFT has altered and along with a simplified scoring system there is more focus on the qualitative data and what this means. NHS England is now calculating and presenting the FFT results as a percentage of respondents who would/would not recommend the service to their friends and family.

Collections for community, day case, outpatients and maternity started in phases since the initial launch of inpatient and A&E.

The Trust is performing in line with national trends of patients likely to recommend our services to friends and family. There has been a downward trend with the maternity results, however there has been some problems with the way the data was input. The data issues have been escalated and addressed. We continue to monitor these closely and have subsequently observed an increase over the last two months.

Open and Honest

The Open and Honest Care Improvement programme aims to support organisations to become more transparent and consistent in publishing safety, experience and improvement data; with the overall aim of improving care, practice and culture.

Over the last 12 months the patient experience feedback part of the program has developed further and the numbers of patients who are giving their feedback on a standard set of questions has increased.

When comparing this to previous feedback from patients the results demonstrate improvement with most questions receiving positive responses above 90%. A key focus for the Trust is to continually strive to improve the experience of our patients and their families.

Some improvements implemented during the past 12 months as a result of patient feedback include:

- New handsets for televisions purchased.
- Increased visibility of nurses – introduced bay nursing in many areas.
- Improvements to environment (re-decoration and maintenance).
- Reduction in noise at night through raised awareness.
- More stringent monitoring of cleanliness of wards and departments.
- Development of a robust therapeutic care volunteer network.
- Implementation of “hello my name is...” initiative.
- Inclusion of real patient stories in many training events.
- Implementation of discharge ticket and SOP for discharge.
- Opening of discharge lounge.
- Launch of carers campaign.

FFT Inpatients and A&E patients likely to recommend:	Percentage likely to recommend												Trend
	Apr 2015	May 2015	Jun 2015	Jul 2015	Aug 2015	Sep 2015	Oct 2015	Nov 2015	Dec 2015	Jan 2016	Feb 2016	Mar 2016	
Inpatient / Daycase	95%	97%	96%	96%	95%	96%	95%	97%	96%	96%	97%	97%	
A&E	88%	90%	89%	90%	91%	90%	91%	90%	92%	87%	92%	89%	
Community	89%	85%	88%	87%	90%	87%	90%	89%	94%	93%	94%	96%	
Outpatients	91%	93%	93%	92%	93%	94%	93%	94%	93%	94%	91%	92%	
Maternity	97%	95%	95%	90%	93%	91%	95%	85%	78%	90%	91%	92%	

Data source: Health and Social Care Information Centre

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 the Trust wants to ensure we identify every opportunity where this could be improved upon.

The Trust actively encourages the reporting of complaints and concerns so that we can help to shape current and future services and make improvements in the areas that patients and their families say matter most to them.

During 2015/2016 the Trust received 428 formal complaints compared to 471 formal complaints in the same period during 2014/2015 (Data source: Datix incident reporting system).

The standard response time to complainants is set at 25 working days however the Trust has not achieved the target for 80% of complaints to be closed in this time period. In September 2015, we introduced a 40-day target for complex and multicentre complaints and a 'Stop the Clock' when a meeting is scheduled to occur before a response can be sent. The management and handling of complaints varies significantly across the organisation with varying degrees of success. It was recognised that some of the processes and systems did not support an effective streamlined approach to managing complaints. Therefore a number of measures have been put in place this year in order to strengthen processes, including the introduction of patient safety advisors that are linked to each of the clinical centres to support a systematic approach to the management and analysis of incidents, complaints, PALS, claims and information governance.

Some of the improvements to-date include;

- Purchase of the complaints module in Datix to standardise work streams, reduce duplication of work and improve tracking of complaints.
- Strengthening links between the patient relations team and clinical centres and departments.
- Signposting regarding how to raise concerns at ward/department level.
- Terms of Reference for independent complaint review panel revised and now includes 're-opened' complaints.
- Weekly centre reports detailing all aspects of Patient Safety and Information Governance (Including complaints).

Further actions to be implemented in 2016/2017 are:

- Agree a response time with the complainant particularly when the complaint is complex or the complainant requests a meeting.
- Regular 'Lessons Learned' bulletins to share outcomes of investigations.
- To pilot a new response template.
- To improve action plans associated with complaints.
- To complete work on a guidance pack on handling complaints.

A total of 27 requests were received by the Parliamentary and Health Service Ombudsman, whose role is to investigate complaints where individuals feel they have been treated unfairly or have received a poor service. This is an increase from 11 in 2014/2015 and is in part due to the increased scrutiny on the PHSO to investigate more complaints.

Of these, 3 were not upheld, 4 were partially upheld and 16 the Trust is still awaiting a draft or final report from the Ombudsman. Of the remaining 4 cases, 2 were requests for information only and 2 we determined that local resolution had not been exhausted

We also had 1,814 PALS enquiries, a slight decrease on the previous year. This figure excludes advice, enquiries and compliments.

National Patient Surveys

During 2015/16, the trust received reports from three national patient surveys, the findings of each are summarised below.

CQC maternity survey

The Care Quality Commission's maternity survey was published in-year, the findings of which highlight women's responses to questions across themes such as access to care, personal choices, type of birth and emotional wellbeing.

The survey sample was drawn from all women aged 16 and over who had a live birth consecutively between 1 February and 28 February 2015 and 146 women completed questionnaires in the Trust from a final sample of 371 – a response rate of 39%.

Results help the organisation understand what women's experiences are of their maternity care and where to make improvements and a summary of our findings – both positive and negative - are as follows along with actions:

Antenatal care

- 81% of women said they were asked about how they were feeling emotionally. If women tried to contact a midwife, 89% said they got the help they needed (both scores placed the Trust in the top 20% surveyed).
- Only 22% of women said they had a choice where antenatal check-ups had taken place.

Actions taken include raising the profile of choices at booking and 34 weeks, updating patient information and posters offering choice and encouraging all staff to have discussions with women through 'Making Every Contact Count' which helps people to make healthier choices to achieve positive long-term behaviour change.

Labour and birth

- While 91% of women said their partner or someone close to them was involved in care during labour and birth this was within the lower 20% of trusts (highest score was 99%).
- Being treated with respect and dignity scored 90% and having confidence and trust in staff caring for them was 86% (lower 20% of trusts)

A range of actions have been taken to improve participation of mothers in decisions about their care including:

- Raising the profile of the maternity survey results internally and at annual reviews.
- Promoting parentcraft and high dependency evenings, production of low dependency video presentation.
- Promotion of normality with all midwives including mobilising, alternative positions, aromatherapy and hypnotherapy.
- Changing the patient experience proforma.
- Incorporate a session into preceptorship in relation to privacy and dignity.
- Perform patient experience walkarounds in all clinical areas.
- Explore the viability of increasing staff presence within the induction suite.
- Feedback from capturing patient experience and use of patient story videos.
- Conducting an audit to assess normality in labour for women with a raised BMI.
- Promote skin to skin within labour ward and within theatres.

Postnatal care

- 64% of women said that someone close to them involved in their care was able to stay with them as much as they wanted (top 20%).
- 65% of women felt that their hospital stay after the birth of their baby was about right (highest score 87%).

Actions taken include strengthening support and clinical leadership on dedicated postnatal ward, preparing women for discharge from antenatal period to delivery and incorporating decisions in birth plans and care plans, discussing predicted date of discharge at transfer to postnatal ward and documenting this on transfer checklist, capturing patient experience feedback and reviewing the discharge process.

Feeding

- 86% of women felt their decisions about the way they fed their baby were respected by midwives (lower 20% of trusts).

Actions taken include midwifery care associates (MCAs) to provide infant feeding visits, peer supporters providing support to the ward, additional training sessions provided and all multi-disciplinary team training to include all BFI standards, plus a number of initiatives have been implemented around infant feeding and breastfeeding support.

Care at home after birth

- 99% of women had a contact number for a midwife or the team once they were home. If they contacted the midwife, 90% felt they got the advice and help they needed (both within top 20% of trusts).
- 70% felt they got enough information about their own physical recovery after birth. 71% got information about the emotional changes they might experience after birth (both within the lower 20% of trusts).

More concise information is now provided in maternity postnatal booklets and pathways and the profile about the importance of discussing GP check-ups prior to discharge from hospital has been raised.

National inpatient survey

The results of the Care Quality Commission's annual survey of inpatients (2015) were published 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 612 patients aged 16 and above who had stayed in hospital at least overnight, a response rate of 52% (the same percentage as last year).

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 with quite a number of areas scoring in the top 20% of performing trusts.

There were two specific questions – out of 74 – where we fell into the bottom 20%:

- Patients did not share a bathroom/shower - 75% (the threshold for the lowest scoring 20% of all trusts was 84%).
- 59% of patients said they were given written information on what they should or should not do after leaving hospital (the threshold for the lowest scoring 20% of all trusts was 60%).

We will now triangulate the organisation's staff survey and other patient data to identify whether there are any common themes relating to patient experience or quality of care concerns and will develop an action plan, specifically looking in detail at mixed gender rooms, bathrooms and bays, and consider why patients still perceive these to be in use.

National children's inpatient and day case survey

The first national children's survey conducted by CQC was published in-year, representing the experiences of children and young people who received inpatient or day case care in 2014.

Questionnaires were sent to children and young people aged 8 to 15 with extra questions for their parents or carers and the Trust had 205 respondents – a response rate of 25% compared to the national average of 27%.

Overall, the organisation's findings were in line with the national response rate with children and their parents or carers reporting good experiences of care. The majority of children and young people said they were happy with the care they received, felt safe while on wards, thought staff did everything possible to control their pain and they understood the information given to them by staff.

While there were no areas which placed the trust in the lowest 20% threshold nationally, there are some core themes we are addressing in further detail including:

- Carers felt staff were not always aware of their child's medical history before treating them.
- Choice of admission dates for children aged 0 to 7.
- Choice of hospital food for children and young people.

Maternity report reveals good outcomes for women

'Patterns of Maternity Care in English NHS Trusts' – a report by The Royal College of Obstetricians and Gynaecologists (RCOG) – which looked at various aspects of intrapartum care (labour, delivery and child birth) has shown good outcomes for women and their babies.

The aim of the report is to encourage local trusts to understand their own outcomes in context so they can focus on reducing variations in care, improve safety and ensure the services provided meet the needs of women and their families.

In total, data for 11 out of 18 indicators was recorded for the Trust with the vast majority being either better or comparable to the national average, particularly around lower Caesarean section rates, lower rates of serious maternal perineal (birth passage) injury and maternal readmission to hospital following a Caesarean birth, reflecting the safety and quality of care provided for mothers delivering at our maternity units.

Only one of the indicators – neonatal re-admission to hospital within 28 days – was recorded as worse than the national average – an issue which has already been picked up, and addressed, by the Trust through our own internal clinical governance processes.

A subsequent audit found breastfeeding-related issues were one of the main contributors towards the re-admission rate and, as a result, we have worked closely with our midwives to improve support to mothers who breastfeed which, in turn, has had a very positive effect in terms of reducing the number of re-admissions.

National Staff Survey

The NHS Staff Survey asks questions of staff that are focused around the four pledges of the NHS Constitution, equality and diversity and staff satisfaction.

The overall staff engagement indicator for the Trust in 2015 is 3.71. This is a slight deterioration on the 2014 score (3.76), although, over the last three years the staff engagement indicator for the Trust has not fluctuated significantly.

The score is made up of the following elements

Key Finding	Change since 2014	Ranking, compared with combined acute and community trusts
Key Finding 1 Staff recommendation of the Trust as a place to work	No change but statistically significant from 2013 (3.80)	Average
Key Finding 4 Staff motivation at work	No change and no statistically significant change from 2013	Below (worse than) average
Key Finding 7 Staff ability to contribute towards improvements at work	No change and no statistically significant change from 2013	Below (worse than) average

In addition to this the Trust is monitored on the following key findings:

Key Finding	Score	Change since 2014	Ranking, compared with combined acute and community trusts
Key Finding 19 % of staff experiencing harassment, bullying or abuse from staff in the last 12 months	3.49	Comparison not available	Below (worse than) average
Key Finding 27 % of staff that believe the trust provides equal opportunities for career progression or promotion	38	Statistically significant increase (27)	Average

The following recommendations have been made as a result of the findings of the survey:

The combination of organisational redesign and the staff survey outcomes provide the Trust with a timely opportunity to agree to the following set of strategic objectives which will support staff engagement and improve the current employment journey with our Trust.

- Establish a People Strategy which will in turn drive improvements in the employment journey. The strategy will specifically need to address strategic themes of staff engagement and experience, health and wellbeing, performance management (include talent and succession planning).
- Define the values and behaviours to be demonstrated by the senior leadership team through to line managers and front-line staff. These values and behaviours will underpin the culture of the organisation.
- Create a performance management framework which will be derived from the values and behaviours determined through engagement work with the senior leadership team, line management and front line staff.
- Refresh the recruitment approach to reflect measurement and testing of the Trust's values and behaviours ensuring our workforce demonstrate the right attributes from the beginning of their employment journey with the Trust.
- Develop an internal communications strategy and as part of this ensure that all staff have access to and understand the strategic aims and objectives of the organisation, values and behaviours.

3.2 Performance against key national priorities

MONITOR compliance framework	11/12	12/13	13/14	14/15	15/16	15/16 Target
Safety						
<i>Clostridium difficile</i> – meeting the <i>Clostridium difficile</i> objective	67	49	57	76	61	50
Cancer – two week from referral to date first seen comprising:						
All urgent referrals (cancer suspected)	93.7%	94.7%	95.3%	94.3%	94.2%	93%
For symptomatic breast patients (cancer not initially suspected)	95.9%	96.5%	96.5%	94.5%	93.6%	93%
Quality – All cancers: 31 day wait from diagnosis to first treatment	98.8%	99%	98.3%	97.9%	97.2%	96%
Quality – all cancers: 31 day wait for second or subsequent treatment comprising:						
Anti-cancer drug treatments	100%	99.6%	99.4%	99.6%	99.4%	98%
Surgery	99.1%	98.0%	98.6%	98.4%	94.1%	94%
Radiotherapy	98.7%	98.4%	98.9%	99.1%	99.1%	94%
Quality – all cancers: 62 day wait for first treatment from:						
Urgent GP referral for suspected cancer	86.9%	86.4%	84.7%	85.3%	79.1%	85%
Consultant upgrade	NA	NA	94.2%	89.8%	87.8%	90%
NHS Cancer Screening Service Referral	94.5%	92.8%	94.8%	92.6%	89.8%	90%
18 weeks referral to treatment time (RTT)						
Admitted patients	92.1%	91.1%	86.7%	93.3%		
Non-admitted patients	98.8%	99.0%	98.7%	98.4%		
Incomplete pathways	94.0%	94.6%	95.2 %	95.7%	93.2%	92%
Accident and Emergency						
4 hour maximum wait in A&E from arrival to admission, transfer or discharge	97.5%	95.9%	96.7%	94.9%	95.8%	95%
Effectiveness – data completeness: community services, comprising:						
Referral to treatment information		82.4%	93.9%	98.5%	99.6%	50%
Referral information		68.2%	98.2%	98.9%	99.5%	50%
Treatment activity information		64.4%	98.8%	99.9%	98.4%	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 2015/2016 there have been some compliance issues when performance was assessed over the quarter:

Cancer wait 62 day wait for the first definitive treatment for all cancers – this measure has not been achieved in this year. There have been a number of issues that have contributed to this including late referrals from other organisations, complex pathways, delays to diagnostics, elective capacity and patient choice.

Actions taken: Additional theatre sessions have been introduced to increase elective capacity, increased capacity created in endoscopy, business cases developed for additional consultant posts to address gaps in workforce and action plans developed for individual tumour sites.

Clostridium Difficile – the threshold of 50 was exceeded with a total of 61 cases. Please see page 134 for a more detailed discussion of the actions taken.

A&E 4 hour wait target – this measure was not achieved in quarter one and quarter four. A number of measures were introduced to support delivery of this measure including a review of emergency care pathways and a discharge before noon target to encourage good patient flow.





Annexes

Annex 1: Statements from Clinical Commissioning Groups and Healthwatch

Annex 2: Statement of Directors' responsibilities in respect of the quality report

Annex 3: How to provide feedback on the account

Annex 4: Glossary of terms

Annex 1

Statements from Clinical Commissioning Groups and Healthwatch

NHS South Tees CCG and NHS HAST CCG

RE: South Tees NHS Foundation Trust Quality Account 2015/16

NHS South Tees Clinical Commissioning Group (STCCG) is pleased to provide a response to the Trust's Quality Account 2015/16 and would like to thank the Trust for inviting us, as 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 NHS Hartlepool and Stockton-on-Tees CCG and is provided as follows:

The CCGs 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 CCG view is that the information provided within the annual quality account is an accurate and fair reflection of the Trust's performance for 2015/2016.

It is acknowledged that there has been a lot of work undertaken to deliver the Trust's ambitions in a number of key priority areas and the Trust is to be commended on its achievements during 2015/16. The work undertaken to reduce falls, through collaborative working, and the introduction of the 'Fallsafe' project along with a continued focus on the reduction of Trust attributable pressure ulcers has resulted in improved patient safety. The CCGs would like to congratulate the Trust in the achievements to date and looks forward to the continued improvements and embedding of the key initiatives identified through the Pressure Ulcer Collaborative.

The CCG recognises that the Trust continues to face challenges in relation to Healthcare Acquired Infections (HCAI) having exceeded the 2015/16 annual trajectory for *Clostridium Difficile* cases. Recognising that this remains a national challenge, the Trust has made reasonable progress with a reduction in the number of cases compared to the previous year. Understandably, the CCGs and Trust remain concerned about the impact on patient outcomes and quality of care; therefore there will be continued joint work to monitor progress against the planned improvements and the continued challenging targets for the year ahead.

The CCGs are encouraged to see that the work undertaken by the Trust to improve outcomes for patients presenting with sepsis; community acquired pneumonia and acute kidney injury have made significant improvements; focussing on detection and immediate clinical management and recognise that this will contribute towards the required improvements in reducing mortality. Commissioners recognise that work to improve the clinical coding related to specialist palliative care is also underway which, combined with improved clinical interventions, is anticipated will support an improved position for mortality metrics.

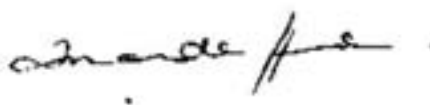
Commissioners are concerned that the focus to improve the timeliness of responding to formal complaints within 25 working days, to 80%, has not been achieved. This remains at 20%. It is anticipated that the planned introduction of the 'Datix' module for complaint management will improve this position to 80%.

During 2015/16, working in partnership with neighbouring CCGs, the collaborative focus on detailed analysis of specific issues has continued, involving CCG GPs and Trust clinical staff at bi-monthly clinical quality review group (CQRG) meetings. This augments and promotes the value derived from the Trust's approach to duty of candour. In addition the CCGs' commissioner review visits to the Trust have been welcomed, and commissioners have gained an insight into, and assurances of, the quality of care being delivered to patients.

Commissioners support the identified quality priorities for 2016/17 and acknowledge that these will underpin continued progress by the Trust in meeting their quality improvement goals. As the Trust has been transparent in the reporting of two Never Events during the year, commissioners would like to see a focus on improved patient safety during surgical interventions both within and outside of the operating theatre environment, and for this to be an integral part of the Trust's emphasis on reducing harm.

The CCGs look forward to continuing to work in partnership with the Trust to assure the quality of services commissioned on behalf of their population in 2016/17.

Yours sincerely



Mrs Amanda Hume

Chief Officer

South Tees CCG

On behalf of NHS South Tees Clinical Commissioning Group (ST CCG) and NHS Hartlepool and Stockton-On-Tees Clinical Commissioning Group (HAST CCG)

Hambleton, Whitby and Richmondshire NHS CCG

Re: Quality Account 2015/16

Thank you for sharing South Tees Hospital Foundation Trust STHFT Quality Account for 15/16. NHS Hambleton, Richmondshire and Whitby Clinical Commissioning Group (HRWCCG) are pleased to receive information about the Trust's achievements and quality priorities for 16/17 and welcome the opportunity to provide feedback. 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.

Overall, we consider that the Quality Account is a fair reflection of the Trusts performance for 2015/16 around the 3 broad priorities of 1) 'sign up to safety', 2) 'right care, right place' and 3) 'at the heart of the matter'. The Trust have acknowledged the difficulties they have experienced in achieving some of the targets in 2015/16 and the CCG welcomes the way in which this has been explained to enable better understanding by the general public.

The CCG supported the commitment to reduce avoidable harm in 2015/16 and acknowledge the reduction in pressure ulcers and C.diff rates overall. However for clarity, it would have been better if the Trust had stated whether the pressure ulcer figures* quoted relate to those pressure ulcers which were only considered to be Trust attributable and whether the reduction in incidence seen from 14/15 may have (in part) been contributed to by the change in reporting processes implemented in April 2014. Also the CCG would have liked to have seen the triangulation of this information with the national safety thermometer (NST) prevalence data to provide a more rounded picture about the level and scale of the reduction of pressure ulcers in real terms.

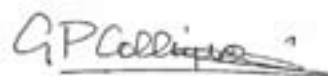
The CCG is pleased to note the 20% (15 cases) reduction in the C.diff cases from 14/15, although remain concerned that the year-end figure in 2015/16 still demonstrated 22% (11 cases) over the nationally set objective, despite a comprehensive recovery plan scrutinised by Monitor. Representatives from the CCG will continue to support the Pressure ulcer and infection prevention action groups (IPAG) and look forward to working with the Trust in 16/17 in order to seek collective solutions (involving primary care) across the local health economy.

The CCG recognises the significant work undertaken to improve the care of the deteriorating patient in 2015/16. This area of care was a concern for commissioners in 2014/15 and is therefore pleased to note the improvements seen in the associated key performance indicators. It is also encouraging to note the Trust's progress on how they have listened to and used patient feedback in addition to developing more robust systems to enable a more comprehensive review of what patients and carers are saying about their services.

In relation to the quality priorities identified for 2016/17, the CCG supports the commitment to the broad aims of improving safety, experience and outcomes through continuing to concentrate on reducing HCAIs, medication safety and improving management of patients with sepsis, which reflect national ambitions and is pleased to see an emphasis on improving patient experience in end of life care, dementia and discharge processes. We look forward to working with the Trust in 2016/17 to ensure that despite the challenging financial times ahead there is a co-ordinated, collaborative approach towards safeguarding the quality and safety of services provided to our patient population, whilst developing new ways of working to deliver improvements across pathways of care that have local impact. This requires collaborative commitment to ensure high quality care is received at all times and that patient experience is as good as it can be both whilst in hospital and during transition home and beyond. To this end, as part of the discharge processes, commissioners would like to see a commitment towards improving the quality of discharge letters and communications to other agencies and would also welcome the opportunity to discuss improving outcomes in relation to care of the patient with diabetes to ensure closer fit with the CCG's strategic objectives.

I hope you find this review helpful. Please do not hesitate to contact me should you have any queries or require any further information.

Yours sincerely



Gill Collinson

Lead Nurse

Hambleton, Richmondshire & Whitby CCG

* The report has been updated following receipt of these comments

Hambleton, Whitby and Richmondshire Healthwatch

"Healthwatch North Yorkshire is assured that the South Tees NHS Trust is performing at a generally high level across its services. The results of the Friends and Family Test over this last year are largely promising, with an either constant or improved scoring for all but one of the assessed areas - that being Maternity - and we note the issues surrounding data input for that particular field. We do note however that response rates have been below target for the last three recorded months. Whilst we're aware of the challenges faced by the Trust, through reductions and changes to their Patient Experience Team, we do feel it would offer a more realistic picture of patient opinion if their resoundingly positive reviews (via "I Want Great Care") were uploaded closer to real time. This would compliment their largely positive showing. For example, we noticed an entire 485 reviews, of which were nearly all 5*, presented as being logged solely on the 11th of May 2016. The next date of submitted reviews covered the 29th of April 2016.

These reviews average at 5* for the James Cook and Friarage Hospitals, Community Services and Midwifery, which is profoundly reassuring. Repeated compliments were made by patients of the information and support they received throughout their pregnancies, from antenatal right through to postnatal care.

For section 3.2, whilst recognising the Trust's surpassing of national targets, it would be helpful to have more clarity over the "compliance issues" for some of the quarterly gaps, with regards to reporting to Monitor.* In terms of performance monitoring there is some concern over the consistent breach of *Clostridium difficile* targets for each month in 2015/2016. Similarly, Hospital Standardised Mortality Rates and Cancer wait for first definitive treatment all missed targets throughout 2015/16. Finally we would flag the consistent underperformance on staff appraisals against target. As the most important resource staff support is crucial to quality care.

The new staff team have yet to meet with the senior team, however our requests for information have shown a willingness to work together which instils confidence that the Trust treats patient engagement seriously."

Received via email 23/05/2016

* The report has been updated to reflect these comments

Annex 2

Statement of Directors' responsibilities in respect of the quality report

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

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 NHS Foundation Trust boards should put in place to support the data quality for the preparation of the quality report.

In preparing the quality report, Directors are required to take steps to satisfy themselves that:

- the content of the quality report meets the requirements set out in the NHS Foundation Trust Annual Reporting Manual 2015/2016 and supporting guidance.
- the content of the Quality Report is not inconsistent with internal and external sources of information including:
 - Board minutes and papers for the period April 2015 to April 2016.
 - Papers relating to quality reported to the Board over the period April 2015 to April 2016.
 - Feedback from the NHS South Tees Clinical Commissioning Group dated 29/04/2016.
 - Feedback from the NHS Hambleton, Richmond and Whitby Clinical Commissioning Group - dated 17/05/2016.
 - Feedback from Local Healthwatch organisations dated 23/05/2016.
 - Feedback from the Governors dated 17/05/2016.
 - The Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 25/04/16.
 - The 2015 national patient survey.
 - The 2015 national staff survey.
 - The Head of Internal Audit's annual opinion over the Trust's control environment dated 26/05/16.
 - CQC intelligent monitoring report dated May 2015.

- 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.
- 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.monitorhsft.gov.uk/annualreportingmanual)).

The Directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the Quality Report.

By order of the Board

Chairman – Deborah Jenkins
27 May 2016

Chief Executive – Siobhan McArdle
27 May 2016

Annex 3

How to provide feedback on the account

We welcome feedback on this report and suggestions for the content of future reports.

If you wish to comment please go to the Quality Accounts page on the Trust website (www.southtees.nhs.uk).

Annex 4

Glossary of terms

18 Week RTT

This refers to the right to start your consultant-led treatment within a maximum of 18 weeks from referral, unless you choose to wait longer, or it is clinically appropriate that you wait longer. The Trust monitor 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, clinical commissioning groups 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 Council 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 are infections that are acquired as a result of healthcare interventions. There are a number of factors that can increase the risk of acquiring an infection, but high standards of infection control practice minimise the risk of occurrence.

Health Act

An Act of Parliament is a law, enforced in all areas of the UK where it is applicable. The Health Act 2009 received Royal Assent on 12 November 2009.

Healthcare

Healthcare includes all forms of healthcare provided for individuals, whether relating to physical or mental health, and includes procedures that are similar to forms of medical or surgical care but are not provided in connection with a medical condition, for example cosmetic surgery.

Healthcare Quality Improvement Partnership

The Healthcare Quality Improvement Partnership was established in April 2008 to promote quality in healthcare, and in particular to increase the impact that clinical audit has on healthcare quality in England and Wales. It is led by a consortium of the Academy of Medical Royal Colleges, the Royal College of Nursing and national voices.

Healthwatch

Healthwatch are the national consumer champions 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 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.

Patient

Those in receipt of health care.

Patient Reported Outcome Measures (PROMs)

PROMs measure a patient's health status or health-related quality of life at a single point in time, and are collected through short, self-completed questionnaires. This health status information is collected from patients through PROMs questionnaires before and after a procedure and provides an indication of the outcomes or quality of care delivered to NHS patients.

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.

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).

Regulations

Regulations are a type of secondary legislation made by an executive authority under powers given to them by primary legislation in order to implement and administer the requirements of that primary legislation.

Research

Clinical research and clinical trials are an everyday part of the NHS. The people who do research are mostly the same doctors and other health professionals who treat people. A clinical trial is a particular type of research that tests one treatment against another. It may involve either patients or people in good health, or both.

Risk

The possibility of suffering some form of loss or damage or the possibility that objectives will not be achieved.

Risk Assessment

The identification and analysis of relevant risks to the achievement of objectives.

Secondary Uses Service (SUS)

The Secondary Uses Service is designed to provide anonymous patient-based data for purposes other than direct clinical care such as healthcare planning, commissioning, public health, clinical audit and governance, benchmarking, performance improvement, medical research and national policy development. Visit: www.ic.nhs.uk/services/the-secondary-uses-service-sus/using-this-service/data-quality-dashboards.

Service user

An individual who uses a health care service, including those who are not in need of treatment, such as blood donors, carers or those using screening services.

Summary Hospital-level Mortality Index (SHMI)

The Summary Hospital-level Indicator (SHMI) reports mortality at trust level across the NHS in England using standard and transparent methodology. It looks at deaths following hospital treatment which take place in or out of hospital for 30 days following discharge and is based on all conditions.

South Tees Hospitals NHS Foundation Trust

Includes the Friarage Hospital (FHN) and 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' report to the Council of Governors of South Tees Hospitals NHS Foundation Trust on the quality report

We have been engaged by the Council of Governors of South Tees Hospitals NHS Foundation Trust to perform an independent assurance engagement in respect of South Tees Hospitals NHS Foundation Trust's Quality Report for the year ended 31 March 2016 (the 'Quality Report') and certain performance indicators contained therein.

Scope and subject matter

The indicators for the year ended 31 March 2016 subject to limited assurance consist of the following two national priority indicators (the indicators):

- Percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period.
- A&E: maximum waiting time of four hours from arrival to admission/transfer/discharge.

Respective responsibilities of the Directors and auditors

The Directors are responsible for the content and preparation of the Quality Report in accordance with the criteria set out in the NHS Foundation Trust Annual Reporting Manual issued by Monitor.

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to attention that causes us to believe that:

- The Quality Report is not prepared in all material respects in line with the criteria set out in the NHS Foundation Trust Annual Reporting Manual.
- The Quality Report is not consistent in all material respects with the sources specified in the Detailed Guidance for External Assurance on Quality Reports 2015/16 ('the Guidance').
- The indicators in the Quality Report identified as having been the subject of limited assurance in the Quality Report are not reasonably stated in all material respects in accordance with the NHS Foundation Trust Annual Reporting Manual and the six dimensions of data quality set out in the Guidance.

We read the Quality Report and consider whether it addresses the content requirements of the NHS Foundation Trust Annual Reporting Manual and consider the implications for our report if we become aware of any material omissions.

We read the other information contained in the Quality Report and consider whether it is materially inconsistent with:

- Board minutes and papers for the period April 2015 to May 2016.
- Papers relating to quality reported to the Board over the period April 2015 to May 2016.

- Feedback from the NHS South Tees Clinical Commissioning Group dated 29 April 2016.
- Feedback from Hambleton, Richmondshire and Whitby Clinical Commissioning Group dated 17 May 2016.
- Feedback from Hambleton, Whitby and Richmondshire Healthwatch dated 23 May 2016.
- Feedback from governors dated 17 May 2016.
- The Trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009.
- The 2015 national patient survey.
- The 2015 national staff survey.
- The 2015/16 Head of Internal Audit's annual opinion over the Trust's control environment.
- The May 2015 CQC Intelligent Monitoring Report.

We have not been able to review consistency with feedback from Overview and Scrutiny Committee. This was requested by the Trust on 22 April 2016 but not received.

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 interdependence and competency requirements of the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics. Our team comprised assurance practitioners and relevant subject matter experts.

This report, including the conclusion, has been prepared solely for the Council of Governors of South Tees Hospitals NHS Foundation Trust as a body, to assist the Council of Governors in reporting the NHS Foundation Trust's quality agenda, performance and activities. We permit the disclosure of this report within the Annual Report for the year ended 31 March 2016, to enable the Council of Governors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the indicator. To the fullest extent permitted by law, we do not accept or resume responsibility to anyone other than the Council of Governors as a body and South Tees Hospitals NHS Foundation Trust for our work or this report, except where terms are expressly agreed and with our prior consent in writing.

Assurance work performed

We conducted this limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – 'Assurance Engagements other than Audits or Review of Historical Financial Information', issued by the International Auditing and Assurance Standards Board ('ISAE 3000'). Our limited assurance procedures included:

- Evaluating the design and implementation of the key processes and controls for managing and reporting the indicator.
- Making enquiries of management.
- Testing key management controls.
- Limited testing, on a selective basis, of the data used to calculate the indicator back to supporting documentation.
- Comparing the content requirements of the NHS Foundation Trust Annual Reporting Manual to the categories reported in the Quality Report.
- Reading the documents.

A limited assurance engagement is smaller in scope than a reasonable assurance engagement. The nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw allows for the selection of different, but acceptable measurement techniques which can result in materially different measurements and can affect comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information as well as the measurement criteria and the precision of these criteria, may change over time. It is important to read the quality report in the context of the criteria set out in the NHS Foundation Trust Annual Reporting Manual.

The scope of our assurance work has not included governance over quality or the non-mandated indicator, which was determined locally by South Tees Hospitals NHS Foundation Trust.

Conclusion

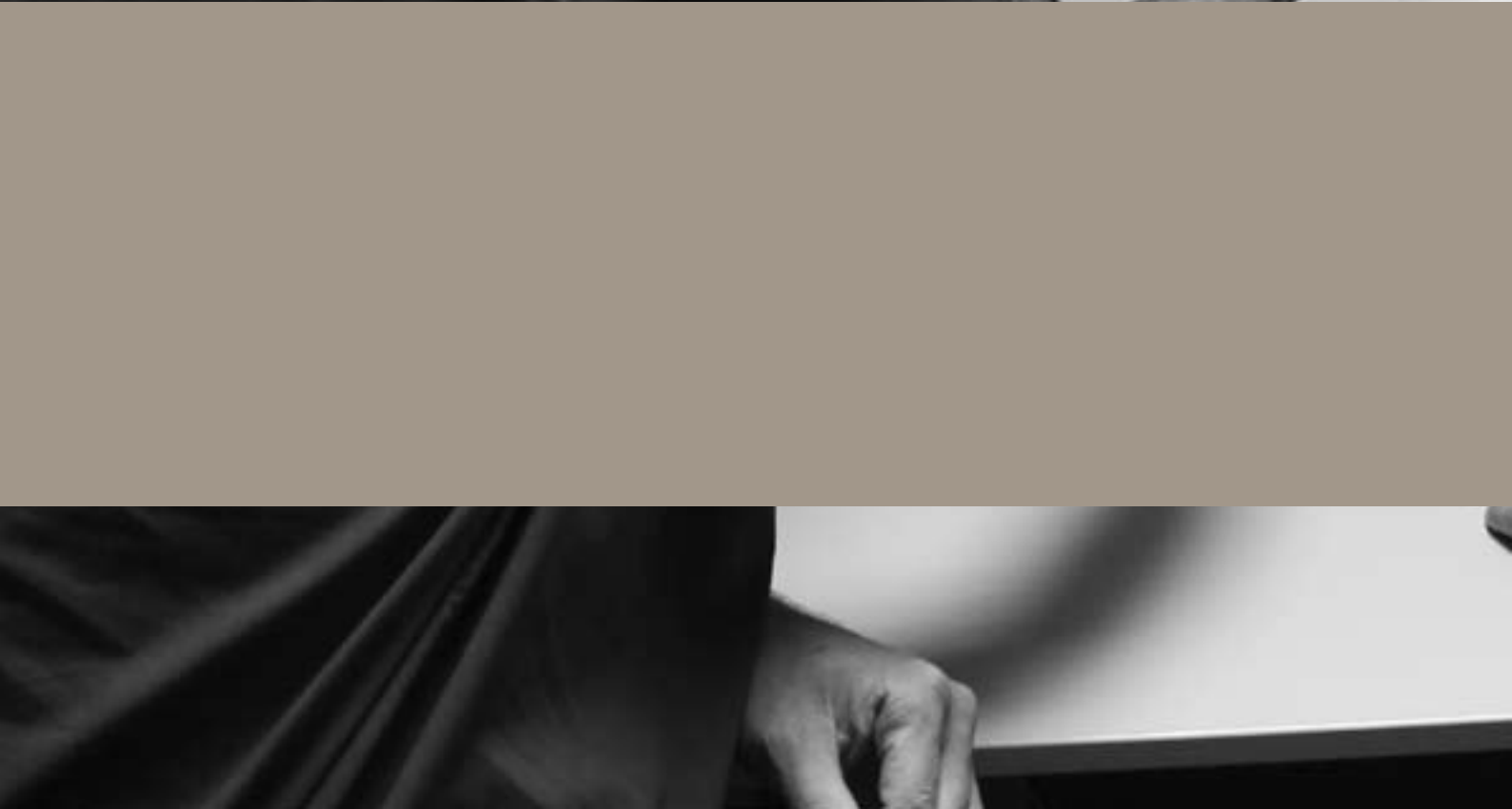
Based on the results of our procedures, nothing has come to our attention that causes us to believe that, for the year ended 31 March 2016:

- The Quality Report is not prepared in all material respects in line with the criteria set out in the NHS Foundation Trust Annual Reporting Manual.
- The Quality Report is not consistent in all material respects with the sources specified in the Guidance.
- The indicators in the Quality Report subject to limited assurance have not been reasonably stated in all material respects in accordance with the NHS Foundation Trust Annual Reporting Manual and the six dimensions of data quality set out in the Guidance.

KPMG LLP

Chartered Accountants
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

27 May 2016





Financial accounts





Statement of accounting officer's responsibilities

Statement of the Chief Executive's responsibilities as the accounting officer of South Tees Hospitals NHS Foundation Trust.

The NHS Act 2006 states that the Chief Executive is the accounting officer of the NHS foundation trust. The relevant responsibilities of the accounting officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the *NHS Foundation Trust Accounting Officer Memorandum* issued by 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.
- prepare the financial statements on a going concern basis.

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

The Accounting Officer is also responsible for safeguarding the assets of the NHS foundation trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. To the best of my knowledge and belief, I have properly discharged the responsibilities set out in Monitor's *NHS Foundation Trust Accounting Officer Memorandum*.

Siobhan McArdle

Chief Executive – Siobhan McArdle
27 May 2016

Independent auditors' report to the Council of Governors of South Tees Hospitals NHS Foundation Trust only

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

We have audited the financial statements of South Tees Hospitals NHS Foundation Trust for the year ended 31 March 2016 set out on pages 191 to 233. In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the Trust's affairs as at 31 March 2016 and of the Group's and Trust's income and expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2015/16.

2 Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit are considered below.

Valuation of land and buildings – (Group and Trust) -£215.0 million (2015: £203.8 million)

Refer to the Audit Committee Report within the Disclosures set out in the NHS Foundation Trust Code of Governance section of the Annual Report and Accounts Section 1.3 of Note 1 to the Accounts (accounting policy) and Note 9 of the Accounts (financial disclosures).

The risk:

Land and buildings are required to be maintained at up to date estimates of year end market value in existing use (EUV) for non-specialised property assets in operational use, and, for specialised assets where no market value is readily ascertainable, the depreciated replacement cost of a modern equivalent asset that has the same service potential as the existing property (DRC). There is significant judgement involved in determining the appropriate basis (EUV or DRC) for each asset according to the degree of specialisation, as well as over the assumptions made in arriving at the valuation. The DRC basis requires an assumption as to whether the replacement asset would be situated on the existing site or, if more appropriate, on an alternative site, with a potentially significant effect on the valuation. Further, replacement cost is decreased if VAT on replacement costs is recoverable.

The majority of the Trust estate is held under PFI arrangements under which the VAT on construction was recoverable under the PFI schemes. For these reasons assumptions are required as to whether it is appropriate to assume VAT recovery and therefore whether such valuations should be recorded net of VAT.

Consideration is also required as to whether revaluation gains and impairment losses are processed through other operating income/expense, or recognised in other comprehensive income. This treatment could have significant impact on the reported surplus or deficit for the year.

For 2015/16 a "desk-top" revaluation of the land and buildings, which did not involve a physical inspection of the assets, was undertaken by an external valuer. There is a risk that the valuation may not reflect the current use or condition of the assets. A full valuation was completed in 2013.

Our response:

In this area our audit procedures included:

- assessing the competence, capability, objectivity and independence of the Trust's external valuer and considering the terms of engagement of, and the instructions issued to, the valuer for consistency with the requirements of the NHS Foundation Trust Annual Reporting Manual;
- assessing with the assistance of our own valuation specialists the appropriateness of the valuation bases and assumptions applied to a sample of higher value assets by reference to the RICS Valuation Professional Standards (Red Book);
- confirming the source of the data used by the valuer in respect of build costs and assessing whether this was appropriate;
- assessing, in the light of our knowledge of the Trust's assets and changes in market conditions, whether any significant movements in values since the last full valuation are appropriate;
- reviewing the assumptions that DRC valuations should be net of VAT on the grounds that the majority of the Trust's estate is held under PFI arrangements and that VAT would be recoverable on replacement assets by provision through PFI;
- recalculating the gain or loss on revaluation for all applicable assets and checked whether the accounting entries are consistent with the NHS Foundation Trust Annual Reporting Manual; and
- considering the adequacy of the disclosures about the key judgements and degree of estimation involved in arriving at the valuation and the related sensitivities.

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

The materiality for the Group financial statements was set at £5.56m (2014/15: £5.8m), determined with reference to a benchmark of income from operations (of which it represents 1.0% (2014/15: 1.0%)). We consider income from operations to be more stable than a surplus related benchmark.

We report to the Audit Committee any corrected and uncorrected identified misstatements exceeding £250,000 (2014/15: £250,000), in addition to other identified misstatements that warrant reporting on qualitative grounds.

The Group has 2 (2014/15: 2) reporting components and both of them were subject to audits for group reporting purposes performed by the Group audit team at one location in Middlesbrough. These audits covered 100% of group income, deficit for the year and total assets. The audits performed for group reporting purposes were all performed to materiality levels set individually for each component and ranged from £5.21m to £5.51m.

4 Our opinion on other matters prescribed by the Code of Audit Practice is unmodified

In our opinion:

- the parts of the Remuneration and Staff Reports to be audited have been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2015/16; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

5 We have nothing to report in respect of the following matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the Annual Report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the Annual Report and Accounts taken as a whole is fair, balanced and understandable and provides the information necessary for patients, regulators and other stakeholders to assess the Group's performance, business model and strategy; or
- the Audit Committee Report does not appropriately address matters communicated by us to the audit committee.

Under the Code of Audit Practice we are required to report to you if in our opinion:

- the Annual Governance Statement does not reflect the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2015/16, is misleading or is not consistent with our knowledge of the Group and other information of which we are aware from our audit of the financial statements.

In addition we are required to report to you if:

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

We have nothing to report in respect of the above responsibilities.

6 Other matters on which we report by exception - adequacy of arrangements to secure value for money

Under the Code of Audit Practice we are required to report by exception if we conclude that we are not satisfied that the Trust has put in place proper arrangements to secure value for money in the use of resources for the relevant period.

In July 2014 Monitor issued notice of enforcement undertakings. Monitor concluded that the Trust had failed to establish and effectively implement systems or processes to ensure compliance with its duty to operate effectively, economically and efficiently. The three elements that led to this conclusion related to C difficile occurrence that was not in compliance with the Trust's annual objective, financial sustainability and board governance. The Trust remains subject to this enforcement action. In addition the Trust was inspected by the Care Quality Commission (CQC) in December 2014 and the CQC report was released in June 2015 with an overall rating of 'requires improvement'.

During 2015/16 the Group received Interim Revenue Support of £6.6 million and Interim Capital Support of £8.7 million. The 2016/17 plan requires both further Interim Revenue Support and Interim Capital Support.

As a result of these matters we are unable to satisfy ourselves that, in all significant respects, South Tees Hospitals NHS Foundation Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

Respective responsibilities of the accounting officer and auditor

As described more fully in the Statement of Accounting Officer's Responsibilities within the Annual Report, the accounting officer is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the UK Ethical Standards for Auditors.

Scope of an audit of financial statements performed in accordance with ISAs (UK and Ireland)

A description of the scope of an audit of financial statements is provided on our website at www.kpmg.com/uk/auditscopeother2014. This report is made subject to important explanations regarding our responsibilities, as published on that website, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

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

The Trust is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Under Section 62(1) and Schedule 10 paragraph 1(d), of the National Health Service Act 2006 we have a duty to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG), as to whether the Trust has proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The C&AG determined this criterion as necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Trust had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

The purpose of our audit work and to whom we owe our responsibilities

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

Certificate of audit completion

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

Paul Moran
for and on behalf of
KPMG LLP

Chartered Accountants
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

27 May 2016

Independent auditors' report to South Tees Hospitals NHS Foundation Trust on the NHS Foundation Trust consolidation schedules

We have examined the consolidation schedules designated FTC 1 to FTC38 excluding FTC0, FTC8a and FTC8b of South Tees Hospitals NHS Foundation Trust for the year ended 31 March 2016, which have been prepared by the Director of Finance and acknowledged by the Chief Executive.

This statement is made solely to the Board of Directors 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 paragraph 4.2 of the Code of Audit Practice and for no other purpose.

For the purpose of this statement, reviewing the consistency of figures between the audited financial statements and the consolidation schedules extends only to those figures within the audited financial statements which are also published in the consolidation schedules.

Auditors are required to report on any differences over £250,000 between the audited financial statements and the consolidation schedules.

The figures reported in the consolidation schedules are consistent with the audited financial statements, on which we have issued an unqualified opinion.

KPMG LLP
Chartered Accountants
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

27 May 2016





Foreword to the accounts

The accounts for the year ended 31 March 2016 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 presented to Parliament pursuant to Schedule 7, paragraph 25 (4) in accordance with directions given by Monitor, the sector regulator for health services in England.

Siobhan McArdle

Chief Executive – Siobhan McArdle
27 May 2016

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2016

	NOTE	GROUP		TRUST	
		2015/16	2014/15	2015/16	2014/15
		£000	£000	£000	£000
Operating income	3	565,779	578,776	564,237	577,685
Operating expenses	4	(553,249)	(577,510)	(551,815)	(575,837)
OPERATING SURPLUS		12,530	1,266	12,422	1,848
FINANCE COSTS:					
Finance income	7	212	205	58	62
Finance costs - financial liabilities	8	(15,948)	(15,806)	(15,948)	(15,806)
Finance costs - unwinding of discount on provisions		(7)	(5)	(7)	(5)
PDC dividends payable		(2,902)	(2,930)	(2,902)	(2,930)
NET FINANCE COSTS		(18,645)	(18,536)	(18,799)	(18,679)
Movement in fair value of other investments	14	(189)	303	0	0
DEFICIT FOR THE YEAR		(6,304)	(16,967)	(6,377)	(16,831)
Other comprehensive income					
Will not be reclassified to income and expenditure:					
Impairments		0	(18,587)	0	(18,587)
Revaluation gains on property, plant and equipment		8,834	15,936	8,834	15,936
TOTAL OTHER COMPREHENSIVE INCOME / (EXPENSE)		8,834	(2,651)	8,834	(2,651)
TOTAL COMPREHENSIVE INCOME / (EXPENSE) FOR THE YEAR		2,530	(19,618)	2,457	(19,482)

The notes on pages 196 to 233 form part of these accounts.

Analysis of the deficit for the year	GROUP		TRUST	
	2015/16	2014/15	2015/16	2014/15
	£000	£000	£000	£000
Deficit for the financial period	(6,304)	(16,967)	(6,377)	(16,831)
<u>Exceptional costs:</u>				
Impairment of property, plant and equipment	3,680	(4,152)	3,680	(4,152)
Restructuring expenses	(5,111)	(5,663)	(5,111)	(5,663)
Deficit for the financial period before impairments and restructuring expenses	(4,873)	(7,152)	(4,946)	(7,016)

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

		GROUP		TRUST	
		31 March 2016	31 March 2015	31 March 2016	31 March 2015
	NOTE	£000	£000	£000	£000
Non-current assets					
Property, plant and equipment	9	263,884	245,362	263,884	245,362
Intangible assets	10	4,134	4,264	4,134	4,264
Trade and other receivables	17	2,155	1,838	2,155	1,838
Other investments	14	5,339	5,540	0	0
Total non-current assets		275,512	257,004	270,173	251,464
Current assets					
Inventories	15	12,696	7,835	12,696	7,835
Trade and other receivables	17	50,433	53,107	50,397	53,410
Cash and cash equivalents	16	4,440	12,816	2,755	11,142
Total current assets		67,569	73,758	65,848	72,387
Total assets		343,081	330,762	336,021	323,851
Current liabilities					
Trade and other payables	18	(70,090)	(56,834)	(69,876)	(56,696)
Borrowings	19	(8,505)	(19,344)	(8,881)	(19,344)
Provisions	22	(3,206)	(2,704)	(3,206)	(2,704)
Total current liabilities		(81,801)	(78,882)	(81,963)	(78,744)
Total assets less current liabilities		261,280	251,880	254,058	245,107
Non-current liabilities					
Borrowings	19	(157,272)	(150,367)	(156,896)	(150,367)
Provisions	22	(1,045)	(1,735)	(1,045)	(1,735)
Total non-current liabilities		(158,317)	(152,102)	(157,941)	(152,102)
Total assets employed		102,963	99,778	96,117	93,005
Financed by taxpayers' equity:					
Public dividend capital		156,833	156,178	156,833	156,178
Income and expenditure reserve		(127,425)	(121,275)	(127,425)	(121,275)
Revaluation reserve		40,233	31,626	40,233	31,626
Other reserves		26,476	26,476	26,476	26,476
Others' equity					
Charitable fund reserve	13	6,846	6,773	0	0
Total taxpayers' equity		102,963	99,778	96,117	93,005

The financial statements on pages 192 to 233 were approved by the Board on 26 May 2016 and signed on its behalf by:

Signed: *Maxine Dentt-Smith* (Director of Finance) Date: 27 May 2016

Signed: *Suzanne McArdle* (Chief Executive) Date: 27 May 2016

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2016

	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
Taxpayers' equity at 1 April 2014	155,449	(104,810)	34,643	26,476	111,758	6,909	118,667
Changes in taxpayers' equity for 2014/15							
(Deficit)/surplus for the year	0	(16,831)	0	0	(16,831)	(136)	(16,967)
Revaluation gains and impairment losses on property, plant and equipment.	0	0	(2,651)	0	(2,651)	0	(2,651)
Total comprehensive (expense) / income for the year	0	(16,831)	(2,651)	0	(19,482)	(136)	(19,618)
Public dividend capital received	15,129	0	0	0	15,129	0	15,129
PDC adjustment for cash impact of legacy transfer	(14,400)	0	0	0	(14,400)	0	(14,400)
Other transfers between reserves	0	366	(366)	0	0	0	0
Taxpayers' equity at 31 March 2015	156,178	(121,275)	31,626	26,476	93,005	6,773	99,778
Taxpayers' equity at 1 April 2015	156,178	(121,275)	31,626	26,476	93,005	6,773	99,778
Changes in taxpayers' equity for 2015/16							
Surplus/(deficit) for the year	0	(6,377)	0	0	(6,377)	73	(6,304)
Revaluation gains and impairment losses on property, plant and equipment.	0	0	8,834	0	8,834	0	8,834
Total comprehensive expense for the year	0	(6,377)	8,834	0	2,457	73	2,530
Public dividend capital received	655	0	0	0	655	0	655
Public dividend capital repaid	0	0	0	0	0	0	0
Other transfers between reserves	0	227	(227)	0	0	0	0
Taxpayers' equity at 31 March 2016	156,833	(127,425)	40,233	26,476	96,117	6,846	102,963

Note: Additional PDC received by the Trust during the year related to funding from the Department of Health for investment in Clinical Noting. The amount shown as 'Other Reserves' represents the value of assets transferred to South Tees Hospitals NHS Foundation Trust following the acquisition of the former Northallerton Health Services NHS Trust, over and above the value of Public Dividend Capital repayable on dissolution of that Trust.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2016

	GROUP		TRUST	
	2015/16	2014/15	2015/16	2014/15
NOTE	£000	£000	£000	£000
Cash flows from operating activities				
Operating surplus from continuing operations	12,530	1,266	12,422	1,848
Non-cash income and expense				
Depreciation and amortisation	4 14,762	13,580	14,762	13,580
Impairments	4 4,261	22,030	4,261	22,030
Reversal of impairments	3 (7,941)	(17,878)	(7,941)	(17,878)
Decrease / (increase) in trade and other receivables	17 2,315	(8,409)	2,273	(8,367)
(Increase)/decrease in inventories	15 (4,861)	107	(4,861)	107
Increase in trade and other payables	18 12,959	2,271	12,745	2,104
(Decrease)/ increase in provisions	22 (195)	2,073	(195)	2,073
Other movements in operating cash flows	(590)	(186)	(83)	(453)
Net cash generated from operations	33,240	14,854	33,383	15,044
Cash flows from investing activities				
Interest received	7 212	205	58	62
Purchase of intangible assets	10 (656)	(2,734)	(656)	(2,734)
Purchase of property, plant and equipment	9 (17,371)	(12,327)	(17,371)	(12,327)
PFI lifecycle prepayments	(1,233)	(4,173)	(1,233)	(4,173)
Sales of property, plant and equipment	151	(49)	151	(49)
Net cash used in investing activities	(18,897)	(19,078)	(19,051)	(19,221)
Cash flows from financing activities				
Public dividend capital received	655	15,129	655	15,129
Public dividend capital repaid	0	(14,400)	0	(14,400)
Loans received	15,260	24,900	15,260	24,900
Loans repaid	(13,996)	(3,017)	(13,996)	(3,017)
Capital element of finance lease rental payments	(1,674)	(1,681)	(1,674)	(1,681)
Capital element of private finance initiative obligations	(3,700)	(3,309)	(3,700)	(3,309)
Interest on loans	8 (1,048)	(793)	(1,048)	(793)
Interest element of finance leases	8 (761)	(792)	(761)	(792)
Interest element of private finance initiative obligat	8 (14,139)	(14,221)	(14,139)	(14,221)
PDC dividend paid	(3,316)	(2,630)	(3,316)	(2,630)
Net cash used in financing activities	(22,719)	(814)	(22,719)	(814)
Decrease in cash and cash equivalents	(8,376)	(5,038)	(8,387)	(4,991)
Cash and cash equivalents at 1 April	12,816	17,854	11,142	16,133
Cash and cash equivalents at 31 March	16 4,440	12,816	2,755	11,142

NOTES TO THE ACCOUNTS

1. Accounting policies

Monitor has directed that the accounts of NHS Foundation Trusts shall meet the accounting requirements of the NHS Foundation Trust Annual Reporting Manual, which shall be agreed with the Secretary of State. Consequently, the accounts have been prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2015/16 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 and certain financial assets and financial liabilities.

1.2 Basis of consolidation

The Trust is the corporate trustee to South Tees Hospitals Charity and Associated Funds which is registered with the Charity Commission, registration number 1056061. The Trust has assessed its relationship to the charitable fund and determined it to be a subsidiary as the Trust has the power to govern the financial and operating policies of the charitable fund to obtain benefits from its activities for the Trust, its patients and its staff.

The charitable fund's statutory accounts are prepared to 31 March and in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Financial Reporting Standard (FRS) 102. On consolidation, adjustments have been made to the charity's income, expenditure, assets and liabilities to:

- recognise and measure them in accordance with the Trust's accounting policies; and
- eliminate in full all intra-group transactions and balances.

1.2.1 Alignment to accounting policies

The accounting policies and accounts of the charitable fund have been reviewed and are consistent with those of the Trust apart from the charitable fund's accounting policies on funds and investments. Details of the accounting policies that are different and have been aligned to those of the trust are outlined below:

Fund balances

Funds held by the charitable fund can be both restricted and un-restricted. Donations come in for specific funds and each fund has its own objectives/purpose. If a general donation is made and no specific fund is identified then the monies will be paid into the General Purpose Fund, which is used to benefit patients and staff of the Group and Trust. Funds specific to wards or departments are held as un-restricted designated funds. Legacies and donations received for a specific purpose or 'trust' are recorded and accounted for as restricted funds.

Investments

Investments are stated at market value as at the balance sheet date. The Consolidated Statement of Financial Position includes the net gains and losses arising on revaluation and disposals throughout the year.

At the financial reporting date, the Trust does not have any other interests in organisations that would classify as a subsidiary. Further information covering the nature and value of the consolidation of the charitable fund is included in Note 13 to the Accounts.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.3 Critical accounting judgements and key sources of estimation in applying the Trust's accounting policies

In the application of the Group and Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

The estimates and assumptions that have a significant risk of causing a material adjustment to the accounts are highlighted below:

a) Incomplete inpatient and critical care spells - the Group and Trust prepares an estimate of income generated for incomplete spells at the year end. This estimate is based on an equivalent month end date and partially coded data to provide a basis for calculation.

b) Asset valuation and indices - the valuation of land and buildings is based on building cost indices provided by and used by the District Valuer in his valuation work. These indices are based on an indication of trend of accepted tender prices within the construction industry as applied to the Public Sector.

c) Basis of PP&E valuation - Specialised property is valued at depreciated replacement cost. The cost of VAT has been excluded from the full trust estate specialised property valuations from 1 April 2014. The Trust estate comprises both PFI and non-PFI assets in the proportion of approximately 85% and 15%. This significant management judgement was made on the basis that:

(i) the majority of the James Cook Hospital is currently under a PFI arrangement and the Trust recovers the VAT on the Unitary Payment. When the Trust recognised the property as an asset in 2009/10 in its first IFRS-based accounts it appropriately excluded VAT from the initial measurement of FV.

(ii) The majority of non-PFI assets relate to the Friarage Hospital, which transferred to the Trust in 2006. The Friarage Hospital would have formed part of the PFI development if it had been part of the Trust's assets at the date of the development.

(iii) The Trust considers that when, in the future, it procures replacement of its estate, it would do so through a PFI arrangement and would expect to recover the VAT on the PFI payments.

d) Basis of asset impairments - an assessment is made each year as to whether an asset has suffered an impairment loss.

e) Private Finance Initiative (PFI) schemes - as part of the South Tees Hospitals PFI scheme, the Group and Trust is required to pay the operator for lifecycle replacement assets. A judgement has been made that payment for the assets is accounted for in line with the operator's model over the life of the scheme. Where there is a variation between the model and the timing of actual asset replacement, the variation is dealt with as a prepayment. The prepayment is reversed at the point when asset replacement occurs.

1.3.1 Going concern

The day to day operations of the Trust are funded from agreed contracts with NHS commissioners. The uncertainty in the current economic climate has been mitigated by agreeing contracts with Clinical Commissioning Groups, Local Authorities and NHS England for a further year and these payments provide a reliable stream of funding reducing the Trust's exposure to liquidity and financing problems.

The Trust's budget and expenditure plans have been prepared using national guidance on tariff and inflationary factors with income based on agreements with Commissioners. These plans show a surplus control total in 2016/17 amounting to £8.5 million with an additional borrowing requirement of £13.3 million. During 2015/16 the Trust borrowed £15.3 million from the Department of Health in February and March 2016 comprising £6.6 million as Interim Capital on repayment terms commencing at the end of August 2016 and concluding in February 2032 and £8.7 million as Interim Revenue Support which is interest only support with repayment of the principal due in February 2019.

The Trust set and delivered testing efficiency targets in 2015/16 which included a Cost Improvement Plan of £36.0 million. In 2016/17 the target has been set at £35.0 million and the Trust believes that this forward plan provides a realistic assessment of the Trust's position.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.3.1 Going concern (continued)

The Trust is currently subject to enforcement action from Monitor regarding its financial sustainability, Board governance and target breaches. The Trust submitted its 2016/17 Annual Plan to Monitor that outlined an surplus control total of £8.5 million (surplus from continuing operations excluding impairments and donations and depreciation on donated or grant funded assets). At the year end the Trust reported an equivalent deficit control total of £10.6 million after delivering £35.4 million in the Cost Improvement Plan. The Trust has demonstrated significant progress during 2015/16 and continues to provide monthly performance updates to Monitor.

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 has received support through the Department of Health in both 2014/15 and 2015/16. The Trust has included a support requirement amounting to £13.3 million in the Annual Plan for 2016/17 and is in discussions with the Department of Health over the early use of these facilities in May. The operational stability of the Trust is dependent on the Trust achieving the 2016/17 Cost Improvement Plan together with the ongoing financial support of the Department of Health. The Trust believes that the 2016/17 Cost Improvement Plan is realistic. Based on ongoing discussions and past experience the Trust is reasonably confident that the 2016/17 support required will be made available. The Trust has therefore concluded that while there are clearly risks associated with these assumptions these risks are not considered to represent a fundamental threat to the continuity of services provided by the Trust and hence to its ability to continue to be a going concern.

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

1.3.2 Key sources of estimation uncertainty

The amounts included within Provisions, Note 22, are based upon advice from relevant external bodies, including the NHS Litigation Authority and NHS Pensions Agency.

On 31 March 2016 Land and Buildings were revalued using the Modern Equivalent Valuation methodology by the District Valuer (who is an appropriately qualified member of the Royal Institute of Chartered Surveyors). From 1 April 2014 these valuations did not include VAT.

1.4 Income

Income in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable. The main source of income for the Group and Trust is contracts with commissioners in respect of healthcare services. Income relating to inpatient and critical care spells that are part-completed at the year-end are apportioned across the financial years as follows:

- Inpatient spells are apportioned on the basis of the average month end value of the part completed spells; and
- Critical care is valued by applying local tariffs agreed with commissioners to estimate the level of income due to be recognised at the point of discharge.

Where income is received for a specific activity that is to be delivered in the following financial year, that income is deferred. The Group and Trust receives income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid e.g. by an insurer. The Group and Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit that the individual has lodged a compensation claim. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts.

Research and development income is recognised when the conditions attached to the grant are met. Education and training income is recognised either in equal instalments over the financial year or if the income can be identified with specific expenditure, in line with the expenditure. Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.5 Employee benefits

1.5.1 Short-term employee benefits

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

1.5.2 Pension costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

Employer's pension cost contributions are charged to operating expenses as and when they become due.

For early retirements, other than those due to ill health, the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to operating expenses at the time the Group and Trust commits itself to the retirement, regardless of the method of payment.

1.6 Expenditure on other goods and services

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment and inventories unused at the end of the financial year.

1.7 Property, plant and equipment

1.7.1 Recognition

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to, the Group and Trust;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably;
- the item has a cost of at least £5,000; and
- collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

Where a large asset, for example a building, includes a number of components with significant cost and different asset lives, the components are treated as separate assets and depreciated over their own useful economic lives.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.7 Property, plant and equipment (continued)

1.7.2 Valuation

All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are measured subsequently at fair value. Land and buildings used for the Group and Trust's services or for administrative purposes are stated in the Statement of Financial Position at their re-valued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:

- Land and non-specialised buildings (dwellings) – market value for existing use; or
- Specialised buildings – depreciated replacement cost.

A standard approach to depreciated replacement cost valuations has been adopted based on HM Treasury guidance and the concept of Modern Equivalent Asset (MEA) Valuations. The valuation included in the Statement of Financial Position at 31 March 2016 is based on an alternative site MEA valuation, undertaken specifically in accordance with the HM Treasury guidance which states that such valuations are an option if the Group and Trust's service requirements can be met from the alternative site. The valuation has been adjusted from 1 April 2014 to exclude VAT in line with existing VAT regulations on recovery from the cost of construction (in line with the existing PFI arrangement on the James Cook Site).

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are re-valued and depreciation commences when they are brought into use.

Professional valuations are carried out by the District Valuer of the Revenue and Customs Government Department. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual in so far as these terms are consistent with the agreed requirements of the Department of Health and HM Treasury. Asset lives have been reviewed by the District Valuer as at 1 April 2014.

1.7.3 Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

1.7.4 Depreciation

Freehold land is considered to have an infinite life and is not depreciated. Otherwise, depreciation is charged to write off the costs or valuation of property, plant and equipment on a straight line basis over their remaining useful economic lives, in a manner consistent with the consumption of economic or service delivery benefits.

The estimated useful life of an asset is the period over which the Group and Trust expects to obtain economic benefits or service potential from the asset. This is specific to the Group and Trust and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over the shorter of their estimated useful lives or the lease term. See note 9.4 for further information on asset lives.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.7 Property, plant and equipment (continued)

1.7.5 Revaluation gains and losses

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation impairment previously recognised in operating expenses, in which case they are recognised in operating income.

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

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

1.7.6 Impairments

In accordance with the 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.

1.8 Intangible assets

1.8.1 Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of being sold separately from the rest of the Group and Trust's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the Group and Trust; where the cost of the asset can be measured reliably, and where the cost is at least £5,000 and where the asset has a life of 1 year or more.

1.8.2 Software

Software which is integral to the operation of hardware e.g. an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware e.g. application software, is capitalised as an intangible asset.

1.8.3 Measurement

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Intangible assets are subsequently measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating.

Revaluation gains and losses and impairments are treated in the same manner as for property, plant and equipment.

An intangible asset which are surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 or IFRS 5.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.8 Intangible assets (continued)

1.8.4 Amortisation

Intangible assets are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

1.9 Donated, government grant and other funded assets

Donated and grant funded non-current assets are capitalised at their fair value on receipt. These are valued, depreciated and impaired as described above for purchased assets. The donation/grant is credited to income at the same time that the asset is capitalised, unless the donor has imposed a condition that the future economic benefits embodied in the grant/donation are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met. The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

1.10 Revenue government and other grants

Government grants are grants from government bodies other than revenue from NHS bodies for the provision of services. Grants from the Department of Health, including those from the Big Lottery Fund, are accounted for as Government Grants. Where the Government Grant is used to fund revenue expenditure, it is taken to the Statement of Comprehensive Income to match the expenditure.

1.11 Leases

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

1.11.1 Finance lease

Where substantially all risks and rewards of ownership of a leased asset are borne by the Group and Trust, the asset along with the corresponding liability is recorded at the commencement of the lease as property, plant and equipment. The value that both are recognised at is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability.

The annual rental is split between the repayment of the liability and a finance cost to achieve a constant rate of finance over the life of the lease. The annual finance cost is calculated by applying the implicit interest rate to the outstanding liability and is charged to Finance Costs in the Statement of Comprehensive Income. The lease liability is de-recognised when the liability is discharged, cancelled or expires.

1.11.2 Operating leases

Other leases are regarded as operating leases and the rentals are charged to operating expenses on a straight-line basis over the lease term. Operating lease incentives received are added to the lease rentals and charged to operating expenses over the life of the lease.

1.11.3 Leases of Land and Buildings

Where a lease is for land and buildings, the land and building components are separated and assessed as to whether they are operating or finance leases.

1.12 Private Finance Initiative (PFI) transactions

HM Treasury has determined that government bodies shall account for infrastructure PFI schemes where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, as interpreted in HM Treasury's Financial Reporting Manual and following the principles of the requirements of IFRIC 12. The PFI asset is recognised as an item of property, plant and equipment at its fair value together with a financial liability to pay for it in accordance with IAS 17.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

- a) Payment for the fair value of services received;
 - b) Payment for the PFI asset, including finance costs; and
 - c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.
- The service charge is recognised in operating expenses and the finance cost is charged to Finance Costs in the Statement of Comprehensive Income.

1.12.1 Services received

The fair value of services received in the year is recorded under the relevant expenditure headings within 'operating expenses'.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.12 Private Finance Initiative (PFI) transactions (continued)

1.12.2 PFI Asset

The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17. Subsequent measurements to fair value are kept up to date in accordance with the Group and Trust's approach for each relevant class of asset in line with the principles of IAS 16.

1.12.3 PFI liability

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the fair value of the PFI assets and is subsequently measured as a finance lease liability in accordance with IAS 17.

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is charged to 'Finance Costs' within the Statement of Comprehensive Income.

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with IAS 17, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred. In substance, this amount is a finance cost in respect of the liability and the expense is presented as a contingent finance cost in the Statement of Comprehensive Income.

1.12.4 Lifecycle replacement

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the Group and Trust's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a liability or prepayment will be recognised.

Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised. The deferred income is released to operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

1.12.5 Assets contributed by the Trust to the operator for use in the scheme

Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the Group Statement of Financial Position.

1.12.6 Other assets contributed by the Trust to the operator

Assets contributed (e.g. cash payments, surplus property) by the Group and Trust to the operator before the asset is brought into use, which are intended to defray the operator's capital costs, were recognised initially as prepayments during the construction phase of the contract. Subsequently, when the asset was made available to the Trust, the prepayment was treated as an initial payment towards the finance lease liability and was set against the carrying value of the liability.

1.13 Inventories

Inventories are valued at either current or net realisable value using the weighted average cost formula. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks. Work-in-progress comprises goods in intermediate stages of production. Partially completed contracts for patient services are not accounted for as work-in-progress.

Provision is made for obsolete, slow moving and defective stock whenever evidence exists that a provision is required.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.14 Cash and cash equivalents

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

1.15 Provisions

Provisions are recognised when the Group and Trust has a present legal or constructive obligation as a result of a past event, it is probable that the Group and Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision in the Statement of Financial Position is the best estimate of the expenditure required to settle the obligation, taking into account the risks and uncertainties. Where the effect of the time value of money is significant, the estimated risk adjusted cash flows required to settle the obligation are discounted using 3 real time HM Treasury discount rates that range from -1.55% in the short term to -0.8% 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 1.37% in real terms.

The Trust created a provision for redundancy in the year to cover the costs of restructuring required to deliver the efficiency targets identified within the Annual Plan. The provision will cover cost arising from severance and early retirements.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

1.15.1 Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the Group and Trust pays an annual contribution to the NHSLA which, in return, settles all clinical negligence claims. The contribution is charged to expenditure. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the Group and Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Group and Trust is disclosed at Note 22 but is not recognised in the Group and Trust's accounts. Since financial responsibility for clinical negligence cases transferred to the NHSLA at 1 April 2002, the only charge to operating expenditure in relation to clinical negligence in 2015/16 relates to the contribution to the Clinical Negligence Scheme for Trusts.

1.15.2 Non-clinical risk pooling

The Group and Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Group and Trust pays an annual contribution to the NHS Litigation Authority and, in return, receives assistance with the costs of claims arising. The annual membership contributions, and any excesses payable in respect of particular claims are charged to operating expenses as and when they become due.

1.16 Carbon Reduction Commitment Energy Efficiency (CRC) Scheme

The CRC scheme is a mandatory cap and trade scheme for non-transport CO₂ emissions. The Group and Trust is registered with the CRC scheme and has surrendered to the Government an allowance for every tonne of CO₂ emitted during the year. The Group and Trust has accounted for the purchase of the allowances from government, their subsequent actual surrender and has recognised a liability, in settlement of the obligation amounting to £15.60 per tonne of CO₂ emissions.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.17 Financial Instruments and financial liabilities

1.17.1 Recognition

Financial assets and financial liabilities which arise from contracts for the purchase or sale of non-financial items, which are entered into in accordance with the Group's normal purchase, sale or usage requirements. They are recognised when the Group becomes party to the financial instrument contract or when performance occurs i.e. when receipt or delivery of the goods or services is made.

Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases are described in policy 1.11.1.

1.17.2 De-recognition

All financial assets are de-recognised when the rights to receive cash flows from the assets have expired or the Group has transferred substantially all of the risks and rewards of ownership. Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

1.17.3 Classification and measurement

The Group currently holds financial assets 'at fair value through income and expenditure' in the form of Investments. The Group does not hold any financial liabilities 'at fair value through income and expenditure' or any 'available for sale' financial assets that would require a fair value calculation and adjustment to the income statement.

1.17.4 Loans and receivables

Loans and receivables are non-derivative financial assets and liabilities with fixed or determinable payments which are not quoted in an active market. They are included in current assets and non-current and current liabilities. After initial recognition, they are measured at amortised cost, less any impairment. The Group's outstanding NHS borrowings, NHS and non-NHS receivables balances, accrued income and cash and cash equivalents have been classified as financial instruments and further information is available in Note 23.

1.17.5 Financial liabilities

All other financial liabilities, after initial recognition, are measured at amortised cost using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount of the financial liability. They are included in current liabilities except for amounts payable more than 12 months after the Statement of Financial Position date, which are classified as long-term liabilities. The Group's outstanding NHS and non-NHS payables balances have been classified as financial instruments and further information is available in Note 23.

Loans from the Department of Health are recognised at historical cost. The Group does hold instruments that would fall into this category in the form of finance leases and the PFI Scheme (see Accounting Policy 1.11 and 1.12 for further information).

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to Finance Costs. Interest on financial liabilities taken out to finance property, plant and equipment is not capitalised as part of the cost of those assets.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.17.6 Impairment of financial assets

At the end of the reporting period, the Group assesses whether any financial assets carried at amortised cost should be impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the Statement of Comprehensive Income and the carrying amount of the asset is reduced through the creation of a provision for impairment of receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through expenditure to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1.18 Value Added Tax

Most of the activities of the Group are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.19 Foreign currencies

The Group's functional currency and presentational currency is sterling. A transaction which is denominated in a foreign currency is translated into sterling at the spot exchange rate ruling on the date of the transaction. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March. Resulting exchange gains and losses for either of these are recognised in the Group's income or expense in the period in which they arise.

1.20 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Group and Trust has no beneficial interest in them. However, details of third party assets are disclosed in Note 26 to the accounts in accordance with the requirements of HM Treasury's Financial Reporting Manual.

1.21 Public Dividend Capital (PDC) and PDC dividend

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS Trust. At any time the Secretary of State can issue new PDC to, and require repayments of PDC from, the Trust. PDC is recorded at the value received. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32 and 39.

An annual charge, reflecting the cost of capital utilised by the Group and Trust, is payable to the Department of Health as PDC dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for donated assets, average daily cash balances held with the Government Banking Services (GBS), excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and any PDC dividend balance receivable or payable. In accordance with the requirements laid down by the Department of Health, the dividend for the year is calculated on the actual average relevant net assets as set out in the 'pre-audit' version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result of the audit of the annual accounts.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.22 Losses and Special Payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had NHS Foundation Trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). However, the note on losses and special payments is compiled directly from the losses and compensations register which reports amounts on an accruals basis with the exception of provisions for future losses.

1.23 Accounting standards that have been issued but have not yet been adopted

The following standards and interpretations have been issued by the IASB and are not required to be followed until 2016/17, 2017/18 and 2018/19.

- IFRS 11 Acquisition of an interest in a joint operation (amendment);
- IFRS 10 and IAS 28 Sale or contribution of Assets (amendment);
- IFRS 10 and IAS 28 Investment entities applying the consolidation exception (amendment);
- IFRS 15 Revenue from contracts with customers;
- IFRS 9 Financial Instruments;
- IAS 16 and IAS 36 Depreciation and Amortisation (amendment);
- IAS 16 and IAS 41 Bearer plants (amendment);
- IAS 27 Equity method in separate financial statements (amendment);
- IAS 1 Disclosure initiative (amendment); and
- Annual improvements 2012 and 2015.

The impact of these accounting standards is not known and cannot be reasonably estimated.

1.24 Accounting standards issued that have been adopted early

There have not been any accounting standards issued with an effective date of 1 April, 2016, that have been adopted early.

1.25 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who makes the strategic decisions, is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board.

2 Operating segments

The Group received £507.136 million under contracts with commissioners during the year (£517.753 million in 2014/15) from Clinical Commissioning Groups and NHS England, which equates to 90% (90% in 2014/15) of total Trust income. There were no other significant external customers amounting to more than 10% of total income.

The Group has reviewed the process of reporting the financial performance at a trust wide level to the Board. Only limited divisional information is reported and this is similar in the nature of the products and services provided, the nature of the production process, the type of class of customer for the product or service, the method used to provide our services and the nature of the regulatory environment.

The Board is the chief decision making body within the Group and receives monthly updates on the financial position. These reports provide a global update on the Group's actual position compared to plan on expenditure, income, current surplus/deficit and progress on capital investment. The current position on cash balances is reported in conjunction with an updated risk rating. The figures reported to the Board are consistent with those included within these accounts.

On the basis of the information provided to the Board it has been determined that there is only one operating segment, that of healthcare.

3. Operating income

3.1 Income from activities by classification

	GROUP		TRUST	
	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000
Elective income	99,560	105,586	99,560	105,586
Non elective income	108,725	111,350	108,725	111,350
Outpatient income	76,165	76,338	76,165	76,338
Other NHS clinical income	165,715	164,671	165,715	164,671
Accident and emergency income	18,550	15,948	18,550	15,948
Community services	46,484	51,668	46,484	51,668
Private patient income	1,792	1,718	1,792	1,718
Other non-protected clinical income	79	323	79	323
Total income from activities	517,070	527,602	517,070	527,602
Research and development	5,378	3,333	5,378	3,333
Education and training	15,020	15,480	15,020	15,480
Charitable and other contributions to expenditure	1,683	935	1,683	935
Non-patient care services to other bodies	3,047	2,819	3,047	2,819
Reversal of impairments of property, plant and equipment	7,941	17,878	7,941	17,878
Profit on disposal of property, plant and equipment	142	0	142	0
Charitable fund - incoming resources	1,542	1,091	0	0
Other income*	13,956	9,638	13,956	9,638
	48,709	51,174	47,167	50,083
Total income from continuing operations	565,779	578,776	564,237	577,685

* Other income includes consideration arising from car parking charges £2.938 million (2014/15 £2.258 million), income in respect of recovered staff costs £0.604 million (2014/15 £0.823 million), staff accommodation £0.952 million (2014/15 £1.038 million), clinical tests £0.445 million (2014/15 £0.682 million), creche services £0.680 million (2014/15 £0.687 million) and catering £0.355 million (2014/15 £0.238 million).

Under the Terms of Authorisation the Group's total activity income from Commissioner Requested Services amounts to £515.199 million (2014/15 £525.561 million). All other activity income relates to Non-Commissioner Requested Services.

3.2 Income from activities by source

	2015/16 £000	2014/15 £000
Group and Trust		
NHS foundation trusts	177	2,683
NHS trusts	0	5
Clinical Commissioning Groups and NHS England	507,136	517,753
Local authorities	4,071	2,555
Non-NHS - overseas patients (non-reciprocal) (*)	157	189
Non-NHS - private patients	1,792	1,718
Non-NHS - other	215	421
NHS Injury Scheme	3,522	2,278
Total income from activities	517,070	527,602

(*) Cash payments received in year from overseas visitors, where patients are charged directly by the Trust, and relating to invoices raised in the current and prior years amounted to £0.086 million (£0.127 in 2014/15). There were no additions to the provision for the impairment of receivables (no increase in 2014/15) and the value written off in year amounted to £0.003 million (£0.071 million in 2014/15).

Injury cost recovery is subject to a provision for impairment of receivables of 21.99% (2014/15, 18.9%) to reflect expected rates of collection.

4. Operating expenses

4.1 Operating expenses comprise:

	GROUP		TRUST	
	2015/16	2014/15	2015/16	2014/15
	£000	£000	£000	£000
Services from NHS Foundation Trusts	4,617	4,510	4,617	4,510
Services from NHS Trusts	133	108	133	108
Services from other NHS bodies	6,523	6,647	6,523	6,647
Purchase of healthcare from non NHS bodies	7,049	7,641	7,049	7,641
Employee expenses - executive directors	1,641	1,110	1,641	1,110
Employee expenses - non-executive directors	161	150	161	150
Employee expenses - staff (*)	328,736	332,894	328,736	332,894
Employee expenses - charitable fund	264	381	0	0
Drug costs	52,437	47,239	52,437	47,239
Supplies and services - clinical	64,680	67,857	64,680	67,857
Supplies and services - general	26,358	26,958	26,358	26,958
Research and development	187	124	187	124
Establishment	4,508	5,182	4,508	5,182
Transport	2,248	2,380	2,248	2,380
Premises	18,094	19,000	18,094	19,000
Increase in provision for impairment of receivables	766	202	766	202
Decrease in other provisions	(637)	1	(637)	1
Change in provisions discount rate	81	0	81	0
Inventories written down	100	114	100	114
Depreciation of property, plant and equipment	14,100	13,054	14,100	13,054
Amortisation of intangible assets	662	526	662	526
Impairments of property, plant and equipment	4,261	22,020	4,261	22,020
Impairments of intangible assets	0	10	0	10
Audit fees				
- audit services - statutory audit	55	60	55	60
- audit services - charitable fund	4	10	0	0
Audit related assurance services	12	59	12	59
Clinical negligence	7,377	7,605	7,377	7,605
Loss on disposal of property, plant and equipment	105	106	105	106
Legal fees	470	367	470	367
Consultancy costs (*)	1,286	3,440	1,286	3,440
Internal audit costs	127	190	127	190
Training, courses and conferences	880	1,034	880	1,034
Patient travel	83	99	83	99
Early retirements (*)	182	744	182	744
Redundancy (*)	3,576	2,598	3,576	2,598
Hospitality	20	26	20	26
Insurance	728	664	728	664
Losses, ex gratia and special payments	185	341	185	341
Other resources expended - charitable fund	1,166	1,282	0	0
Other	24	777	24	777
	553,249	577,510	551,815	575,837

(*) within operating expenses redundancy £3.576 million (2014/15 £2.598 million), early retirements £0.182 million (2014/15 £0.744 million), consultancy costs £1.023 million (2014/15 £2.321 million) and employee expenses - staff £0.330 million (2014/15, nil) relate to restructuring expenses incurred to facilitate transformational change.

4.2 Limitation on external auditors' liability

The Companies (Disclosure of Auditor Remuneration and Liability Limitations Agreements) Regulations 2008 (SI 489/2008), requires disclosure of the limitation of the external auditors' liability. The limitation amounts to £1.000 million, as stated within the external auditors' engagement letter, dated 15 December 2015.

4. Operating expenses (continued)

4.3 Operating leases

4.3.1 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 terms of the leases range from 3 to 5 years.

Payments recognised as an expense	2015/16	2014/15
	£000	£000
Group and Trust		
Minimum lease payments	<u>673</u>	<u>720</u>
	673	720
Total future minimum lease payments	2015/16	2014/15
	£000	£000
Payable:		
Not later than one year	<u>573</u>	612
Between one and five years	<u>1,122</u>	<u>116</u>
Total	<u>1,695</u>	<u>728</u>

5. Employee expenses and numbers

5.1 Employee expenses (including Executive Directors' costs)

Group and Trust	2015/16			2014/15
	Total	Permanently employed	Other	Total
	£000	£000	£000	£000
Salaries and wages	272,378	272,378	0	270,679
Social security costs	20,628	20,628	0	20,967
Pension costs - defined contribution plans employer contributions to NHS Pensions	31,229	31,229	0	30,967
Termination benefits	3,576	3,576	0	2,598
Agency/contract staff	6,553	0	6,553	11,734
Charitable fund staff	264	264	0	381
Total staff costs	<u>334,628</u>	<u>328,075</u>	<u>6,553</u>	337,326
Costs capitalised as part of assets	<u>(411)</u>	<u>(411)</u>	<u>0</u>	(343)
Total staff costs excluding capitalised costs	<u>334,217</u>	<u>327,664</u>	<u>6,553</u>	336,983

The executive costs covers 9 directors (2014/15, 9) and consists of salaries amounting to £1.457 million (2014/15 £0.991 million), employers NI contributions £0.184 million (2014/15 £0.119 million) and employers superannuation contributions £0.159 million (2014/15 £0.101 million). Included within these values the highest paid director receives a salary amounting to £0.245 million (2014/15 £0.225 million), employers NI contributions £0.033 million (2014/15 £0.029 million) and there were no employers superannuation contributions (2014/15 £0.031 million). The trust agreed an exit package with a director amounting to £0.126 million (2014/15 £0.276 million). For further information on Directors remuneration and pension benefits please refer to the Remuneration Report in the Trust's Annual Report.

5.2 Monthly average number of people employed

Group and Trust	2015/16		2014/15
	Total	Permanently Employed	Permanently Employed
	Number	Number	Number
Medical and dental	842	842	878
Administration and estates	1,323	1,323	1,393
Healthcare assistants and other support staff	429	429	431
Nursing, midwifery and health visiting staff	2,548	2,548	2,682
Nursing, midwifery and health visiting learners	1,026	1,026	1,047
Scientific, therapeutic and technical staff	1,278	1,278	1,266
Other	119	119	135
Total	7,565	7,565	7,832
Number of staff (WTE) engaged in capital projects (included above)	9		8

Note: the figures represent the Whole Time Equivalent as opposed to the number of employees.

5.3 Staff exit packages

Exit package cost band	2015/16			2014/15		
	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
< £10,000	3	3	6	1	11	12
£10,000 to £25,000	0	2	2	2	9	11
£25,001 to £50,000	4	10	14	5	1	6
£50,001 to £100,000	9	14	23	3	2	5
£100,001 to £150,000	4	7	11	0	0	0
£150,001 to £200,000	0	0	0	1	0	1
> £200,001	0	0	0	0	0	0
Total number of exit packages by type	20	36	56	12	23	35
Total resource cost £000	1,379	2,278	3,657	587	340	927

Redundancy and other departure costs have been paid in accordance with NHS Agenda for Change terms and conditions. Exit costs are accounted for in full in the year of departure. Where the Group has agreed to early retirements, the additional costs are met by the Group and not by the NHS Pension Scheme. Ill health retirement costs are met by the NHS Pension scheme and are not included in the table.

5.4 Exit packages: non-compulsory departure payments

	2015/16		2014/15	
	Agreements	Total value of agreements	Agreements	Total value of agreements
	number	£000	number	£000
Voluntary redundancies including early retirement contractual costs	36	2,278	0	0
Early retirements in the efficiency of the service contractual costs	0	0	23	340
Total	36	2,278	23	340

5.5 Retirements due to ill-health

During 2015/16 there were 18 (2014/15, 11) early retirements from South Tees Hospitals NHS Foundation Trust agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £1.118 million (2014/15, £0.708 million). The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

6. Pension costs

Past and present employees are covered by the provisions of the 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. 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 2016, is based on the valuation data as at 31 March 2012, updated to 31 March 2016 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 formal valuation used for funding purposes has been carried out on valuation data as at March 2012 and has informed the contribution rate of 14.3% used from 1 April 2016.

c) Scheme provisions

The NHS Pension Scheme provided defined benefits, which are summarised below. The list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met before these benefits can be obtained.

Annual pensions

The scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th for the 1995 section and the best of the last 3 years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.

With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as "pension commutation".

Pensions indexation

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in the Consumer Price Index (CPI) in the twelve months ending 30 September in the previous calendar year.

Ill-health retirement

Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity.

Early retirements other than ill-health

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the employer.

Death benefits

A death gratuity of twice their final year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable.

Additional Voluntary Contributions (AVCs)

Members can purchase additional service in the NHS Scheme and contribute to money purchase AVCs run by the Scheme's approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

Other pension funds

Where the organisation has employees who are members of other schemes, disclosures will be required in respect of them too. Scheme members have the option to transfer their pension between the NHS Pension Scheme and another scheme when they move into or out of NHS employment.

7. Finance income	GROUP		TRUST	
	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000
Interest on bank accounts	58	62	58	62
Charitable fund - investment income	154	143	0	0
	<u>212</u>	<u>205</u>	<u>58</u>	<u>62</u>
8. Finance costs				
8.1 Finance costs - interest expenses				
	2015/16 £000	2014/15 £000		
Group and Trust				
Loans from Foundation Trust Financing Facility	1,048	793		
Finance leases	761	792		
Finance costs in PFI obligations				
- Main finance cost	8,682	8,959		
- Contingent finance costs	5,457	5,262		
Total	<u>15,948</u>	<u>15,806</u>		
8.2 Impairment of assets (property, plant and equipment)				
	2015/16 £000	2014/15 £000		
Group and Trust				
Impairment of PPE	4,261	22,020		
Impairment of intangible assets	0	10		
Reversal of impairments of PPE	(7,941)	(17,878)		
Total	<u>(3,680)</u>	<u>4,152</u>		

Further information on impairments is available within Note 9.3 to the Accounts.

9. Property, plant and equipment

9.1 Property, plant and equipment comprise of the following:

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant and machinery	Transport equipment	Information technology	Furniture and fittings	Total
2015/16									
Group and Trust	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2015	3,966	308,590	1,207	7,130	72,144	52	15,639	2,419	411,147
Additions purchased	0	0	0	5,361	5,763	0	459	0	11,583
Additions leased	0	0	0	6,249	287	0	0	0	6,536
Additions donated and government granted	0	0	0	1,261	824	0	18	0	2,103
Reclassifications	0	4,878	0	(7,960)	2,334	0	748	0	0
Disposals	0	0	0	0	(4,580)	0	0	0	(4,580)
Revaluation surpluses	0	8,822	12	0	0	0	0	0	8,834
Cost or valuation at 31 March 2016	3,966	322,290	1,219	12,041	76,772	52	16,864	2,419	435,623
Accumulated depreciation at 1 April 2015	0	109,868	119	118	42,684	46	10,938	2,012	165,785
Disposals	0	0	0	0	(4,466)	0	0	0	(4,466)
Impairments	0	4,261	0	0	0	0	0	0	4,261
Reversal of impairments	0	(7,851)	(90)	0	0	0	0	0	(7,941)
Provided during the year	0	6,086	39	0	6,594	3	1,265	113	14,100
Accumulated depreciation at 31 March 2016	0	112,364	68	118	44,812	49	12,203	2,125	171,739
Net book value at 1 April 2015									
Owned	3,966	18,924	1,088	6,264	23,575	0	2,426	324	56,567
Private Finance Initiative	0	175,754	0	618	0	0	0	0	176,372
Finance Lease	0	757	0	0	3,589	0	1,681	0	6,027
Government granted	0	755	0	96	954	0	552	42	2,399
Donated	0	2,532	0	34	1,342	6	42	41	3,997
Net book value total at 1 April 2015	3,966	198,722	1,088	7,012	29,460	6	4,701	407	245,362
Net book value at 31 March 2016									
Owned	3,966	20,089	1,151	8,404	26,508	0	2,914	242	63,274
Private Finance Initiative	0	185,862	0	2,288	0	0	0	0	188,150
Finance Lease	0	440	0	0	2,716	0	1,288	0	4,444
Government granted	0	793	0	782	910	0	407	21	2,913
Donated	0	2,742	0	449	1,826	3	52	31	5,103
Net book value total at 31 March 2016	3,966	209,926	1,151	11,923	31,960	3	4,661	294	263,884

9. Property, plant and equipment (continued)

9.2 Prior year - Property, plant and equipment comprise of the following:

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant and machinery	Transport equipment	Information technology	Furniture and fittings	Total
2014/15									
Group and Trust									
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2014	3,966	304,501	1,410	3,035	71,978	52	14,712	2,338	401,992
Additions purchased	0	0	0	6,378	3,514	0	307	105	10,304
Additions leased	0	0	0	5,490	1,885	0	0	0	7,375
Additions donated and government granted	0	46	0	368	593	0	0	0	1,007
Impairment charged to lease liability	0	0	0	0	0	0	(210)	0	(210)
Impairments charged to revaluation reserve	0	(18,371)	(216)	0	0	0	0	0	(18,587)
Reclassifications	0	6,491	0	(8,141)	642	0	1,008	0	0
Disposals	0	0	0	0	(6,468)	0	(178)	(24)	(6,670)
Revaluation surpluses	0	15,923	13	0	0	0	0	0	15,936
Cost or valuation at 31 March 2015	3,966	308,590	1,207	7,130	72,144	52	15,639	2,419	411,147
Accumulated depreciation at 1 April 2014	0	100,198	112	118	42,993	44	9,817	1,920	155,202
Disposals	0	0	0	0	(6,411)	0	(178)	(24)	(6,613)
Impairments	0	21,978	0	0	0	0	42	0	22,020
Reversal of impairments	0	(17,847)	(31)	0	0	0	0	0	(17,878)
Provided during the year	0	5,539	38	0	6,102	2	1,257	116	13,054
Accumulated depreciation at 31 March 2015	0	109,868	119	118	42,684	46	10,938	2,012	165,785
Net book value at 1 April 2014									
Owned	3,966	23,089	1,298	1,342	23,977	0	2,344	305	56,321
Private Finance Initiative	0	176,729	0	1,283	0	0	0	0	178,012
Finance Lease	0	1,459	0	0	2,830	0	2,265	0	6,554
Government granted	0	764	0	292	918	0	236	63	2,273
Donated	0	2,262	0	0	1,260	8	50	50	3,630
Net book value total at 1 April 2014	3,966	204,303	1,298	2,917	28,985	8	4,895	418	246,790
Net book value at 31 March 2015									
Owned	3,966	18,924	1,088	6,264	23,575	0	2,426	324	56,567
Private Finance Initiative	0	175,754	0	618	0	0	0	0	176,372
Finance Lease	0	757	0	0	3,589	0	1,681	0	6,027
Government granted	0	755	0	96	954	0	552	42	2,399
Donated	0	2,532	0	34	1,342	6	42	41	3,997
Net book value total at 31 March 2015	3,966	198,722	1,088	7,012	29,460	6	4,701	407	245,362

9. Property, plant and equipment (continued)

9.3 Property, plant and equipment - revaluation

Revaluation exercises were undertaken as at 31 March, 2016 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, 2015, for changes in building cost indices and location factors during the year.

The exercise at 31 March, 2016, identified a revaluation increase of £16.744 million, of which £7.941 million reversed previous charges to the Statement of Comprehensive Income.

9.4 Economic lives of property, plant and equipment

The remaining asset lives are as follows:

	Min life Years	Max life Years
Buildings excluding dwellings	6	77
Dwellings	14	50
Plant and machinery	1	11
Transport equipment	1	2
Information technology	1	8
Furniture and fittings	1	9

This represents the current range of asset lives relating to these assets.

9.5 Capital management

The Trust's capital programme is approved on an annual basis via Capital Group, Investment Management Group, Transformation Board and with final approval through the Board of Directors. The full plan is included in the Annual Plan submitted to Monitor. The capital programme for the year amounted to £26.5 million and included essential investment on the medical equipment replacement programme, site reconfiguration, Information technology replacement including Clinical Noting and lifecycle works under the PFI contract.

9.6 Donated assets

There are no restrictions or conditions imposed by the donor on the use of a donated asset reported within the trust's Statement of Financial Position.

10. Intangible assets
10.1 Intangible assets

2015/16:	Computer software purchased	Assets under construction	Total
Group and Trust	£000	£000	£000
Gross cost at 1 April 2015	5,386	1,174	6,560
Additions purchased	6	346	352
Additions donated	0	180	180
Reclassifications	671	(671)	0
Gross cost at 31 March 2016	6,063	1,029	7,092
Accumulated amortisation at 1 April 2015	2,296	0	2,296
Provided during the year	662	0	662
Accumulated amortisation at 31 March 2016	2,958	0	2,958
Net book value at 1 April 2015			
Purchased	2,006	474	2,480
Donated	1,084	700	1,784
Net book value total at 1 April 2015	3,090	1,174	4,264
Net book value at 31 March 2016			
Purchased	2,180	777	2,957
Donated	925	252	1,177
Net book value total at 31 March 2016	3,105	1,029	4,134

10.2 Prior year Intangible assets

2014/15:	Computer software purchased	Assets under construction	Total
Group and Trust	£000	£000	£000
Gross cost at 1 April 2014	3,410	285	3,695
Additions purchased	465	734	1,199
Additions donated	966	700	1,666
Reclassifications	545	(545)	0
Gross cost at 31 March 2015	5,386	1,174	6,560
Accumulated amortisation at 1 April 2014	1,760	0	1,760
Provided during the year	526	0	526
Disposals	10	0	10
Accumulated amortisation at 31 March 2015	2,296	0	2,296
Net book value at 1 April 2014			
Purchased	1,384	285	1,669
Donated	266	0	266
Net book value total at 1 April 2014	1,650	285	1,935
Net book value at 31 March 2015			
Purchased	2,006	474	2,480
Donated	1,084	700	1,784
Net book value total at 31 March 2015	3,090	1,174	4,264

10. Intangible assets (continued)

10.3. Intangible assets - asset lives

Each class of intangible asset has a finite remaining life as detailed below:

Economic lives of assets

	Min life Years	Max life Years
Computer software	1	8

This represents the current range of asset lives relating to these assets.

11. Assets held under finance leases

11.1 Assets held under finance leases comprise of the following:

	Buildings excluding dwellings	Plant and machinery	Information technology	PFI	Total
	£000	£000	£000	£000	£000
2015/16:					
Group and Trust					
Cost or valuation at 31 March 2016	<u>10,192</u>	<u>8,395</u>	<u>2,658</u>	<u>277,826</u>	<u>299,071</u>
Accumulated depreciation at 31 March 2016	<u>9,752</u>	<u>5,679</u>	<u>1,370</u>	<u>89,676</u>	<u>106,477</u>
Net book value at 1 April 2015					
Finance lease	757	3,589	1,681	0	6,027
PFI	0	0	0	176,372	176,372
Net book value total at 1 April 2015	<u>757</u>	<u>3,589</u>	<u>1,681</u>	<u>176,372</u>	<u>182,399</u>
Net book value at 31 March 2016					
Finance lease	440	2,716	1,288	0	4,444
PFI	0	0	0	188,150	188,150
Net book value total at 31 March 2016	<u>440</u>	<u>2,716</u>	<u>1,288</u>	<u>188,150</u>	<u>192,594</u>
11.2 Prior year assets held under finance leases:					
2014/15:					
Group and Trust					
Cost or valuation at 31 March 2015	<u>10,192</u>	<u>11,407</u>	<u>2,658</u>	<u>261,022</u>	<u>285,279</u>
Accumulated depreciation at 31 March 2015	<u>9,435</u>	<u>7,818</u>	<u>977</u>	<u>84,650</u>	<u>102,880</u>
Net book value at 1 April 2014					
Finance lease	1,459	2,830	2,265	0	6,554
PFI	0	0	0	178,012	178,012
Net book value total at 1 April 2014	<u>1,459</u>	<u>2,830</u>	<u>2,265</u>	<u>178,012</u>	<u>184,566</u>
Net book value at 31 March 2015					
Finance lease	757	3,589	1,681	0	6,027
PFI	0	0	0	176,372	176,372
Net book value total at 31 March 2015	<u>757</u>	<u>3,589</u>	<u>1,681</u>	<u>176,372</u>	<u>182,399</u>

Note: PFI arrangements includes assets constructed and financed through the PFI as part of the original scheme amounting to £75.790 million (31 March 2015, £71.894 million) and assets owned and funded by the Group and Trust of £112.360 million (31 March 2015, £104.478 million).

12. Capital commitments

Contracted capital commitments at 31 March not otherwise included in these accounts:

Group and Trust	31 March 2016 £000	31 March 2015 £000
Property, plant and equipment	4,465	788
Intangible assets	13	169
Total	4,478	957

13. Subsidiaries and consolidation of charitable funds

The Trust's principal subsidiary undertaking, South Tees Hospitals Charity and Associated Funds, is included in the consolidation at 31 March 2016. The accounting date of the financial statements for the charitable fund is in line with the Trust date of 31 March 2016. Key financial information for the charitable fund is provided as follows:

13.1 Reserves

	31 March 2016 £000	31 March 2015 £000
Restricted funds	520	339
Unrestricted funds	6,326	6,434
Total	6,846	6,773

Funds specific towards or departments are held as un-restricted designated funds. Legacies and donations received for a specific purpose or 'trust' are recorded and accounted for as restricted funds. Further information covering the nature of the restricted and unrestricted funds is available within Accounting Policy 1.2.

13.2 Aggregated amounts relating to the charitable fund

	31 March 2016 £000	31 March 2015 £000
Summary Statement of Financial Position:		
Non-current assets	5,339	5,540
Current assets	1,943	1,863
Current liabilities	(436)	(630)
Net assets	6,846	6,773
Reserves	6,846	6,773
Summary Statement of Financial Activities:		
Income	2,612	1,699
Expenditure	(2,350)	(2,138)
Total	262	(439)
Net realised gains on investment assets and other reserve movements.	(189)	303
Net movement in funds	73	(136)

13. Subsidiaries and consolidation of charitable funds (continued)

In 2015/16 eliminations consisted of a £0.916 million adjustment to income and expenditure for capital transactions (£0.465 million in 2014/15) and adjustments to working capital amounted to £0.138 million (£0.381 million in 2014/15).

The above summary statements have initially been presented before group eliminations with an explanation to reconcile to the amounts included within the consolidated statements. As per accounting policy 1.2 the accounts of the charitable fund has been consolidated in full after the elimination of intra group transactions and balances.

14. Other investments

The investment portfolio of the charitable fund is managed by Barclays Wealth. Cash funds are held outside the portfolio by the fund to deal with short term cash flow issues.

	31 March 2016	31 March 2015
	£000	£000
Market value brought forward	5,540	5,262
Additions	707	560
Disposals	(719)	(585)
Fair value (losses) / gains	(189)	303
Market value at 31 March	<u>5,339</u>	<u>5,540</u>
Investments held:		
Bonds	1,432	1,338
Equities	3,104	3,390
Alternative assets	459	270
Other holdings	344	542
	<u>5,339</u>	<u>5,540</u>

15. Inventories

15.1 Inventories	31 March 2016	31 March 2015
	£000	£000
Group and Trust		
Drugs	1,986	1,833
Consumables	10,680	5,972
Energy	30	30
Total	<u>12,696</u>	<u>7,835</u>
15.2 Inventories recognised in expenses		
	31 March 2016	31 March 2015
	£000	£000
Group and Trust		
Inventories recognised as an expense	113,389	111,129
Write-down of inventories recognised as an expense	100	114
Total	<u>113,489</u>	<u>111,243</u>

16. Cash and cash equivalents

Group and Trust	Group		Trust	
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	£000	£000	£000	£000
At 1 April	12,816	17,854	11,142	16,133
Net change in year	(8,376)	(5,038)	(8,387)	(4,991)
Balance at 31 March	4,440	12,816	2,755	11,142
Broken down to:				
Cash with the Government Banking Service	2,654	11,115	2,654	11,115
Commercial banks and in hand	1,786	1,701	101	27
Cash and cash equivalents as in statement of cash flows	4,440	12,816	2,755	11,142

17. Trade and other receivables

17.1 Trade and other receivables

Group and Trust	Group		Trust	
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	£000	£000	£000	£000
Current				
NHS receivables	4,741	9,884	4,741	9,884
Other receivables with related parties	1,270	341	1,270	341
Other trade receivables	8,964	5,443	8,964	5,824
VAT	2,194	1,789	2,194	1,789
Accrued income	8,678	9,090	8,642	9,012
Provision for the impairment of receivables	(893)	(734)	(893)	(734)
Prepayments	25,479	27,294	25,479	27,294
Total	50,433	53,107	50,397	53,410
Non-current				
Other receivables	3,170	2,253	3,170	2,253
Provision for the impairment of receivables	(1,015)	(415)	(1,015)	(415)
Total	2,155	1,838	2,155	1,838

The great majority of trade is with Clinical Commissioning Groups and NHS England, as commissioners for NHS patient care services. As these NHS bodies are funded by government to buy NHS patient care services, no credit scoring of them is considered necessary.

17. Trade and other receivables (continued)

17.2 Receivables past their due date but not impaired	31 March 2016	31 March 2015
	£000	£000
Ageing of impaired receivables		
Up to three months	2,299	1,656
In three to six months	900	448
Over six months	1,008	294
Total	4,207	2,398
Ageing of non-impaired receivables past their due date		
Up to three months	3,710	8,432
In three to six months	707	425
Over six months	465	780
Total	4,882	9,637

Ageing of impaired receivables includes non-NHS debtors and non-impaired receivables include NHS debtors. The Group and Trust does not hold any collateral against these outstanding receivables.

17.3 Provision for impairment of receivables	31 March 2016	31 March 2015
	£000	£000
Balance at 1 April	1,149	1,053
Amount utilised	(7)	(106)
Increase in provision	766	202
Balance at 31 March	1,908	1,149

The provision relates to outstanding Compensation Recovery Unit debts concerning Road Traffic Accidents (21.99% provision created on all outstanding debt), and provisions on non-NHS debtors (providing between 25 and 100% dependant on the age and type of debt) and specific provisions on individual invoices in dispute and in formal recovery. The Group does not hold any collateral in support of these debts.

18. Trade and other payables

	GROUP		TRUST	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Current				
Interest payable	44	34	44	34
NHS payables	9,436	5,386	9,436	5,386
Amounts due to other related parties	5,154	2,664	5,154	2,664
Other trade payables - revenue	28,891	18,054	28,891	18,054
Other trade payables - capital	6,912	6,236	6,912	6,236
Taxes payable (VAT, Income Tax and Social Security)	7,236	8,225	7,236	8,225
PDC payable	201	615	201	615
Accruals	3,451	6,989	3,237	6,851
Receipts in advance	3,535	4,236	3,535	4,236
Other payables	5,230	4,395	5,230	4,395
Total current trade and other payables	70,090	56,834	69,876	56,696

Other payables includes £4.293 million for outstanding pensions contributions (31 March 2015, £4.390 million).

19. Borrowings

Group and Trust	31 March 2016	31 March 2015
	£000	£000
Current		
Loans from Foundation Trust Financing Facility	4,038	3,496
Working capital loans from Department of Health	0	10,500
Obligations under:		
Finance leases	1,283	1,648
Private finance initiative contracts	3,184	3,700
Total current borrowings	8,505	19,344
Non-current		
Loans from Foundation Trust Financing Facility	51,847	40,625
Obligations:		
Finance leases	3,094	4,227
Private finance initiative contracts	102,331	105,515
Total non-current borrowings	157,272	150,367

The loans from the Foundation Trust Financing Facility covers periods ranging from 5 to 25 years and loan rate payment terms range from 0.77% to 3.84%. The loans are not secured against Trust assets.

20 Finance lease obligations

Significant contractual arrangements have been reviewed to assess compliance with IAS 17. Those identified as finance lease obligations include the Group and Trust's equipment agreements and Managed Service Contracts for Energy Management and the Picture Archiving and Communications System. The term of leases range from 5 to 15 years in line with the economic lives of the individual assets.

Minimum lease payments outstanding on the lease agreements amount to £6.208 million (£8.236 million as at 31 March 2015). The Present Value of minimum lease payments included on the Group and Trust's Statement of Financial Position amounts to £4.377 million (£5.875 million at 31 March 2015), with the variance of £1.831 million (£2.361 million at 31 March 2015) relating to future finance charges on the agreements. The values disclosed do not include any liabilities relating to the private finance initiative.

Group and Trust	Minimum lease payments	
	31 March 2016	31 March 2015
	£000	£000
Within one year	1,743	2,218
Between one and five years	4,064	5,113
After five years	401	905
Less: finance charges allocated to future years	(1,831)	(2,361)
Present value of minimum lease payments	4,377	5,875
Net lease liabilities		
Not later than one year	1,283	1,648
Later than one year and not later than five years	2,787	3,573
Later than five years	307	654
	4,377	5,875

Note: the Group and Trust does not offer any leases as a Lessor and does not recover any rental income through such arrangements.

21. Private finance Initiative contracts

21.1 PFI schemes on-Statement of Financial Position

The scheme was for the development of the James Cook University Hospital (JCUH) site resulting in the rationalisation of four existing sites into one. Services at Middlesbrough General Hospital, North Riding Infirmary and West Lane Hospital transferred to JCUH upon completion of the scheme in August 2003.

The scheme comprised 60,000m² of new build with 11,000m² of refurbishment, with an approximate capital cost of £157 million. Upon completion of the scheme the Trust granted a head lease with associated rights to Endeavour SCH Plc for a period of 30 years. Endeavour maintain the site, providing facilities management services via Sovereign Healthcare (part of Carillion Group), and grant an underlease with associated rights to the Trust for the use of the buildings. The Trust makes a unitary payment, quarterly in advance, to Endeavour SCH Plc for use of the building and associated facilities management services that amounts to approximately £45.850 million per annum excluding VAT. An element of the payment is also set aside to fund lifecycle expenditure amounting to £5.072 million. In return the Trust receives guaranteed income of approximately £0.279 million in respect of mall retail units, laundry and catering income. Responsibility for the collection of car parking income transferred back to the Trust from 1 April 2014.

The annual service fee is indexed linked in line with the 12 month rolling average of retail price indices (CHAW) as at January of each year, for the following contract year. The availability fee is uplifted in line with RPI twice a year based upon the published CHAW indices for March (effective from 1 April) and September (effective from 1 October).

The soft services element of the facilities management service is subject to market testing or benchmarking every 5 years, although the Trust has the option to extend this period by a further 12 months. The hard service element of the service is subject to benchmarking every 10 years.

Upon the Contract Period Expiry Date the Trust has a number of options ("the Expiry Options"):

- to extend the agreement on terms to be agreed with the concessionaire;
- to re-tender for the provision of services;
- to leave the hospital and terminate the underlease; and
- to remain in the hospital and assume responsibility for the provision of services.

Under IFRIC 12, the asset has been treated as an asset of the Trust. The substance of the contract is that the Trust has a finance lease and payments to the contractor comprise 2 elements; an imputed finance lease charge and service charges.

Total imputed finance lease obligations for on-Statement of Financial Position PFI contracts due:

Group and Trust	31 March 2016	31 March 2015
	£000	£000
Not later than one year	11,583	12,382
Later than one year, not later than five years	41,100	42,712
Later than five years	152,606	162,577
Sub total	205,289	217,671
Less: interest element	(99,774)	(108,456)
Total	105,515	109,215

Net PFI liabilities

Not later than one year;	3,184	3,700
Later than one year and not later than five years;	9,762	10,547
Later than five years	92,569	94,968
	105,515	109,215

21. Private finance initiative contracts (continued)

21.2 Charges to expenditure

The total charged in the year to expenditure in respect of the service element of on-Statement of Financial Position PFI contracts was £23.440 million (2014/15 £22.993 million).

The Trust is committed to the following annual charges:

	31 March 2016	31 March 2015
Group and Trust	£000	£000
Not later than one year	24,045	23,587
Later than one year, not later than five years	96,180	94,348
Later than five years	312,585	330,218
Total	432,810	448,153

21.3 Total concession arrangement charges

The Trust is committed to the following annual charges in respect of the PFI.

	31 March 2016	31 March 2015
Group and Trust	£000	£000
Not later than one year	49,081	47,909
Later than one year, not later than five years	202,803	191,636
Later than five years	733,422	670,726
Total	985,306	910,271

21.4 Total unitary payment charge on PFI scheme

The unitary payment to the service concession operator is made up as follows:

	31 March 2016	31 March 2015
Group and Trust	£000	£000
Interest charge	8,682	8,959
Repayment of finance lease liability	3,700	3,309
Service element	23,440	22,993
Capital lifecycle maintenance	5,072	5,191
Contingent rent	5,457	5,262
Other	1,545	1,532
Total	47,896	47,246

22. Provisions	Current		Non-current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Group and Trust	£000	£000	£000	£000
Pensions relating to staff	105	121	602	1,123
Legal claims	304	287	443	612
Redundancy	2,797	2,296	0	0
Total	3,206	2,704	1,045	1,735
	Pensions relating to staff	Legal claims	Redundancy	Total
Group and Trust	£000	£000	£000	£000
At 1 April 2015	1,244	899	2,296	4,439
Arising during the year	0	199	2,797	2,996
Changes in discount rate	44	37	0	81
Utilised during the year	(126)	(213)	(2,296)	(2,635)
Reversed unused	(460)	(177)	0	(637)
Unwinding of discount	5	2	0	7
At 31 March 2016	707	747	2,797	4,251
Expected timing of cash flows:				
- not later than one year;	105	304	2,797	3,206
- later than one year and not later than five years;	365	126	0	491
- later than five years.	237	317	0	554
Total	707	747	2,797	4,251

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.

£189.227 million is included in the provisions of the NHS Litigation Authority at 31 March 2016, in respect of clinical negligence liabilities of the Group and Trust (2014/15 £90.607 million). This is not provided for within these financial statements.

Redundancy

This provision relates to redundancy and voluntary severance costs arising from service restructures due to be delivered in 2016/17. These are in line with the efficiencies and savings targets required within the Trust's Recovery Plan.

23. Financial instruments

23.1 Financial assets

	GROUP		TRUST	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Loans and receivables				
Trade and other receivables excluding non-financial assets	22,760	24,024	22,724	24,327
Cash and cash equivalents at bank and in hand	4,440	12,816	2,755	11,142
Assets at fair value through income and expenditure				
Investments	5,339	5,540	0	0
Total	32,539	42,380	25,479	35,469

23.2 Financial liabilities

	GROUP		TRUST	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Borrowings excluding finance lease and PFI liabilities				
Borrowings excluding finance lease and PFI liabilities	(55,885)	(54,621)	(55,885)	(54,621)
Obligations under finance leases	(4,377)	(5,875)	(4,377)	(5,875)
Obligations under PFI contracts	(105,515)	(109,215)	(105,515)	(109,215)
Trade and other payables excluding non-financial liabilities	(59,118)	(43,758)	(58,904)	(43,620)
Total	(224,895)	(213,469)	(224,681)	(213,331)

23.3 Maturity of financial liabilities

	GROUP		TRUST	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
In one year or less				
In one year or less	(67,248)	(63,102)	(67,034)	(62,964)
In more than one year but not more than two years				
In more than one year but not more than two years	(8,335)	(7,825)	(8,335)	(7,825)
In more than two years but not more than five years				
In more than two years but not more than five years	(19,756)	(37,979)	(19,756)	(37,979)
In more than five years				
In more than five years	(129,556)	(104,563)	(129,556)	(104,563)
Total	(224,895)	(213,469)	(224,681)	(213,331)

23.4 Fair values of financial assets - book value

Group and Trust	31 March 2016 £000	31 March 2015 £000
Non-current trade and other receivables excluding non-financial assets	2,155	1,838

There are no significant differences between book and fair value on the Trust's current assets and liabilities.

23. Financial instruments (continued)

23.5 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 year.

23.6 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the year in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the NHS Foundation Trust has with Clinical Commissioning Groups and NHS England and the way that these are financed, the NHS Foundation Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The Group has limited powers to invest surplus funds and can only borrow to the Prudential Borrowing Limit approved by Monitor. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Group in undertaking its activities.

The Group's treasury management operations are carried out by the finance department, within parameters defined formally within the Group's Treasury Management Policy and Standing Financial Instructions agreed by the Board. A key theme of the Group's strategic direction is business stability which means achieving target levels of financial surplus to enable investment. To support this target, the key objectives of the Treasury Management Policy include the achievement of a competitive return on surplus cash balances, ensure competitively priced funds are available to the Group when required and effectively identifying and managing financial risk.

Currency risk

The Group is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Group has no overseas operations. The Group therefore has low exposure to currency rate fluctuations.

Interest rate risk

The Group and Trust borrows from government for capital expenditure, subject to affordability. The borrowings are for 1 – 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The Group and Trust therefore has low exposure to interest rate fluctuations.

The Trust is exposed to Interest rate risk on the PFI scheme due to the linkage of the availability payment to RPI which impacts on contingent rent, PFI lifecycle and non-operating expenditure.

Credit risk

Because the majority of the Group's income comes from contracts with other public sector bodies, the Group has low exposure to credit risk. The maximum exposures as at 31 March 2016 are in receivables from customers, as disclosed in Note 17.

The financial instruments utilised by the Group and Trust are deemed to be minimum risk; in relation to borrowing the Group and Trust has utilised the NHS Financing Facility with debt repayments linked to the economic life of the assets. In relation to investments, the Group and Trust only uses United Kingdom based financial institutions, investing a maximum of £4.000 million with one organisation for a period not exceeding 3 months. This is in line with Monitor guidance and investments are based on approved counterparty listings, supplied by Sector Treasury Services Ltd, and based on the ratings of leading credit rating agencies. Group treasury activity is subject to review by the Group's internal auditors.

Liquidity risk

The Group's operating costs are incurred under contracts with Clinical Commissioning Groups and NHS England, which are financed from resources voted annually by Parliament. The Group and Trust funds its capital expenditure from funds obtained within its prudential borrowing limit and does not have any flexibility to vary principal or interest payments on any of its fixed term liabilities, including those relating to the PFI contract. This inability to vary its long term debt repayments introduces an element of risk into the medium term financial planning process. Further information on risk within the Group and Trust's annual plans is included within the Accounting Policy on Going Concern in Note 1.3.1.

24. Events after the reporting year

The only significant event after the end of the reporting year was the transfer of Health Visiting and School Nursing services to Harrogate and District NHS Foundation Trust. The transfer took place on 1 April 2016 with a reduction in Trust income of £7 million offset by an equivalent reduction in expenditure.

25. Related party information

25.1 Related party transactions

South Tees Hospitals NHS Foundation Trust is a body corporate established by order of the Secretary of State for Health. The note has been prepared in accordance with the requirements of IAS 24 "Related Party Disclosures".

All government bodies which fall within the Whole of Government accounts boundary are regarded as related parties because they are all under the common control of HM Government and Parliament. This includes for example, all NHS bodies, all local authorities and central government bodies.

Significant transactions and balances with all Whole of Government account bodies are detailed below. The following tables incorporate information extracted from the accounts of the Group and Trust and is included in the income, expenditure and on the face of the Statement of Financial Position of the Group and Trust for the financial year ending 31 March, 2016.

	Income £000	Expenditure £000	Receivables £000	Payables £000
NHS Cumbria CCG	756	0	17	0
NHS Darlington CCG	5,466	0	60	548
NHS Durham Dales, Easington and Sedgfield CCG	10,341	0	63	181
NHS Hambleton, Richmondshire and Whitby CCG	78,692	0	2093	305
NHS Harrogate and Rural District CCG	2,292	0	253	8
NHS Hartlepool and Stockton-on-Tees CCG	35,399	0	260	1,139
NHS North Durham CCG	959	0	145	68
NHS Scarborough and Ryedale CCG	696	0	70	0
NHS South Tees CCG	210,264	0	2,016	1,103
NHS Sunderland CCG	520	0	97	0
NHS Vale of York CCG	1,215	0	6	1
NHS England	212	0	83	0
Cumbria, Northumberland, Tyne and Wear Area Team	10,059	0	730	124
North East Area Team	147,512	143	3,496	0
North Yorkshire and the Humber Area Team	3,201	74	26	34
South East Area Team	49	0	49	0
Department of Health	453	2	0	0
Health Education England	15,136	0	155	83
Other NHS bodies	2,795	0	954	238
County Durham & Darlington NHS Foundation Trust	732	1,808	556	2,305
Newcastle Upon Tyne Hospitals NHS Foundation Trust	2,898	751	31	82
North Tees and Hartlepool NHS Foundation Trust	1,130	3,359	521	2,906
Northumbria Healthcare NHS Foundation Trust	1	454	11	394
Tees, Esk and Wear Valleys NHS Foundation Trust	1,376	175	102	11
Calderstones Partnership NHS Foundation Trust	0	816	0	0
Other Foundation Trusts	314	470	375	349
NHS Blood and Transplant	0	1,517	0	0
NHS Litigation Authority	0	7,811	0	0
NHS Property Services	604	6,917	0	4,559
NHS Business Services Authority	0	146	0	150
Middlesbrough Borough Council	3,148	526	549	584
North Yorkshire County Council	386	0	173	247
Redcar and Cleveland Borough Council	1,831	12	222	9

25. Related party information (continued)

	Income £000	Expenditure £000	Receivables £000	Payables £000
Hambleton Borough Council	0	3	0	0
HM Revenue and Customs	0	20,628	2,194	7,236
NHS Pensions Agency	0	31,229	0	5,225
NHS Professionals	0	5,245	0	0
Ministry of Defence	166	997	317	0

Significant transactions and balances with all Whole of Government account bodies in 2014/15 are detailed below:

	Income £000	Expenditure £000	Receivables £000	Payables £000
NHS Cumbria CCG	868	11	115	22
NHS Darlington CCG	5,479	0	0	247
NHS Durham Dales, Easington and Sedgfield CCG	10,571	6	39	13
NHS Hambleton, Richmondshire and Whitby CCG	77,793	15	1682	322
NHS Harrogate and Rural District CCG	3,007	0	96	10
NHS Hartlepool and Stockton-on-Tees CCG	35,610	47	587	101
NHS North Durham CCG	1,123	0	0	66
NHS Scarborough and Ryedale CCG	623	0	0	17
NHS South Tees CCG	213,985	0	4,344	1,005
NHS Sunderland CCG	615	0	96	0
NHS Vale of York CCG	1,121	0	73	0
NHS England	210	1	105	0
Durham, Darlington and Tees Area Team	14,171	0	1,020	0
Cumbria, Northumberland, Tyne and Wear Area Team	147,166	0	7,107	0
North Yorkshire and the Humber Area Team	4,666	0	48	184
West Yorkshire Area Team	17	0	3	0
Department of Health	799	4	43	653
Health Education England	15,466	0	97	0
Other NHS bodies	3,030	442	959	98
County Durham & Darlington NHS Foundation Trust	244	1,358	272	1,364
Newcastle Upon Tyne Hospitals NHS Foundation Trust	4,495	576	125	569
North Tees and Hartlepool NHS Foundation Trust	812	2,633	928	756
Northumbria Healthcare NHS Foundation Trust	1	102	556	659
Tees, Esk and Wear Valleys NHS Foundation Trust	1,388	253	92	38
Calderstones Partnership NHS Foundation Trust	0	52	0	276
Other Foundation Trusts	317	306	234	74
NHS Blood and Transplant	0	2,733	1	400
NHS Litigation Authority	0	8,047	0	9
NHS Property Services	607	6,742	435	902
NHS Business Services Authority	0	0	0	8
Other NHS WGA bodies	0	102	0	0
Middlesbrough Borough Council	1,751	2,616	2,342	453
North Yorkshire County Council	324	185	67	156
Redcar and Cleveland Borough Council	1,410	7	180	9
Hambleton Borough Council	0	357	451	0
HM Revenue and Customs	0	20,967	1,789	8,225
NHS Pensions Agency	0	30,967	0	4,960
NHS Professionals	5	3,253	3	383
Ministry of Defence	54	492	118	83
Other Central Government	223	7	52	0

None of the receivable or payable balances are secured. Amounts are usually due within 30 days and will be settled in cash.

25. Related party information (continued)

25.3 Charitable funds

The Trust receives revenue and capital payments from a number of charitable funds, including South Tees Hospitals Charity and Associated Funds, certain of the trustees for which are also members of the NHS Trust Board. The accounts of South Tees Hospitals Charity and Associated Funds are consolidated into the Trust's Annual Accounts as detailed in Accounting Policies 1.2 and Note 13 to the Accounts.

25.4 Board members and directors

During the year no Group Board Members or members of the key management staff, or parties related to any of them, have undertaken any material transactions with South Tees Hospitals NHS Foundation Trust.

Declarations of interests, completed on an annual basis by Executive and Non-Executive Directors, have been reviewed to identify any related party relationships requiring disclosure within this note.

IAS 24 specifically requires the separate disclosure of compensation payments made to management. In line with the standard, the HM Treasury has given dispensation that this requirement will be satisfied through disclosure in the Remuneration Report included in the Group and Trust's Annual Report.

26. Third party assets

The Group and Trust held £27,089 cash and cash equivalents at 31 March 2016 (£438 at 31 March 2015) relating to monies held by the Group and Trust on behalf of patients.

The Group and Trust held £670,716 cash and cash equivalents at 31 March 2016 (£683,331 at 31 March 2015) 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 £6,151 cash and cash equivalents at 31 March 2016 (£1,765 at 31 March 2015) which related to monies held by the Group and Trust on behalf of the staff lottery scheme. This has been excluded from the cash and cash equivalents figure reported in the accounts.

27. Losses and special payments

The total number and value of losses and special payments in year amounted to the following:

	2015/16		2014/15	
	Number of cases	Total value of cases £000	Number of cases	Total value of cases £000
Group and Trust				
Losses:				
Losses of cash	24	1	24	2
Bad debts and claims abandoned	59	10	205	108
Damage to buildings, property as a result of theft, criminal damage etc.	109	10	91	8
Special payments:				
Ex gratia payments	92	164	119	223
Total	284	185	439	341

The amounts included above are reported on an accruals basis and exclude provisions for future losses.

There were no special severance payments (2014/15, there were no cases over £100,000 and there were no severance payments requiring HMT approval) arising from divisional restructuring or other cases of clinical negligence, fraud, personal injury, compensation under legal obligation or fruitless payment cases where the net payment exceeded £300,000.

