NHS
South Tees Hospitals
NHS Foundation Trust

South Tees Hospitals NHS Foundation Trust

Annual Report and Accounts 2024/25

Caring
Better
Together

South Tees Hospitals NHS Foundation Trust

Annual Report and Accounts 2024/25

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

Caring Better Together

Contents

Annual accounts for the period 1 April 2024 to 31 March 2025

Annual Report, 2024/25

1. Performance report

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

Overview by Joint Chair and Chief Executive

Welcome to South Tees Hospitals NHS Foundation Trust's Annual Report and Accounts 2024/25

It has been more than a year since we signed the formal agreement of our group partnership with South Tees Hospitals NHS Foundation Trust to form University Hospitals Tees.

Progress continues to keep pace as our clinical boards and corporate services work to develop shared ways of working, with the aim of fulfilling our ambitions to provide the very best health and care for our population. Our guiding principle is summed up in three simple, but powerful words: Caring Better Together.

We are confident University Hospitals Tees will deliver the best possible outcomes for our patients, our staff and the wider populations we serve.

Throughout this complex process we have been supported by our local authorities, Healthwatch groups, patient involvement groups and the Integrated Care Boards for North East and North Cumbria and Humberside and North Yorkshire. We would like to take this moment to thank them for their support and advocacy.

Later this year, the government will publish its 10-year health plan.

While the finer details are unknown, the government has made its three priorities clear:

- Hospital to community
- Analogue to digital
- Treatment to prevention

We believe University Hospitals Tees is performing well against the ambitions.

Our new Tees Valley Community Diagnostic Centre (CDC), located on the banks of the River Tees in Stockton town centre, will provide thousands of diagnostic scans every year, reducing the need for patients to travel to hospital.

The CDC, along with our outstanding community nurses, therapists and midwives and our innovative Hospital at Home model, demonstrate our 'hospital to community' commitment is more than an ideal: It is a reality we are delivering every day.

Our digital programme team is hard at work, developing new working systems across our group, to benefit our patients. Our team recently received the North East and North Cumbria Skills Development Network's Digital, Data and Technology Team of the Year award for their work on the electronic patient record system Trakcare. The citation noted the digitised nurse admissions process reduced the 10,500 nursing hours previously spent on paperwork and saved more than £76,000.

Thousands of our patients are now managing their outpatient appointments via our patient engagement portal which includes digital letters and reminders.

We have a long-standing commitment of moving health care from ‘treatment to prevention’ as shown by our group partnering with Hartlepool & Stockton Health (H&SH) and ELM Alliance (EA) GP Federations to create the Teesside Alliance Partnership to deliver Sexual Health services in Teesside.

Commissioned by a consortium of our local authorities, we will use our clinical and non-clinical expertise to offer more access than ever to help local people live a healthy sexual and reproductive life.

This commitment to prevention is built upon existing programmes such as our region wide community dental and oral promotion services and our extensive smoking cessation support.

Smokers in Hartlepool are now benefitting from increased support due to a new service commissioned by Hartlepool Borough Council which we are delivering in partnership with Hartlepool & Stockton Health.

Hospital at Home continues to be a much-valued service, demonstrating a 116% increase in admissions to the virtual frailty ward in comparison to Quarter 1 24/25 to Quarter 4 24/24.

This is largely down to increasing referrals from primary care, and ambulance services seeking an alternative solution to admission as well as more patients being referred from the emergency assessment unit and emergency department as an alternative to admission

Average occupancy within our virtual frailty ward beds over same time period has increased from 50% to 105%, demonstrating we are utilising our capacity well and that we need to further expand this bed base. On average the virtual frailty ward saves 1.000 hospital bed days per month

Referral numbers from paramedics to urgent community response increased to an average of four to five patients per day from 1.5 per day supporting community responses as an alternative to hospital admission.

Overall, urgent community response services have had a 34% increase in referral numbers over the past year, which equates to 1,150 responses within two-hours per month.

These numbers are expected to increase further as we introduce the “Call before Covey” approach with NEAS for any paramedic care home attendances ensuring more care home residents are given the opportunity to have their needs met at home.

We are also introducing new tools to the UCR workforce to reduce emergency department attendance further, including:

- Community head injury pathways
- Post fall long lie pathway
- Post fall risk assessment tool for care home providers

These are all new ways of working which support an individual needs to be met in the community as an alternative to an acute site.

We have also been supporting the Northern Cancer Alliance by delivering one of four regional Lung Cancer Screening programmes across the Tees Valley, in partnership with InHealth.

The programme invites people aged 55 to 74 who smoke, or used to smoke, for free lung health check within the community they live, helping us to diagnose and treat an increasing number of patients with lung cancer at an earlier stage.

Before the introduction of lung cancer screening, 80% of lung cancers were diagnosed at stages 3 and 4. The programme has changed this and 80% of lung cancers are now diagnosed at stages 1and 2, making this cancer more survivable by achieving the national goal of diagnosing cancer earlier.

So far, we have identified 294 lung cancers and 41 other cancers. As well as cancer, we have diagnosed and addressed 10,194 other healthcare needs which may have presented more acutely or developed into a long-term chronic condition. This supports with improving the overall health of our population.

The Tees Valley programme has sent out 65,151 invites, 40,251 lung health checks and fully reported 24,590 CT scans. We cover 78% of our eligible population, with plans to cover the remaining 22% in the near future. We're also considering our approach to health inequalities; we recently delivered the programme within one of our local prisons and have plans to reach homeless patients and deliver the programme to patients in long-term mental health facilities.

At University Hospitals Tees we want to do more than provide the best health care – we want to raise our community's health aspirations. By offering preventative opportunities and delivering excellent public health messaging in partnership with our local authorities, we aim to inspire our population to lead happier and healthier lives which will reduce the need for clinician intervention.

We would like to thank our hard working, committed colleagues for another year of extraordinary achievement.

This year our colleagues have led major improvement projects and initiatives on each of our main sites:

University Hospital of North Tees - Robotic and emergency maternity surgical theatre

This project was unveiled in March this year. Featuring a bespoke theatre space for our robotic surgery team, the new suite will deliver advanced, high-tech surgery for hundreds of patients. Robotic surgery is less intrusive for patients, often resulting in reduced post-surgery length of stay. The suite also includes a training space for surgeons to master the intricacies of the Da Vinci.

The new theatre space also includes an emergency maternity theatre, located close to the delivery suite. Women experiencing complications during childbirth will be transferred to this bespoke maternity theatre in minutes.

The suite encompasses an innovative design, spanning a courtyard across the first floor creating an entirely new section of the hospital.

The James Cook University Hospital – Urgent treatment centre

More than 60,000 people have been seen at The James Cook University Hospital's urgent treatment centre in its first year of opening.

Treating patients with conditions including sprains, suspected broken limbs, minor head injury, cuts, minor scalds or burns, skin infections, eye problems and abdominal pain, the urgent

treatment centre has eased pressure on the emergency department while providing an excellent level of patient care.

Friarage Hospital – Friarage Surgical Centre

Opening in June 2025, the £35.5million state-of-the-art surgical centre will see the Friarage's six existing operating theatres replaced with a modern surgical centre that will include six main operating theatres, two minor operating theatres, and a surgical admission and day case hub.

University Hospital of Hartlepool - Health and Social Care Academy

The new £1.25million Health and Social Care Academy is already playing a role in the development of the next generation of health ad care workers.

One of five of Hartlepool Borough Council's Town Deal transformation projects, the Academy is delivered in partnership with Hartlepool College of Further Education and features bespoke 'at home' simulation suite, an immersive suite, a four-bed training bay, ICT suite, trainee common room and several flexible training and classrooms.

Redcar Primary Care Hospital – Community diagnostic centre spoke hub

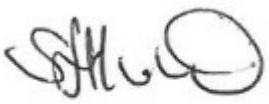
We have invested in a redevelopment of parts of Redcar Primary Care Hospital to act as a 'spoke' site for the Tees Valley Community Diagnostic Centre where it will deliver endoscopy, echo-cardiology, lung tests, MRI scans, ultrasound and plain film x-ray.

Looking to the future, we recognise the challenges that we and all NHS providers are facing.

But despite mounting financial pressures and increasing demand, the delivery of the government's 10-year plan, we are confident that our group structure, supported by our incredible colleagues and supportive community and political stakeholders, that University Hospitals Tees will continue to rise to the challenge.

We would like to close by once again thanking every colleague who has worked so hard towards one unified aim: Caring Better Together.

Signed:



Stacey Hunter

Group Chief Executive and Accounting Officer

Signed:

Professor Derek Bell OBE

Group Chair

Introduction to South Tees Hospitals

South Tees Hospitals NHS Foundation Trust runs The James Cook University Hospital in Middlesbrough and Friarage Hospital in Northallerton and provides community healthcare services to patients across Middlesbrough, Redcar, East Cleveland, Hambleton and Richmondshire.

With more than 10,000 staff we are the area's largest employer, providing world-class cancer, cardiothoracic, spinal, cochlear implant, neurosciences, gynaecology vascular and urology care for 1.5million patients across our region and beyond.

We are proud to have achieved an overall rating of 'Good' from the Care Quality Commission (CQC) for the care we deliver to our patients and service users.

Our experienced clinicians - alongside our dedicated scientific, administrative and clinical support teams and volunteers - have laid the foundations of a trust where safety and quality are put first, where colleagues feel empowered to make improvements for their patients and where we are committed to leading-edge clinical research, education, training and innovation.

The James Cook University Hospital in Middlesbrough provides 37 different specialties from one site and receives half of all major trauma cases in the North East and Cumbria. It has three surgical robots revolutionising surgical treatment across our specialties. It provides leading-edge treatments such as stereotactic ablative radiotherapy (SABR) which delivers high doses of radiation to tumours with extreme accuracy. And it embraces the very latest healthcare technology such as using artificial intelligence to review chest X-rays.

The Friarage is one of the area's fastest growing hospitals, serving communities across the Dales, North Yorkshire and Teesside. Our new £35.5million surgical centre, set to open this summer, will double the number of planned operations carried out at the hospital each year. This centre of excellence is designed to maximise efficiency and will feature the latest state-of-the-art technology so we can treat more people, reduce wait times and provide the best outcomes for our patients.

Together with our three primary care hospital wards and local community NHS teams, we provide care closer to home for patients from Hawes to East Cleveland and everywhere in between. More patients are receiving hospital-level care in the comfort of their own homes thanks to the success of our Hospital at Home scheme for frailer patients.

Working in partnership with North Tees and Hartlepool NHS Foundation Trust, our hospital group – University Hospitals Tees – allows us to support shared goals for our patients, service users and staff.

The Tees Valley Community Diagnostic Centre in Stockton town centre, which welcomed its first patients in April 2025, brings teams from both trusts together under one roof to provide rapid health checks, tests and scans from a convenient out-of-hospital setting.

This year the Tees Valley Research Alliance, which is responsible for research across our two trusts, has seen the highest ever number of patients taking part in research studies with over 12,500 patients recruited into research trials since April 2024.

Our group model enables us to work together to deliver more choice and better outcomes for our patients and our local communities now and in the future.

Our mission, vision values and behaviours

Our mission – Safety and Quality First

As a clinically-led organisation the safety and wellbeing of our patients, service users and colleagues - underpinned by the quality of care we provide and our commitment to clinical research, innovation and training - is at the heart of our mission.

Our vision

We continue to empower our clinicians to take the decisions about how we manage our resources and deliver safe, quality care across our hospitals and services for children, adults, families and our communities. In doing so, we will deliver the highest standards of patient-centred healthcare to communities in the North East of England, North Yorkshire and beyond.

Our values and behaviours – The South Tees Way

The values and behaviours of our nurses, midwives, doctors, allied health professionals, scientific teams, administrative, support staff and volunteers have been instrumental in helping our services during our continued recovery from the effects of the COVID-19 pandemic. Respectful, supportive and caring - these are the words we want our patients, service users and colleagues to be able to use to describe how it feels to receive care or to work in our hospitals and community services.

Respectful

I am respectful because I listen to others without judgement. I promote equality and diversity and treat others as they wish to be treated. By holding myself and others to account I demonstrate my professionalism and integrity to my colleagues.

Supportive

I am supportive because I acknowledge the contribution of my colleagues. I support my colleagues and our trainees to develop themselves in order to deliver the best possible care to our patients and families. Being part of a team requires me to be honest, available and ready to help others and myself.

Caring

I am caring because I show kindness and empathy to others through the delivery of individual and high-quality care to our patients, families and my colleagues.

Strategic objectives

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

- Best for safe, clinically effective care and experience.
- A great place to work.
- A centre of excellence for core and specialist services, research, education, training, innovation and digitally supported healthcare in the North East of England, North Yorkshire and beyond.
- Deliver care without boundaries in collaboration with our health and social care partners.
- Make the best use of our resources.

Framework of continuous improvement

Through our commitment to leading-edge clinical research, education, training and innovation – with the needs of our patients, service users and colleagues at the centre – we will:

Support care

- Provide focused support to specialties through our Leadership Improvement and Safety Academy.
- Make it easier for patients who are ready to leave hospital, and for those who are waiting to come in.

Develop care

- Continue to grow elective care at the Friarage Hospital.
- Develop community services and partnerships to provide alternatives to hospital - focusing on safe, high-quality care closer to home for frail and older people.
- Enable specialist services to thrive and grow at The James Cook University Hospital and embed a three-yearly cycle of service reviews with the patient and service user voice at the centre.

Connect care

- Ensure through our hospital group and wider partnerships that we work as one health and care system: delivering safe, quality care in a joined-up way ‘without organisational boundaries’ to improve the recruitment and retention of specialist doctors and nurses, join with local communities and partners to help improve the health and wellbeing of the populations we serve, and secure the capital investment needed to rebuild and upgrade existing hospital facilities in the Tees Valley and North Yorkshire.

Going concern

South Tees Hospitals NHS Foundation Trust entered into a Private Finance Initiative (PFI) scheme in 1999 to enable the re-location of its Middlesbrough services onto a single site - creating The James Cook University Hospital in its current location. The PFI was part of a first tranche of NHS schemes.

The revenue costs of the James Cook PFI were £53million in 2024/25. In addition, 'life-cycle' costs (mandatory annual maintenance charges built into the PFI scheme) are required to be paid each year from the Trust's capital budget.

The total annual payments (revenue and capital) by the Trust for the James Cook PFI scheme are now £74 million per year. The PFI scheme is now adding approximately £25million each year to the Trust's expenditure compared to a hospital provided through public capital / borrowing. This additional cost is the largest single contributor to the Trust's structural deficit.

These accounts have been prepared on a going concern basis. The financial reporting framework applicable to NHS bodies, derived from the HM Treasury Financial Reporting Manual, defines that the anticipated continued provision of the entity's services in the public sector is normally sufficient evidence of going concern. After making enquiries, the directors have a reasonable expectation that the services provided by the NHS foundation trust will continue to be provided by the public sector for the foreseeable future. For this reason, the directors have adopted the going concern basis in preparing the accounts, following the definition of going concern in the public sector adopted by HM Treasury's Financial Reporting Manual.

Performance analysis

How the Trust measures performance

South Tees Hospitals NHSFT measures performance against the NHS Oversight Framework and delivery of the objectives set out in our Improvement Plan. The Trust clinically-led improvement plan, "From Good to Outstanding", strengthened our focus in 2024/25 on developing and connecting our services across University Hospitals Tees group and our regional footprint to make the greatest difference for patients. Our programme of clinical service reviews continued, providing a facilitated opportunity for services to develop their team vision and prioritise actions to make changes, working towards their aspirations and the Trust's strategic objectives.

Trust performance is measured against these objectives using a range of improvement markers, from mandatory performance standards to soft intelligence and patient feedback. The Trust uses benchmarking information to understand the opportunities to improve productivity and efficiency, as well as to ensure that services meet key quality and clinical outcome standards.

UHT Board receives an Integrated Performance Report (IPR), produced monthly, which provides headline metrics aligned to the NHS Oversight Framework, CQC domains and local operational plans with trends and commentary. The IPR was remodelled in 2024 to standardise and collate performance across both trusts in the Group, and the Group as a whole, using rigorous statistical methodology to identify where trends and variation are significant. The IPR

includes measures of patient safety, clinical effectiveness, performance and access across emergency care, cancer and planned care, workforce key performance indicators and our financial position. Strengthening our governance of performance, each metric has a clearly identified executive lead and accountability through to the relevant committee.

Whilst the IPR provides the headline metrics, underpinning these is a wealth of information made available to the relevant committees, groups and services. The Trust suite of interactive online reports provides responsive real-time reporting of operational performance, and retrospective analysis to pick out trends and focus attention on productivity and improvement opportunities. This is effective in supporting organisational leaders to make informed decisions that support high quality patient care.

A University Hospitals Tees Performance Oversight Framework has been developed and implemented, providing Board oversight of Trust performance underpinned by performance management at directorate and collaborative level.

Activity

The Trust completes an annual planning cycle using analysis of demand and capacity to determine the required activity for each specialty, and to model any changes and developments. Activity, performance, workforce and financial positions are triangulated prior to submission of plans for NHS England approval. The national Elective Recovery Fund was accessed to support the delivery of higher activity levels in 2024/25.

Activity is monitored compared to plan, so that variances can be acted upon to best meet the needs of patients and service users. As in the previous two years, activity plans in 2024/25 focused on continued recovery from the COVID-19 pandemic by reducing A&E waits and ambulance handover times and reducing the longest waiting times in elective care and cancer services. This was supported by improving access to diagnostic tests across a number of locations.

Compared to 2023/24, 9% more elective admitted activity took place, and there were 5% more first outpatient appointments, despite the impacts of industrial action in the first quarter. This has been delivered through productivity improvements such as fuller theatre utilisation and reductions in missed appointments.

A&E attendances increased by 14%, including the impact of the integrated urgent treatment centre model providing primary care out of hours services. Non-elective admitted and day case activity increased by 5%, however a greater proportion of this was patients managed through same day emergency care (SDEC) services, which saw activity increase by over 10%.

The Trust activity plans also reflected the need to make best use of available resources across emergency care, acute, community and social care services to provide the right care in the right place. This was significantly supported by the opening of The James Cook University Hospital urgent treatment centre (UTC) in April 2024, greater use of SDEC, additional diagnostic CT and MRI scanners at Redcar Primary Care Hospital from February 2025 and the further expansion of ‘Hospital at Home’ services and care pathways as alternatives to acute admission.

Performance summary

Performance against the A&E 4-hour standard improved by over 5% in 24/25 to 75.6%, but fell short of our agreed trajectory to reach 78% by end March 2025. The James Cook UTC provides

a more appropriate care setting than an emergency department for more minor illness and injury, reducing delays in care for these patients and producing a step change improvement in 4-hour waits overall. However, performance at Trust level dipped during the winter months due to the impact of seasonal pressures leading to a greater volume and acuity of illness than seen in 2023/24, resulting in high bed occupancy and patients spending longer in the emergency department. For 2025/26 there is continued focus on reducing ambulance handover delays release ambulance crews ready to respond to their next call, supporting ambulance service response times, and ensuring patients do not spend more than 12 hours in the emergency department, reducing clinical risk for patients who require admission. The agreed trajectory for 4-hour standard is to achieve 78% by March 2026.

For elective care (referral to treatment target), the focus was on reducing the number of patients waiting the longest for non-urgent treatment. Few patients waited more than 78 weeks for treatment during the year, and by end March 2025 the number of patients waiting more than 65 weeks was reduced to 47. The number of 52-week waits and overall waiting list remained high and above 23/24, driven by increasing referrals and capacity constraints in some specialties. In 25/26 the Trust will work to eliminate waits greater than 65 weeks and reduced 52-week waits to less than 1% of the waiting list, as well as improving overall compliance with referral-to-treatment within 18 weeks from 60% to 65%.

For patients newly referred to the Trust with a suspicion of cancer, the proportion that received a diagnosis or ruling out of cancer within 28 days fell short of the national 77% standard, at 71%. The proportion of patients being investigated and treated for cancer that had been on their pathway for more than 62 days was 61% in March 2025. Detailed action plans to deliver a challenging 7% improvement in 2025/26 are underway. Performance is being managed through the NHS England tiering regime, placing the Trust in Tier 2 of support, enduing robust oversight of our action and improvement plans.

Single Oversight Framework Indicators	Standard/Trajectory	2024-25 Performance	2023-24 Performance	Achieved
A&E: maximum waiting time of 4 hours from arrival to admission/transfer/discharge (2024-25)	78%	75.6%	69.7%	x
28-day standard for receipt of two week wait / screening referral to date patient is informed of a diagnosis (FDS) or ruling out cancer	77%	71.1%	80.0%	x
31-day wait from decision to treat/earliest clinically appropriate date to treatment of cancer (Apr 24 - Jan 25)	96%	82.6%	91.6%	x
62-day wait from urgent GP referral for urgent suspected cancer or breast symptomatic referral or urgent screening referral or consultant upgrade to first definitive treatment of cancer	70%	61.2%	59.1%	x
Maximum time of 18 weeks from point of referral to treatment in aggregate, patients on incomplete pathways	92%	60.3%	61.5%	x
Referral to Treatment 52 Week Waits	750	1,541	1,482	x
Diagnostic waiters within 6 weeks	95%	87.4%	80.4%	x

For community services, urgent response times consistently exceeded the national target throughout the year, and additional hospital at home capacity was created to care for more than 100 patients at home in the peak winter months.

Key issues and risks

To maintain a strong system of governance, the Board of Directors regularly review the key issues and risks that may undermine the achievement of the Trust's strategic objectives. The matters outlined below are those that the Board of Directors considers to be of particular significance to the Trust:

Access targets

During 2024/25 the Trust has continued to make progress against national recovery targets. During the year, challenges in the social care sector continued to be observed and the trust has worked closely with local authorities and other partners to ensure that everything possible is being undertaken to ensure people who are ready to leave hospital, who require social care support, are able to access this as quickly as possible.

Quality targets

All aspects of quality are reviewed through our Quality Assurance Committee. In addition, the Trust provides a range of support, including leadership and management training, quality improvement skills, team and service support, coaching and human factors training.

Financial sustainability

South Tees Hospitals NHS Foundation Trust entered into a Private Finance Initiative (PFI) scheme in 1999 to enable the re-location of its Middlesbrough services onto a single site - creating The James Cook University Hospital in its current location. The PFI was part of a first tranche of NHS schemes. The revenue costs of the James Cook PFI were £53 million in 2024/25. In addition, 'life-cycle' costs (mandatory annual maintenance charges built into the PFI scheme) are required to be paid each year from the Trust's capital budget.

The total annual payments (revenue and capital) by the Trust for the James Cook PFI scheme are now £74 million per year. The PFI scheme is now adding approximately £25 million each year to the Trust's expenditure compared to a hospital provided through public capital / borrowing. This additional cost is the largest single contributor to the Trust's structural deficit.

Taskforce on Climate related Financial Disclosures (TCFD)

NHS England's NHS foundation trust reporting manual has adopted a phased approach to incorporating the TCFD recommended disclosures as part of sustainability reporting requirements for NHS bodies, stemming from HM Treasury's TCFD aligned disclosure guidance for public sector annual reports. TCFD recommended disclosures as interpreted and adapted for the public sector by the HM Treasury TCFD aligned disclosure application guidance, will be implemented in sustainability reporting requirements on a phased basis up to the 2025/26 financial year. Local NHS bodies are not required to disclose scope 1, 2 and 3 greenhouse gas emissions under TCFD requirements as these are computed nationally by NHS England.

The phased approach incorporates the disclosure requirements of the governance, risk management, and metrics and targets pillars for 2024/25. These disclosures are provided below

with appropriate cross-referencing to relevant information elsewhere in the annual report and accounts and in other external publications.

Governance
Describe the board's oversight of climate-related issues.
• The Trust provides quarterly updates on Green Plan, Sustainability, and Net Zero progress, which are issued to the Group Director of Estates, Facilities, and Capital Planning, who is the board representative with responsibility for sustainability. • The Trust is developing a Climate Change Risk Assessment, which will include climate risks and impacts. • To date, there has been no materiality impact on the organisation.
Describe management's role in assessing and managing climate-related issues.
• The Chief Executive has assigned Net Zero leadership to the Group Director of Estates, Facilities and Capital Planning. The Sustainability Manager develops and implements the Green Plan and reports against targets. • The Deputy Director of Estates, Facilities and Capital Planning is responsible for mitigations across Scope 1 and 2 emissions in their work programmes, including the Trust's plans for developing Heat Decarbonisation Strategies. • The Sustainability Manager meets departmental leads monthly, tracks progress against the Green Plan, and shares learning on key areas including systems leadership and workforce, sustainable models of care, digital transformation, travel and transport, waste reduction, estates and facilities, medicines, supply chain and procurement, food and nutrition and adaptation. • The impact of climate-related issues is covered in collaborative business continuity plans.
Processes by which the relevant management structures are informed about climate related issues and how those structures monitor climate-related issues.
• Data around climate-related issues can be collated from various sources, such as the Datix incident reporting system, which should capture events related to extreme weather. • Operational matters are directed to Estates and Facilities leads and, if necessary, escalated to Senior Management and Directors via regular Directorate Management Team meetings. • Going forward, the number of heat and flood events will be reported via the Estates Return Information Collection (ERIC).

Risk Management

Describe the organisation's processes for identifying and assessing climate-related risks.

- The Trust recognises that risks related to extreme weather will be completed on a Climate Change Risk Assessment (CCRA).
- A CCRA would assess climate risks and impacts using a series of national and local tools, including the National Adaptation Programme (NAP) Tool.
- It is anticipated that climate risks are shared across Integrated Care Boards and should be monitored via the Assurance Committee and Integrated Care Board (ICB). These are monitored by the Trust's EPRR and ICS Sustainability programme as well as by the ICB Director of Estates meeting and sub-groups. The Trust EPRR lead attends monthly ICB EPRR meetings.

Describe the organisation's processes for managing climate-related risks.

- There has been no recorded material risk to the Trust to date.

Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management approach.

- Extreme weather risks are managed by services through EPRR and Business Continuity Plans, owned by the individual collaborative. Business Continuity Planning currently includes modules on hot weather, cold weather, storm, and flood. Weather alerts are issued to the Sustainability Manager, Health and Safety Manager, and Head of Facilities by the Met Office for operational preparedness

Metrics and targets

Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line withs its strategy and risk management process.

- The Trust applies metrics and measurements as guided by NHS England, following the creation of its Board-approved Green Plan 2022 – 2025 and reports its performance against targets through the bi-annual Green Plan and Sustainability Report, and in the Annual Report yearly.
- Metrics and measurements are reported annually within the Estates Return Information Collection (ERIC) with kWh/m² for energy, m²/m³ for water, kg/m² for waste, % of LED coverage, and number of heat or flood events that triggered a risk assessment.
- Green Plan key performance indicators include % of reduction against our 2019/20 baseline carbon footprint.

Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

- The Trust has pledged to meet the NHS Net Zero target by 2040 for its direct emissions (NHS Carbon Footprint) and 2045 for the wider NHS Carbon Footprint Plus, in compliance with NHS requirements and the Health and Care Act 2022.
  It reports its performance against targets and Green Plan action plan through the bi-annual Sustainability Report, and in the Annual Report yearly.

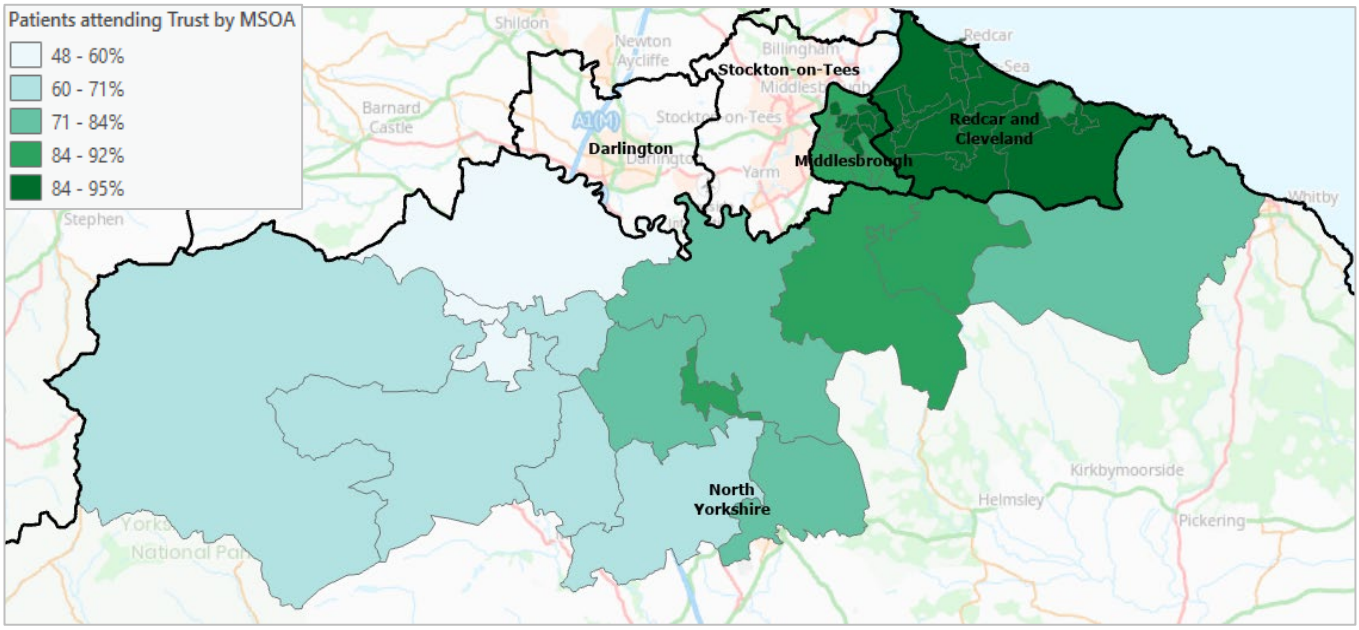
Health inequalities

This report provides an update on progress against the health inequality metrics outlined in NHS England's statement on information on health inequalities ("the statement") and the requirements of South Tees Hospitals NHS Foundation Trust to report progress against these. Data is also provided covering life expectancy and key causes of death across the population of South Tees.

The second half of the report provides case studies of initiatives across the Trust that demonstrate how the Trust is responding to, and tackling, healthcare inequalities.

The remainder of this section outlines our key priority areas for the next 12 months around population health and tackling health inequalities.

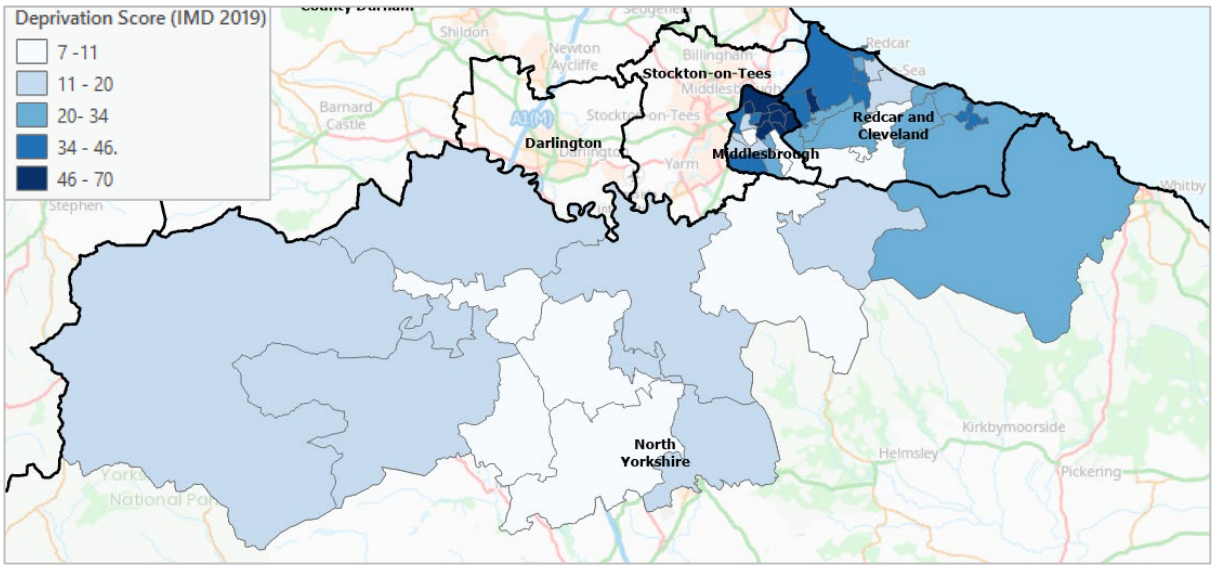
The Trust's Health Inequalities Group is a clinically led multiagency group that provides leadership and guidance to the Trust's response to the challenge of tackling health inequalities. The group is chaired by the site Medical Director, vice chair Director of Public Health for South Tees. Work programmes are informed by key national, regional and local policy drivers and priorities including CORE20PLUS5, NHS LTP, NHSE Operational planning guidance, ICS priorities and local health and wellbeing priorities.

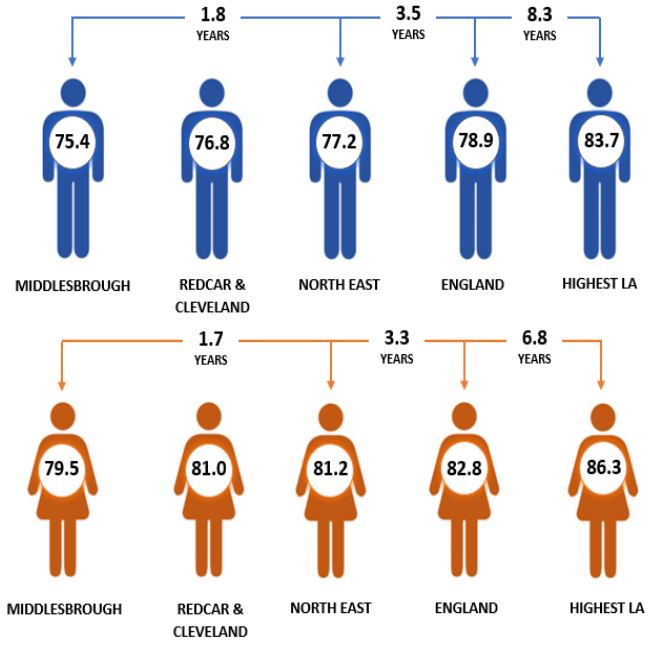


Source – NHS Acute Trust catchment populations, OHID (2020)

The Index of Multiple Deprivation (IMD) is a measure of deprivation. It is comprised of seven distinct domains of deprivation – income, employment, education, skills and training, health and disability, crime, barriers to housing and services and living environment. These are combined to provide an overall relative measure of deprivation.

The map shows the Index of Multiple Deprivation score for Middle Layer Super Output Areas (MSOAs) that feed into the hospital trust, a higher score indicates the area is more deprived. South Tees Hospitals NHS Foundation Trust serves a large number of areas that are some of the most deprived areas in England.





2.1 Life expectancy across South Tees

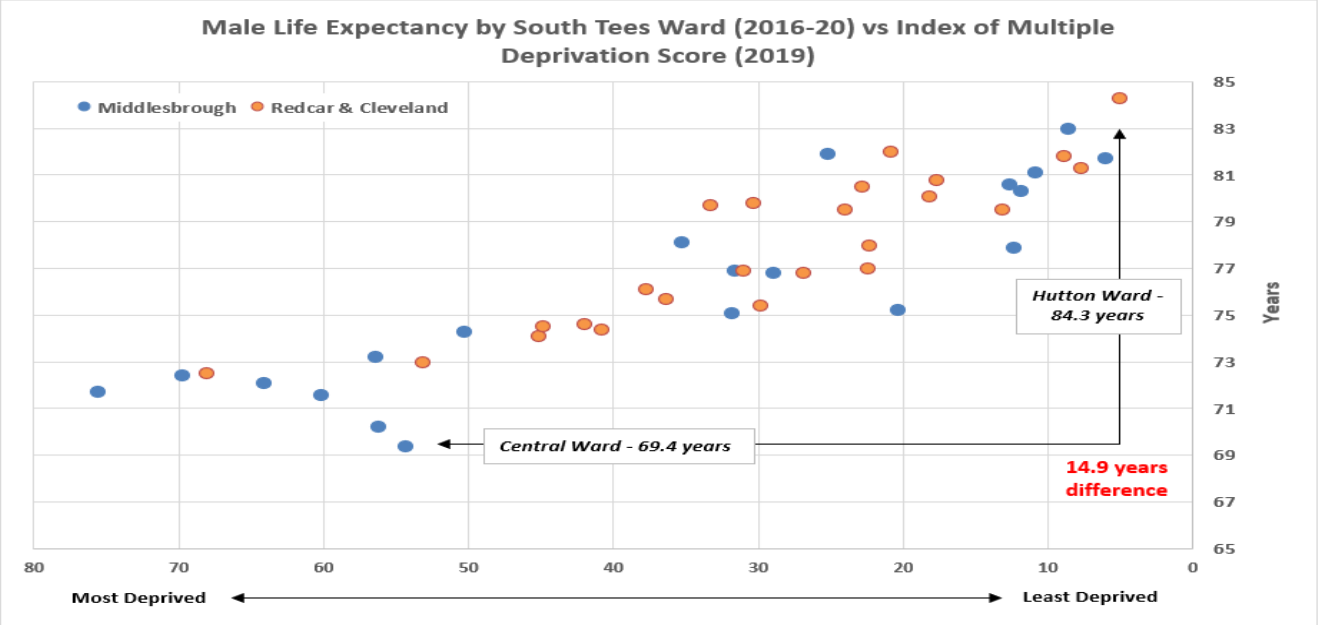
Life expectancy is a key measure of a population's health. Gaps in life expectancy between the most and least deprived is a key measure of inequality.

More than half of admissions to South Tees Hospitals NHS Foundation Trust are from Middlesbrough and Redcar and Cleveland. South Tees residents, particularly in Middlesbrough, have significantly lower levels of life expectancy for both males and females compared to the England average. Middlesbrough has a rate 3.5 years lower for males in 2022 and 3.3 years lower for females.

Source – Fingertips, OHID

Even within South Tees there is significant inequality in life expectancy, with a clear correlation between deprivation and life expectancy. For males, there is a 14.9-year difference in life expectancy between the lowest in Central ward to the highest in Hutton ward.

Male life expectancy by South Tees ward (2016/20)



The population of South Tees not only have lower life expectancy, but more people are living longer in poor health and disability compared to England

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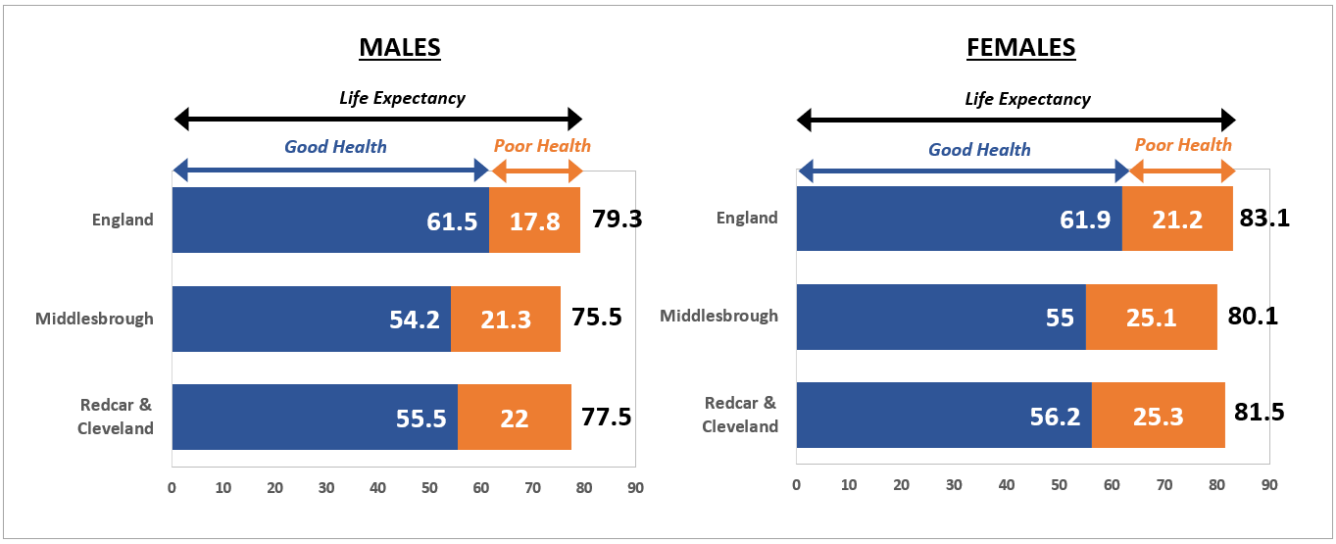
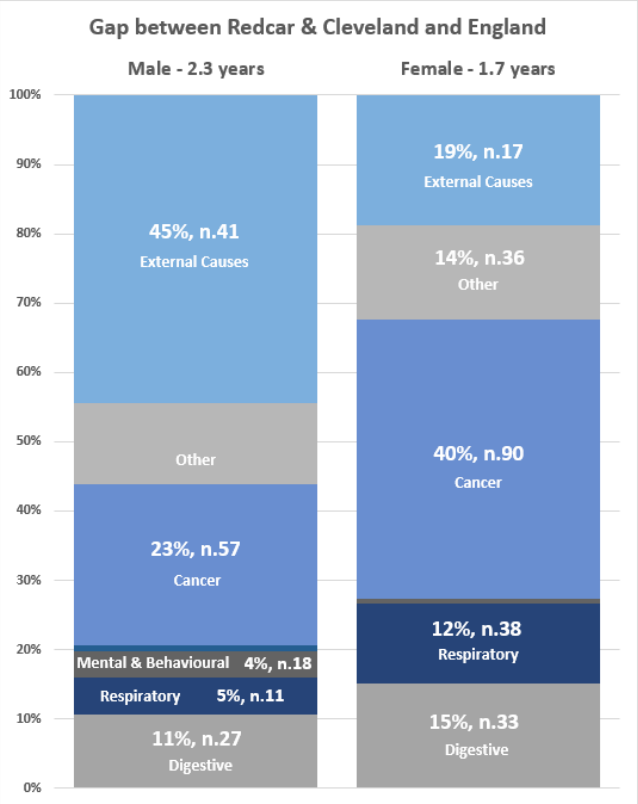
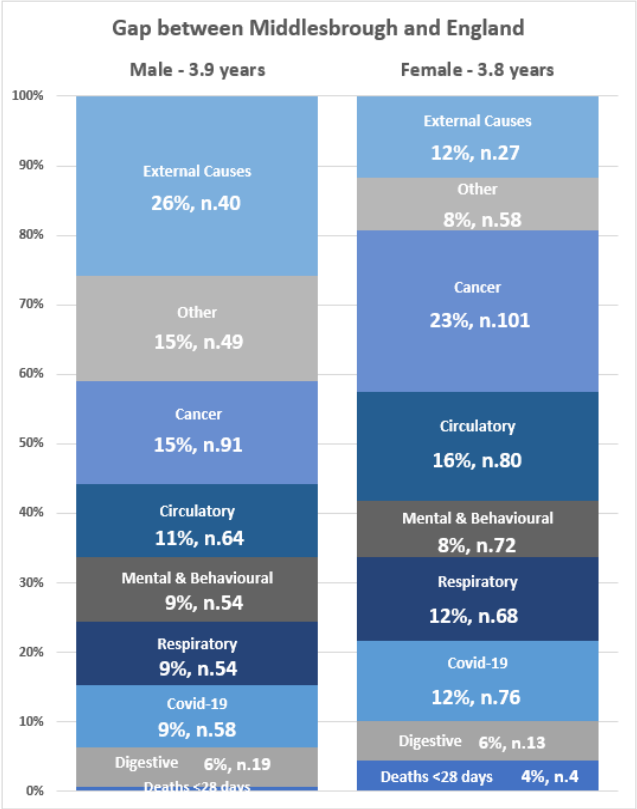


Source – Fingertips, OHID (2021-23)

Gap between life expectancy and causes of death in Middlesbrough and Redcar and Cleveland 2020/21

The gap in life expectancy between Middlesbrough and England and Redcar and Cleveland and England is driven more by certain causes of death. In 2020/21 the largest causes of deaths for males were external causes (suicides, drug related deaths and accidents) and cancer, whilst the gap in female life expectancy was caused largely by cancer.





Source – Segment Tool, OHID

Understanding healthcare access, experience and outcomes

This section of the report identifies the metrics within the statement where Trust level data is available. Each metric is supported by a data position that indicates the data source, and the current inequality position based upon deprivation, ethnicity, sex, and age and what the Trust is doing to address inequalities.

The table below highlights the priority areas that foundation trusts are required to report on.

Domain	Indicator	Trust level data available
Elective recovery	• Size and shape of the waiting list; those waiting longer than 18 weeks, 52 weeks, and 65 weeks. • Elective activity vs pre-pandemic levels for under 18s and over 18s	Y
Urgent and emergency care	• Emergency admissions for under 18s	Y
Respiratory (COVID 19/Flu vaccination)	• Uptake of COVID and flu by sociodemographic group	Reported via ICB
Mental Health	• Overall number of SMI physical health checks	Reported via ICB
Cancer	• Percentage of cancers diagnosed at stage 1 or 2, case mix adjusted for cancer site, age at diagnosis, sex	Reported via ICB
CVD	• Stroke rate of non-elective admissions	Reported via ICB
Diabetes	• Variation between % of people with Type 1 and Type 2 diabetes receiving all 8 care processes. • Variation between % of referrals from most deprived quintile and % of Type 2 diabetes population from the most deprived quintile	Reported via ICB
Smoking cessation	• Proportion of adult acute inpatient settings offering smoking cessation services • Proportion of maternity inpatient settings offering smoking cessation services	Y
Oral Health (children and young people)	• Tooth extractions due to decay for children admitted as inpatients to hospital, aged 10 years and under (number of admissions)	Y
People with a learning disability and autistic people	• LD annual health checks • Adult mental health inpatient rates for people with a LD and autistic people	Reported via ICB
Maternity and neonatal care	• Preterm births under 37 weeks	Reported via ICB

Elective recovery

Elective activity vs. pre pandemic levels for under 18s and over 18s

The Trust has continued its approach of prioritising the most clinically urgent cases and then allocating resources to the services with the longest waits. Total elective activity has increased so far this year by 34.3% above last year and is now nearly 15% higher than in 2019/20. Average waiting times from decision to admit to admission have fallen to 9.9 weeks though this is still two weeks longer than before the Covid pandemic. There is evidence that the focus on priority 2 clinically urgent cases and long waiting priority 4 routine cases is increasing waiting times for priority 3 cases, this is being looked at.

Table: Elective activity and average waiting times

	Inpatient activity			Wait from decision to admit		
	Spells	% change from		Average	Change from	
	24/25	23/24	19/20	wait (weeks)	23/24	19/20
Total	**93,967**	**4.3%**	**14.6**	**9.9**	**0.1**	**2.0**
Deprivation (IMD quintile, Q1 is most deprived)						
Q 1	26,505	6.3%	14.5%	9.3	0.0	1.7
Q 2	14,950	2.2%	16.8%	9.5	0.2	1.5
Q 3	15,048	4.0%	16.5%	9.8	0.1	1.8
Q 4	21,136	3.1%	11.7%	10.4	0.0	2.4
Q 5	15,315	5.5%	16.9%	10.4	0.2	2.7
Ethnicity						
White	80,743	4.1%	9.2%	10.0	0.1	2.1
Southern Asian	1,758	13.3%	23.9%	10.0	-0.1	1.8
Mixed	415	16.2%	96.7%	11.4	0.6	3.4
Other	1,585	6.2%	69.5%	10.8	-0.2	2.8
Unknown	9,466	3.9%	72.8%	8.6	-0.1	1.8
Sex						
Female	48,787	3.5%	41.3%	10.0	0.2	1.9
Male	45,180	5.3%	15.0%	9.7	-0.1	2.2
Age						
Child	5,299	12.1%	67.3%	12.0	-0.6	2.5
17-59	35,272	5.4%	8.1%	106	0.3	2.9
60 and over	53,396	2.9%	15.6%	9.2	0.0	1.4

Charts: Elective spells

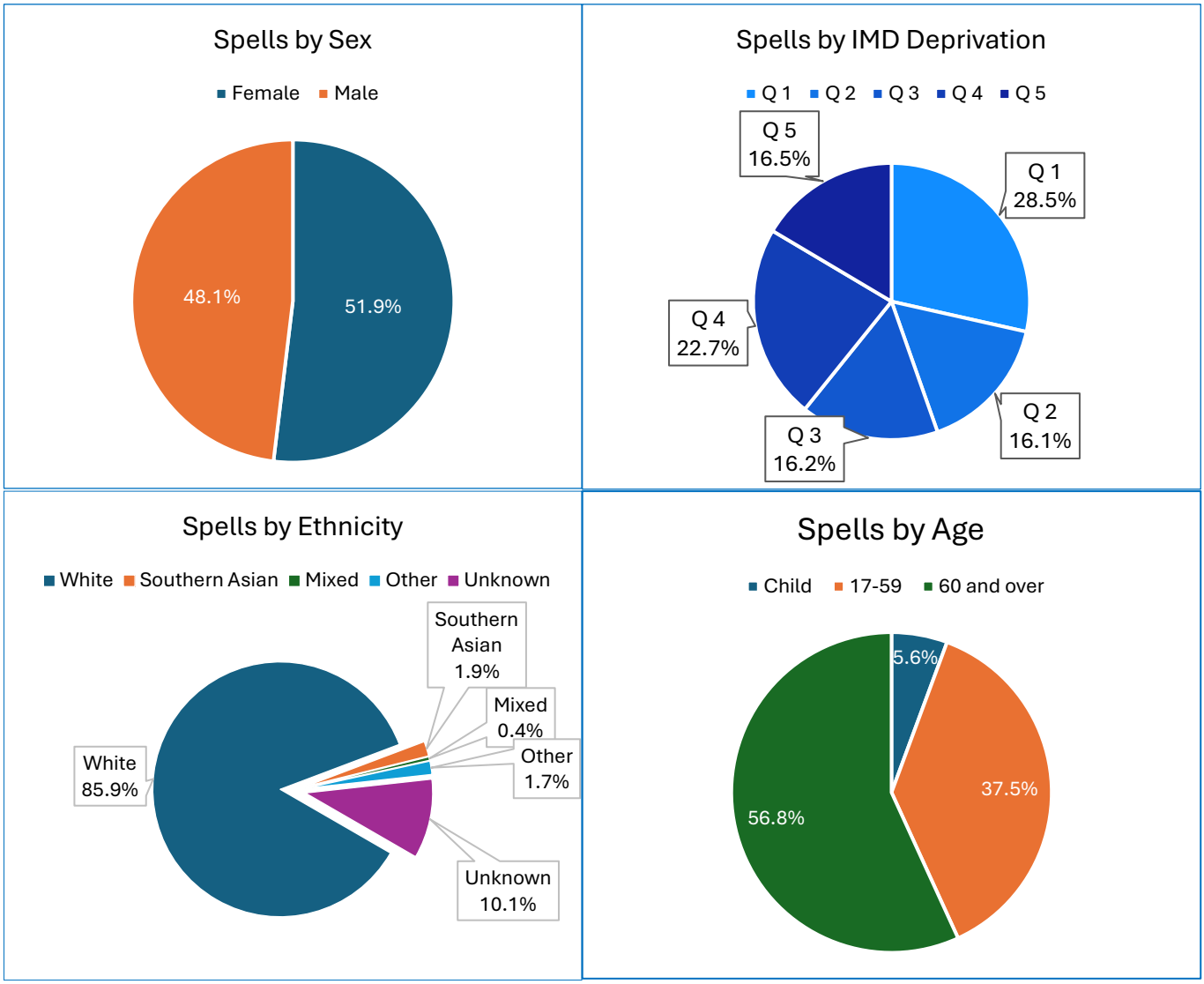
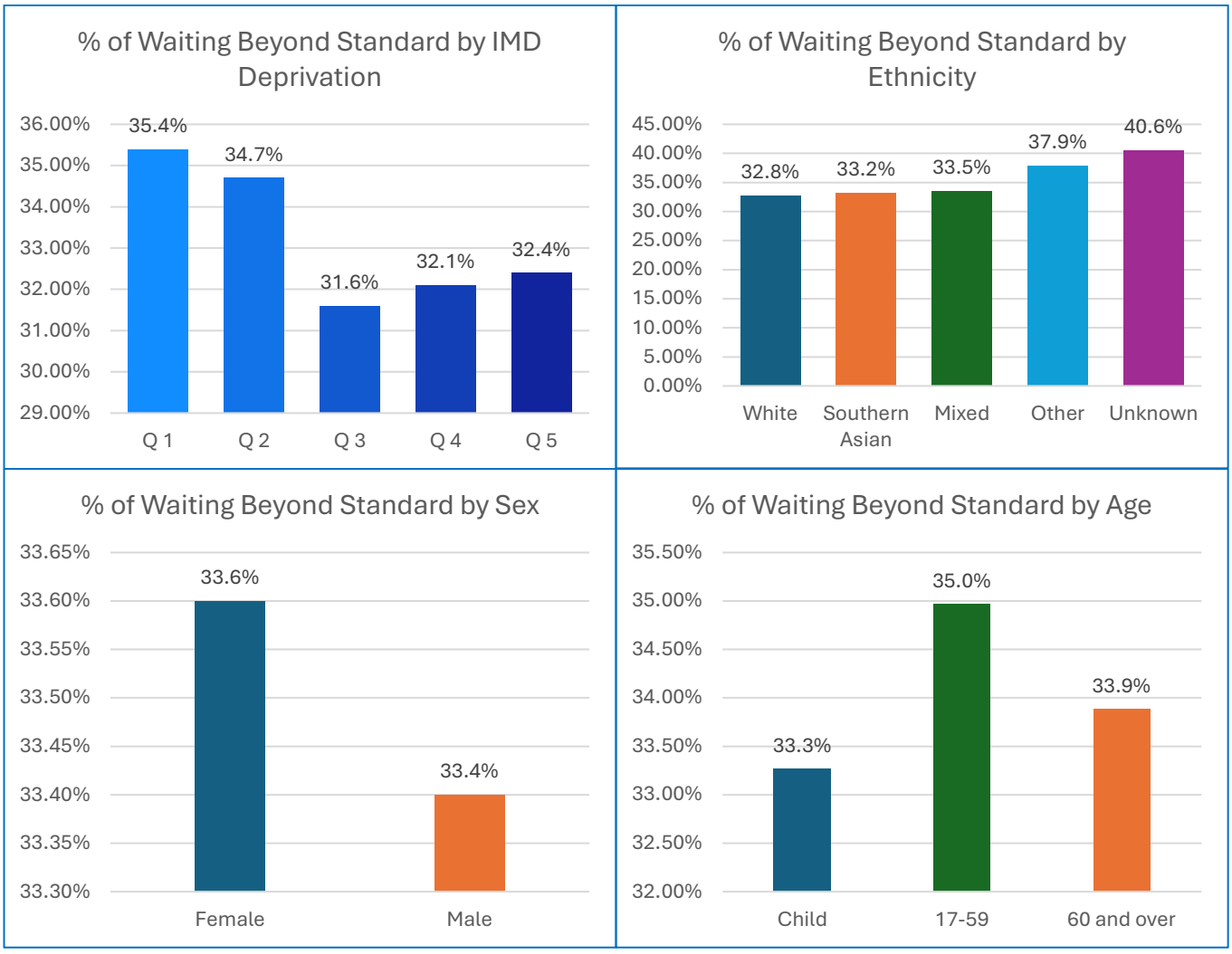


Table: Waiting list size and proportion waiting beyond their clinical standard

	RTT PTL (waiting list)			% waiting beyond standard		
	Total	change from		% long	Change from	
	size	23/24	19/20	waiters	23/24	19/20
Total	**57,118**	**10.5%**	**55.5%**	**34.4%**	**3.5%**	**20.2%**
Deprivation (IMD quintile, Q1 is most deprived)						
Q 1	16,609	12.6%	57.8%	35.4%	4.5%	19.4%
Q 2	8,376	12.2%	51.3%	34.7%	4.4%	20.5%
Q 3	8,003	11.6%	57.7%	31.6%	2.0%	17.6%
Q 4	11,542	10.5%	55.8%	32.1%	4.0%	19.9%
Q 5	7,891	11.7%	52.7%	32.4%	4.1%	19.9%

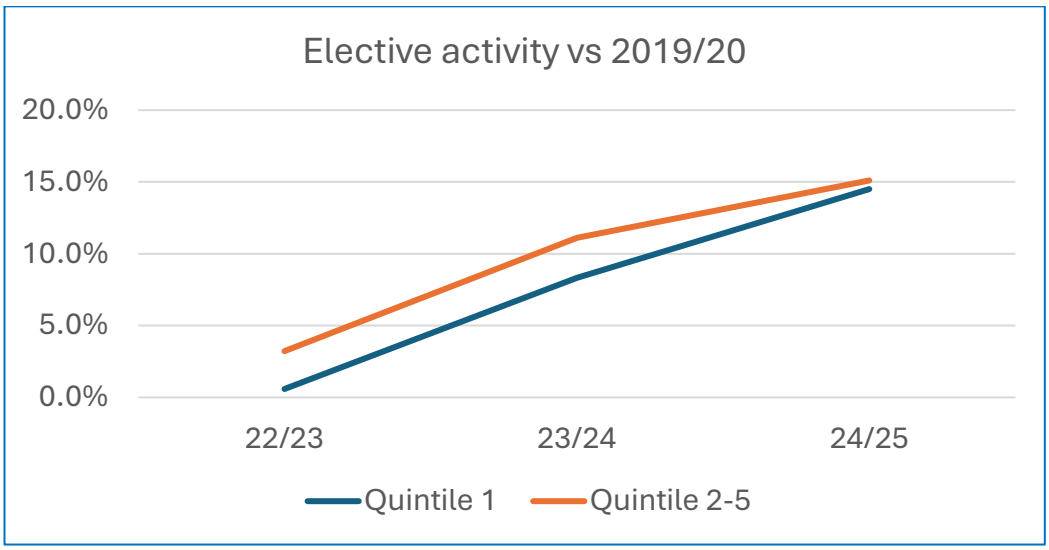
Ethnicity						
White	41,221	5.1%	40.6%	32.8%	3.6%	18.8%
Southern Asian	1,291	15.3%	74.0%	33.2%	2.7%	18.2%
Mixed	346	10.9%	92.2%	33.5%	11.1%	21.3%
Other	7,203	33.3%	121.0%	37.9%	5.7%	23.0%
Unknown	7,057	24.8%	117.3%	40.6%	-1.3%	25.2%
Sex						
Female	29,333	13.6%	58.7%	33.6%	3.7%	19.4%
Male	23,408	10.9%	49.1%	33.4%	4.1%	19.4%
Age						
Child	7,425	11.0%	52.1%	33.3%	5.7%	19.7%
17-59	31,672	14.6%	61.1%	35.0%	3.1%	20.1%
60 and over	18,021	3.8%	47.7%	33.9%	3.2%	20.4%

Charts: Proportion of waiters who have breached their waiting time standard



Deprivation - People living in the most deprived areas (quintile 1) have seen the largest increase in elective activity and the lowest rise in average waiting times. Despite this they have seen the largest increase in the total referral to treatment (RTT) waiting list (PTL) and in the proportion of long waiters (patients who have breached their clinical waiting standard). In total someone from quintile 1 is 9% more likely to be a long waiter than someone from quintile 5. This is still a considerable improvement from the position before Covid when they were 28% more likely to be a long waiter.

Increase in elective activity in last 3 years above 2019/20 baseline



Ethnicity - The relatively low numbers of people from ethnic minorities and incomplete recording make it difficult to interpret the measures but there is no clear pattern to suggest inequity on grounds of ethnicity. The reported large increase in the minority ethnic population in our catchment makes understanding the current position even more important so we can ensure that our services do meet their needs.

Sex - While activity growth this year has favoured males the longer-term changes in activity and waiting position is mixed and suggest little difference between the sexes. Recovery of activity and changes to waiting times have been similar for males and females.

Age - Children have seen the largest activity recovery of all the age groups. They still have a longer average wait than adults at 12 weeks. The elderly age group have seen the smallest increase in activity but still have the shortest average wait.

What the Trust is doing to reduce inequalities in elective recovery

Health inequalities dashboard

The Trust has developed a Health Inequalities Dashboard that monitors health inequalities in outpatients across all specialities. The dashboard has been examined by indices of deprivation, ethnicity, and sex and plotted on a heatmap for geographical variation. Analysis shows significant differences in does not attend rates (DNA) by deprivation, ethnicity, age group, learning disability and history of substance use. The dashboard enables services to use the health inequality data to shape and design delivery of care, explore greater understanding of

patient profiles across specialities analysing data to see who is not accessing services and why and improve pathways and services to increase equity of access for all groups.

This work involves deep dives into clinics including gaining intelligence from clinicians and service managers whilst ensuing equity in patient and public involvement, community engagement to allow understanding of all access issues.

The dashboard continues to be developed. New additions include additional indicators required by NHSE and key clinical areas set out in CORE20PLUS5 as well as collation of data by inclusion groups where possible. This information is being used by services and Boards to inform service improvement and reductions in healthcare inequalities, addressing inequalities in access, experience and outcomes.

Reducing DNAs in selected outpatient clinics in paediatrics and maternity

A four-month intervention focusing on patients from our most deprived IMDs saw a significant reduction in DNA/WNB for those contacted including efficiency savings for the Trust. The intervention aimed to understand the barriers to attendance and support patients to attend hospital appointments through the support of a health inequalities care navigator. The intervention contacted half of the cohort with the other half used as a comparison.

Findings showed that within the maternity cohort the DNA/WNB rate was 15.2% in those NOT contacted and 3.7% in the contacted group and within paediatrics' DNA/WNB rate was 14.7% in those NOT contacted and 2.6% in those contacted. The main barrier to attending appointments was lack of understanding of what the appointment was for (health literacy), childcare and unsuitable appointment time were also barriers to attendance.

Findings are being shared with the outpatient transformation team to help inform changes to the appointment process and patient engagement portal (PEP). We are also working with central booking to develop the band 3 Health Inequalities care navigator role to work across outpatient clinics focusing on CORE20PLUS5 (addressing social determinants of health).

To support this work the Trust will be rolling out the DNA predictor and direct messaging via DrDoctor PEP. The DNA predictor uses AI to predict whether patients are at high, medium or low risk of DNA. A dashboard will be available providing visibility of patient DNA risk level; and whether patients have confirmed attendance or not. This will support the delivery of targeted interventions to those at high risk of DNA

Poverty proofing principles, health literacy, and raising awareness of the travel reimbursement scheme is also being built into patient pathways to enable patients to access appointments and reduce DNAs.

Improving Paediatric pathways by understanding reasons for child not brought and making improvements project

127 families from IMD 1 were contacted to understand reasons for missed appointments and how we could make improvements in healthcare access and experience.

The following themes were identified:

- Appointment timing, parents wanted times that work around childcare including evenings, after school or weekends
- Forgotten appointments, parents wanted more reminders especially closer to the date
- Language barriers
- Those with more than one child with hospital appointments found it harder to coordinate
- Difficulty rearranging appointments resulting in DNA
- Not easy to know from the letter what the appointment is for (health literacy). Patients felt access to a care navigator would have helped

Findings from this work are informing improvements across children's outpatient appointments. For example, appointment reminders are now sent seven and four days before outpatient appointments, text messages state the first name of the patient so it is clear who the appointment is for, patients can now request to cancel or reschedule appointments up to four hours before the outpatient appointment on the PEP, digital letters support the use of patient translation apps and video clinics have been introduced using DrDoctor PEP. The impact of these measures will be monitored.

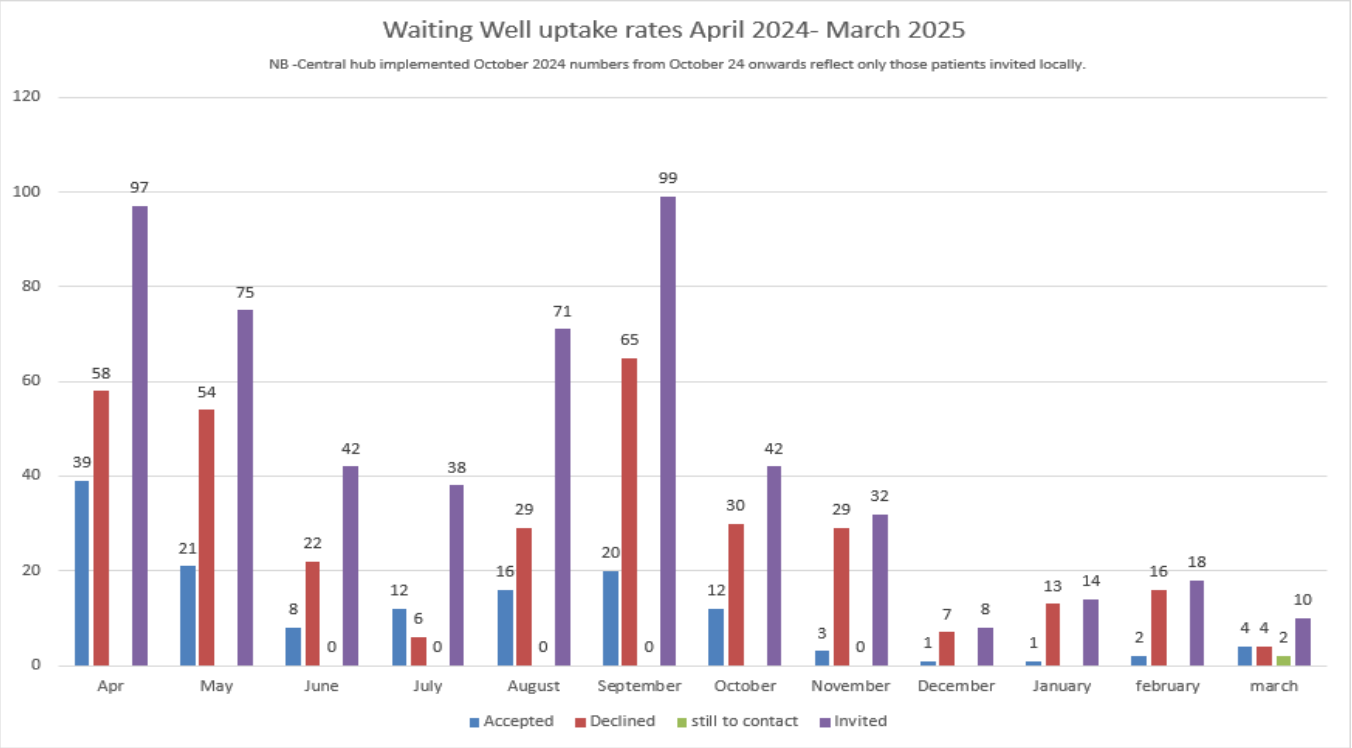
Waiting Well

Waiting Well is a programme to support patients on long waiting lists to improve their health and wellbeing prior to surgery, it's a North East and North Cumbria Integrated care Board initiative. In South Tees it is delivered collaboratively through the Trust and Local Authority. The initial

focus was to invite patients on priority 4 surgical pathways living in IMD 1and 2. In the last 12 months we have expanded the programme to include priority 3 patients as well as those in IMD 3 and 4.

In October 2024 the invite process changed, and the majority of patients are now invited via the regional central hub, however we continue to invite some patients locally. Focus for the next 12 months is to improve uptake rates, which currently sit at around 33%. We are currently reviewing data around non-uptake to explore how this can be improved.

Waiting Well uptake rates April 2024 – March 2025



Urgent and emergency care

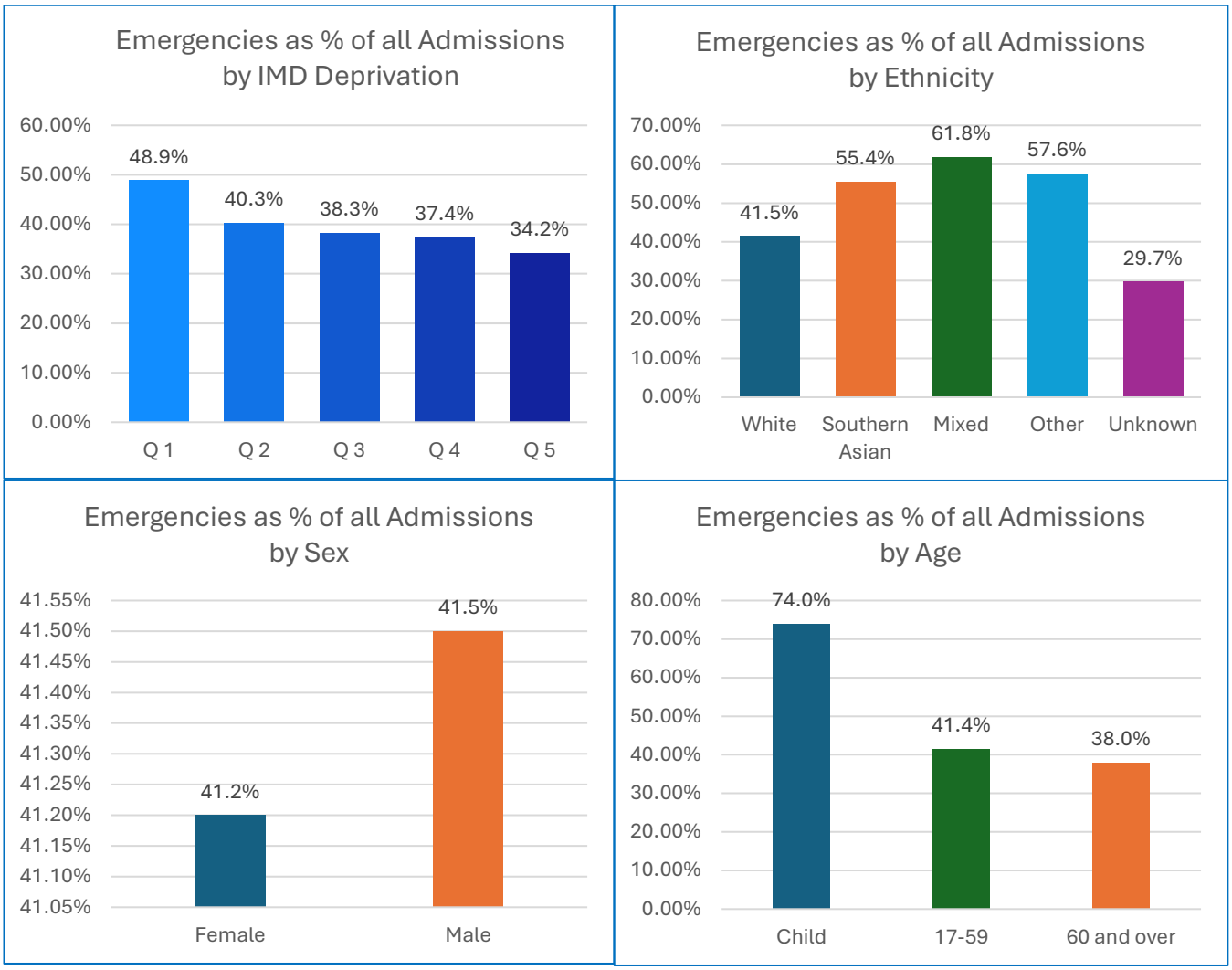
Emergency admissions (spells) for under 18s

Emergency admissions increased in 2024/25 by 2% compared to 2023/24. This was particularly marked later in the year (from October onwards). Despite this the growth in elective activity meant that the emergencies fell slightly as a proportion of all admissions. The changes in emergency pathways introduced by the Trust over the last few years have made direct comparison difficult. Changes to the pathway for children has seen fewer admissions to the assessment wards with more children being dealt with in the children and young people's emergency department or children and young people's same day emergency care (SDEC). This has seen an 18.7% reduction in children's emergency admission since 2019/20. Equally the expansion of SDEC facilities has reduced the number of adult admissions in the last year.

Table: Emergency admissions

	Inpatient activity			Emergencies as % of all admissions		
	Spells	% change from		% of IP	Change from	
	24/25	23/24	19/20	spells	23/24	19/20
Total	**66,228**	**2.0%**	**10.3%**	**42.1%**	**-0.6%**	**-1.2%**
Deprivation (IMD quintile, Q1 is most deprived)						
Q 1	23,355	2.2%	5.5%	48.9%	-1.0%	-2.0%
Q 2	10,086	0.0%	7.8%	40.3%	-0.5%	-1.9%
Q 3	9,327	1.9%	17.1%	38.3%	-0.4%	0.2%
Q 4	12,626	3.1%	15.2%	37.4%	0.0%	0.7%
Q 5	7,950	2.2%	14.4%	34.2%	-0.7%	-0.5%
Ethnicity						
White	57,215	0.9%	4.7%	41.5%	-0.7%	-1.0%
Southern Asian	2,184	2.3%	16.9%	55.4%	-2.5%	-1.4%
Mixed	672	11.3%	12.8%	61.8%	-1.1%	-12.1%
Other	2,150	1.3%	91.1%	57.6%	-1.1%	3.0%
Unknown	4,007	19.6%	122.6%	29.7%	2.8%	5.0%
Sex						
Female	34,185	-1.1%	13.7%	41.2%	-1.1%	-0.1%
Male	32,043	5.6%	7.1%	41.5%	0.1%	-1.7%
Age						
Child	11,394	-1.0%	-18.7%	74.0%	-1.7%	-10.4%
17-59	23,354	-4.6%	23.9%	41.4%	-3.8%	3.4%
60 and over	31,480	8.7%	15.9%	38.0%	1.3%	0.1%

Charts: Proportion of all admissions that are emergencies



Deprivation - Quintile 1 saw a large increase in emergency admissions but emergencies as a proportion of all admissions fell. Even so they are still 43% more likely to be admitted as an emergency rather than electively than someone from quintile 5. The total emergency admission rate for people from quintile 1 from our catchment area is 158 per 1,000. This is 67% higher than the rate of 94 per 1,000 for people from quintile 5.

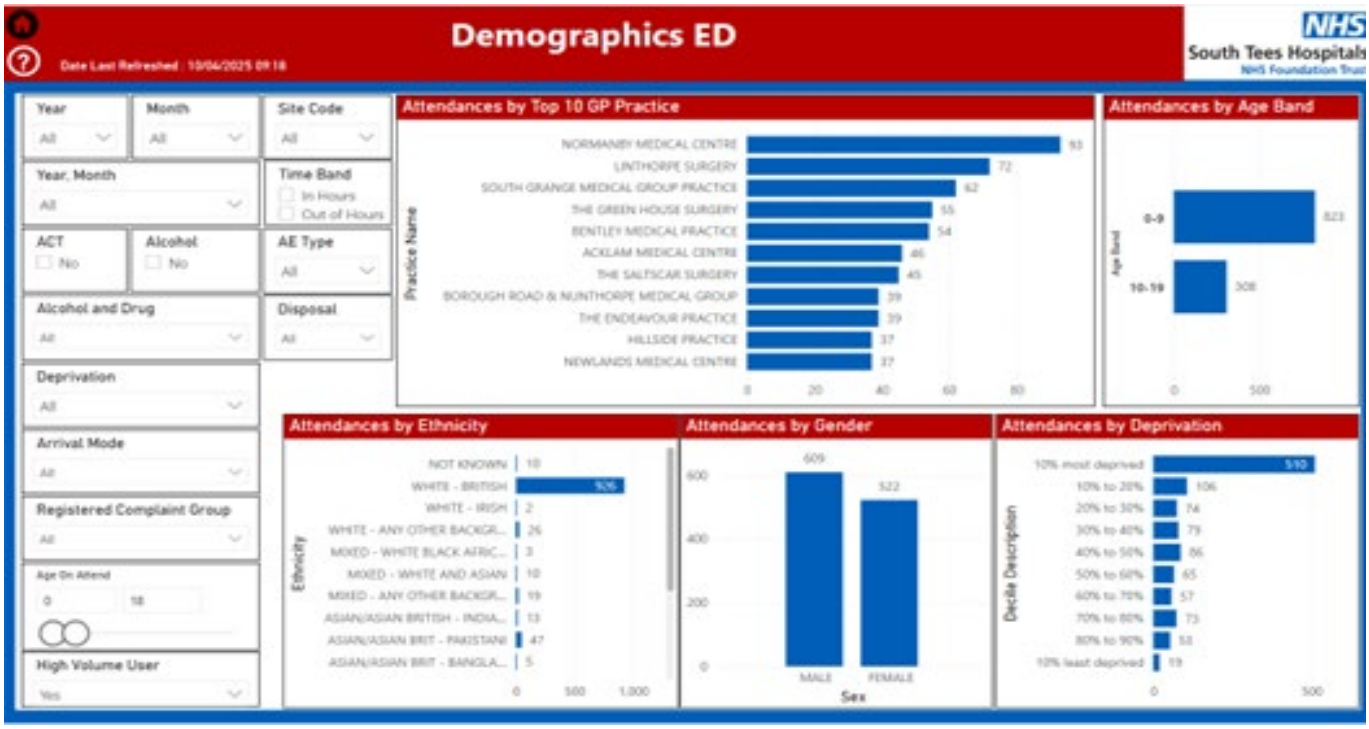
Ethnicity - As with elective care the low activity volumes for minority ethnic groups and the high number of unknowns makes it difficult to interpret the differential changes seen between the groups.

Sex - There has been a higher increase in admissions by males though the emergency / elective proportions remain similar for the two sexes.

Age - After the reduction in children's emergency admissions brought about by the changes to the Children's and Young Peoples ED (CYPED) and Paediatric Same Day Emergency Care (PSDEC) activity this year has fallen slightly. Admissions by working age adults have fallen by nearly 5%. There has been a large increase of nearly 9% for the elderly age group.

What the Trust is doing to reduce inequalities in emergency admissions for under 18s Emergency Department (ED) Dashboard

Work is ongoing to better understand the inequalities in emergency admissions for under 18s. This includes the development of an emergency department dashboard that looks at emergency department attendances broken down by a number of factors including age, gender, ethnicity, deprivation and GP practice. Although this is limited to emergency department attendances and does not consider emergency admissions by other routes it can provide helpful insights that can guide further interventions.



Violence reduction project

In addition, the Trust is commissioned by the Cleveland Unit for the Reduction of Violence (CURV) to deliver a Serious Violence Reduction Navigator (SVRN) scheme. This work recognises that the prevalence of serious violence in communities significantly contributes to the strain on health services with violence causing ill health directly and indirectly. Middlesbrough and Redcar and Cleveland are both significantly higher than the England average for the number of local hospital admissions for violence (including sexual violence) with rates of 170.5 and 60.9 per 100,000 respectively.

2.0 FTE navigators have been employed within emergency department to work with people aged 10-24 that present to The James Cook University Hospital who are victims or perpetrators of serious violence. The navigators aim to contact young people in potentially ‘reachable moments’ to complete an initial risk assessment to identify risk factors for violence, build rapport, provide structured support for up to six weeks and signpost into community services. In the year to date (March 2024 to Feb 2025) of this financial year the navigators have supported 338 people, making referrals into a number of specialist services. Following a review of the current model, there is ongoing work to develop the offer to works towards a bid for additional

funding in the new financial year and ensure closer alignment with community services, safeguarding and paediatrics to increase impact.

Cancer

Percentage of cancers diagnosed at stage 1 or 2, case mix adjusted for cancer site, age at diagnosis, sex

There has been an increase in the numbers of cancers diagnosed at stage I or II, where curative treatment is more likely to be possible and effective. People from quintile 1 saw a nearly 4% increase in early diagnosis, a continuation of the improvement seen in 2023/24. However, they are still 10% less likely to be diagnosed early than people from quintile 5.

Table 5: Cancer staging at diagnosis by deprivation quintile

	Cases	Diagnosed at stage 0/1/11		Change from 23/24
Total	**2,750**	**1,645**	**59.8%**	**0.8%**
Deprivation (IMD quintile, Q1 is most deprived)				
Q 1	807	459	56.9%	3.9%
Q 2	426	230	54.0%	-5.8%
Q 3	426	267	62.7%	5.3%
Q 4	613	388	63.3%	-0.1%
Q 5	473	300	63.4%	-1.2%
Q 2-5	**1,938**	**1,185**	**61.1%**	**-0.3%**

Results only shown where staging is recorded. This is true in 52% of cases

Chart: Early diagnosis by deprivation quintile

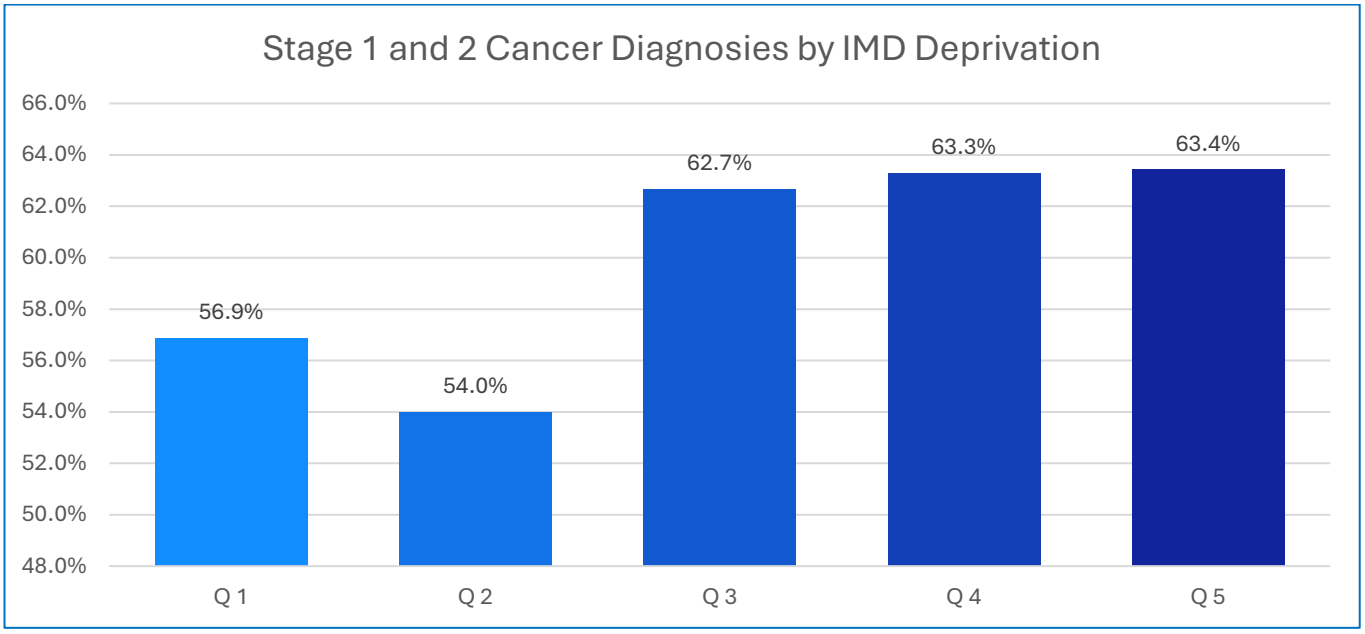
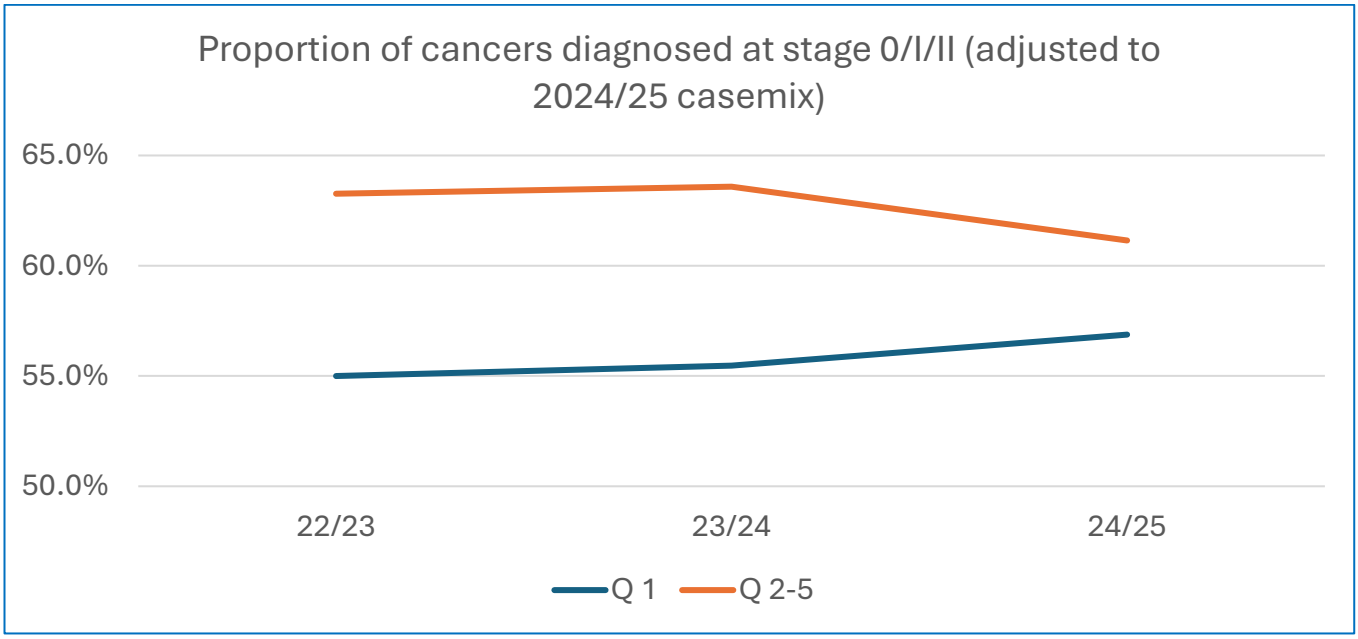


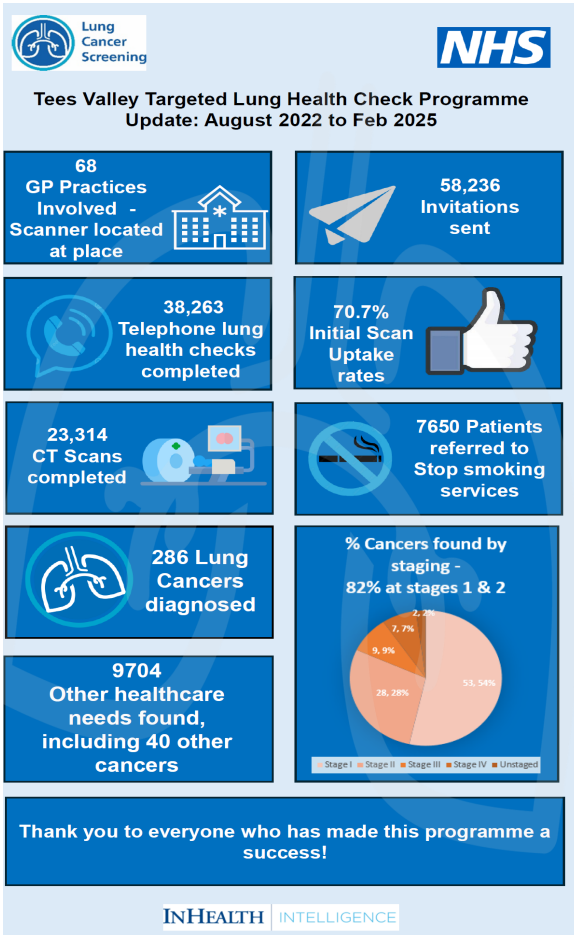
Chart: Trends in early diagnosis for quintile 1 and all other quintiles



Some of this difference is due to the relative incidence of different types of cancer within these groups but there are still differences within cancer types.

That these differences can be overcome has been demonstrated by the lung health check which has not only seen the overall proportions diagnosed at stage I or II increase from 44% two years ago to 60% in 2024 but has also seen the proportions for people in quintile 1 increase from 42% (15% lower than quintile 5) to 59%, the same as quintile 5.

The infographic highlights the number of lung cancers diagnosed across Tees Valley from Augst 2022 to Jan 2025. It also highlights the percentage of cancers diagnosed at stage 1 and 2.



What is the Trust doing to reduce inequalities in cancer

Community services are working with primary care and public health to support a case finding exercise for patients meeting the Core 20 plus criteria and key elements of the Q risk score. The aim is to identify patients early and refer onto existing pathways. They are also working with the Farmers Mart in Northallerton and Healthwatch North Yorkshire to engage with the farming community to address the health needs of this population.

The Trust is also increasing provision for psychological support for people living with cancer through the establishment of a Maggie's Centre at The James Cook University Hospital.

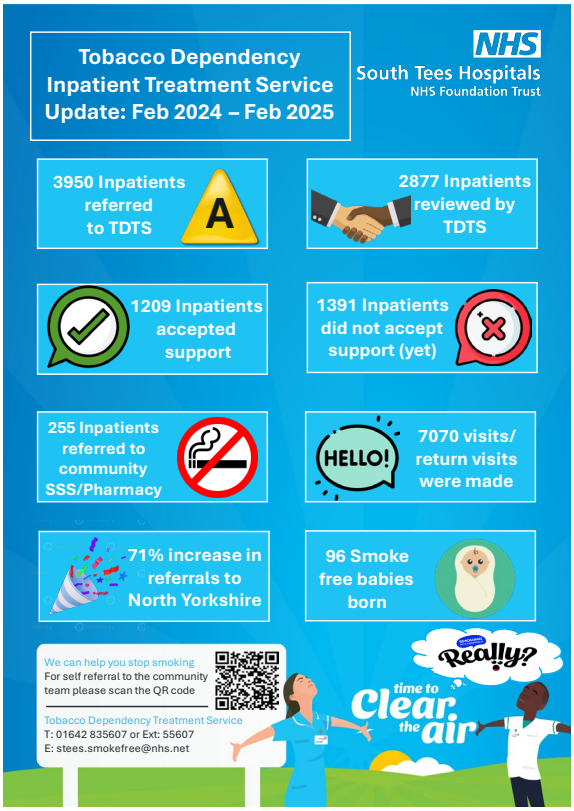
Smoking cessation

Proportion of acute inpatient and maternity services offering smoking cessation

The Trust provides smoking cessation services for adult acute inpatient and maternity settings. This service is provided by the Tobacco Dependency Treatment Service. Smoking cessation support is offered to all acute inpatients that are identified as a smoker. The Trust aims to see all inpatients within 24 hours of admission.

What the Trust is doing to reduce inequalities and offer smoking cessation opportunities for patients

To address the inequality gap there are several areas of work progressing. A Health Equity Audit has been carried out across all stops smoking services in South Tees including acute, maternity, mental health, and community services. Several recommendations are being actioned to address the inequality in access to services.



Paediatric smoking cessation pilot

In recognition of a gap in support for patients under 18 and the parents of children presenting with respiratory or acute medical illness the Trust is working in partnership with Public Health South Tees to provide specialist support to these patients and parents. From January 2025 specialist stop smoking advisors from Stop Smoking South Tees have been working in The James Cook University Hospital to provide interventions and advice.

Oral Health

Tooth extractions due to decay for children admitted as inpatients to hospital, aged 10 years and under

Simple extractions for tooth decay are rarely undertaken as admissions by the Trust. This service is provided by Harrogate and District Foundation Trust from the Friarage Hospital covering the areas of Hambleton and Richmondshire and by North Tees and Hartlepool NHS Foundation Trust from their premises for patients in the Tees Valley.

What interventions are underway in South Tees to prevent tooth decay in children under 10 years and under

- Public Health South Tees have commissioned fluoride varnish programme in schools. Dentists will deliver the first round of this programme from September 2025.
- Supervised toothbrushing is delivered to children through the Oral Health Promotion Team, public health provides the resources for children to support this programme
- The South Tees Obesity programme (HENRY) works with parents to support healthy lifestyle changes. The programme addresses sugar reduction

- The Trust has supported the consultation to expand community water fluoridation in the North East, this would mean our surrounding areas would have fluoridated water at a level that reduce tooth decay.

Maternity

Pre-term births

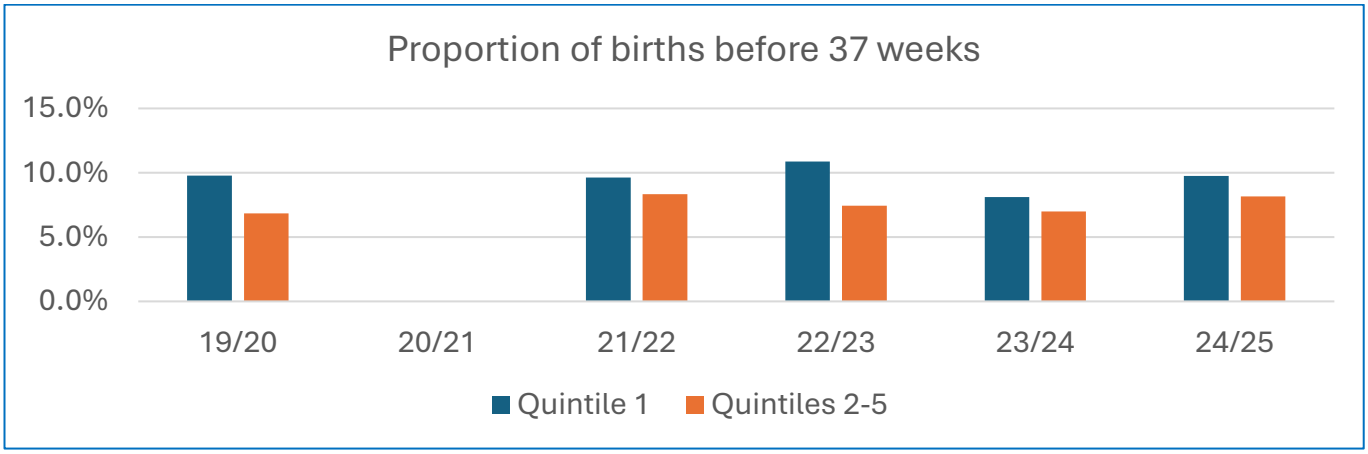
There has been a significant increase in the proportion of births before 37 weeks gestation since last year, rising from 7.6% to 8.8%. The increase in the most deprived quintile was the same or lower than that seen in all others apart from quintile 4 which fell. A child born in our most deprived population was 19% more likely to be pre-term than for the most affluent.

Table: Pre-term births by deprivation quintile (2024/25)

	Total births	< 37 weeks gestation		Change from 23/24
Total	**4,535**	**401**	**8.8%**	**1.3%**
Deprivation (IMD quintile, Q1 is most deprived)				
Q 1	1,765	172	9.7%	1.6%
Q 2	701	67	9.6%	2.0%
Q 3	579	52	9.0%	2.9%
Q 4	868	56	6.5%	-1.0%
Q 5	584	48	8.2%	1.6%
Q 2-5	**2,732**	**223**	**8.2%**	**1.2%**

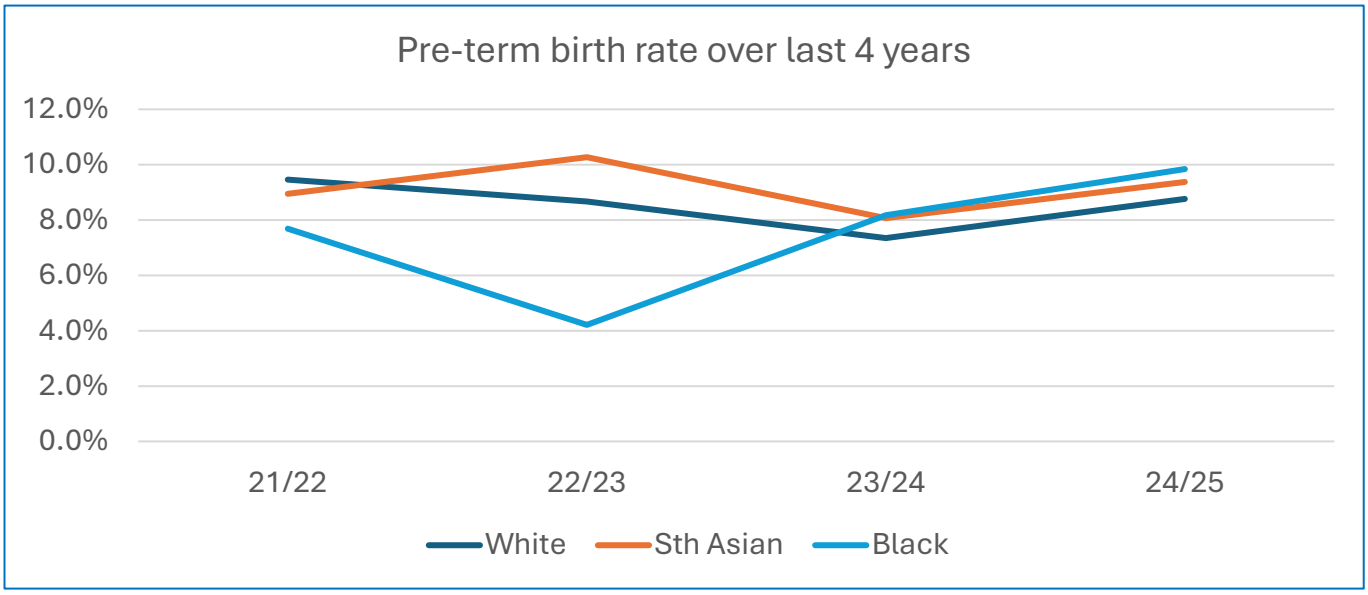
The overall increase in the pre-term rate went against a post-covid trend of reductions. For quintile 1 there has been no clear trend over the last four years.

Trends in Pre-term birth rates in the last four years



A significant change in recent years has been an increase in births to black mothers, rising from less than a hundred in 2020/21 to over 300 in 2024/25. The pre-term birth rate for the whole of the last four years has been similar for this group as for white mothers, but in the last two years when numbers have been higher the rate has been higher, matching that of our population of Southern Asian heritage. In 2024/25 relative to the white population the pre-term birth rate for people of Southern Asian heritage was 7% higher and for black people it was 12% higher.

Trends in pre-term birth rate by largest ethnic groups



What is the Trust doing to reduce inequalities in pre-term births?

The Maternity department has a range of services and specialist roles to support woman at risk of pre-term birth including a specialist public health midwife who is responsible for the maternity tobacco dependency service. All women who smoke are referred to the clinic from booking. We have a 100% referral rate. Women are offered a face-to-face appointment to discuss the offer of support. In addition, partners and other family members are given behavioural support and referred to local stop smoking clinics to ensure a smoke free home to reduce the risk of cot deaths. To date there have been 99 babies born into smoke free homes following receipt of support.

The digital specialist midwife has supported many pregnant women facing digital inclusion. A recent event resulted in 150 electronic devices being donated in aid of tackling digital poverty across the region and enabling women to access their maternity notes.

The Indigo Team is a specialist maternity team within the community providing care to vulnerable pregnant women. This includes women suffering from poor mental health, teenage pregnancies and asylum seekers.

To support non-English speaking women we are able to provide the majority of our pre-term birth information leaflets in various different languages and are now booking face to face interpreters for non-English speaking women to attend antenatal clinics.

Health inequality initiatives

There are a number of initiatives that have been delivered across the trust over the last year to reduce health inequalities and support patients to make positive lifestyle choices.

Alcohol Care Team (ACT)

Alcohol significantly impacts population health and healthcare services, contributing to a number of diseases, as well as accidents, violence and self-harm. It places a significant

financial burden on the NHS. South Tees faces some of the highest alcohol-related harm rates in England, with a disproportionate impact in deprived areas. An ACT was established in The James Cook University Hospital in 2022 funded by the North East and North Cumbria Integrated Care Board (ICB). The team is comprised of nurses and recovery navigators who deliver a range of interventions aimed at reducing alcohol-related harm among high-risk or dependent drinkers.

In the last year (April 2024 to March 2025) the ACT have assessed 1,630 patients, identifying 1,125 as possibly dependent on alcohol and a further 216 as higher risk drinkers. Of those assessed 1,556 received brief advice or intervention with 401 referred to community services.

A recent service evaluation has been completed, which highlighted the inequalities in alcohol-related attendances and admissions, and identified the role that the ACT has in tackling alcohol-related harm including reducing length of stay and readmission rate. Work is ongoing to implement the recommendations from the service review.

Active Hospitals approach

Active Hospitals is a Sports England and OHID initiative that aims to change the physical activity culture in hospitals to encourage patients and staff to move more, improving wellbeing and patient outcomes.

We are working with You've Got This (a local place-based Sports England funded partnership that works to reduce inactivity). External organisations have been commissioned to work alongside staff in the Trust to better understand the barriers and facilitators to physical activity to embed an Active Hospitals approach in The James Cook University Hospital, taking an insight led approach across the following four areas:

- patients' insights – understanding patients' attitudes and behaviours around physical activity in a hospital setting
- staff culture - identifying staff behaviours and attitudes around physical activity, including the main barriers and enablers.
- mapping policies and protocols - investigating existing good practice to embed physical activity within the hospital and identify existing practice that encourages significant sedentary behaviour
- physical environment – assessing the hospital's physical spaces to understand how the environment could support patients and staff to be more active.

The insights led approach will provide an opportunity to work collectively to co design a whole system approach to active hospitals in The James Cook University Hospital

High Intensity User project in emergency department

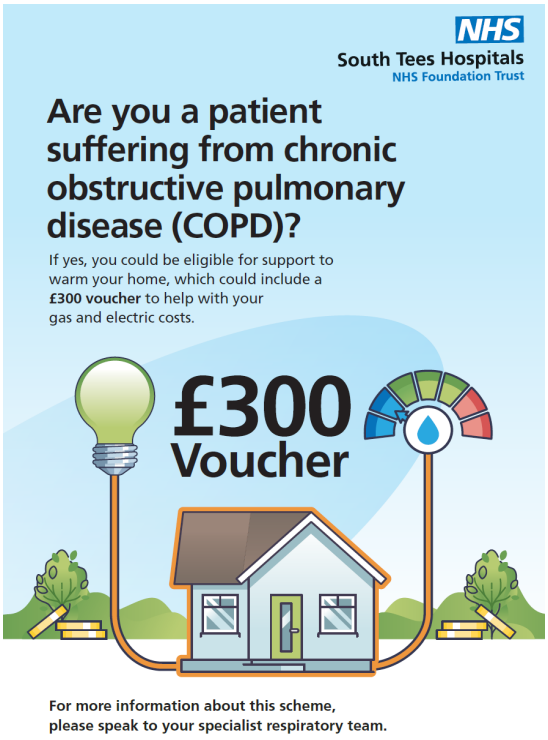
High Intensity Users (HIUs) are patients who attend an emergency department more than expected. The Red Cross defines this as five or more times in a 12-month period. There is a clear link between high intensity use of urgent and emergency services and health inequalities, and it is recognised that for some of these patients their needs can be better met elsewhere such as social care or community services. In South Tees 55% of the HIUs are from the 10%

most deprived IMD decile, many experience poor physical and mental health with significant intersectionality between HIUs and people who use substances and/or have no fixed abode.

The Trust has taken a partnership approach with Public Health South Tees and employed a dedicated key worker funded via the ICB in Changing Futures to work with the most frequent attenders. They offer a non-medical approach focusing on social, practical and emotional support. In the last 12 months they have offered brief interventions to 129 patients and provided intensive interventions to a further 11 patients. 91% of patients who received intensive interventions reduced their number of attendances following intervention. It is hoped that this approach can be expanded in the coming year with the addition of a further caseworker to the team, and the ongoing development of a high intensity user service targeted at frail patients.

Chronic Obstructive Pulmonary Disease (COPD) Warm Homes – Better Health Scheme

South Tees Foundation Trust together with Public Health South Tees, the ICB and Middlesbrough Environment City (MEC), successfully bid for non-recurrent funding via Northern Gas Networks to support COPD patients who are struggling with fuel payments over winter.



The respiratory clinics across University Hospitals Tees identify patients with COPD and proactively refer them to a supportive assessment service. The service reviews their entitlements to housing and heating related benefits, plus provides access to a £300 voucher to help with energy costs, while making every contact count by addressing health and wellbeing needs.

To date the scheme has supported more than 500 residents across the Tees Valley to keep their homes warm during winter as well as referring onto other services to support with energy home efficiencies, supporting to maximise benefits or referring to stop smoking services or mental health support to improve their health and wellbeing.

Outcomes of the intervention:

- Reduce incidence of COPD exacerbations in the population and improve quality of life for individuals.
- Reduction in pressure on NHS services in winter period.
- Changes made to housing standards/infrastructure provide a legacy of warmer homes.

The project is currently being evaluated to measure the above outcomes.

Armed Forces/Veterans

The Trust has continued to strengthen its commitment to the Armed Forces Covenant. Over the last year we have hosted a Help for Heroes nurse working in the Trust; who has being visiting patients who are a part of the Armed Forces Community to ensure they are referred on to relevant organisations for their health and social care needs. She has also spent time with staff training on the needs of the population group as well as strengthening ties with other health and social care providers such as nursing homes. We continue to collect demographic data to help us understand the needs of this group as well as carry out several awareness campaigns throughout the year.

Poverty proofing in maternity

Poverty proofing seeks to identify the barriers that exist for people in poverty when they are trying to access key services. Barriers are identified through speaking with people about their experiences of services, both positive and negative. It is about hearing the voice of the lived experience.

During 2023/24 work was carried out by Children North East focusing on the booking assessment at The James Cook University Hospital. Six common themes were identified communication, health related costs, navigating and negotiating appointments, patient empowerment, staff awareness and guidance and travel. An action plan has been developed to implement the recommendation from the work and a dissemination event is organised for June 2025 to share findings and learning across the North East.

Making Every Contact Count (MECC)

To date, approximately 20 trainers have been trained through MECC Train the Trainer sessions, with further sessions planned to expand capacity with the support of clinical educators to integrate it into training programmes for students, healthcare assistants and other staff groups.

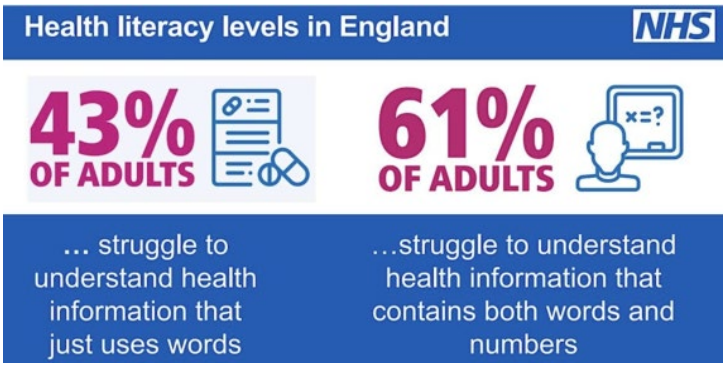
A MECC Training Conversation Video, focusing on smoking cessation in maternity settings, has also been developed and is being used in regional MECC training sessions. To support local implementation, wards are nominating two MECC Champions each. Case studies from trained staff are being gathered to highlight the impact and will be shared through internal communications. Awareness materials, including posters and banners, have been distributed across the organisation.

MECC is also being integrated into the Wellbeing Conversation template for use in Workplace Passports, appraisals, and return-to-work discussions. This work aligns with ongoing efforts to incorporate MECC into wider appraisal policies and documentation.

There is an ongoing evaluation of the implementation of MECC, which aims to assess how well MECC has been embedded into South Tees Hospitals NHS Foundation Trust, assessing the quality and effectiveness of training, evaluating staff awareness and knowledge of MECC, impact of MECC and identifying barriers and facilitators to MECC implementation. The evaluation will be used to inform the ongoing work of the Steering Group.

Health literacy

Health literacy is about someone being able to access, understand and use information to make choices about health. The North East and North Cumbria Integrated Care Board (NENC ICB) wants to make it easier for people to understand information about their health. They have set up the Regional Health Literacy work stream to do this.



In the North East and North Cumbria, 62% of adults struggle to understand health information that contains words and numbers. Middlesbrough is higher than the regional average at 68%.

South Tees Hospitals NHS Foundation Trust has been working in partnership with the regional health literacy team to start to embed health literacy throughout the Trust. In the last year, the Regional Health Literacy Team has trained over 1400 staff. This includes health literacy awareness, how to write simply and speaking simply sessions. Over 60 staff members have been trained in the Trust. How to write simply drop-in sessions were held at The James Cook University Hospital during Health Information Week.

Health literacy patient pathways (journeys)

Part of the regional health literacy work involves making health literacy better throughout a patient's journey. This might be from the point at which a patient is referred to a service through to when they are discharged. We start by mapping out the patient journey. This includes finding out where patients go to access a service, who they speak to, and what information they receive. We make changes to written information to make it understandable and at a reading age of 11 years or lower. We deliver health literacy training to staff involved in the pathway. Work has started on the following pathways: Paediatric Respiratory pathway Maternity and Healthy Weight and Obesity Pathway

Patient leaflet pilot

South Tees Hospitals NHS Foundation Trust is keen to embed health literacy into its processes for new and existing leaflets. A pilot has started with the physiotherapy department to look at all leaflets that are ready for review and make them health literate. We will use learning from this project to understand what health literacy training, resources and tools are needed to successfully introduce health literacy into the process for all patient information leaflets. As part of the project, we will deliver health literacy training to the physiotherapy team.

Travel Reimbursement Scheme (TRS)

The TRS supports eligible patients on low incomes or qualifying benefits with travel costs for NHS-funded treatments or diagnostic tests. Posters and banners have been developed and placed in reception areas to raise awareness of the scheme.

In May 2024, a targeted awareness campaign was launched via the Patient Engagement Portal, posters, and banners. This resulted in a noticeable increase in uptake over the following six months. However, many patients and staff remain unaware of the scheme.

To address this, we are working with the service improvement and finance teams to explore options such as prepaid travel passes and advance payments. We are also developing a dedicated TRS webpage with the communication and engagement team and planning drop-in awareness sessions for frontline staff.

These initiatives aim to improve awareness, simplify access, reduce DNA rates and support better patient outcomes.

Key priority areas for next 12 months

In 2025-26 we will continue to implement the projects that we have already started in this financial year. In addition we will:

- Support elective recovery through a health inequalities lens, rolling out the DNA intervention across outpatient pathways, whilst addressing health literacy, poverty proofing and digital inclusion
- Work with Public Health South Tees to pilot the effectiveness of having a Trust social prescriber to support the wider social determinants of health of patients attending secondary care services.
- Work with Public Health South Tees and Primary Care to actively case find, provide early intervention and develop referral pathways into specific disease pathways (cancer, CVD)
- Work with our most vulnerable patients that frequently access Emergency services (High Intensity Users) to provide social support via Changing Futures key worker model to address non-medical needs and reduce attendance at emergency department and admissions
- Implement the recommendations from the Active Hospitals' insights work to change the physical activity culture in the hospital to encourage patients and staff to move more, improving wellbeing and patient outcomes.
- Further develop the work programme on health literacy
- Continue to embed our prevention programmes focusing on those areas the Trust has direct impact
- Work in partnership to develop the Tees Valley Anchor Network
- Develop public health capacity across the organisation.

Quality

One of the central ways in which we monitor the quality of care we provide and how we are continually improving as a Trust is through our annual priorities for quality improvement. Other sources of information which inform how we are performing from a quality perspective include:

- Patient experience data
- Complaints and patient feedback
- Clinical audit

Further information on how we monitor quality and performance against our quality priorities is outlined in our Quality Report.

Finance

Each year the Trust develops a financial plan which includes a cost improvement target to be achieved, a capital plan and a forecast outturn for the year end.

The 2024/25 period saw considerable investment in the South Tees Hospitals NHS Foundation Trust estate.

At James Cook, a further phase to complete waiting areas and reception associated with the new urgent treatment centre was completed, there was a major investment in the purchase and installation of a new CT machine within the cardiology department and Ward 5 was subject to a programme of remodelling and full refurbishment.

A significant programme of work was completed at Redcar Primary Care Hospital bringing the installation of additional CT and MRI diagnostic equipment to its new community diagnostic hub.

Extensive works have been completed on the £35.5million Friarage Surgical Centre which is now close to handover and is on target to be open to patients in June 2025.

Following our success in securing £18.95million of SALIX funding, detailed pre-start planning is in progress in connection with major carbon saving plant upgrades at James Cook and Friarage hospitals and installation of new enhanced glazing to improve thermal efficiency at the Friarage. The works are making significant progress towards our net zero carbon target.

Equality of service delivery to different groups

The NHS is for everyone. Anyone needing the NHS should receive the same high-quality care every time they access services. However, we know that some people in our communities can experience barriers or judgement when using NHS services.

South Tees Hospitals NHS Foundation Trust recognises the challenges that patients and service users could face, including language barriers, support to access services or stigma regarding accessing mental health services.

Understanding our patient and service user needs is our priority and it helps us to ensure our services are accessible, safe and inclusive for everyone.

The Trust is committed to identifying, understanding and overcoming any barriers for our patients and service users. This ensures that the way we work and the services we offer respond inclusively to cultural, physical and social differences.

Our Health Inequalities Group provides direction and oversight to ensure the Trust focuses on reducing health inequalities in the most vulnerable groups and national/local clinical priority areas. The Trust reviews its waiting list for inequalities and this information is presented and discussed at each of its Board meetings.

Engaging with stakeholders

Anchored in the communities we serve, we work to contribute to our local area and influence the wider determinants of health by operating as a good partner, seeking to be a leader in bringing inward investment into Teesside and North Yorkshire, widening access to employment, continuing to reduce our environmental impact and thus supporting healthy and prosperous people and places.

Stakeholder engagement is central to this work and building strong partnerships and relationships.

Subsidiary undertakings

The Trust created a Limited Liability Partnership (LLP) in May 2016 to act a body through which research funds could be managed. The LLP is called South Tees Institute of Learning, Research and Innovation LLP. The company has been dormant during since 2023/24 and will not be consolidated as part of the Trust Group for the financial year to 31 March 2025.

Limited Liability Partnerships must always have two members (partners). To ensure compliance with this requirement, South Tees Hospitals NHS Foundation Trust also created a Limited Liability Company in May 2016. The LLC is called South Tees Healthcare Management Limited.

Together, the Trust and South Tees Healthcare Management Limited are the members (partners) of South Tees Institute of Learning, Research and Innovation LLP.

When setting up this arrangement in 2016, the Trust intended for South Tees Healthcare Management Limited to remain dormant and act as one of the members (partners) of South Tees Institute of Learning, Research and Innovation LLP.

When changes to the provision of the Trust's outpatient pharmacy took place in 2019, South Tees Healthcare Management Limited was chosen to enable outpatient pharmacy services to be placed back under the control of the Trust as a wholly owned subsidiary. The operations of this company were consolidated and are reported in the Group position at 31 March 2025.

Environment, sustainability and climate change

The NHS has set its targets for carbon emissions as follows:

- The NHS Carbon Footprint (emissions that we control directly) to reach net zero by 2040, with an ambition to achieve an 80% reduction by 2028-2032.
- With regards to the emissions we can influence (our NHS Carbon Footprint Plus) we will reach net zero by 2045, with an ambition to achieve an 80% reduction by 2036 - 2039.

To achieve this University Hospitals Tees has aligned with the North East and North Cumbria Integrated Care Board (NENC ICB).

By working collaboratively with the NENC ICB a regional five-year Green Plan is being finalised to ensure faster progress towards the 2030 vision to be 'England's Greenest region'. Refreshed green plans will be approved by the Trust's board and published in an accessible location on the Trust's website and shared with NHS England by 31 July 2025.

South Tees was successful in securing £18.95million of national funding for the James Cook site and £9.5million for the Friarage. This significant investment will see work at both sites over the next two years to replace gas burning equipment, install photovoltaic panels to generate electricity and replace windows, reducing our reliance on fossil fuels and enhancing the environment for patients and staff.

Other initiatives include:

- Continued work towards the ISO 14001 Environmental Management System accreditation
- 81 Green Champions across the Trust meeting monthly
- Clothes swap events at The James Cook University Hospital
- Re-upholstery of chairs via Northumbria innovation hub, saving on carbon emissions and cost
- Single use metal recycling reusable bins rolled out across theatres
- Working towards cycle friendly employer accreditation including engagement with Cycling UK to see how they can support the Trust
- Equipment that can be no longer used by the Trust for various reasons and would historically go for disposal has been donated to a non-profit organisation which results in reducing wastage, carbon emissions and costs of disposal charges
- By 2026, NHS providers need to achieve the new clinical waste segregation targets of 20:20:60. This means: 20% HTI (High-Temperature Incineration); 20% AT (alternative treatment); 60% OW (offensive waste). The Trust has met it's the incineration target and the offensive waste stream has been rolled out across the Friarage and The James Cook University Hospital.

2. Accountability report

Director's report

The Board of Directors – role and responsibility

The Board of Directors ('the Board') functions according to corporate governance best practice and compliance with the standards and regulations set by the two main regulatory bodies, the Care Quality Commission (CQC) and NHS England (NHSE).

The Board operates as a unitary Board with collective accountability for all aspects of Trust performance, from clinical quality to financial performance and sustainability. It ensures the Trust has adequate systems and processes in place, necessary resources to meet its objectives, robust risk management and there is an effective workforce to be able to deliver the highest quality care for its patients. In addition, the Board is responsible for establishing the vision and strategy of the Trust, ensuring harmony with wider system plans and objectives.

Following changes to health legislation in 2022 through the Health and Care Act, organisations were able to work closer together across a broader geographical boundary and in making decisions, Boards should meet the requirements of the 'Triple Aim':

- Better health and wellbeing for everyone
- Better quality of health services for all
- A sustainable use of NHS resources

The Board is led by the Chair, Professor Derek Bell who was appointed in September 2021 and re-appointed in September 2024 as Group Chair, across both North Tees and Hartlepool NHS Foundation Trust (North Tees and Hartlepool) and South Tees Hospitals NHS Foundation Trust (the Trust).

The Board of Directors is responsible for exercising all of the powers of the Trust, however, the Board has the option to delegate these powers to members of the Executive Team, and other committees. The Board has several committees, which support the seeking of assurance in relation to quality, performance and risk management throughout the Trust.

These committees are: Audit and Risk Committee, chaired by Kenneth Readshaw; Quality Assurance Committee chaired by Fay Scullion; Resources Committee, chaired by David Redpath; People Committee, Chaired by Mark Dias and Remuneration Committee, chaired by the Group Chair.

The Trust has a Scheme of Delegation which outlines when approval for a decision is required from the Board or one of its committees, such as for a high-value business case, and decisions which the Executive Team are permitted to make without further approval. The Board of Directors is jointly responsible for scrutinising and constructively challenging the performance of the Trust to ensure we deliver our strategy, continuously improve and deliver high quality care.

Each of the board committees undertakes a performance evaluation on an annual basis using a standard template, excluding the Audit and Risk Committee. The output of the evaluation is reported to the individual committee and collectively to the Audit and Risk Committee, to ensure the committees remain effective and fit for purpose.

In April 2024, the new University Hospitals Tees Group with North Tees and Hartlepool was established and the Group Board, to realise the strategic intent of both organisations to secure the future of high quality, safe and sustainable healthcare across the population of the Tees Valley and North Yorkshire. This was a culmination of joint working over a number of years to support greater collaboration.

A Partnership Agreement between both trusts, NHS England and North East and North Cumbria Integrated Care Board (NENC ICB) was officially signed in February 2024 and forms the basis of both trusts being able to operate as a group model. In addition, terms of reference were drafted setting out the functions that could be jointly exercised by the Group Board, those that could be delegated and those that must remain at unitary Board level. The terms of reference are in accordance with the guidance Arrangements for Delegation and Joint Exercise of Statutory Functions – Schedule F, which was published by NHS England in February 2024.

The Non-Executive Directors of each trust, the Chair and members of the Executive Team both voting and non-voting were appointed into group roles during 2024, details of which are set out below.

The Group Board sets the strategic direction for the organisation and monitors performance against strategic objectives to ensure high quality services for our patients and population we serve in conjunction with key stakeholders and partners.

To support the work of the Group Board, a number of the key committees were constituted as Group Committees during 2024 to collectively scrutinise performance and gain assurance across both trusts. These included the Quality Assurance Committee, People Committee and Resources Committee. It should be noted that it is a statutory requirement for each trust to have a singular Audit Committee, however, there are plans to hold more meetings 'in common' and to appoint a single chair for both committees.

Group Board composition

The Group Board comprises seven voting Executive Directors, including a Group Chief Executive and twelve Non-Executive Directors inclusive of the Group Chair. A review of the size of the Board and the balance of skills and experience is currently being considered in line with succession planning arrangements and to ensure the requirements of the organisation are adequately being met.

Board members undergo an annual appraisal measuring their contribution aligned to the core values of the Trust. The Chief Executive leads the annual evaluation of each Executive Director and the results are summarised and reported to the Non-Executive Directors at the Remuneration Committee. The Executive Directors are appointed by the Remuneration Committee on behalf of the Board of Directors.

The Chair and Non-Executive Directors are appointed for terms of office up to three years and may seek reappointment in line with the provisions set out in the NHS Foundation Trust Code of Governance (the code). The appointment and re-appointment process is led by the Nominations Committee on behalf of the Council of Governors. All the Non-Executive Directors are considered to be independent both in character and in judgement. Any proposal for a Non-Executive Director to serve longer than six years is subject to rigorous and robust review in line with the recommendations outlined in the code.

The composition of the Group Board is set out below, including details of background, committee membership and attendance. The performance of the Board is reviewed on an annual basis by undertaking an effectiveness self-assessment of the Board of Directors, subsidiary Boards and Board committees.

Board of Director meetings

There were eleven Board meetings held during 2024/25 for each trust, the majority were as the Group Board including a public and private agenda and the remainder were to discuss matters for the unitary board of the Trust. The majority of board business is conducted in public, although there is a requirement for a smaller element to be conducted in private due to the confidential nature of the matters being discussed.

Board of Directors' profiles

Professor Derek Bell OBE

Group Chair

Derek has over 40 years' experience in the NHS and previously served as president of the Royal College of Physicians of Edinburgh. He was awarded an OBE in 2018 for services to unscheduled care and quality improvement.

- Appointed 1 September 2021
- Reappointed 1 September 2024

Ann Baxter

Group Non-Executive Director/Vice Chair

Ann trained as a social worker and worked in local government for 45 years. Throughout her career, she worked in various teams in London, Devon, Cumbria and North Yorkshire. She joined Stockton Borough Council in 1996, and was the director of services for adults and children until 2008, when she became director in the London Borough of Camden.

Since retiring from a full time role, she has worked as a regional advisor for the Local Government Association across the North East, Yorkshire and Humberside, advised on national reviews and chaired the Teesside Safeguarding Adults Board. Ann currently chairs safeguarding boards in Darlington, and is a Governor at a large comprehensive school.

She is the Board Maternity Champion

- Appointed 1 July 2019
- Appointed Vice Chair 1 April 2023
- Appointed Group Vice Chair 1 April 2024

Ali Wilson

Group Non-Executive Director/Vice Chair

Ali has a long history of public service, having begun her NHS career as a nurse in the early 1980s. She has held a variety of clinical, managerial and academic positions, leading and evaluating service improvement, major service and organisational change. Before her retirement from a full-time senior leadership role in 2018, Ali was the chief executive officer for NHS Darlington and NHS Hartlepool and Stockton-On-Tees Clinical Commissioning Groups and chair of the North East Leadership Academy.

Ali is passionate about leadership development and system working and committed to the delivery of high quality, personalised and effective care both within a hospital and community environment. She has a long-standing interest in harnessing the potential of patient, carer and public involvement, having undertaken a Fulbright Fellowship at the Institute of Public Affairs, University of Minnesota in 2001, which focused on patient and public engagement in the co-design of services.

She is the Board Health and Wellbeing Champion

- Appointed 19 July 2022
- Appointed Viec Chair 1 June 2023
- Appointed Group Vice Chair 1 April 2024

Ada Burns

Group Non-Executive Director/Senior Independent Director

Ada had a lengthy career in local government, in regeneration roles in London Councils, and until 2018 as Chief Executive of Darlington Borough Council. In this role she worked across the Tees Valley with a particular interest in health inequalities. Ada is Chair of Teesside University and a trustee of a community arts centre.

She is the Board Freedom to Speak Up Champion

- Appointed 1 October 2019
- Reappointed 23 March 2023
- Appointed Group Non-Executive Director 5 April 2024

Chris Macklin

Group Non-Executive Director/Senior Independent Director

Chris has worked within finance in the NHS since 1975. He commenced his first director of finance role at the Queen Elizabeth Hospital in Gateshead in 1997. Chris has a wealth of experience working within a provider setting, and within the commissioning side of the NHS, holding the role of Director of Finance for Sunderland, Gateshead and South Tyneside. After retiring as a DoF in 2015, he was encouraged to remain in the NHS, taking up his first non-executive director post in 2015. Throughout his career as a DoF and a Non-Executive Director, Chris has sat on and chaired a number of national committees relating to NHS Accounting Standards and Governance / Audit.

- Appointed 1 January 2023
- Appointed Group Non-Executive Director 5 April 2024

David Redpath

Group Non-executive Director

With roots firmly in the North East, David has enjoyed over 20 years in technology leadership and advisory roles around the world. His most recent role as a senior executive partner at research and advisory company Gartner sees him act as strategic advisory to multiple public and private companies in the UK. Prior to this David performed several CIO roles in different industries and served as a Non-Executive Director at Newcastle Building Society and the Nation Union of Students. Married with two children and living in County Durham.

He is chair of the Group Resources Committee

- Appointed 3 December 2020
- Appointed 1 August 2021
- Re-appointed 1 August 2024
- Appointed Group Non-Executive Director 5 April 2024

Miriam Davidson

Group Non-executive Director

While Miriam is proud of her Australian heritage, she has lived and worked happily in the North East for over 35 years. Throughout her career in the NHS (1988 to 2014) and local government (2014 to 2020), she has held senior roles in health improvement and public health. Miriam is a registered specialist in public health and during her post as director of Public Health for Darlington, she was also vice chair of the north east branch of the Association of Directors of Public Health. More recently, Miriam has supported the North East Public Health Specialty Training Programme (HEE), as head of School of Public Health.

Miriam continues to coach, mentor and appraise specialists in public health. Her focus is on health inequalities and the challenge of why health appears to be for some, not all.

She is the Board Maternity Champion.

- Appointed 19 July 2022
- Appointed Group Non-Executive Director 5 April 2024

Mark Dias

Non-executive Director

Mark is a fellow of the Chartered Institute of Personnel and Development (CIPD) and an experienced human resource professional having worked at a senior level in a number of multi-national organisations. Mark's previous roles included EMEA employee relations director for Cummins, HR director for DS Smith and HR business partner at Nuffield Hospitals. A former serving police officer at Cleveland Police and commended for standing up for equality and integrity in policing. He is a self-employed consultant providing HR consultancy and mediation services to a range of clients.

He is chair of Group People Committee

- Appointed 19 July 2022 for initial three-year term
- Appointed Group Non-Executive Director 5 April 2024

Fay Scullion

Group Non-Executive Director

Fay is a registered nurse by background and has worked in a variety of settings across the North East in a range of senior posts.

Fay has an interest in the disease profile of the North East became involved in the care of cancer patients in general settings. She moved into the voluntary sector and worked in various regional and national development roles, latterly as director of partnerships for Macmillan Cancer Support. This work across the UK involved transforming cancer services with a range of partners, from local organisations, the NHS to National Governments. Since retiring from full time employment, Fay also works as a volunteer governor in a secondary school trust She is the Board Freedom to Speak Up Champion and chair of the Group Quality Assurance Committee.

- Appointed 1 January 2023
- Appointed Group Non-Executive Director 5 April 2024

Ken Readshaw

Group Non-Executive Director

Ken is a chartered accountant with considerable experience of the chemical and power generation sectors, both in the UK and abroad. He was previously audit chair of NHS North Yorkshire Clinical Commissioning Group, has several charitable roles, and is passionate about helping to provide communities with the best possible public services.

He is chair of the Audit and Risk Committee (South Tees).

- Appointed 19 July 2022
- Appointed Group Non-Executive Director 5 April 2024

Alison Fellows

Group Non-Executive Director

Alison grew up on Teesside. After qualifying as a solicitor, she was a partner in a Newcastle law firm, working on commercial projects, including the procurement and construction of new hospitals. Alison then moved into the public sector and worked in regeneration at both Newcastle and Sunderland Councils, before becoming the Group Commercial Director of Tees Valley Combined Authority. At TVCA she held responsibility for a wide range of investment projects across the region. Alison also held a role as Commercial Director of Teesside Airport.

She is chair of the Audit Committee (North Tees and Hartlepool)

- Appointed 1 February 2023
- Appointed Group Non-Executive Director 5 April 2024

Liz Barnes

Group Non-Executive Director

Liz has spent her career in higher education, working in four universities. She commenced at Teesside University where she was a lecturer in physiology. She also spent a number of years as Deputy Dean of Health and Social Care before becoming Dean of Social Sciences and Law. Liz finished her education career as Vice Chancellor of Staffordshire University. She has served as a trustee and Non-Executive Director with a number of organisations including schools, universities, a housing association, a private training provider. She also chairs a charity protecting children and their families from sexual exploitation.

- Appointed 1 February 2023
- Appointed Group Non-Executive Director 5 April 2024

Rudy Bilous

Associate Non-executive Director

Rudy is a retired consultant endocrinologist working at South Tees from 1990 until 2016. He was appointed Professor of clinical medicine at Newcastle University in 2000 and was the sub dean for Medical Education on Teesside for over 15 years. He has held senior positions in Diabetes UK (the national charity for people with Diabetes) and the Royal College of Physicians. He has also served on the Council of the European Association for the Study of Diabetes as well as many research committees in the UK, Europe and the USA. He was dean of clinical affairs for the Newcastle University Medical School in Malaysia (NUMed) from 2016 to 2018, and acted as a consultant in medical education at The James Cook University Hospital from 2019 to 2022.

- Appointed 19 July 2022
- Left the organisation 31 August 2024

Alyson Gerner

Associate Non-executive Director

Alyson is a chartered accountant and has extensive experience in procurement, commercial, assurance, governance and finance in the NHS, the Department for Health and the Department for Education (DfE). At one stage, she was director of NHS Commercial Development. She is currently the finance director of a property company that is an arm's length body of the DfE

- Appointed 19 July 2022 for initial two-year term
- Left the organisation 31 August 2024

Stacey Hunter

Group Chief Executive Officer

Stacey was previously CEO at Salisbury NHS Foundation Trust where she worked from September 2020 to January 2024. Prior to that she worked for Bradford and Airedale Foundation Trusts, and spent some time seconded to the Nightingale Hospital Yorkshire during the COVID-19 pandemic. Stacey commenced her career in 1990 as a Nurse at Hull Hospitals and Leeds Teaching Hospital.

- Appointed on 1 February 2024

Dr Michael Stewart

Group Chief Medical Officer

Michael is a consultant cardiologist and was appointed Chief Medical Officer for South Tees in 2021. He served as director of cardiovascular services at Auckland District Health Board. Prior to this Michael worked as a cardiologist at the Trust from 1996 to 2018 where he also held medical leadership roles.

- Appointed Group Chief Medical Officer 11 March 2024

Dr Hilary Lloyd

Group Chief Nurse

Dr Hilary Lloyd was appointed Chief Nurse in 2021. Hilary qualified in 1989 and has held a number of nursing posts including acute health care, education and research. Most recently, she served as the Director of Nursing, Midwifery and Quality at Gateshead NHS Foundation Trust.

- Appointed Group Chief Nurse 5 April 2024
- Left the organisation 31 January 2025

Maurya Cushlow

Interim Group Chief Nurse

Maurya is a very experienced chief nurse who has had a long and distinguished career, much of which she has undertaken in the North East. She joined the organisation in an interim role until the newly recruited Group Chief Nurse commenced in post

- Appointed 13 January 2025
- Left the organisation 31 March 2025

Neil Atkinson

Group Managing Director

Neil has extensive NHS experience at a senior level across a range of finance functions in provider and commissioning organisations. He joined North Tees and Hartlepool NHS Foundation Trust in 2018 from Leeds Teaching Hospitals.

- Appointed Group Managing Director 5 April 2024

Susanna Cook

Group Chief People Officer

Susy is a Chartered MCIPD and has worked across the NHS and academia for 25 years across a number of roles including Biochemist, Manager, Director, Coach, Leadership and Organisational Development lead, Improver and Academic. She joined North Tees and Hartlepool NHS Foundation Trust in 2022.

- Appointed Group Chief People Officer 5 April 2024
- Left the organisation 31 August 2024

Rachael Metcalf

Group Chief People Officer

Rachael Metcalf is a Chartered CIPD professional with over 25 years' experience in the field of People Services who joined the Trust in 2004. Rachael has worked at a senior level leading several People functions and services. She became Director of Human Resources in September 2018. Prior to her NHS career Rachael worked in HR at North Yorkshire Police and started her HR career in an investment bank in Azerbaijan.

- Appointed Group Chief People Officer 5 April 2024

Chris Hand

Chief Finance Officer

Chris is a qualified accountant with over 20 years' experience in NHS financial management, including 13 years at Northumbria Healthcare NHS Foundation Trust. Chris also served as the executive director of finance at Northumberland County Council. He was appointed as the Director of Finance in March 2021.

- Appointed Group Chief Finance Officer 5 April 2024

Matt Neiligan

Chief Strategy Officer

Matt joined University Hospitals Tees in 2024 from his role as director of commissioning development for NHS England where he had led national work to develop Integrated Care Systems. He has worked for nearly 30 years in the NHS with experience across acute hospitals, commissioning, primary care and national programmes.

- Appointed 14 October 2024

Attendance at Board meetings 2024/25

Non-executive Directors		Total number attended	% attendance
Professor Derek Bell	Joint Chair	12/12*	100
Ali Wilson	Group Non-Executive Director/Vice Chair	9/11	82
Ann Baxter	Group Non-Executive Director/Vice Chair	9/11	82
Ada Burns	Group Non-Executive Director and Senior Independent Director	9/11	82
Chris Macklin	Group Non-Executive Director and Senior Independent Director	10/11	91
David Redpath	Group Non-Executive Director	9/11	82
Miriam Davidson	Group Non-Executive Director	11/11	100
Mark Dias	Group Non-Executive Director	9/11	82
Fay Scullion	Group Non-Executive Director	10/11	91
Ken Readshaw	Group Non-Executive Director	10/11	91
Alison Fellows	Group Non-Executive Director	11/11	100
Elizabeth Barnes	Group Associate Non-Executive Director	9/11	82
Rudy Bilous	Group Associate Non-Executive Director (left 31.08.2024)	5/6	83
Alyson Gerner	Group Associate Non-Executive Director (left 31.08.2024)	4/6	67
Executive Directors			
Stacey Hunter	Group Chief Executive	10/12*	83
Dr Michael Stewart	Group Chief Medical Officer	11/12*	92
Dr Hilary Lloyd	Group Chief Nurse (left 31.01.2025)	8/11	73
Maurya Cushlow	Interim Group Chief Nurse (left 31.03.2025)	2/2	100
Neil Atkinson	Group Managing Director	11/12*	92
Rachael Metcalf	Group Chief People Officer	12/12*	100
Susannah Cook	Group Chief People Officer (left 31.08.2025)	4/5	80
Chris Hand	Group Chief Finance Officer	11/11	100
Matt Neligan	Group Chief Strategy Officer (appointed 14.10.2024)	4/4	100

*attended the unitary board meetings of both trusts, in addition to group board

Declaration of Interests of the Board of Directors

An annual review of the Board of Directors' Register of Interests takes place alongside the annual review of the Fit and Proper Person Test requirements. In addition, at every key meeting of the Trust including Board of Directors, Council of Governors and Board Committees, there is a standing agenda item, which requires members to declare any conflict of interest in relation to agenda items or any changes to their registered interests. The Register of Board interests is available for public inspection via the Trust's website.

Better Payment Practice Code

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

Non NHS	NHS
Target: 95%	Target: 95%
Result by number: 97.2%	Result by number: 92.0%
Result by value: 96.4%	Result by value: 92.9%

A detailed breakdown of the figures is shown below:

	2024/25		2023/24	
	Number	£000	Number	£000
Total non NHS trade invoices paid in the year	104,950	603,222	95,328	557,880
Total non NHS trade invoices paid within target	101,959	591,699	93,076	541,393
% of non NHS trade invoices paid within target	97.2%	96.4%	97.6%	97.0%
Total NHS trade invoices paid in the year	2,944	76,925	2,706	83,705
Total NHS trade invoices paid within target	2,707	71,494	2,428	72,610
% of NHS trade invoices paid within target	92.0%	92.9%	89.7%	86.7%

Interest paid under the Late Payment of Commercial Debts (Interest) Act 1998 amounted to £1,434.

Income disclosures

In 2024/25, the Trust met the requirement that income from the provision of goods and services for the purposes of the Health Service in England must be greater than its income from the provision of goods and services for any other purposes as defined under section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012).

All net income from the provision of goods and services for other purposes has been re-invested back into frontline healthcare for the benefit of patients.

NHS England's Well Led Framework

The Trust Board development programme sets out the process by which it will assess itself against the NHS Improvement's well led framework as part of the Trust's journey of improvement. The Board has carried out self-review against the Well Led Framework in

December 2019. An action plan was developed and work continues to deliver the outcomes agreed by the Board. The plan is a key aspect of the improvement plan for the Trust.

During 2023/24 the Trust received ongoing quality monitoring and regulatory oversight from the ICB and CQC with regular quality review groups and engagement meetings taking place throughout the year.

The CQC undertook a well led inspection of the Trust in January 2023 and the rating was uplifted from 'Requires Improvement' to 'Good'.

In December 2024 the Trust also received confirmation from NHS England that the undertakings relating to "financial sustainability" had been discontinued.

On 2 August 2023, NHS England published revised requirements in respect of the Fit and Proper Person Test (FPPT) for board members following recommendations in the Kark Review (2019). A FPPT Framework has been introduced, which sets out new and more comprehensive requirements both for new board appointments and annual review. The purpose of strengthening the FPPT is to prioritise patient safety and good leadership within NHS organisations. A portfolio of evidence is required for board members to demonstrate meeting the requirements as well as highlighting those deemed unfit and preventing them from moving between NHS organisations. We have developed new procedures, checklists and templates for collation and collection of information in order to ensure compliance with the national framework, including an attestation form, reference template and appraisal documentation. The new check process for the FPPT has been carried out for all current board members and Directors employed by the Trust and was issued on 6 October 2023.

In addition, NHS England has also published a new leadership competency framework (LCF) for board members of provider organisations in response to a recommendation from the FPPT review. It will be applicable for board member recruitment, appraisals and will inform future board leadership and management training. Along with North Tees and Hartlepool NHS Foundation Trust, we are looking to be early adopters of the framework.

Statutory statement required within the Directors' Report

South Tees Hospitals NHS Foundation Trust has complied with the cost allocation and charging requirements set out in the HM Treasury and Office of Public Sector Information guidance.

A statement describing adoption of the Better Practice Code is included within the Annual Report. Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012) requires that income from the provision of goods and services for the purposes of the health service in England must be greater than its income for the provision of goods and services for any other purpose. The Trust can confirm it has met these requirements. Note 3 to the accounts confirm that the Trust does not have income from fees and charges where the full cost exceeds £1million.

All Directors of the Trust have undertaken to abide by the provisions of the Code of Conduct for Board level Directors; this includes ensuring that, at the time that this Annual Report is approved:

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

- Each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the NHS Foundation Trust's auditor is aware of that information.
- The provisions of the Code of Conduct also require each Director to confirm, they have undertaken all the steps that they ought to have taken as a Director in order to do the things mentioned above and:
- Made such enquiries of their fellow Directors and of the company's auditors for that purpose; and
- Taken such other steps (if any) for that purpose, as are required by their duty as a Director of the company to exercise reasonable care, skill and diligence.

Foundation trust membership

The Trust's membership was established following our authorisation as a foundation trust on 1 May 2009. Since that time, we have continued to engage with our members and the wider public to ensure that the views of local people and those across the wider populations that we serve are represented and help us to shape our services for the future.

We communicate with our members regularly through a variety of channels to keep them updated about our news and other developments, through social media, the Trust website and our weekly members' bulletin.

The membership consists of core public members across a variety of constituent areas, non-core public members and staff members. Public members must be at least 16 years of age and live within one of the constituencies:

- Middlesbrough
- Redcar and Cleveland
- Hambleton and Richmondshire
- Out of Trust Area/Rest of England (this is any other area outside of the core constituent areas within England)
- Patient/Carer

Staff members are any individuals who have been employed by the Trust or subsidiary organisation for 12 months or more. When joining the Trust, staff automatically become members unless they choose to opt out.

As at 31 March 2025, the Trust had 11,596 members, comprising 3,502 public members, 497 patient members and 7,597 staff members.

The tables below provide details of the Trust's membership

Constituency	Number of members	Members as at 31 March 2023
Middlesbrough	1,146	1,163
Redcar and Cleveland	1,049	1,076
Hambleton and Richmondshire	962	994
Patient	497	504
Rest of England/Out of Area	345	328
Total	**3,999**	**4,065**

Further information about the Trust membership can be found on our website: https://www.southtees.nhs.uk/about/membership/ or by emailing: stees.foundation.trust@nhs.net

Council of Governors

The Council of Governors directly represents the interests of members, staff, and the wider population to ensure the needs of the population are met. The Council of Governors forms an integral part of our governance structure and supports the development of forward plans and services. The Council of Governors has a number of statutory duties, which include:

- Appointment and removal of the Chairman and other Non-Executive Directors
- Approving the appointment of the Chief Executive
- Deciding the remuneration of the Chairman and Non-Executive Directors
- Appointment and removal of the Trust's External Auditors
- Receiving the Trust's Annual Report and Accounts
- Hold the Non-Executive Directors collectively to account for the performance of the Board
- Approving amendments to the Trust's Constitution
- Approval of significant transactions
- Approval of any application for merger, acquisition, separation or dissolution

The Council of Governors comprises 34 Governors who represent the Trust's public and staff constituencies and those stakeholder organisations who nominate individuals to become appointed Governors.

The table below provides details of the Trust's Council of Governors.

5 Public Governors from Middlesbrough	5 Public Governors from Hambleton and Richmondshire
5 Public Governors from Redcar and Cleveland	2 Patient/Carer
1 Rest of England	10 Appointed Governors
6 Staff Governors	

We continue to work closely with our partnership organisations, including local authorities, universities and Healthwatch as we develop our strategic ambitions for the Tees Valley and North Yorkshire to ensure we are delivering the best care and services to our population in the right place at the right time.

The Health and Care Act 2022 removed legal barriers for organisations to work closer together in partnership across a wider geographical footprint. To support this, the duties of Council of Governors were expanded to represent the interests of the wider public, not just members of the Trust.

To support the increased joint working between the Trust and North Tees and Hartlepool some meetings of the Council of Governors during 2024/25 have been held 'in common', although each trust remains an individual statutory organisation with its own Constitution. An exercise was undertaken in early 2024 to review the Constitutions of both trusts to reflect changes to powers set out in the Health and Care Act 2022 and minor stylistic changes supporting greater alignment of the documents.

There were a number of changes to the Council of Governors during 2024/25, including elections that were held. Details of the changes that occurred are described in the following table:

Governor	Constituency	Term of office	Number of terms	Term due to end/ended	Council of Governor meeting Attendance
Public elected governors					
Rebecca Hodgson	Middlesbrough	3 years	3	November 2025	2/7 29%
Jean Milburn	Middlesbrough	3 years	2	March 2027	2/7 29%
Yvonne Bytheway	Middlesbrough	3 years	2	November 2025	5/7 71%
David Charlesworth	Middlesbrough	3 years	1	June 2027	3/4 75%
Rachel Booth-Gardiner	Middlesbrough	3 years	1	November 2025	4/7 57%
Paul Fogarty	Middlesbrough	3 years	1	June 2024	1/1 100%
Zahida Mian	Redcar and Cleveland	3 years	1	May 2025	6/7 86%
Jon Winn	Redcar and Cleveland	3 years	2	May 2025	4/7 57%
Brian White	Redcar and Cleveland	3 years	2	May 2025	4/7 57%
Brendan Smith	Redcar and Cleveland	3 years	1	June 2027	4/4 100%
Lesley Addison	Redcar and Cleveland	3 years	1	November 2027	1/1 100%
Janet Crampton	Hambleton and Richmondshire	3 years	3	November 2025	5/7 71%

Graham Lane	Hambleton and Richmondshire	3 years	1	March 2027	3/7 43%
Sue Young	Hambleton and Richmondshire	3 years	2	March 2026	5/7 71%
Noel Beal	Hambleton and Richmondshire	3 years	1	March 2026	0/7 0%
Bernard Count von Ullersdorf	Hambleton and Richmondshire	3 years	1	November 2024*	1/3 33%
Dr Oluferni Shovemi	Rest of England	3 years	1	June 2027	4/4 100%
John Fordham	Patient / Carer	3 years	1	May 2025	6/7 86%
Lisa Bosomworth	Healthwatch	3 years	1	November 2024	1/5 20%
Linda Sergeant	Healthwatch	3 years	1	November 2027	1/3 33%
Staff elected governors					
Sarah Essex		3 years	1	May 2025	5/7 71%
Isaac Oluwatowoju		3 years	1	May 2025	3/7 43%
Julian Wenman		3 years	1	March 2026	3/7 43%
Ruth Mhlanga		3 years	1	June 2027	3/4 75%
Jane Passman		3 years	1	June 2027	3/4 75%

Appointed/Partnership Governors

Governor	Partner organisation	Date appointed	Council of Governor meeting attendance
Cllr Ursula Earl	Redcar and Cleveland Council	June 2023	3/7 43%
Cllr David Coupe	Middlesbrough Council	January 2022	5/7 71%
Cllr Steve Watson	North Yorkshire County Council	August 2022	1/7 14%
Carlie Johnston-Blyth	Teesside University	May 2021	3/7 43%
Prof Shaun Pattinson	Durham University	October 2022	4/7 57%
Prof David Kennedy	Newcastle University	February 2024	4/7 57%
Linda Sergeant	Healthwatch	November 2024	1/3 33%
Lee O'Brien	Carers Together	February 2020	1/7 14%

Council of Governor meetings

Council of Governors meetings are meetings held in public, unless the items of business require a private discussion. During 2024/25, seven Council of Governors meetings were held, these included combined meetings in common with North Tees and Hartlepool Council of Governors including three extra ordinary meetings and singular meetings with the Trust's Council of Governors for unitary matters of business.

- 21 May 2024
- 16 July 2024
- 30 July 2024 (Extra Ordinary)
- 21 August 2024 (Extra Ordinary)
- 21 November 2024
- 8 January 2025 (Extra Ordinary)
- 25 February 2025

Council of Governor committees

The Council of Governors delegates some of its powers to committees and working groups to consider items of business on behalf of the Council of Governors, one of which is a statutory committee, the Nominations Committee. The work of the Nominations Committee is detailed further in this section. Other groups established during the year included the External Audit Working Group and Quality Account Group.

Governor development and engagement

Throughout the year, Governors have been given the opportunity to take part in a variety of development and engagement sessions to further support them in their role. These have included formal inductions for new Governors, access to external events and development sessions covering a range of topics held prior to Council of Governor meetings. In August 2024, a joint Governor Induction session was held with North Tees and Hartlepool for the first time.

A Governor Handbook has also been developed as a useful reference guide, containing comprehensive information and resources to support all our Governors to undertake their role within the Council of Governors and wider communities.

One of the key roles of a Governor is to engage with and represent the interests of members and the public to gather their views and to communicate information about the Trust. There are a number of ways members of the Trust and members of the public can communicate with the Council of Governors:

Telephone: 01642 624506

Email: stees.foundation.trust@nhs.net

Write to your Governor at:

Membership Office

4th floor, North Wing.

University Hospital of North Tees

Hardwick

Stockton on Tees

TS19 8PE

The Board of Directors' relationship with the Council of Governors

The Board of Directors and Council of Governors strive to work together effectively in their respective roles. During the year, the Lead Governors and Vice Chairs of the Trust and North Tees and Hartlepool have worked closely with the Chair and Company Secretary to ensure topical issues and key matters of business form part of the Council of Governors meeting agendas. The Non-Executive Directors continue to take a lead in providing assurance to the Council of Governors regarding the work of the Board. They attend all meetings and share the work of the Committees by providing chairs logs. In addition, the Group Chief Executive supported by other members of the Executive Team, as required attend the meetings to provide valuable updates about the work of the Trust and Group development to ensure Governors are fully appraised regarding the strategic direction.

To further support gaining the appropriate level of assurance regarding the operation of the Board and wider trust, Governors are encouraged to attend the public Board meetings to gain a broader understanding of discussion taking place at Board level, to observe the decision-making processes and challenge by the Non-Executive Directors.

Declaration of Interests of the Council of Governors

All Governors are required to comply with the Council of Governors Code of Conduct and to declare any interests that may result in a potential conflict in their role as Governor of the Trust, a process that is repeated annually and recorded on a register of interests. In addition, at every meeting of the Council of Governors there is a standing agenda item, which requires Governors to declare any conflict of interest in relation to agenda items or any changes to their registered interests. The Register of Governors' interests is held by the Company Secretary and is available for public inspection via the following address:

Membership Office, University Hospital of North Tees,
Hardwick, Stockton on Tees, TS19 8PE

Nominations Committee

The Nominations Committee is a statutory committee responsible for the recruitment, remuneration, terms and conditions, appointment/re-appointment or removal of the Group Chair and Non-Executive Directors. In addition, the Committee has oversight of the annual appraisal process for the Group Chair and Non-Executive Directors and supports succession-planning proposals for the Board. The Committee has a membership representative of elected and appointed Governors and is chaired by the Group Chair, except if matters relating to their appointment or remuneration are being discussed. The Senior Independent Director is invited to the Committee to provide support and advice along with the Company Secretary.

The Committee acts on behalf of the Council of Governors and is responsible for taking forward recommendations to the Council of Governors for formal ratification. During 2024/25, the Committee met on four occasions, with three meetings held in common with the North Tees and Hartlepool Nominations Committee. Items of business considered included:

- Group Chair Appraisal for 2024/25 and agree a process for 2025/26;
- Group Senior Independent Director appointment;
- Non-Executive Director appraisal process;
- Considered succession plans and terms of office;
- Reviewed remuneration and terms of service for Non-Executive Directors;
- Received assurance on compliance with Fit and Proper Persons;
- Group Chair and Non-Executive Director re-appointment proposals;

Attendance information for the Nominations Committee meetings is below.

Non-executive Directors		Total number attended	% attendance
Professor Derek Bell	Group Chair	3/4	75%
Ada Burns	Group Non-Executive Director / Senior Independent Director	2*	N/A
Chris Macklin	Group Non-Executive Director / Senior Independent Director	1*	N/A
Ann Baxter	Group Non-Executive Director/Vice Chair	1*	N/A
Ali Wilson	Group Non-Executive Director/Vice Chair	1*	N/A
Janet Crampton	Elected Governor / Lead Governor	3/3	100%
Zahida Mian	Elected Public Governor	3/3	100%
Sarah Essex	Elected Staff Governor	2/3	66%
Rebecca Hodgson	Elected Public Governor	1/3	33%
David Russon	Elected Staff Governor	1/4	25%
Mike Scanlon	Elected Public Governor	4/4	100%

Non-executive Directors		Total number attended	% attendance
Andy Simpson	Appointed Governor	1/1	100%
Lynda White	Elected Public Governor	3/4	75%
Jon Winn	Elected Public Governor	3/3	100%
Angela Warnes	Elected Public Non-Core Governor	3/4	75%
Allison Usher	Elected Public Governor	2/4	50%
Jean Milburn	Elected Public Governor	1/3	33%
Mark White	Elected Public Governor	1/3	33%
Christopher Akers-Belcher	Appointed Governor	3/4	75%

* attendance is by invitation and not mandatory

External Audit Working Group

It is a legal requirement for all NHS foundation trusts to have an external audit service provider and it is a statutory duty of the Council of Governors to appoint or remove the Trust's external auditors. The current contract with the Trust's external auditors, Forvis Mazars will conclude with the auditing of the 2024/25 Annual Report and Accounts. Similarly, the external auditors for North Tees, Deloitte would also conclude after the 2024/25 audit process.

To oversee and support a single joint procurement exercise between the two trusts, External Audit Working Groups were established and convened 'in common' to review the bids received. Following a consensus scoring exercise a recommendation to appoint an external audit provider was presented to an extra ordinary meeting in common of the two Council of Governors on 8 January 2025 where Forvis Mazars were successfully awarded the contract to provide external audit services to the Trust and North Tees and Hartlepool with effect from 1 January 2026. The contract would commence with the 2025/26 audit and conclude with the 2028/29 audit. Separate arrangements were made for the subsidiary companies and charities of each trust.

Annual Remuneration Report

Annual Statement on Remuneration

We present on behalf of the Board of Directors' Remuneration Committee the Trust's Remuneration Report for the financial year ending on 31st March 2025. The Remuneration Committee is a committee of the Board and is responsible for the recruitment, succession planning and remuneration of the Executive Directors and other Directors.

In accordance with the requirements of the HM Treasury Financial Reporting Manual (FReM) and NHS Improvement, we have divided this Remuneration Report into the following parts:

- An annual statement on remuneration from the Remuneration Committee;
- Senior Managers' Remuneration Policy; and
- Annual Report on Remuneration.

The process the Trust uses for assessing the performance of its Chief Executive and Directors is determined by the Remuneration Committee and is reviewed annually to ensure it is fit for purpose and meets current good practice for Board Directors. The Trust's policy on pay is that it will, for all staff groups, endorse any national proposals for pay, subject to the Trust being able to afford to pay any changes/increases.

The Trust Remuneration Committee aims to ensure that Executive Directors and Directors remuneration is set appropriately. The Committee takes into account relevant market conditions to ensure Executive Directors and Directors are remunerated appropriately and that their pay is reasonable and comparable to other Executive Director and Director pay.

The Committee was assured that salaries above the threshold displayed within the Remuneration table within the Accountability Report are reasonable and comparable to other Executive Director and Director pay.

The Chief Executive and Executive Directors receive a fixed salary which is reviewed annually and determined by independent benchmarking against NHS organisations throughout the country with the use of NHS Provider benchmarking information, NHS Annual Reports and Accounts and knowledge of job descriptions, person specifications and market pay.

Executive Directors and Directors are substantive employees and their contacts can be terminated by either party giving notice of three months.

For the purpose of this Remuneration Report only voting members of the Board are considered as ‘senior managers’.

Due regard is also given to the diversity and complexity of the roles undertaken by the Directors when reviewing and benchmarking pay against comparators. Any pay changes/increases will always be subject to formal review of both the individual Director’s performance and the Trust's performance, taking cognisance of the national framework for pay.

The Remuneration Committee considers the key business objectives as set out in the Trust Strategic objectives and Improvement Plan allocated to each Director through the appraisal process. Performance is closely monitored and discussed through both an annual and on-going appraisal process. The Chief Executive takes a lead on the evaluation of Directors and the Chairman takes the lead on the Chief Executive’s performance.

During 2024/25, appraisals were held with the Chief Executive and each Director and all senior managers’ remuneration is subject to satisfactory performance.

Major decisions on remuneration in 2024/25:

- Compulsory redundancy payment of £148,551.00 for the Digital Director
- Hospital leadership framework agreed and the salaries for Chief Operating Officer, Director of Nursing and Medical Director agreed
- Compulsory redundancy payment of £144,531.18 for the Director of Estates.

Major decisions on remuneration in 2024/25 made in common with North Tees and Hartlepool NHS Trust:

- Appointment of Group Director of Estates, Group Chief Information Office, Interim Group Chief Nurse, Group Chief Nurse and Group Chief Strategy Officer agreed
- Salary for Group Director of Estates, Group Chief Information Officer, interim Group Chief Nurse and Group Chief Nurse agreed
- Notice period for the Group Director of Estates and Group Chief Information Technology Officer posts be increased from 3 months to 6 months in line with voting Group Executive Directors.
- Salary for the Group Chief Medical Officer, Group Chief Nursing Officer, Group Managing Director, Group Chief Finance Officer, and Group Chief People Officer agreed and remunerated on the median point plus 5%.
- VSM pay award of 5% be implemented and backdated to 1 April 2024 or appointment date as appropriate.
- Receive the Executive Director and Director appraisal report
- Receive the CEO appraisal report
- Voluntary Severance policy approved

The Committee met on nine (9) occasions during the period of the 1 April 2024 to 31 March 2025.

		Total number attended	% attendance
Professor D Bell	Group Chairman	9/9	100%
Ms A Wilson	Group Vice Chair	7/9	78%
Ms A Baxter	Group Vice Chair	7/9	78%
Ms C Macklin	Group Non Executive Director / Senior Independent Director NTH	8/9	89%
Mr M Dias	Group Non-Executive Director	8/9	89%
Ms M Davidson	Group Non-Executive Director	6/9	67%
Ms F Scullion	Group Non-Executive Director	9/9	100%
Professor L Barnes	Group Non-Executive Director	6/9	67%
Mr K Readshaw	Group Non-Executive Director	4/9	44%
Ms A Fellows	Group Non-Executive Director	5/9	56%
Ms A Burns	Group Non Executive Director / Senior Independent Director STH	7/9	78%
Mr D Redpath	Group Non-Executive Director	3/9	33%

The Remuneration Committee fulfil their responsibilities and report to the Board of Directors.

Signed:

Stacey Hunter

Group Chief Executive and Accounting Officer

Date: 30 June 2025

Signed:

Professor Derek Bell OBE

Group Chair

Senior manager remuneration and benefits

The Remuneration Committee is committed to ensuring the Trust is able to offer proportionate and fair remuneration packages, reflective of the responsibility of working in a large and complex environment and to promote the long-term sustainable success of the Trust by attracting, recruiting and retaining high calibre staff in a competitive marketplace.

It considers the prevailing market conditions, benchmarks pay and employment conditions against appropriate peer, national and regional comparators and the Trust workforce. When appointing Directors and Executive Directors to the Trust, the Remuneration Committee aligns with the Trust's strategy to deliver Workforce Race Equality standards, Workforce Disability Equality Standards and increase inclusive leadership. The Trust values and promotes diversity and is committed to equality of opportunity for all. The Trust believes that the best boards are those that reflect the communities they serve, and applications are particularly welcomed from women, people from the local black and minority ethnic communities, and disabled people who we know are under-represented in senior manager roles.

The Remuneration Committee always considers the pay and terms and conditions of service of all Trust employees when making any decisions relating to the Executive Directors' pay and conditions. This is to ensure that levels of responsibility and experience are reflected appropriately, take account of pay surveys conducted by NHS Providers, as well as comparisons with other North East trusts and consider any national inflationary pay awards awarded to agenda for change/medical and dental staff.

NHS England outlined recommendations for the 2024/25 annual pay increase for very senior managers in September 2024. The Remuneration Committee agreed to award 5% for all very senior managers backdated to 1 April 2024 in line with the guidance.

Details of Directors' remuneration and pension entitlements for the year ending 31 March 2025 are published in this Remuneration Report and the Annual Accounts section.

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

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

There are no components to senior manager salaries other than those disclosed within the tables in this report. Total remuneration includes salary, non–consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions for 2024/25. There have been no special contractual compensation provisions attached to the early termination of a senior manager's contract of employment and there has been no payment for compensation for loss of office paid or receivable under the terms of an approved compensation scheme.

Service contract obligations

Director and Executive Director service contracts do not include obligations on the Foundation Trust which could give rise to or impact on remuneration payments or payments for loss of office. The Trust does not make payments for loss of office outside the standard contract terms included in the employment contracts of senior managers.

Policy on payment for loss of office

The Members of the Executive Team are appointed on permanent contracts with a notice period of three months for them to serve and a period of six months for the Trust to serve.

The Chief Medical Officer's salary is in accordance with the terms and conditions of the National Health Service Consultant Contract plus a responsibility allowance payable for the duration of office which is three years.

Early termination by reason of redundancy is in accordance with the provision of the NHS redundancy arrangements and in accordance with the NHS pension scheme. Employees above the minimum retirement age that request termination by reason of early retirement are subject to the normal provisions of the NHS pension scheme.

Element	Link to strategy	Operation	Maximum	Changes
Base salary	To set a level of reward for performing the core role. To provide a competitive salary relative to comparable healthcare organisations in terms of size and complexity.	The aim is to offer benchmarked salary which the Committee consider appropriate for experience and performance	There is no prescribed maximum annual increase. When reviewing salaries, the Committee take account of personal and organisational performance and any national award offered to the wider employee population	No
Taxable benefits	The current remuneration policy of the Trust does not make provision for taxable benefits or performance related bonuses unless specifically agreed by the Remuneration Committee on a case-by-case basis.			
Annual performance related bonuses				
Pension related benefits	To provide pensions in line with NHS Policy	Directors are automatically enrolled in the NHS pension scheme on the same basis as all other colleagues with the NHS	Pension arrangements for the Chief Executive and Executive Directors and Directors are in accordance with the NHS pension scheme. The accounting policies for pensions and other relevant benefits are set out in the note 1.5 to the accounts	No

Directors' costs table 2024/25 (subject to audit)

Figures below are for the 12-month period from 1 April 2024 to 31 March 2025 for comparison purposes a table showing figures for the prior year is also included.

	2024/25					
Name and title	**Salary & fees (in bands of £5k)**	**Taxable benefits (total to the nearest £100)**	**Performance-related bonuses (in bands of £5k)**	**Long-term performance-related bonuses (in bands of £5k)**	**All pension-related benefits (in bands of £2.5k)**	**Total**
	£000	**£**	**£000**	**£000**	**£000**	**£000**
Derek Bell Group Chair	40-45	400	-	-	-	40-45
Ali Wilson Group Non-Executive Director/Vice Chair	10-15	-	-	-	-	10-15
Ann Baxter Group Non-Executive Director/Vice Chair	10-15	-	-	-	-	10-15
Ada Burns Group Senior Independent and Non-Executive Director	5-10	-	-	-	-	5-10
Christopher Macklin Group Senior Independent and Non-Executive Director	5-10	-	-	-	-	5-10
David Redpath Group Non-Executive Director	5-10	-	-	-	-	5-10
Kenneth Readshaw Group Non-Executive Director	5-10	-	-	-	-	5-10
Mark Dias Group Non-Executive Director	5-10	-	-	-	-	5-10
Miriam Davidson Group Non-Executive Director	5-10	-	-	-	-	5-10
Alison Fellows (Care) Group Non-Executive Director	5-10	-	-	-	-	5-10
Elizabeth Barnes Group Non-Executive Director	5-10	-	-	-	-	5-10
Fay Scullion Group Non-Executive Director	5-10	-	-	-	-	5-10
Rudy Bilous (1) Group Associate Non-Executive Director	0-5	-	-	-	-	0-5
Alyson Gerner (2) Group Associate Non-Executive Director	0-5	-	-	-	-	0-5
Stacey Hunter Group Chief Executive Officer	130-135	-			195-197.5	325-330
Neil Atkinson Group Managing Director	95-100	1500	-	-	102.5-105	200-205
Chris Hand Group Chief Finance Officer	95-100	1500	-	-	77.5-80	170-175
Matthew Neligan (3) Group Chief Strategy Officer	40-45	-			25-27.5	65-70
Mike Stewart Group Chief Medical Officer	120-125	500	-	-	-	120-125
Rachael Metcalf Group Chief People Officer	75-80	1500			80-82.5	160-165
Susannah Cook (4) Group Chief People Officer	25-30	-			0-2.5	25-30
Maurya Cushlow (5) Group Chief Nurse	10-15	-			-	10-15
Hilary Lloyd (6) Group Chief Nurse	75-80	-	-	-	17.5-20	90-95
Band of Highest Paid Director's Total Remuneration in £000s (excluding redundancy payments and payments in lieu of notice)	**260-265**					

1	Prof Derek Bell, Group Chair of North Tees and Hartlepool NHS Foundation Trust and South Tees Hospitals NHS Foundation Trust. North Tees and Hartlepool NHS Foundation Trust pay Prof Bell's salary in full and recharge 50% to South Tees Hospitals NHS Foundation Trust. Full salary value is £80,000.04 and the recharge to South Tees Hospitals NHS Foundation Trust for 2024/25 is £40,000.02. Expenses are also split 50:50.
2	Ms Ann Baxter, Group Vice Chair of North Tees and Hartlepool NHS Foundation Trust and South Tees Hospitals NHS Foundation Trust. North Tees and Hartlepool NHS Foundation Trust pay Ms Baxter's salary in full and recharge 50% to South Tees Hospitals NHS Foundation Trust. Full salary value is £26,358.09 and the recharge to South Tees Hospitals NHS Foundation Trust for 2024/25 is £13,179.05..
3	Ms Ali Wilson, Group Vice Chair of North Tees and Hartlepool NHS Foundation Trust and South Tees Hospitals NHS Foundation Trust from 05.04.24. South Tees Hospitals NHS Foundation Trust pay Ms Wilson's salary in full and recharge 50% to North Tees and Hartepool NHS Foundation Trust. Full salary value is £25,715.11 and the recharge to North Tees and Hartlepool NHS Foundation Trust for 2024/25 is £12,857.55.
4	Ms Ada Burns, Group Non-Executive Director of North Tees and Hartlepool NHS Foundation Trust and South Tees Hospitals NHS Foundation Trust from 05.04.24. South Tees Hospitals NHS Foundation Trust pay Ms Burn's salary in full and recharge 50% to North Tees and Hartepool NHS Foundation Trust. Full salary value is £14,835.62 and the recharge to North Tees and Hartlepool NHS Foundation Trust for 2024/25 is £7,417.81.
5	Mr Christopher Macklin, Group Non-Executive Director of North Tees and Hartlepool NHS Foundation Trust and South Tees Hospitals NHS Foundation Trust. North Tees and Hartlepool NHS Foundation Trust pay Mr Macklin's salary in full and recharge 50% to South Tees Hospitals NHS Foundation Trust. Full salary value is £15,109.23 and the recharge to South Tees Hospitals NHS Foundation Trust for 2024/25 is £7,554.62.
6	Mr David Redpath, Group Non-Executive Director of North Tees and Hartlepool NHS Foundation Trust and South Tees Hospitals NHS Foundation Trust from 05.04.24. South Tees Hospitals NHS Foundation Trust pay Mr Redpath's salary in full and recharge 50% to North Tees and Hartepool NHS Foundation Trust. Full salary value is £14,835.62 and the recharge to North Tees and Hartlepool NHS Foundation Trust for 2024/25 is £7,417.81.
7	Mr Ken Readshaw, Group Non-Executive Director of North Tees and Hartlepool NHS Foundation Trust and South Tees Hospitals NHS Foundation Trust from 05.04.24. South Tees Hospitals NHS Foundation Trust pay Mr Readshaw's salary in full and recharge 50% to North Tees and Hartepool NHS Foundation Trust. Full salary value is £14,835.62 and the recharge to North Tees and Hartlepool NHS Foundation Trust for 2024/25 is £7,417.81.
8	Mr Mark Dias, Group Non-Executive Director of North Tees and Hartlepool NHS Foundation Trust and South Tees Hospitals NHS Foundation Trust from 05.04.24. South Tees Hospitals NHS Foundation Trust pay Mr Dias's salary in full and recharge 50% to North Tees and Hartepool NHS Foundation Trust. Full salary value is £14,857.40 and the recharge to North Tees and Hartlepool NHS Foundation Trust for 2024/25 is £7,428.70.
9	Ms Miriam Davidson, Group Non-Executive Director of North Tees and Hartlepool NHS Foundation Trust and South Tees Hospitals NHS Foundation Trust from 05.04.24. South Tees Hospitals NHS Foundation Trust pay Ms Davidson's salary in full and recharge 50% to North Tees and Hartepool NHS Foundation Trust. Full salary value is £14,857.40 and the recharge to North Tees and Hartlepool NHS Foundation Trust for 2024/25 is £7,428.70
10	Mrs Alison Fellows (Care), Group Non-Executive Director of North Tees and Hartlepool NHS Foundation Trust and South Tees Hospitals NHS Foundation Trust. North Tees and Hartlepool NHS Foundation Trust pay Mrs Fellows's salary in full and recharge 50% to South Tees Hospitals NHS Foundation Trust. Full salary value is £14,977.77 and the recharge to South Tees Hospitals NHS Foundation Trust for 2024/25 is £7,488.89.
11	Prof Elizabeth Barnes, Group Non-Executive Director of North Tees and Hartlepool NHS Foundation Trust and South Tees Hospitals NHS Foundation Trust. North Tees and Hartlepool NHS Foundation Trust pay Prof Barnes's salary in full and recharge 50% to South Tees Hospitals NHS Foundation Trust. Full salary value is £15,349.47 and the recharge to South Tees Hospitals NHS Foundation Trust for 2024/25 is £7,674.74.
12	Mrs Fay Scullion, Group Non-Executive Director of North Tees and Hartlepool NHS Foundation Trust and South Tees Hospitals NHS Foundation Trust. North Tees and Hartlepool NHS Foundation Trust pay Mrs Scullion's salary in full and recharge 50% to South Tees Hospitals NHS Foundation Trust. Full salary value is £14,977.77 and the recharge to South Tees Hospitals NHS Foundation Trust for 2024/25 is £7,488.89.
13	Prof Rudy Bilous, Group Associate Non-Executive Director of North Tees and Hartlepool NHS Foundation Trust and South Tees Hospitals NHS Foundation Trust from 05.04.24 to 31.08.24. South Tees Hospitals NHS Foundation Trust pay Mrs Gerner's salary in full and recharge 50% to North Tees and Hartepool NHS Foundation Trust. Full salary value is £3,468.75 and the recharge to North Tees and Hartlepool NHS Foundation Trust for 2024/25 is £1,734.38.
14	Mrs Alyson Gerner, Group Associate Non-Executive Director of North Tees and Hartlepool NHS Foundation Trust and South Tees Hospitals NHS Foundation Trust from 05.04.24 to 31.08.24. South Tees Hospitals NHS Foundation Trust pay Mrs Gerner's salary in full and recharge 50% to North Tees and Hartepool NHS Foundation Trust. Full salary value is £3,468.75 and the recharge to North Tees and Hartlepool NHS Foundation Trust for 2024/25 is £1,734.38.

15 Ms Stacey Hunter, Group Chief Executive of North Tees and Hartlepool NHS Foundation Trust and South Tees Hospitals NHS Foundation Trust. North Tees and Hartlepool NHS Foundation Trust pay Ms Hunter's salary in full and recharge 50% to South Tees Hospitals NHS Foundation Trust. Full salary value is £262,500.00 and the recharge to South Tees Hospitals NHS Foundation Trust for 2024/25 is £131,250.00. In addition, the full pension related benefit value for the year amounted to £390,151.00 and the 50% proportion for South Tees Hospitals NHS Foundation Trust amounts to £195,075.50.

16 Mr Neil Atkinson , Group Managing Director of North Tees and Hartlepool NHS Foundation Trust and South Tees Hospitals NHS Foundation Trust from 05.04.24. From 01.04.24 to 04.04.24 was Managing Director for North Tees and Hartlepool NHS Foundation Trust only. North Tees and Hartlepool NHS Foundation Trust pay Mr Atkinson's salary in full and recharge 50% to South Tees Hospitals NHS Foundation Trust. Full salary value is £194,040.00 and the recharge to South Tees Hospitals NHS Foundation Trust for 2024/25 is £97,020.00. Expenses are also split 50:50. In addition, the full pension related benefit value for the year amounted to £206,448.00 and the 50% proportion for South Tees Hospitals NHS Foundation Trust amounts to £103,224.00.

17 Mr Chris Hand, Group Chief Finance Officer of North Tees and Hartlepool NHS Foundation Trust and South Tees Hospitals NHS Foundation from 05.04.24. South Tees Hospitals NHS Foundation Trust pay Mr Hand's salary in full and recharge 50% to North Tees and Hartlepool NHS Foundation Trust . Full salary value is £190,181.20 and the recharge to North Tees and Hartlepool NHS Foundation Trust for 2024/25 is £94,048.55. In addition, the full pension related benefit value for the year amounted to £155,181.00 and the 50% proportion for South Tees Hospitals NHS Foundation Trust amounts to £77,590.50.

18 Mr Matthew Neligan, Group Chief Strategy Officer of North Tees and Hartlepool NHS Foundation Trust and South Tees Hospitals NHS Foundation from 04.10.24. North Tees and Hartlepool NHS Foundation Trust pay Mr Nelligan's salary in full and recharge 50% to South Tees Hospitals NHS Foundation Trust . Full salary value is £83,012.10 and the recharge to South Tees Hospitals NHS Foundation Trust for 2024/25 is £41,506.05 In addition, the full pension related benefit value for the year amounted to £53,997.00 and the 50% proportion for South Tees Hospitals NHS Foundation Trust amounts to £26,998.50.

19 Dr Mike Stewart, Group Chief Medical Officer of North Tees and Hartlepool NHS Foundation Trust and South Tees Hospitals NHS Foundation. South Tees Hospitals NHS Foundation Trust pay Dr Stewart's salary in full and recharge 50% to North Tees and Hartlepool NHS Foundation Trust. Full salary value is £242,391.12 and the recharge to North Tees and Hartlepool NHS Foundation Trust for 2024/25 is £121,195.56. Dr Stewart is not in the NHS pension.

20 Mrs Rachael Metcalf, Group Chief People Officer of North Tees and Hartlepool NHS Foundation Trust and South Tees Hospitals NHS Foundation from 05.04.24. South Tees Hospitals NHS Foundation Trust pay Mrs Metcalf's salary in full and recharge 50% to North Tees and Hartlepool NHS Foundation Trust . Full salary value is £157,447.50 and the recharge to North Tees and Hartlepool NHS Foundation Trust for 2024/25 is £77,861.05. In addition, the full pension related benefit value for the year amounted to £161,087.00 and the 50% proportion for South Tees Hospitals NHS Foundation Trust amounts to £80,543.50.

21 Dr Susannah Cook, Group Chief People Officer of North Tees and Hartlepool NHS Foundation Trust and South Tees Hospitals NHS Foundation Trust. Moved to Group role 05.04.24 and left 31.08.24. Include as voting member of North Tees and Hartlepool NHS Foundation Trust from 01.04.24 - 04.04.24. From 05.04.24 to 31.08.24 North Tees and Hartlepool NHS Foundation Trust paid Dr Cook's salary in full and recharged 50% to South Tees Hospitals NHS Foundation Trust. Full salary value is £56,808.62 and the recharge to South Tees Hospitals NHS Foundation Trust for 2024/25 is £27,679.17. In addition, the full pension related benefit value for the year amounted to £2,163.00 and the 50% proportion for South Tees Hospitals NHS Foundation Trust amounts to £1,081.50.

22 Ms Maurya Cushlow, Interim Group Chief Nurse of North Tees and Hartlepool NHS Foundation Trust and South Tees Hospitals NHS Foundation from 13.01.25. South Tees Hospitals NHS Foundation Trust pay Ms Cushlow's salary in full and recharge 50% to North Tees and Hartlepool NHS Foundation Trust . Full salary value is £29,301.85 and the recharge to South Tees Hospitals NHS Foundation Trust for 2024/25 is £14,650.93. Ms Cushlow is not in the NHS pension.

23 Dr Hilary Lloyd, Group Chief Nurse of North Tees and Hartlepool NHS Foundation Trust and South Tees Hospitals NHS Foundation from 05.04.24 to 31.01.25. South Tees Hospitals NHS Foundation Trust pay Ms Lloyds's salary in full and recharge 50% to North Tees and Hartlepool NHS Foundation Trust from 05.04.24. Full salary value is £151,288.57 and the recharge to North Tees and Hartlepool NHS Foundation Trust for 2024/25 is £62,587.87. In addition, the full pension related benefit value for the year amounted to £38,034.00 and the 50% proportion for South Tees Hospitals NHS Foundation Trust amounts to £19,017.00.

Directors' costs table 2023/24

Name and title	2023/24					
	Salary & fees (in bands of £5k)	Taxable benefits (total to the nearest £100)	Performance-related bonuses (in bands of £5k)	Long-term performance-related bonuses (in bands of £5k)	All pension-related benefits (in bands of £2.5k)	Total
	£000	£00	£000	£000	£000	£000
Derek Bell	40-45	-	-	-	-	40-45
Group Chair						
Richard Carter-Ferris (1)	10-15	-	-	-	-	10-15
Vice Chair and Non-executive Director						
Ada Burns	15-20	-	-	-	-	15-20
Senior Independent and non-executive Director						
Debbie Reape (2)	-	-	-	-	-	-
Non-executive Director						
David Redpath	15-20	-	-	-	-	15-20
Non-executive Director						
David Jennings (3)	-	-	-	-	-	-
Non-executive Director						
Ali Wilson	20-25	-	-	-	-	20-25
Non-executive Director/Vice Chair						
Kenneth Readshaw	15-20	-	-	-	-	15-20
Non-executive Director						
Mark Dias	10-15	-	-	-	-	10-15
Non-executive Director						
Alyson Gerner	5-10	-	-	-	-	5-10
Associate non-executive Director						
Miriam Davidson	10-15	-	-	-	-	10-15
Non-executive Director						
Professor Rudy Bilous	5-10	-	-	-	-	5-10
Associate non-executive Director						
Sue Page (4)	235-240	18	-	-	-	240-245
Chief Executive Officer						
Stacey Hunter (5)	20-25	-			-	20-25
Group Chief Executive Officer						
Robert Harrison (6)	140-145	2	-	-	-	140-145
Managing Director						
Chris Hand	150-155	2	-	-	7.5-10	160-165
Chief Finance Officer						
Mike Stewart	200-205	1	-	-	-	200-205
Chief Medical Officer						
Rachael Metcalf (7)	120-125	1			5-7.5	125-130
Chief People Officer						
Hilary Lloyd	150-155	-	-	-	-	150-155
Chief Nursing Officer						
Band of Highest Paid Director's Total Remuneration in £000s (excluding redundancy payments and payments in lieu of notice)	**200-205**					

(1) Richard Carter-Ferris left the Trust on 31 August 2023
(2) Debbie Reape left the Trust on 31 August 2022.
(3) David Jennings left the Trust on 31 August 2022.
(4) Sue Page left the role of Chief Executive Officer on 31 December 2023. A payment of £50,527.26 was made in lieu of notice
(5) Stacey Hunter was appointed into the role of Group Chief Executive Officer on 1 February 2024
(6) Robert Harrison left the Trust on 31 January 2024.
(7) Rachael Metcalf was appointed to the role of Chief People Officer on 1 January 2024.

* In accordance with NHS England's NHS Foundation Trust Annual Reporting Manual s2.40, disclosure is now shown where one or more senior managers are paid more than £150,000. This is the threshold used in the Civil Service for approval by the Chief Secretary to the Treasury, as set out in guidance issued by the Cabinet Office and is considered a suitable benchmark above which NHS foundation trusts should disclose. Every salary approved by the remuneration committee has been appropriately externally benchmarked and salary levels set to ensure we are attracting the right skills and competencies.

** In accordance with NHS England's NHS Foundation Trust Annual Reporting Manual s2.50, where the calculations for Pension-Related Benefits result in a negative value the result should be reported as zero.

The information included above for pension benefits has been supplied by NHS Pensions.

Pension information

The figures below are for the 12-month period from 1 April 2024 to 31 March 2025:

	Real increase in pension at pension age	Real increase to pension lump sum at pension age	Total accrued pension at pension age at 31 March 2025	Lump sum at pension age related to accrued pension at 31 March 2025	Cash equivalent transfer value at 1 April 2024	Real increase in cash equivalent transfer value	Cash equivalent transfer value at 31 March 2025	Employer's contribution to stakeholder pension
Executive Directors	Bands of £2,500	Bands of £2,500	Bands of £5,000	Bands of £5,000	£000s	£000s	£000s	£000s
Stacey Hunter Group Chief Executive Officer	17.5-20	40-42.5	85-90	220-225	1,481	409	2,022	38
Neil Atkinson Group Managing Director	10-12.5	20-22.5	60-65	155-160	1,090	216	1,400	25
Chris Hand Group Chief Finance Officer	7.5-10	12.5-15	55-60	140-145	939	142	1,167	26
Matthew Neligan Group Chief Strategy Officer	2.5-5	2.5-5	60-65	155-160	1,127	55	1,344	12
Hilary Lloyd Group Chief Nurse	2.5-5	0-2.5	70-75	195-200	1,624	58	1,824	22
Susannah Cook Group Chief People Officer	0-2.5	0	40-45	100-105	785	2	860	8
Rachael Metcalf Group Chief People Officer	7.5-10	15-17.5	45-50	115-120	738	154	960	21

The comparative figures for the 12-month period from 1 April 2023 to 31 March 2024 are as follows:

	Real increase in pension at pension age	Real increase to pension lump sum at pension age	Total accrued pension at pension age at 31 March 2024	Lump sum at pension age related to accrued pension at 31 March 2024	Cash equivalent transfer value at 1 April 2023	Real increase in cash equivalent transfer value	Cash equivalent transfer value at 31 March 2024	Employer's contribution to stakeholder pension
Executive Directors	Bands of £2,500	Bands of £2,500	Bands of £5,000	Bands of £5,000	£000s	£000s	£000s	£000s
Stacey Hunter Group Chief Executive Officer	0	5-7.5	60-65	170-175	1,157	28	1,481	0
Robert Harrison Managing Director	0	35-37.5	45-50	120-125	656	155	936	0
Chris Hand Chief Finance Officer	0-2.5	27.5-30	45-50	120-125	658	194	939	0
Hilary Lloyd Chief Nursing Officer	0	0	65-70	180-185	1,362	104	1,624	0
Rachael Metcalf Chief People Officer	0-2.5	0-2.5	35-40	90-95	597	4	738	0

Note: In the tables above, the benefits and related CETVs do not allow for any potential future adjustment arising from the McCloud judgment.

Notes to senior managers' remuneration and pension benefits (subject to audit)

A Cash Equivalent Transfer (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies.

The CETV figures, and from 2004/05 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.

Fair pay multiple (subject to audit)

As an NHS Foundation Trust, the Trust is required to disclose the relationship between the remuneration of the highest paid Executive Director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce (this excludes one-off severance payments and pension related benefits). For this Trust, Executive Directors are deemed those with voting rights on the Board, as disclosed in the salary table above. In 2024/25 the highest paid Director is the Group Chief Executive Officer (in 2023/24 the highest paid Director was the Chief Medical Officer).

The banded remuneration of the highest paid Director at the Trust in 2024/25 was £262,500 (2023/24 £202,500). The increase in remuneration between years for the Group Chief Executive Officer was 7.9%. The remuneration was 7.0 times (2023/24 5.9 times) the median remuneration of the workforce, which was £37,338 (2023/24 £34,581).

This exercise has included all staff employed by the Trust during the financial period, regardless of whether they were still employed at 31 March 2025. The remuneration figures used are based on Trust employees including locum staff, the Trust's in-house nurse, clerical bank staff and excludes external agency staff.

In 2024/25, nine employees received remuneration in excess of the highest paid Director (thirty nine employees in 2023/24). Remuneration ranged from £23,614 to £361,691 (2023/24 £22,383 to £376,065). The percentage change in average employee remuneration (based on total for all employees on an annualised basis divided by full time equivalent number of employees) between years is 6.2%. Total remuneration includes salary, non-consolidated performance-related pay, benefits in kind but not severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions. The starting point for the ranges for the financial periods is based on the minimum agenda for change pay scales.

The remuneration of the employee at the 25th percentile, median and 75th percentile is set out below. The pay ratio shows the relationship between the total pay and benefits of the highest paid director (excluding pension benefits) and each point in the remuneration range for the organisation's workforce.

	2024/25			2023/24		
	25th percentile	Median	75th percentile	25th percentile	Median	75th percentile
Total pay and benefits excluding pension benefits	29,015	37,338	47,554	25,520	34,581	44,884
Banded remuneration of highest paid director	262,500	262,500	262,500	202,500	202,500	202,500
Ratio of total pay and benefits and the mid-point of the banded remuneration of the highest paid director	9.1	7.0	5.6	7.9	5.9	4.5

The change in median remuneration during the years is mainly due to the change in the banded remuneration of the highest paid director. The Trust believes that the median pay ratio for the relevant financial year is consistent with pay, ward and progression policies for the entire employee population.

Expenditure on consultancy

In 2024/25, expenditure on consultancy was £0.282 million (2023/24 £0.655 million). Consultancy expenditure in the year related mainly to support in developing and delivering the Trust's Financial Improvement Programme with support from NHS England.

Staff exit packages

In 2024/25, the Trust agreed an exit package with 3 members of staff (there were 5 instances in 2023/24) which cost £0.251 million. Further information to support the exit packages is included in Note 5.3 and Note 5.4 of the Financial Statements.

Governors' expenses

In accordance with the Trust's Constitution, Governors are eligible to claim expenses for travel at rates determined by the Trust. Out of the Council of Governor membership there were six Governors who claimed expenses which totalled £862.

Directors' expenses

In 2024/25, expenses paid to those holding the office of Director at the Trust totalled £1722. All costs paid related to the reimbursement of travel, subsistence costs and course expenses. Details of remuneration and benefits in kind can be found within the remuneration table.

Analysis of staff costs (subject to audit)

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

Off-payroll engagements

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

Highly paid off-payroll worker engagements as at 31 March 2025 earning £245 per day or greater:	
Number of existing engagements as of 31 March 2025 of which:	0
Number that have existed for less than one year at time of reporting	0
Number that have existed for between one and two years at time of reporting	0
Number that have existed for between two and three years at time of reporting	0
Number that have existed for between three and four years at time of reporting	0
Number that have existed for four or more years at time of reporting	0

All highly paid off-payroll workers engaged at any point during the year ended 31 March 2025 earning £245 per day or greater:	
Number of off-payroll workers engaged during the year ended 31 March 2025:	0
Of which:	
Not subject to-off-payroll legislation	0
Subject to off-payroll legislation and determined as in-scope of IR35	0
Subject to off-payroll legislation and determined as out-of-scope of IR35	0
Number of engagements reassessed for compliance or assurance purposes during the year	0
Of which: number of engagements that saw a change to IR35 status following review	0

Any off-payroll engagements of Board members, and/or, senior officials with significant financial responsibility, between 1 April 2023 and 31 March 2024:	
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. This figure must include both off-payroll and on-payroll engagements	0

The audit committee

The membership of the Audit and Risk Committee consists of three independent directors. The Board should satisfy itself that the membership of the committee has sufficient skills to discharge its responsibilities effectively and ensure that at least one member of the committee has recent and relevant financial experience.

The committee is chaired by Mr Readshaw.

There were six (6) meetings held during 2024/25. Overall attendance was good throughout the year.

Non-executive Directors	Total number attended	% attendance
Mr K Readshaw	6/6	100
Ms M Davidson	5/6	83
Ms A Gerner	4/6	66

The committee remains responsible for providing the Board with advice and recommendations on matters which include the effectiveness of the framework of controls in the Trust, the adequacy of the arrangements for managing risk and how they are implemented, the adequacy of the plans of our auditors and how they perform against them, the impact of changes in accounting policy and the committee's review of the Annual Accounts.

The committee ensured a focus on the effectiveness of arrangements in place for counter fraud, anti-bribery and corruption to ensure that these met the NHS Counter Fraud Authority's requirements standards.

The committee met its responsibilities during 2023/24 by:

- Reviewing the Board Assurance Framework
- Reviewing risk and internal control-related disclosures, such as the Annual Governance Statement
- Reviewing the work and findings of Internal Audit, including the Internal Audit annual plan
- Reviewing the work and findings of External Audit
- Reviewing the work and findings of the Local Counter Fraud Officer and other fraud reports
- Reviewing the process by which clinical audit is undertaken in the organisation
- Reviewing the process by which staff are able to speak up in the organisation
- Monitoring the extent to which our external auditors undertake non-audit work having reference to the Auditors Guidance Note 1 (AGN01) 'General Guidance Supporting Local Audit'
- Receiving assurance that the organisation is compliant with the NHS England EPRR core standards and has an effective business continuity process in place
- Receiving assurance that the organisation is compliant with the NHS England EPRR core standards and has an effective business continuity process in place

- Reviewing the 2024/25 Financial Statements and Annual Report, prior to submission to the Board and NHS England
- Seeking assurance that the financial statements have been appropriately compiled on a going concern basis
- Reviewing and approving the Trust's Standing Financial Instructions and Scheme of Delegation
- Reviewing Trust policies such as standing financial instructions, accounting policies and BAF standard operating procedure
- Approving the Register of Interests for the Trust Board of Directors
- Seeking assurance in relation to the Trust's compliance with regulatory changes
- Reviewed the schedule of losses and compensations, the annual fraud report and provided assurance to the Board following each of its meetings
- Received a report on compliance with the Provider License and recommended this to the Board
- Received a report on the decisions regarding matters reserved to the unitary Board and delegated to the Group Board as part of the joint single committee established with North Tees and Hartlepool NHS Trust in 2024.

The committee is content that the objectivity and independence of the auditor was not compromised by any of these additional assignments and that these services are allowed services under AGN01.

A review of the committee effectiveness was undertaken in May 2025, based on a survey of members and attendees. Members were satisfied with the way the committee was operating and a small number of considerations are identified in the report.

In the review of internal audit and management assurance reports, Audit and Risk Committee identified three High, 13 Medium and ten Low risk rated findings to improve weaknesses in the design of controls and/or operating effectiveness. Three High risk rated findings have been identified across the reviews carried out during the year. These have been summarised in the annual governance statement.

Charitable Funds Committee

The Charitable Funds Committee has continued to meet during 2024/25 for the on-going management of charitable funds on behalf of the Corporate Trustees.

Staff report

Information relating to workforce statistics (staff sickness) can also be found at https://digital.nhs.uk/data-and-information/publications/statistical/nhs-workforce-statistics

Staff experience and engagement

The Trust recognises the importance of true and meaningful engagement with our people. The annual staff survey plays a critical part in this, however quite rightly is not the only means of engagement with our staff. This is supported by various methods, including quarterly pulse surveys (something we are looking to develop further as part of our University Hospitals Tees Group model over the next year), regular briefings from our Executive and senior leaders across the Trust and Group, active social media presence and regular 'Hearing it' sessions with the Group Chief Executive Officer. These online sessions are open to every member of staff across the Group and provide the opportunity to ask questions on a wide range subjects.

Staff survey

The NHS staff survey is conducted annually. The survey questions align to the seven elements of the NHS 'People Promise' and retains the two previous themes of engagement and morale. All indicators are based on a score out of 10 for specific questions where a higher score is more positive than a lower score. The response rate to the 2024 survey was 30% which is a reduction of 5%, from the 2023 survey (35%).

Scores for each indicator for 2024, 2023 and 2022 together with that of the survey benchmarking group for each year (acute and acute and community trusts) are presented below:

Indicators ('People Promise' elements and themes)	2022/25		2023/24		2022/23	
	Trust score	Benchmarking group score	Trust score	Benchmarking group score	Trust score	Benchmarking group score
People Promise:						
We are compassionate and inclusive	7.16	7.21	7.27	7.24	7.26	7.18
We are recognised and rewarded	5.80	5.92	5.83	5.94	5.73	5.72
We each have a voice that counts	6.59	6.67	6.70	6.70	6.73	6.65
We are safe and healthy	5.94	6.09	6.02	6.08	5.84	5.88
We are always learning	5.39	5.64	5.45	5.62	5.29	5.35
We work flexibly	5.83	6.24	5.90	6.20	5.77	6.00
We are a team	6.54	6.74	5.90	6.20	5.77	6.00
Staff engagement	6.78	6.84	6.90	6.91	6.82	6.80
Morale	5.84	5.93	5.93	5.90	5.69	5.68

Future priorities and targets

Following the publication of the 2024 NHS staff survey, the Trust's clinical collaboratives will develop action plans with progress monitored through the organisation's People Committee with a view to developing a Group approach for the 2025 survey.

The North Tees and Hartlepool organisation development team will be running masterclasses across the Group to support leads in engaging and actioning their result findings.

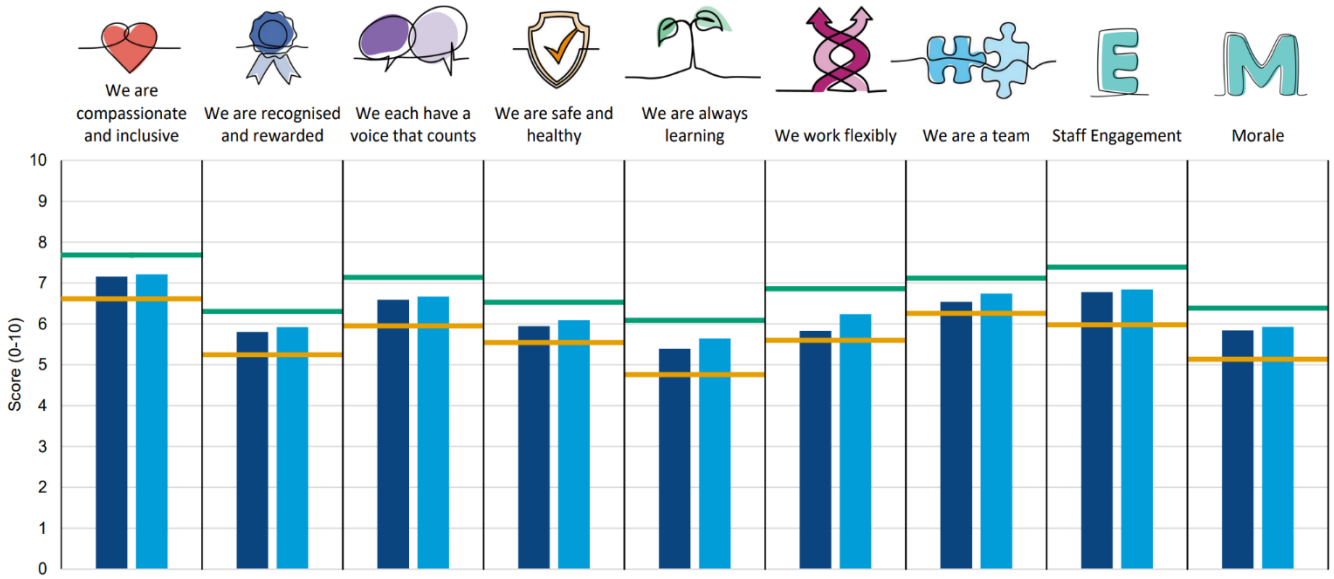
In collaboration with the communication team, the Trust will develop a 'You said We did' response using the survey results.

National NHS Staff Survey 2024

The NHS annual staff survey was carried out in Autumn 2024. The survey mode was mixed, and the sample type was a census with a response rate of 30% (3,050 members of staff).

The questions in the NHS Staff Survey are aligned to the People Promise (from 2021 onwards). This sets out, in the words of NHS staff, the things that would most improve their working experience, and is made up of seven elements:

The 2024 results for the above seven areas are as follows and include the results for additional themes of staff engagement and morale.



We are compassionate and inclusive

Key indicators in the section relate to care of our patients, raising concerns and recommending the Trust as a place to work and for this theme the Trust benchmarks below the national average and has shown a decrease from last year. However, the Trust scores above the national average for the 'Compassionate Culture' and 'Diversity and Equality' subtheme. A higher percentage of staff reported feeling that their role makes a difference to patients / service users.

Throughout 2024/25 we have:

- Continued to develop our staff networks, with executive support, encouraging membership and positive engagement including those from protected characteristics.
- Launched an EDI calendar of events with EDI engagement sessions ran throughout the year.
- Embedded civility in the workplace training.
- Embedded the Cultural Ambassadors programme
- Promote and work to the 'code of conduct'.
- Developed Inclusive language guide
- Developed the People Hub at North Tees and Hartlepool NHS Trust to provide a safe, welcoming central location with practical information, support and guidance for all staff and volunteers

We are recognised and rewarded

This theme includes recognition for good work, feeling valued and satisfaction with level of pay and for this theme we benchmark below the national average. Our results are lower than last year, with the largest drop shown in staff reporting that the people they work with show appreciation to one another. However, staff do report being more satisfied with their pay which has previously shown an almost 10% decline from 2021 to 2022.

Throughout 2024/25 we have:

- Engaged with staff to understand how they would like reward and recognition to look in the future
- Held monthly STARS awards and our annual Love Admin event for 2024 and plans for 2025
- Provided the opportunity for staff to be recognised through Datix
- Developed cultural boards to raise awareness of heritage and culture
- Agreed to introduce monthly awards to be introduced across the University Hospitals Tees

We each have a voice that counts

This theme explores how colleagues feel about their work environment with opportunities to use initiative, are trusted to do their role and can make suggestions. For this indicator we benchmark below the national average for both theme and related sub themes. Our overall score is lower than last year with staff reporting they feel less involved in deciding on changes within their work area / team / department.

Throughout 2024/25 we have:

- Encouraged regular discussions between all staff to provide opportunity to share ideas, innovations and improvements across teams and services.
- Freedom to Speak up Guardians, policy and processes actively in place. Speak Up champions identified
- Professional Nursing Advocates (PNA) and Professional Midwifery Advocates (PMA) in place and shared decision-making councils
- Staff networks active
- Hearing it sessions with Group Chief Executive
- Staff Facebook Groups
- Implementation of the restorative approach across the Group

We are safe and healthy

This theme covers staffing, health and wellbeing and bullying. For this indicator we benchmark above the national average. In comparison to 2023, staff are reporting they feel they have more energy for family and friends during leisure time. However, a higher percentage of staff are reporting finding work emotionally exhausting and feeling burnt out because of work.

Throughout 2024/25 we have:

- Taken forward and embedded feedback from staff survey and health needs assessment survey
- Developed a weight management service
- Provided staff with a route into relevant services to support with pain management issues they may have due to their condition.
- Wellbeing ‘walk abouts’ in place with our nominated Board Representative for Health and Wellbeing.
- Flu vaccines, health checks, mental health support, weight management and programmes available.
- Menopause support, ambassadors and policy in place.
- Events such as Festival of Finance, Christmas Savings Scheme
- Developed a health inequalities dashboard for the workforce
- Set up Active Hospitals steering group to encourage staff to be more active in the workplace.

We are always learning

This theme focuses on development opportunities and appraisals. For this indicator we have shown a decline from 2023 to 2024. We are below the national average for this theme however are above for the subtheme ‘Development’. A higher percentage of staff report that the organisation offers them challenging work. We are below the national average for the subtheme ‘Appraisals’ with a lower percentage of staff reporting that their appraisal helped them to agree clear objectives for their work.

Throughout 2024/25 we have:

- Ensured staff have a meaningful appraisal at least annually.
- Taken a proactive approach to responding to incidents and near misses across teams to promote just culture and Patient Safety Incident Response Framework (PSIRF)
- Management and Leadership training in place (internal and external)
- Apprenticeships widely available
- Clinical skills training (simulation training) at University Hospital of Hartlepool

We work flexibly

This theme relates to home life balance and flexible working. For this indicator we benchmark below the national average and have shown a decline from the 2023 score. A lower percentage of staff report achieving a balance between my work and home life however, a higher percentage of staff are satisfied with the opportunities for flexible working patterns.

Throughout 2024/25 we have:

- Promoted awareness and education around flexible working
- Provided toolkits for staff and managers to access for visual aids
- Recorded flexible working onto ESR to show percentage of requests
- Supported colleagues with reasonable adjustments
- Developed and implemented of the generic health passport to be able to support individual needs

We are a team

This theme looks at the support, respect and encouragement from line managers and team working. For this theme and related subthemes ‘Team working’ and Line management’ the Trust is below the national average. The largest percentage decrease has been with staff reporting whether disagreements are dealt with constructively within the team.

Throughout 2024/25 we have:

- Encouraged team meetings and regular meetings with staff and leaders.
- Trained insights facilitators in place and active approach to team development and coaching

Raising concerns and issues

We have adopted a restorative just and learning culture approach to dealing with adverse events that focuses on the harm done rather than the blame. We recognise that people make mistakes whilst also ensuring that staff are held accountable for their decisions. Our approach aims to repair trust and relationships damaged after an incident by allowed everyone to discuss how they have been affected and collaboratively decide what should be done to repair the harm.

There are three Freedom to Speak Guardians within South Tees Hospitals NHS Foundation Trust totalling 82.5 hrs of support a week.

Analysis of available data has demonstrated that 148 concerns were raised between 1 April 2024 to 31 March 2025 which is a 22.48% increase compared to 125 concerns in 2023/24. The number of concerns raised anonymously increased from 40 in 2023/24 to 63 in 2024/25 which is an increase of 13.16% in comparison with 2023/24 data.

Graph 1

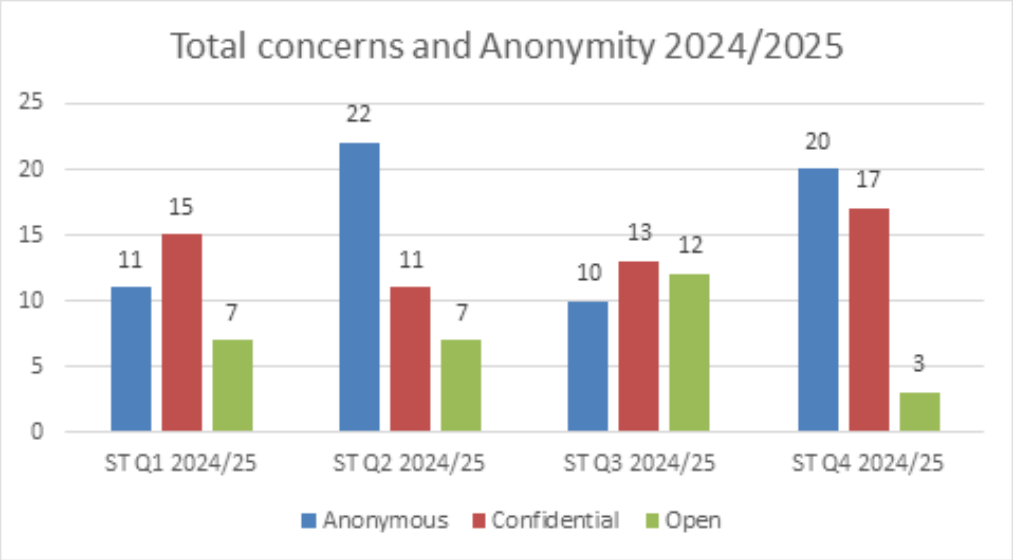
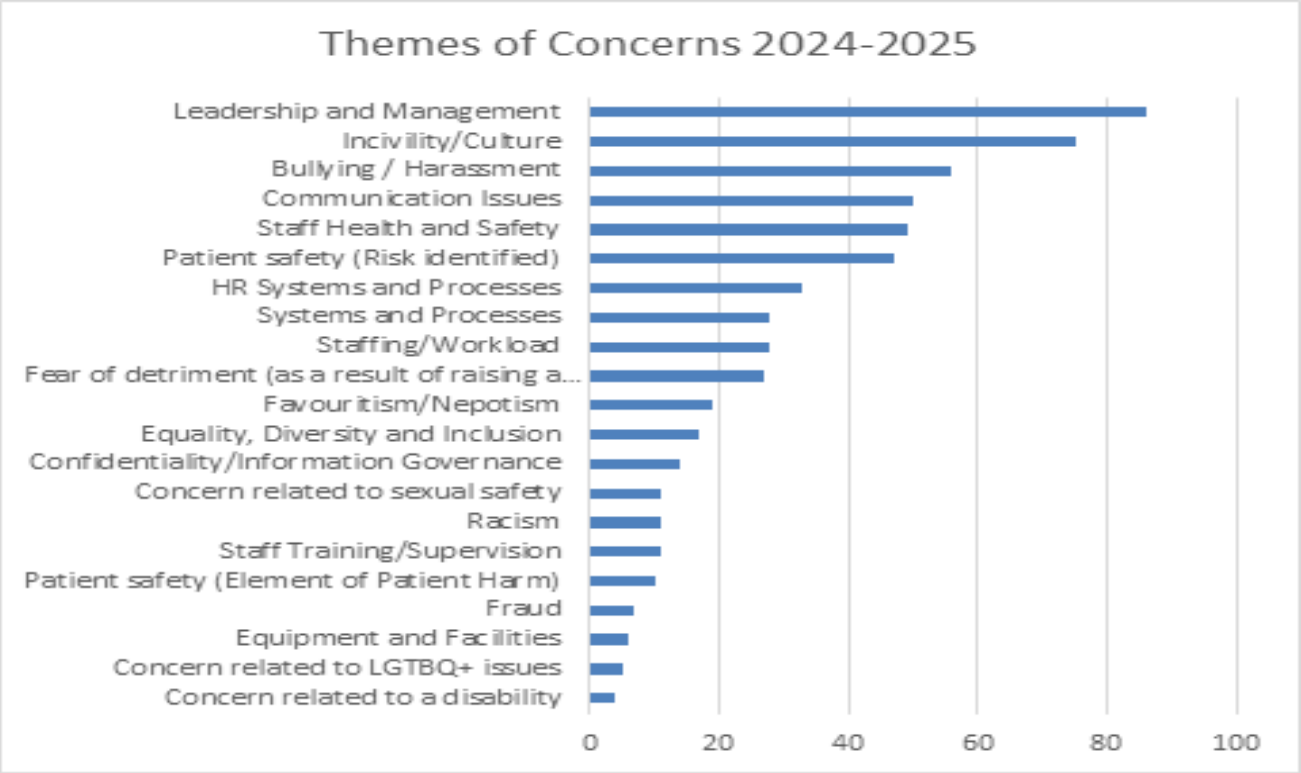


Figure 1 below shows the high-level themes recorded against the concerns received in 2024/25.

Figure 1



As we move to a culture of making speaking up "business as usual", the guardians continue with the proactive work to encourage all workers to speak up and report their concerns by helping them to feel empowered and psychologically safe. Over the next twelve months the guardians have identified several opportunities, including:

- A single reporting system that can be utilised across the group model.
- Development of a Detriment standard operating policy to support in tackling barriers of detriment for workers speaking up.
- Continued engagement with group networks, to help build relationships with the network leads.
- Champions network, the guardians continue to expand their FTSU champion network, through a fair recruiting process, as per National Guidance. FTSU champions are trained, can attend quarterly network meetings, have informal bi-annual 1-2-1 and are asked to support staff and signpost and collect high level themed data for triangulation.

Veteran Gold Award

South Tees Hospitals NHS Foundation Trust was accredited as a Gold Award holder in the Defence Employer Recognition Scheme and received this award in November 2023. The scheme recognises employers that pledge, demonstrate and advocate support to defence and the armed forces community and is the highest accolade that an employer can achieve in their support of defence. As an employer we are fully committed to the principles of the Armed Forces Covenant and we actively demonstrate support to the armed forces community throughout their employment journey and patient pathways.

Occupational health and wellbeing

Our occupational health (OH) and wellbeing team continues to deliver essential day-to-day clinical support services and wellbeing support for our colleagues. These services include mental health support, musculoskeletal (MSK) physiotherapy, dedicated menopause support sessions, holistic health campaigns and the delivery of vaccination programmes.

The recent adoption of a new clinical system will increase service capacity, enabling an increase in clinical sessions in a very timely manner and will allow the Occupational Health and Wellbeing Teams to be more responsive, accessible, and better equipped to meet the evolving needs of our workforce.

Looking ahead, University of North Tees OH will participate in the regional OH programmes, allowing the service to participate in a wider workstream to identify best practices.

We are committed to building on the occupational health and wellbeing offer so that it supports organisation wide priorities and supports our colleagues immediate and emerging need. In collaboration with our Group partners, we will expand our efforts in the coming financial year to support a broader, more impactful health campaign across the organisation.

Embedding equality, diversity and inclusion (EDI)

The Trust has seen a decrease from 68.25% (2023) to 66.89% (2024) in the number of colleagues reporting they think that the organisation respects individual differences (e.g. cultures, working styles, backgrounds, ideas etc.). Through our equality, diversity and inclusion initiatives we continue to promote our values and behaviours and specifically to engender a sense of belonging for all by creating an environment where we value unique differences.

We strive to ensure our workforce is representative of the communities that we serve and recognise the contribution of all colleagues is supportive, fair and free from discrimination and ensure there is psychological safety for all.

The Trust's equality, diversity and inclusion objectives are:

- Ensure open and transparent opportunities for all
- Review people policies and procedures
- Create diverse and inclusive culture
- To keep our colleagues safe and well at work

Overarching all of the EDI work within the Trust is the Public Sector Equality Duty which is delivered in the NHS through the Equality Delivery System (EDS), which supports the following three goals:

1) Commissioned or provided services
2) Workforce health and wellbeing
3) Inclusive leadership.

Work is currently underway to update the EDS assessment, and a governance structure ensures that we can demonstrate through evidence-based practice, how we are performing against the new EDS requirements which were launched in September 2022.

This year South Tees focused on Ward 31, Middlesbrough Mobile Rehabilitation Unit and Rutson Ward at the Friarage Hospital. The EDS report is critically reviewed by an external party and a trade union representative and is published annually onto the Trust's website.

Staff equality and diversity information 2024/25

As of the 31 March 2025, the Trust employed 10,803 people.

Below is the current EDI data relating to the workforce at Year Ended 31 March 2025:

Gender	Headcount	Sum of FTE
Female	8764	7461.30
Male	2039	1832.32
Trust	10803	9293.62

Ethnicity	Headcount	Sum of FTE
BME	1537	1398.05
Not Stated	198	165.02
White	9068	7730.54
Trust	10803	9293.62

Religion	Headcount	Sum of FTE
Atheism	1888	1693.06
Buddhism	41	37.64
Christianity	5207	4466.21
Hinduism	191	173.79
Islam	415	364.18
Jainism	3	1.00
Judaism	3	2.28
Other	936	798.38
Sikhism	19	17.13
Unspecified	34	18.71
I do not wish to disclose	2066	1721.23
Trust	10803	9293.62

Sexual Orientation	Headcount	Sum of FTE
Bisexual	112	104.14
Gay or Lesbian	191	178.94
Heterosexual or Straight	8904	7702.34
I do not wish to disclose	1575	1289.77
Other sexual orientation not listed	21	18.43
Trust	10803	9293.62

Disability	Headcount	Sum of FTE
Learning disability/difficulty	167	148.88
Long-standing illness	173	144.03
Mental Health Condition	68	58.48
No	8676	7520.12
Not Declared	1493	1234.84
Other	52	42.10
Physical Impairment	47	37.85
Sensory Impairment	39	32.54
Yes - Unspecified	88	74.77
Other	52	42.10
Physical Impairment	47	37.85
Trust	10803	9293.62

EDI staff networks

The Equality Diversity and Inclusion (EDI) Workforce Steering Group monitors and supports progress against the strategic goal of Embedding EDI, which is within the Trust's People Plan. This group reports into the People Committee which feeds up into the Trust Board providing assurance of progress against the plan.

The EDI Workforce Steering Group has representatives from across a range of EDI staff networks and groups. The EDI Steering Group meets quarterly, and includes the Patient Experience Lead and Freedom to speak up guardian and integrates work from other Trust strategies (i.e. health and wellbeing, education, learning and development) to ensure our patients and carers have a positive experience. This strategic work is supported by an informal meeting led by the network leads to promote and enhance engagement of all the networks.

The work of the group has included the development of EDI network groups, providing a forum for individuals to come together, to share ideas, raise awareness of challenges and provide support to each other. We are now working to merge the networks so that we can create stronger, more resilient and dynamic groups who can support the organisation to promote inclusion and equality.

The network groups at South Tees Hospitals include:

- Racial Equality Network (REN)
- Childless Not by Choice (CNBC) Group
- Disability and Long-Term Health Group
- Interfaith and culture Network
- Lesbian, Gay, Bisexual and Transgender Networks (LGBT+)
- Menopause Group
- Neurodiversity
- Carers Network

Our networks:

- Provide a safe space for discussion of issues
- Help to raise awareness of issues within the wider organisation
- Provide a source of support for individual staff who may be facing challenges at work
- Offer a collective voice for the workforce to communicate with management

The networks have been involved in supporting raising awareness in areas including transgender from a clinical perspective, LGBT+ history month and PRIDE focusing on an intersectional approach, working to develop a generic health passport, developing guidelines to support managers ranging from dyslexia to inclusive language.

Our networks also offer training and one to one-to-one support to managers and staff in areas such as the menopause, infertility, reasonable adjustments and those with caring responsibilities.

We have been able to offer space for a dedicated female prayer room and offer additional support for colleagues who are observing Ramadan. Our faith network leads promote a culture of acceptance, inclusion and respect for all faiths.

Our staff menopause clinic has offered detailed and comprehensive support to women struggling with the impact of menopause with feedback suggesting that this has supported those colleagues to stay in work.

The carers network, whilst in its infancy, is in response to those colleagues who provide help and support to family, friends and neighbours. The Trust recognises its responsibility to support the 36.35% of respondents who have advised of their caring responsibilities.

Gender pay gap report

This report details our headline pay gap figures as of 31 March 2024, a brief analysis of why we have a pay gap and an overview of our actions to close the gap. We are committed to ensuring that our pay practices are transparent, fair and equitable. The Trust has adopted and implemented national NHS pay schemes which have undergone an equality analysis.

Our mean gender pay gap is 29.08% and our median gender pay gap is 21.41% which is a marginal improvement of for the same period last year. This analysis suggests that our pay gap is impacted by the highest (male) earners in the organisation.

The main reason that the gender pay gap is at an in-balance is due to the numbers of men and women across the entire workforce which is currently sat at 81% females versus 19% male. In the upper pay quartile, we have 31% within this pay group who are male. The Medical Consultant workforce predominantly consists of men (72%) and Consultants are the highest paid group of staff - this difference is influencing the gender pay gap.

Workforce Race Equality Scheme and the Workforce Disability Equality Scheme

The Trust has reviewed its Workforce Race Equality Scheme (WRES) and Workforce Disability Equality Scheme (WDES) and updated the annual action plans to support further improvements in developing an inclusive culture. The Trusts Workforce Disability Equality Scheme and supporting information is being used to underpin and provide an evidence base in the development of the Health and Wellbeing Strategic Plan, including achieving the Better Health at Work Award at Gold level.

We will focus on discrimination as a key priority noting that there has been an increase in colleagues experiencing discrimination because of their ethnic background which is reflected at a national level. We are developing an anti-racism framework as discrimination and racism are not acceptable within the organisation and behaviours relating to these issues will be included into our new behaviours charter. The staff survey shows an increase in discrimination of colleagues with a disability and South Tees has committed to achieving the Disability Confident highest award commencing with Level 2 but aspiring to achieve Level 3 by the end of 2026.

Our Racial Equality Network and disability networks are actively working to enhance staff experience and working strategically to support further and new initiatives including the generic staff passport, supporting the development of the anti-racism framework and being part of policy reviews.

Our current policies of Equality, Diversity and Inclusion and our Transgender, Non-Binary and gender diverse inclusion guidance offer further support and guidance and link to associated policies which support fairness, dignity and expected conduct of all colleagues.

Staff policies

The Trust continues to operate its suite of HR policies to ensure a fair, equitable and compassionate approach to its people practices. These policies include but are not exclusive to: Recruitment and selection, Equality and Diversity, Effective Management of Mandatory Training, Health and Safety, Sickness Absence, Management of Capability, Dignity at Work, Code of Conduct, Grievance, Disciplinary, Avoidance of Redundancies and Change Management and Pay Protection.

As part of its good governance processes, a cycle of review and refresh of policies has continued during the year to ensure that the staff policies remain fit for purpose and in accordance with best HR and employment practice. A working group consisting of management, Trade Union and HR representatives ensure a collective and holistic approach are undertaken for development and application of truly equitable, inclusive and diverse policies.

NHS doctors and dentists in training

In terms of current gaps, there are circa 100 gaps on resident level rotas which are covered through the managing gaps policy. For the most part, resident doctor medical rotas are managed through a collaboration between the corporate medical rota team and the clinical rota leads in the specific departments of the Trust. We have taken great steps forwards in the electronic rostering of medical staff and have circa 700 medical staff (all grades) rostered on this platform. The full Trust roll out of the system continues and will give the Trust greater insight into the rota gaps that occur and more accurate and contemporaneous data.

During this financial year our clinical rota lead has reviewed several rotas across the Trust. These reviews aim to make these rotas fit for purpose, ensuring the correct number of resident doctors for both safe staffing and excellent training experience. This also ensures we have clarity on the cost of these rotas and should reduce the need for bank/locum staff.

During this period, we have continued to use a newer exception reporting process. An exception report can be submitted by a resident doctor when they have worked beyond their planned shift timings. Having a process which is widely accessible has increased our reporting rates, allowing us to have a greater insight into issues faced by our resident doctors. We then continue to work with the services to overcome these issues where possible.

In FY 23/24 263 exception reports raised. During this financial year 575 have been raised; 11 of these had immediate safety concerns associated with them. 28 fines were incurred to a cost of £2712.68 to the Trust. Over this year we have also strengthened our fines process and there is now a designated resident doctor fines account.

Our Guardian of Safe Working (GOSW) along with our corporate medical rota team continue to provide routine reports to the People's Committee, Trust Board, Joint Local Negotiating Committee and the Resident Doctor Contract Forum. We have now aligned our annual GOSW report to the academic year. All consolidated reports are available for public view: Statutory documentation - South Tees Hospitals NHS Foundation Trust

The GOSW meets regularly with junior British Medical Association (BMA) reps and the Chief Medical Officer's (CMO) office to ensure we are all working towards addressing issues highlighted to the GOSW through exception reports or other avenues of escalation.

The Trust continues to aspire to be an employer of choice for resident doctors.

Developing a sustainable workforce

We have some difficulties recruiting to some roles, particularly where there are national shortages such as medical staff, specialist nursing, midwives and some allied health professionals. However, changes in retirement policies have enabled us to offer flexibility in the working arrangements for our experienced staff and are assisting in ensuring that we sustain a developed and experienced workforce.

Our objectives for developing a sustainable workforce are:

- To further triangulate our workforce planning, performance improvement and financial planning needs now and in the future. Our business improvement model will include resourcing plans to support capacity and demand plans that will utilise our people and identify innovation resourcing solutions.

- Focus on turnover, identifying the reasons why staff leave the organisation and developing plans to mitigate. We have introduced 'itchy feet' and 'stay' conversations and have seen improvements in turnover as a result.
- Continue with recruitment and selection training for panels to ensure consistency and fairness in interviewing and selection approach.

We continue to promote the Trust within the local community as an employer of choice through attendance at a number of venues within the local area to promote vacancy and support the long-term unemployed with CV and report writing skills.

We have also revamped our external job adverts for key roles, providing an easy-to-read format, highlighting career pathways, development opportunities and promoting the benefit of NHS terms and conditions.

We continue to build our relationships with higher education and further education sectors which will provide an opportunity for us to develop a talent pipeline and also enable our colleagues to develop into new roles.

Staff consultation

We continue to work in close partnership with Trade Union colleagues, with a partner agreement which:

- Provides opportunities for joint problem solving in relation to the issues affecting the health and wellbeing of employees and the continued efficient operation of the organisation.
- Provides staff with an additional mechanism of support through potentially challenging situations.
- Promotes the co-operation of staff and mangers within the Trust by providing a culture in which matters affecting staff can be discussed.
- Supports consultation in relation to key changes on HR policies
- Supports consultation on operational changes within the organisation, including final performance, key Trust service changes.

The Joint Partnership Council (JPC) is held monthly and attended by both management and local Staff Side colleagues. The agenda items include both local, regional and national topics and the relationship between Staff Side and management is a productive and positive partnership.

Trade Union Facility Time

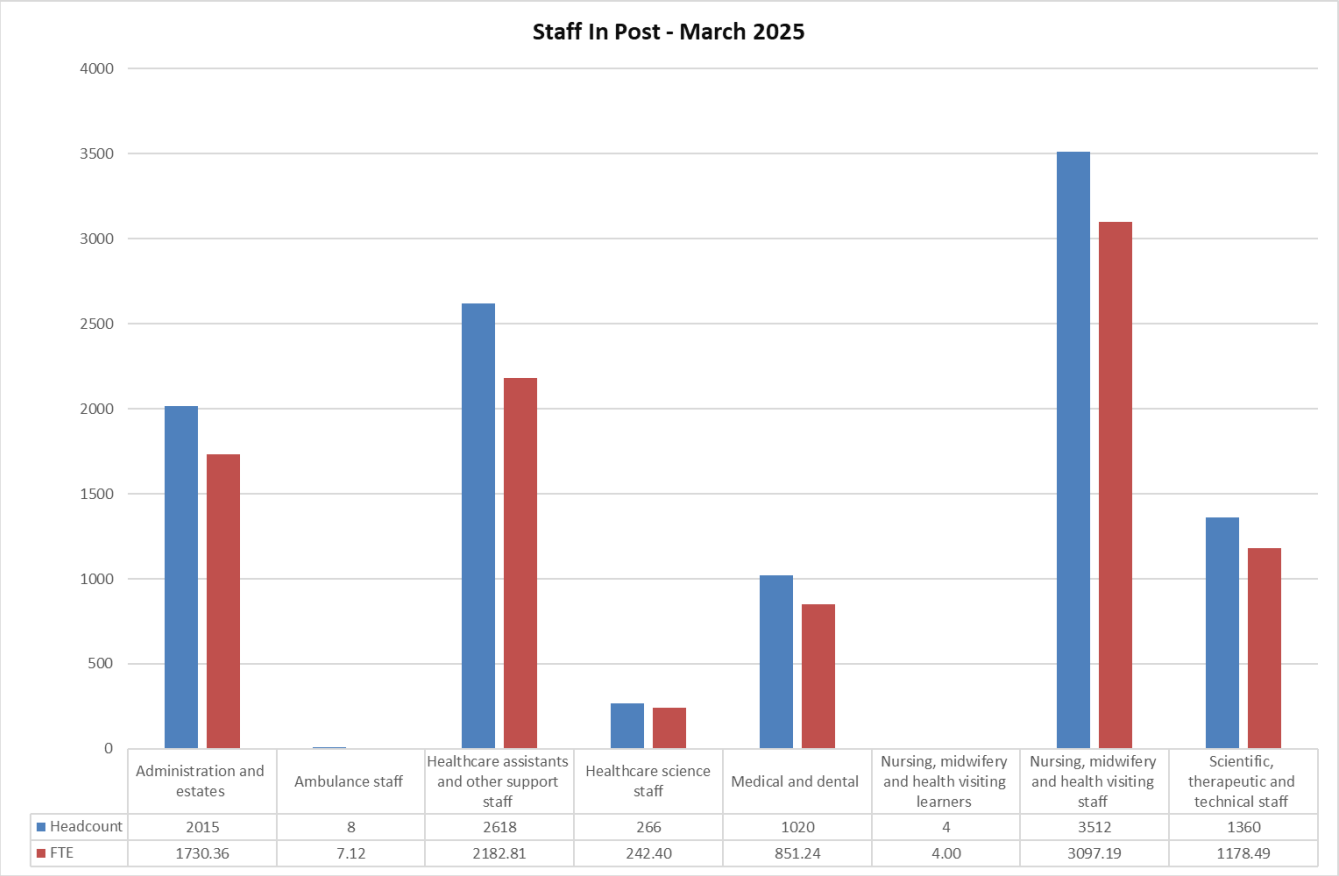
Time spent on paid trade union activities as a percentage of total paid facility time hours was 19.1% in 2024/25. This figure is based on 39 Trade Union Representatives

Apprenticeship programmes

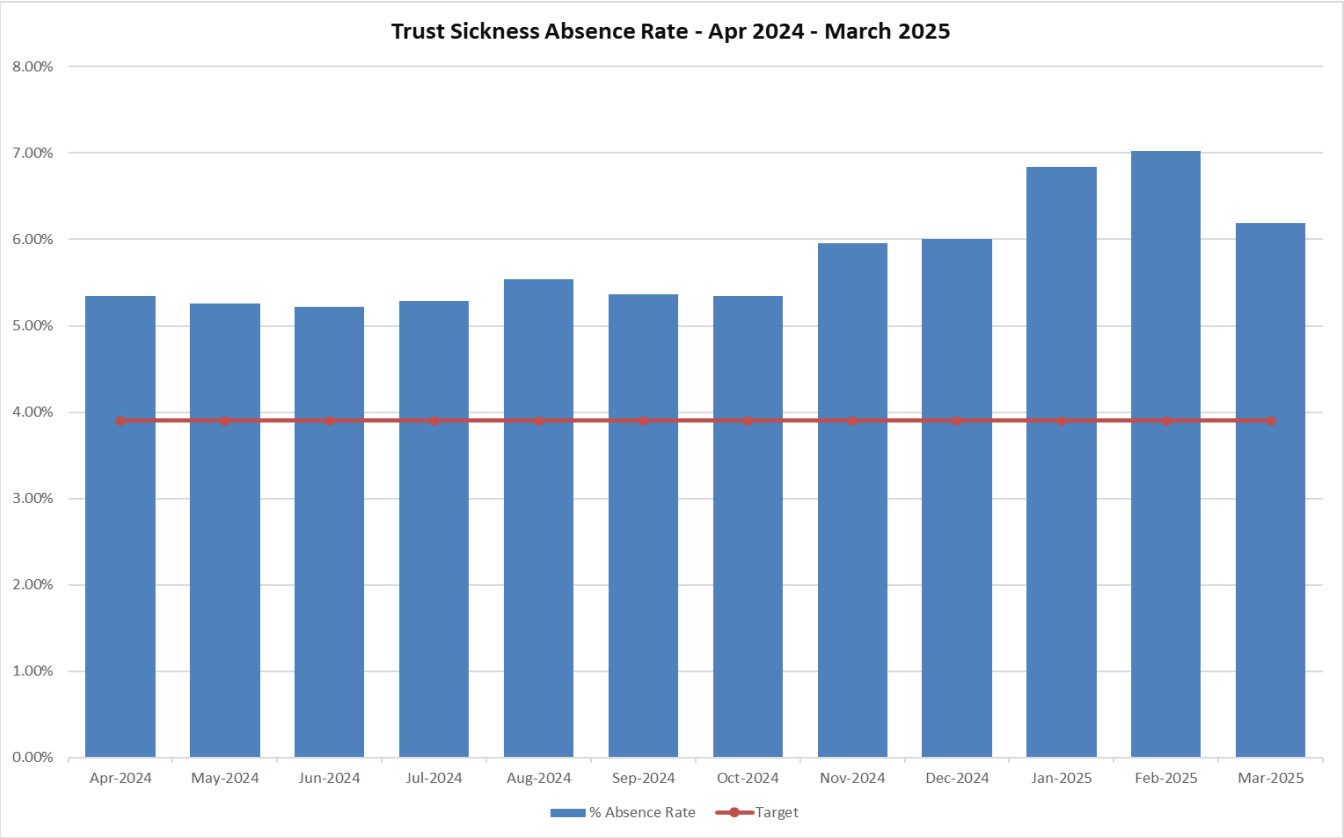
In line with the NHS workforce plan (2023) to train, retain and reform to address workforce challenges, apprenticeships allow staff to develop knowledge, skills and behaviours in their roles, which empowers and supports retention and in turn enhances patient care. The Trust works collaboratively with 30 training providers, both locally and nationally. Delivering 50+

clinical and non-clinical apprenticeship training programmes, from level 2 to level 7, these are available to all new and existing Trust staff. South Tees apprenticeships are available in a variety of roles and within all professions across the Trust such as podiatry, nursing and leadership.

Workforce data



	Administration and estates	Ambulance staff	Healthcare assistants and other support staff	Healthcare science staff	Medical and dental	Nursing, midwifery and health visiting learners	Nursing, midwifery and health visiting staff	Scientific, therapeutic and technical staff
Headcount	2015	8	2618	266	1020	4	3512	1360
FTE	1730.36	7.12	2182.81	242.40	851.24	4.00	3097.19	1178.49

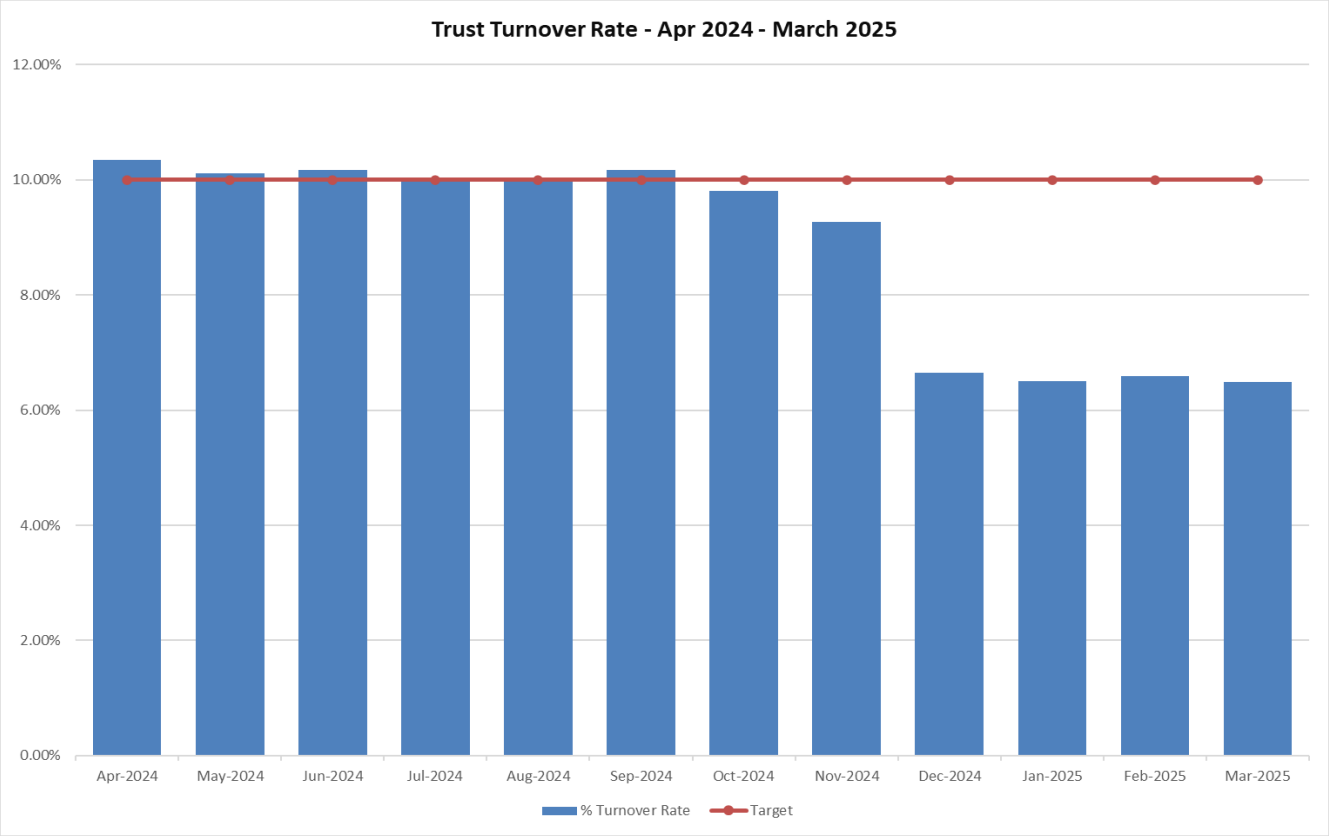


Staff turnover

Staff turnover is reported within NHS Hospitals and Community Health Services (HCHS): Summary statistics for HCHS staff in England through NHS Digital. The series utilises data from the Electronic Staff Record (ESR) data warehouse and is an official statistics publication complying with the UK Statistics Authority's Code of Practice.

The Turnover section within the organisation benchmarking tool, NHS Workforce Statistics dashboard is updated on a quarterly basis, in monthly reports, accessible through the following link: Microsoft Power BI. Staff turnover is reported within NHS Hospitals and Community Health Services (HCHS): Summary statistics for HCHS staff in England through NHS Digital. The series utilises data from the Electronic Staff Record (ESR) data warehouse and is an official statistics publication complying with the UK Statistics Authority's Code of Practice.

The Trust turnover has decreased by 3.81% to 6.49% March 2025. This reduction is in relation to a change in reporting measures as turnover is now measured as true leavers within the organisation as opposed to all changes such as retire and return.



NHS 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.

There are other disclosures and statements (mandatory disclosures) that we are required to make, even where we are fully compliant. The mandatory disclosures have already been made within the main text of the Annual Report.

NHS Foundation Trusts are required to provide (within their Annual Report) a specific set of disclosures in relation to the provisions within Schedule A of the Code of Governance. We are compliant with these provisions and in compliance with the Code.

NHS System Oversight Framework

System Oversight Framework

NHS England NHS System Oversight Framework provides the framework for overseeing systems including providers and identifying potential support needs. The framework looks at five national themes:

- quality of care, access and outcomes
- preventing ill health and reducing inequalities
- finance and use of resources
- people
- leadership and capability.

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

Segmentation

Across the themes of the SOF (quality of care, finance and use of resources, operational performance, strategic change, leadership and improvement capability) the Trust is placed in segment 3, mandated support for significant concerns, under the NHSE Regulatory Approach (Support Regime). The Trust is currently gaining external support on emergency care pathways and cost improvement and transformation.

EPRR assurance

The NHS England Core Standards for EPRR are the minimum standards which NHS organisations must meet for emergency preparedness and response. The Trust is required to undertake an annual self-assessment against the core standards to provide assurance to NHS England that robust and resilience EPRR arrangements are maintained within the Trust.

For 2024/25 the EPRR core standards assessment provides assurance that the Trust is fully compliant with 50 out of 62 standards, allowing us to declare partial compliance (81%) with the required EPRR core standards.

EPRR activity and priorities

2024 has been another challenging year for EPRR, particularly with the ongoing response to industrial action during the first half of the year and endeavouring to implement the review of arrangements and delivery of training and exercises at a time when the Trust is under continued day-to-day operational pressure and additional demand on NHS services

EPRR priorities for the coming year include the continued co-ordination and delivery of EPRR across the Trust to develop and maintain the Trust's capacity and capability to respond in the event of any incident; a full review and update of business continuity arrangements; further development of EPRR arrangements across the Trust and ongoing delivery of EPRR training for all key response roles.

Health and safety policies

Regulation 5 of The Management of Health and Safety Regulations sets out that organisations must have suitable arrangements in place for their undertakings. South Tees Hospitals NHS Foundation Trust fulfils this obligation by providing a number of specific health and safety related policies. The Trust's policies have been introduced and constantly developed as part of an ongoing commitment to its statutory and moral obligations. All the Trust's health and safety policies have a systemic approval route via the Health and Safety Subgroup ensuring key stakeholders, including staff-side colleagues, have the opportunity to contribute to policy development. Examples of these policies include:

- Health and Safety policy
- Lone Worker Policy

- Working with Display Screen equipment Policy
- Dealing with the safe handling of sharps Policy
- Reporting under RIDDOR Regulations Policy
- HS24 E-inspections Policy

Application of the Modern Slavery Act

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

South Tees Hospitals NHS Foundation Trust provides more than 37 specialties to 1.5 million patients across Teesside, North Yorkshire and beyond. Care is delivered from two main acute hospital sites, The James Cook University Hospital and the Friarage Hospital in Northallerton and a number of community facilities across the area including Redcar Primary Care Hospital, East Cleveland Primary Care Hospital and the Friary Community Hospital.

We provide a large number of specialist services – delivering world-class cancer, cardiothoracic, spinal, cochlear implant, neurosciences, gynaecology vascular and urology care for patients across our region.

The Trust supports and is aware of its responsibilities towards patients, service users, employees and the local community and expects all suppliers to the Trust to adhere to the same ethical principles. We have internal policies and procedures in place that assess supplier risk in relation to the potential for modern slavery or human trafficking.

We have zero tolerance for slavery and human trafficking and are fully aware of our responsibilities towards our service users, employees and local communities. We expect all the companies we do business with to share the same ethical values.

We also have an impartial Freedom to Speak up Guardian who supports staff to raise any concerns.

To identify and mitigate the risks of modern slavery and human trafficking in our own business and our supply chain, the Trust and its subsidiary companies operates and adheres to a robust recruitment process including compliance with the National NHS Employment Checks / Standards (this includes employees UK address, right to work in the UK and suitable references) and employ agency staff (where appropriate) from agencies on approved frameworks so that we are assured that pre-employment clearance has been obtained to safeguard against human trafficking or individuals being forced to work against their will. If there is not an available worker from a framework agency, this is escalated to senior managers and local pre-employment checks, including the right to work in the UK, are sought.

We adhere to the principles inherent within both our safeguarding children and adults policies. These provide clear guidance so that our employees are clear on how to raise safeguarding concerns, and by ensuring representation via the safeguarding team, on the Modern Slavery Network and the Vulnerable, Exploited, Missing, Trafficked strategic and operational groups, we provide a level of compliance with all respective laws and regulations. These include provision

of fair pay rates, fair terms and conditions of employment and access to training and development opportunities.

Our purchasing and procurement is governed by the NHS 'Supplier Code of Conduct' and standard NHS Terms and Conditions. High value contracts are effectively managed and relationships built with suppliers through frameworks which have been negotiated under the NHS Standard Terms and Conditions of Contract with anti-slavery and human trafficking policies and processes in place. All of our suppliers must comply with the provisions of the UK Modern Slavery Act (2015).

The Trust upholds professional codes of conduct and practice relating to procurement and supply, including through our Procurement Team's membership of the Chartered Institute of Procurement and Supply

Accounting Officer's responsibilities

Statement of the Chief Executive's Responsibilities as the Accounting Officer of South Tees Hospitals NHS Foundation Trust

The NHS Act 2006 states that the Chief Executive is the Accounting Officer of the NHS Foundation Trust. The relevant responsibilities of the Accounting Officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the NHS Foundation Trust Accounting Officer Memorandum issued by NHS England.

NHS England, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require South Tees Hospitals NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

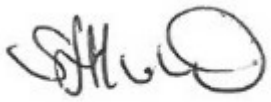
In preparing the accounts, the Accounting Officer is required to comply with requirements of the Department of Health and Social Care Group Accounting Manual and in particular to:

- Observe the Accounts Direction issued by NHS England, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- Make judgements and estimates on a reasonable basis.
- State whether applicable accounting standards as set out in the NHS Foundation Trust Annual Reporting Manual (and the Department of Health and Social Care Group Accounting Manual) have been followed and disclose and explain any material departures in the financial statements.
- Ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance.
- Confirm that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the Trust's performance, business model and strategy.
- 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 Trust and to enable her to ensure that the accounts comply with requirements outlined in the above mentioned act. The Accounting Officer is also responsible for safeguarding the assets of the 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 the NHS Foundation Trust Accounting Officer Memorandum.

Signed:



Stacey Hunter Date: 30 June 2025

Chief Executive and Accounting Officer

Annual Governance Statement

Scope of responsibility

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of 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 2025 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

Within the Trust, overall responsibility for risk management is held by the Chief Executive in line with the Trust Scheme of Reservation and Delegation. The Chief Executive discharges this responsibility in line with the Risk Management Policy as follows:

The Chief Nurse and Chief Medical Officer are responsible for clinical risk management and this is discharged within the Quality and Safety Team.

The Director of Risk, Assurance and Compliance is responsible for non-clinical risk management.

Executive Directors and Directors who attend the Board have delegated responsibility for managing risks in accordance with their portfolios as reflected in their job descriptions. For example, the Chief Finance Officer has executive responsibility for financial governance and associated financial risks.

During 2024/25, the Corporate Risk Review Group transitioned into a Risk Management Group, which oversees the operation of the Trust's risk management process. Membership of the group includes clinical and non-clinical representation across the Collaboratives and Directorates along with Director level input. The Risk Management Group is chaired by the Director of Risk, Assurance and Compliance and is accountable to the Clinical Policy Group (Trust clinical management decision making group) via the Site Leadership Team and is responsible for holding Collaboratives and Directorates to account for the management of risk. Assurance to the Board is provided through the Audit and Risk Committee.

The Audit and Risk Committee is tasked with reviewing the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives.

All staff are responsible for health and safety and the effective management of risks within their teams, services or departments and must keep themselves and others safe. All staff have a duty of care to provide safe services and do no harm.

Staff training and development needs with regards to risk recognition and safety is included in the Trust induction policy, staff receive appropriate training relevant to their post requirements in the local induction. Training includes an introduction to the organisation and core training is provided (health and safety, equality and human rights, information governance, safeguarding and infection control). Specific training is provided, dependent upon the individual's job role or work location, and includes incident reporting and investigation, Safeguarding Adults and Children, Mental Health Act, Mental Capacity Act, First Aid and Life Support (including resuscitation), Clinical Risk Assessment and Management, Medicines Management and Respect (managing violence and aggression) and Risk Management. Development and training needs will be reflected in personal development plans (PDPs) over and above mandatory training.

The risk and control framework

The Risk Management Policy provides a framework for managing risks across the Trust and is consistent with best practice and Department of Health and Social Care guidance. The policy has been reviewed and updated and provides a clear, structured and systematic approach to the management of risks to ensure that risk assessment is an integral part of clinical, managerial and financial processes across the organisation. The policy sets out the role of the Trust Board and its committees together with the individual responsibilities of the Chief Executive, Executive Directors, Directors and all staff, in managing risk.

Risk management by the Trust board is underpinned by five (5) interlocking systems of internal control:

- The Board Assurance Framework
- Risk Register (informed by Collaboratives, corporate directorates and team)
- Board Committees (1st line)
- Audit and Risk Committee (2nd line)
- Annual Governance Statement

The Board Assurance Framework (BAF) sets out the strategic risks to delivery of the Trust's strategic objectives together with the controls in place to mitigate the risks and the assurance that can be evidenced relating to their control. The BAF was reviewed and strengthened during 2024/25 and the BAF is reported at each committee meeting and quarterly to the Audit and Risk Committee and Board.

The Board has overall responsibility for ensuring systems and controls are in place, sufficient to mitigate risks which may threaten the achievement of the Trust's objectives.

The Board achieves this primarily through the work of its committees, through use of Internal Audit and other independent inspection and by systematic collection and scrutiny of performance data to evidence the achievement of the objectives. It does this by using a model of assurance which shows the boundaries between different roles and responsibilities in the management and assurance of risks. This helps to avoid duplication and gaps in its risk management, performance management, governance and control arrangements. By setting out roles and responsibilities relating to risk management and assurance, the model links to the Trust's assurance framework using a three lines of defence model, with assurance sources mapped to risks. This model is fully adopted by the committees who have been able to measure quality of assurance not just its quantity.

The BAF is designed to provide the Board with a simple but comprehensive method for the effective and focussed management of strategic risks to Trust objectives. The Board, through its committee structure, defines the strategic risks and ensures that each is assigned to a Lead Director as well as to a Lead Committee:

- The Lead Director is responsible for assessing any strategic risks assigned to them by the Board and for providing assurance as to the effectiveness of primary risk controls to the Lead Committee.
- The role of the Lead Committee is to review the Lead Director's assessment of their strategic risks, consider the range of assurances received as to the effectiveness of primary risk controls, and to recommend to the Lead Director any changes to the BAF to ensure that it continues to reflect the extent of risk exposure at that time.
- The Audit and Risk Committee is responsible for reviewing the whole BAF in order to provide assurance to the Board that strategic risks are appropriately rated and are being effectively managed; and for advising the Board as to the inclusion within the BAF of additional risks that are of strategic significance.

During 2024/25, the Board approved the strategic objectives, refreshed the strategic risks within the BAF and approved the risk appetites. The Trust Board has received and reviewed the Board Assurance Framework in full four times throughout the year with monthly reports on assurance. The three main Board committees have received and reviewed the Board Assurance Framework relevant to their area on a monthly basis, with the Audit and Risk Committee receiving quarterly updates.

The Board and its committees are not involved in operational management and delivery, but exercise oversight of the management of the organisation. The Board and its committees require assurance from management (and other sources) in order to carry out their role in corporate governance. A front sheet template for Board and its committees provide them with a recommendation on the level of assurance to reflect the conclusion of the report being presented. There has been good examples of challenge and reflection of the level of assurance at Committee level.

The proforma Board Assurance Framework document complies with HM Treasury Guidance on Assurance Frameworks and is reflective of regional and national benchmarking.

The strategic risks identified and monitored through the BAF during the year related to:

- **Quality and safety** – the inability to achieve standards of safety and quality of patient care across the Trust resulting in substantial incidents of avoidable harm and poor clinical outcomes, linked to CQC domains.
- **Digital** – the failure to implement planned digital infrastructure and projects due to a lack of funding, inability to adequately maintain and upgrade existing system and infrastructure and the failure to prevent a cyber-attack or data breach.
- **Trust estate** – a critical infrastructure failure including buildings, insufficient capital to maintain the Trust estate, the inability for the estate to allow for the provision of optimal clinical services, reduction in system capacity if the Trust was unable to provide services and non-compliance with relevant legal and regulatory requirements.
- **People** – failure to address the health and wellbeing needs of our people, not having a culture of compassion, civility and respect and not growing a workforce for the future.
- **Performance and compliance** – inability to meet the national targets for A&E 4 Hour Wait, 18 Week Referral to Treatment, 6-week diagnostics and 62-Day Cancer Referral to Treatment.
- **System working and external threats** – inability to effectively engage with our stakeholders, inability to deliver future health and care services to our community need and a lack of collaboration to meet demand and reduce variations with our commissioners.
- **Research and innovation** – inability to deliver an effective research and innovation function, limitation of inconsistent funding, ineffective research outputs and missed opportunities to improve service and patient outcomes.
- **Finance** – the impact of decisions made nationally/regionally that has an adverse financial impact, contract performance, cost containment and delivery of savings that may prevent the delivery of the annual financial plan.

The Trust's risk register contains all operational risks and can identify those risks identified as being the high-level risks to the Trust, as set out in the Risk Management Policy. These are the operational risks of 15 and above. Each Collaborative and Corporate Directorate has in place risk registers which collectively are overseen by the Risk Management Group, Clinical Policy Group and the Audit and Risk Committee. It directs management focus to the mitigation of risks and the planned mitigating actions.

The Audit and Risk Committee is responsible for scrutinising the overall systems of internal control (clinical and non-clinical) and for ensuring the provision of effective independent assurance via internal audit, external audit and local counter-fraud services.

The Audit and Risk Committee reports to the Board via a Chair's log after every meeting and annually on its work via the Annual Report of the Audit and Risk Committee in support of the Annual Governance Statement, specifically commenting on the fitness for purpose of the BAF, the completeness and extent to which risk management is embedded in the Trust and the integration of governance arrangements. It has fulfilled the role by using the assurance provided in the Board Assurance Framework which it receives in full at each meeting.

The Audit and Risk Committee has also assessed its own effectiveness, what it has accomplished and whether it has fulfilled its responsibilities along with that of the Board sub

committees during 2024/25 and has concluded it is content with the scrutiny it, and committees, have provided.

The Trust Board and its committees have taken an active role in the improvement of risk management processes. This has included the review, refresh and alignment of the Board Assurance Framework to the Board committees and agreed schedules of review of the risks at each meeting.

The Trust Board is responsible for approving the risk appetites that are proposed from the committees, which sets the risk appetite of the organisation and is described in the Risk Management Policy. Risk appetite is defined as 'the amount of risk the organisation is prepared to accept, tolerate, or be exposed to at any point in time.' It allows the Board to take considered risks and to seek assurance that risks of any grade in areas of low tolerance are being managed, rather than focussing predominately on high rated risks. During 2024/25 the Board committees considered the risk appetite at meetings in November 2024 and this was ratified by the Board in January 2025. This exercise will be undertaken early in 2025/26.

Quality governance arrangements

The Trust has robust and effective quality governance arrangements in place which include:

The Chief Nurse and Chief Medical Officer are responsible for the quality governance arrangements in the Trust, and this is discharged within the Quality and Safety Team.

The Quality Assurance Committee, chaired by Ms Fay Scullion, Non-Executive Director, which has oversight of the Quality Governance framework, with sub-groups focusing on patient experience, patient safety, clinical effectiveness, Infection Control, Safeguarding, Safer Medication and Health and Safety.

An annual clinical audit programme is in place which is approved at Quality Assurance Committee and Audit and Risk Committee

Patient Safety Incident Investigations (PSII) occurring within the organisation are subject to human factors and systems-based investigation and are reported to the Quality Assurance Committee for discussion and understanding of the learning from the event, in addition to being shared with SLT on a fortnightly basis.

All staff are encouraged to report incidents and learning is shared across the organisation.

Freedom to Speak Up Guardians are effective and visible across the whole of the organisation.

The Trust Board receives a report from the Chair of the Quality Assurance Committee, and private discussions around key issues arising.

The Board Assurance Framework provides assurance against the strategic objectives of delivering excellence in patient outcomes and experience.

The Trust introduced a Collaborative Assurance Framework in 2021/22 which was updated in 2022/23 which maintains a focus on strong governance and leadership across quality, finance and clinical care, ensuring that there is clinically led management decision-making, as close as possible to the point of care delivery.

The Trust is committed to ensuring that, as far as is reasonably practicable, the way we provide services to the public and the way we treat our staff reflects their individual needs and does not

discriminate against individuals or groups on any grounds. The equality impact assessment is incorporated into the Quality and Equality Impact Assessment (QEIA) process which is part of robust governance arrangements in the Trust. This process has been developed to ensure the Trust has the appropriate steps in place to safeguard quality whilst delivering significant changes to service delivery and also understand the impact of the change either negatively or positively on any groups of the community which may be affected.

Well led

The Trust Board development programme sets out the process by which it will assess itself against NHS England's well led framework as part of the Trust's journey of improvement.

During 2024/25 the Trust received ongoing quality monitoring and regulatory oversight from the ICB and CQC with regular quality review groups and engagement meetings taking place throughout the year.

The CQC undertook a well led inspection of the Trust in January 2023 and the rating was uplifted from 'Requires Improvement' to 'Good'.

Compliance with NHS Provider Licence

The NHS provider licence forms part of the oversight arrangements for the NHS. It sets out conditions that providers of NHS-funded healthcare services in England must meet to help ensure that the health sector works for the benefit of patients, now and in the future.

An annual audit of compliance against the Code of Governance is undertaken to ensure compliance with the NHS provider licence by way of a 2nd line of assurance assessment.

In March 2023, NHS England updated NHS Provider Licence and subsequently the organisation is only required to self certify on the following:

Condition CoS7 - for NHS foundation trusts only, the required resources available if providing commissioner requested services (CRS).

The Trust Board confirmed that it has a reasonable expectation that required resources will be available to deliver designated services Condition CoS7(3).

Workforce

Nursing is the largest collective workforce across South Tees. The contribution of this highly specialised group enables South Tees to deliver value-based care with pride and passion. The supply of staff is diverse and enables us to develop a safe and sustainable workforce.

The main source of nurse supply to South Tees comes via the recruitment of newly qualified nurses from Teesside, York, York St Johns and Sunderland. In 2024/25 there have been 149 appointed across all sites. The recruitment until 2024 of international nurses has offered an opportunity to develop a spouse programme in collaboration with NHSP to further future proof our workforce.

Nurse recruitment in 2024/25 has been successful leaving the trust with a minimal vacancy position. The focus remains on retention and the support provided by the legacy mentors has offered impartial pastoral support enabling staff to be supported within their existing role or support with a smooth transition to another area within the trust. This commitment to staff wellbeing demonstrates the value of the nursing role. As we see a minimal or reduced turnover

rate month on month, this is a positive picture in terms of retaining our workforce. The legacy role has provision for both registered nurses and health care support workers. They work collaboratively with ward managers and the clinical educators to provide a wrap-around support.

Developing workforce safeguards and safer staffing remains priority. Monthly workforce assurance check and challenge meetings are now fully embedded and impacting positively on effective rostering and scrutiny in relation to any additional shifts, additional spend and staff management.

Safer staffing is maintained through twice daily safer staffing meetings (using SafeCare Live) to address any immediate safe staffing concerns (on the day) and to ensure that suitable safer staffing arrangements are in place in line with patient acuity and dependency levels. Staff redeployment is co-ordinated to ensure patient safety is prioritised and at the forefront of decision making in line with the agreed SOPs. All staffing plans are shared through OPEL meetings and SafeCare meetings.

All elements of safer staffing are reviewed at the site led workforce group meetings. Any unresolved concerns are escalated to the Tactical and Strategic Group and Site Leadership Team as required. Both sites undertake a look forward exercise to the week ahead, to ensure that a plan is in place to support any gaps in the nursing workforce. The monthly collaborative assurance meetings at both sites have full participation from all senior nurses including Heads of Nursing, Clinical Matrons and Service Managers to ensure all decision making is appropriate.

Monthly workforce assurance - check and challenge meetings are embedded in practice to ensure compliance with rostering and safer staffing key performance indicators. On a monthly basis the safer staffing report is presented to the People Committee for assurance and at each meeting of the Public Board by the Chief Nurse.

The development of a health care support worker career pathway whereby anyone new to care has a clear route within 1-5 years of becoming a registered nurse. This is closely linked to the internal delivery of the Care Certificate which is providing up to date training for health care support workers.

Care Quality Commission

South Tees Hospitals NHS Foundation Trust is required to register with the Care Quality Commission (CQC) and its current registration status is unconditional. The Trust has no conditions on registration. The CQC has not taken enforcement action against South Tees Hospitals NHS Foundation Trust during 2024/25.

The Trust has not participated in any special reviews or investigations by the CQC during 2024/25

All reports are available at: https://www.cqc.org.uk/provider/RTR

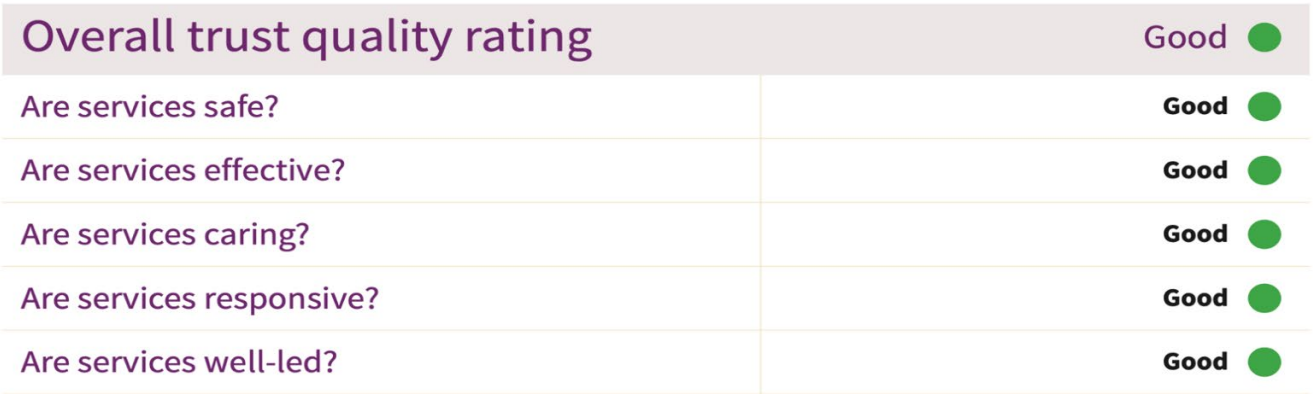


Figure 8: South Tees Hospitals NHS Foundation Trust's overall CQC rating

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

Register of Interests

The Trust has published on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff (as defined by the Trust with reference to the guidance) within the past 12 months as required by the Managing Conflicts of Interest in the NHS guidance.

Pension

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 on the effects of climate change and severe weather and has developed a Green Plan following the guidance of the Greener NHS programme. The trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

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

The financial plan is approved by the Board of Directors and submitted to NHSE, our independent regulator (in exercising its powers originally conferred by Monitor). The process for approving the plan involves the Integrated Care Board (ICB) and the regional NHSE team to create a coordinated strategic and transformational submission from the North East and North Cumbria ICB. This plan includes forward projections and is monitored by the Resources Committee with key performance indicators and financial sustainability metrics also reviewed monthly by the Senior Leadership Team, Group Management Team and the Board of Directors at each of its meetings.

The Integrated Care System (ICS) has an overall requirement to deliver the agreed plan with NHSE at the end of the 12-month period. During 2024/25 ICS partners agreed to undertake a

'grip and control' review to mirror work mandated for challenged systems. Two audit partners, Audit One undertook a review of financial controls for all system partners with each organisation providing a self assessment against control areas and PWC undertook a wider review on a risk based approach reviewing arrangements for financial plans and arrangements for CIP and PMO. The output was an overarching system report and an individual specific report for the Trust. A number of development actions were identified by the Trust as part of the Audit One self assessment review and key recommendations from the Audit One audit and PWC audit were identified which are being overseen by the Financial Recovery Group and Resources Committee. A number of areas of best practice from across the system including the Trust were shared.

For the purpose of this report the Consolidated Group is the financial statements that present the assets, liabilities, equity, income, expenses and cash flows of South Tees Hospitals NHS Trust and its subsidiaries as those of a single entity.

The Group is the group of hospitals working together as the University Hospitals Tees, namely North Tees & Hartlepool NHS Trust and South Tees Hospitals NHS Trust.

The Consolidated Group (excluding the South Tees Hospitals Charity) recorded an adjusted financial performance deficit in 2024/25 of £7.8 million as agreed in discussions with the ICS and NHS England (NHSE). At 31 March 2025 the Trust's closing cash position amounted to £52.0 million.

The Consolidated Group's (excluding the Charity) deficit within the annual accounts of £7.8 million reconciles to the financial performance deficit of £17.4 million by adjusting for the impairment of assets £33.2 million, donations towards capital expenditure £16.6 million, depreciation on donated assets £1.2 million, utilised DHSC centrally procured inventories for COVID response £0.1 million and the addition of the net increase in cost from the change in treatment between IFRS16 and UK GAAP on the PFI, £8.3 million. Access to available capital funding in 2024/25 represented a risk to the Trust in relation to essential replacement and priority investment in the estate. The programme was mainly funded internally by the Trust and Capital Support although the Trust sought capital funding, in the form of Public Dividend Capital, to cover specific investment in the Friarage estate. The Trust will continue in 2025/26 to review and prioritise all capital expenditure bids to minimise clinical and organisational risk.

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

The Trust's Internal Auditor (PwC) has drafted the Audit Opinion on the adequacy and effectiveness of governance, risk management and control. Their annual opinion for the year ending 31 March 2025 is 'Reasonable assurance / moderate assurance" which sets out that governance, risk management and control in relation to business critical areas is generally satisfactory. However, there are some areas of weakness and non compliance in the framework of governance, risk management and control which potentially put the achievement of objectives at risk.

Their annual plan, agreed with the Audit and Risk Committee, focussed on key BAF risks and Trust strategic priorities, including known areas of weakness. In 2024/2025 PWC identified 3

high, 13 medium and 10 low risk rated findings to improve weaknesses in the design of controls and/or operating effectiveness. Three high risk rated findings have been identified across the reviews carried out during the year. These are ITDR; Procurement and Contract Management; Data Quality with full details discussed at the Audit and Risk Committee and management actions in place to address the gaps.

Information governance

Information governance is assessed as part of the mandatory annual national process of submitting compliance with the NHS Data Security and Protection Toolkit (DSPT), which is currently based upon the National Data Guardian's 10 Data Security Standards. The content of the DSPT is aimed at providing assurance around technical aspects of cyber security, information security and data protection compliance.

The 2024/25 DSPT submission was assessed against compliance with 34 assertions areas which are comprised of 108 mandatory evidence items. South Tees Hospitals NHS Foundation Trust DSPT status for 2023/24 was 'standards met'.

The 2024/25 DSPT review has been performed by PwC (PricewaterhouseCoopers LLP) as part of a national standardisation exercise, the findings of which are monitored and discussed at the Trust Audit and Risk Committee.

The 2024/25 DSPT submission is significantly different from previous years as it is now aligned to the Cyber Assessment framework (CAF). The Cyber Assessment Framework provides a systematic and comprehensive approach to assessing the extent to which cyber and information governance risks to essential functions are being managed.

At the time of writing, the status of the 2024/25 DSPT is that the Trust has provided information on all 39 outcomes. The Trust is gathering evidence to support the submission. The final submission date is 30 June 2025.

The confidentiality and security of information regarding patients and staff is monitored and maintained through the implementation of our Governance Framework which encompasses the elements of law and policy from which applicable Information Governance (IG) standards are derived.

Personal information is increasingly held electronically within secure digital systems, it is inevitable that in complex NHS organisations, especially where there is a continued reliance upon manual paper records during a transitional phase to paperless or a paper light environment, that a level of data security incidents can occur.

Any incident involving loss or damage to personal date is comprehensively investigated by the Trust in line with its Data and Cyber Breach Management Policy and graded in line with the NHS Digital 'Guide to the Notification of Data Security and Protection Incidents'.

All incidents are graded using the NHS Digital breach assessment criteria and our risk assessment tool according to the significance of the breach and the likelihood of those serious consequences occurring. The incidents are also graded according to the impact on the individual or groups of individuals rather than on the Trust. Those incidents deemed to be of a high risk are reportable to the Information Commissioners Office (ICO) via the Data Security Protection Toolkit within 72 hours of being reported to the Trust.

We actively encourage staff to report any suspected data protection and cyber breaches irrespective of their severity in line with its reporting policy.

We have had no reportable incidents during the reporting period.

Data use and reporting

- South Tees Hospitals NHS Foundation Trust will be taking the following actions to improve data quality:
- Data that is collected, recorded, and reported within the Trust complies with national data standards outlined in the NHS Data Dictionary and is clinically coded in compliance with data classifications set out by World Health Organisation and NHS Digital ICD10 and OPCS 4.9.
- To help and support the clinical collaboratives, the Business Intelligence Unit and the Data Quality Team develop analytical tools and reports to help identify operational and clinical efficiencies and to help improve their data quality.
- To maintain compliance with legal and regulatory requirements, the Trust routinely monitors the completeness and quality of data. Monitoring reports and audits are used to improve processes, training documentation and use of computer systems. Examples of monitoring include

Type of Monitoring	Frequency	Responsibility
External and internal audit of data quality of differing aspects of the Trust's data.	Annual (external) Weekly and ad-hoc (internal)	Clinical Coding Team
Check of completeness and validity of data submitted to Secondary Uses Service and other mandatory returns.	Weekly	Finance and Business Intelligence Unit Team Leads
Validation of blank or invalid patient demographic details.	Weekly	Data Quality Team
Validation of inpatient and outpatient activity.	Weekly	Data Quality Team
Investigation of queries, issues, errors as they arise.	Ad-hoc	Data Quality Team
Benchmarking of audit inputs and outputs to identify discrepancies that may indicate data quality improvements required.	Annual cycle	Clinical Effectiveness

All members of staff involved in recording patient data have the responsibility to ensure they keep up to date with NHS data standards and recording guidance relevant to their role. Online data quality awareness sessions are available via the data quality intranet. These sessions are easily accessible and cover key data recording standards along with a range of guidance documents which keep members of staff updated on any new or changes to data recording.

The guidelines and procedures contain guidance and advice relating to the collection of data along the patient pathway ensuring as a Trust we are following national guidance. Staff are recommended to carry out these sessions on a yearly basis.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS Foundation Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit and Risk Committee, the Resources Committee, the Quality Assurance Committee and People Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Trust Board

During 2024/25 there were six (6) changes to the Board of Directors:

Leavers included Hilary Lloyd, Chief Nurse and Susannah Cook - Group Chief People Officer and Associate Non Executive Directors Rudy Bilous and Alison Gerner.

Ms Maurya Cushlow was appointed as interim Chief Nurse until 31 March 2025 and Matt Neligan joined the Board as Chief Strategy Officer.

The changes were approved by the Nomination Committees and endorsed by the Council of Governors and Remuneration Committee as appropriate.

The overarching governance framework for the Trust is set out in detail in the Standing Orders, Standing Financial Instructions and the Scheme of Reservation and Delegation. The Corporate Governance Structure, Board Committee Terms of Reference, Standing Orders and Standing Financial Instructions were reviewed during the year to ensure the governance framework reflects the organisation of the Trust and maintains internal control.

The Board has overall responsibility for determining the future direction of the Trust and ensuring delivery of safe and effective services in accordance with legislation and principles of the NHS. The Trust Board also ensures that the organisation complies with relevant regulatory standards.

The Audit and Risk Committee is tasked with reviewing the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives.

The Audit and Risk Committee reviews the work of the other committees within the Trust once a year and will seek assurance from internal audit, external audit and counter fraud through the three lines of assurance model and using a range of external bodies and regulators.

In review the system of internal control the Audit and Risk Committee have recommended to the Board that there is a significant internal control issue in relation to the performance of the Trust against national priorities set out in the NHS System Oversight Framework for NHS Providers, which sets out how NHS England works alongside trusts to support the delivery of high quality and sustainable services for patients. The Trust continues to be rated as '3' on the NHS Improvement Finance Score Metric where 1 is the highest score with 4 the lowest. An overall score of 3 indicates that support may be required.

Performance on this is reported and discussed monthly in the Trust Board meeting and its sub committees

Conclusion

In conclusion, the Trust had the following significant internal control issues in 2024/25:

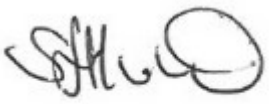
System Oversight Framework

Across the themes of the SOF (quality of care, finance and use of resources, operational performance, strategic change, leadership and improvement capability) the Trust is placed in segment 3. For trusts in segment 3, NHS England has undertaken a diagnostic stocktake with the Trust to identify the key drivers of the concerns that need to be resolved. Through this process it was identified that no additional support needs or improvement actions were required.

Financial sustainability

Risks of significant weaknesses in arrangements in relation to financial sustainability have been identified in the Value for Money arrangements by Forvis Mazars, External Auditors. This is due to the Trust reporting a deficit outturn in 2024/25. Whilst this was in line with the Trust's financial plan, the outturn has led to a continued underlying deficit. In addition, the Trust's 2025/26 financial plan indicates that the Trust will report a deficit for that year and the plan will not address the Trust's underlying deficit.

Signed:



Stacey Hunter

Chief Executive and Accounting Officer

Date: 30 June 2025

Independent auditor's report to the Council of Governors of South Tees Hospitals NHS Foundation Trust

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of South Tees Hospitals NHS Foundation Trust ('the Trust') and its subsidiaries ('the Group') for the year ended 31 March 2025 which comprise the Group and Trust Statements of Comprehensive Income, the Group and Trust Statements of Financial Position, the Group and Trust Statements of Changes in Taxpayers' Equity, the Group and Trust Statements of Cash Flows, and notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual 2024/25 as contained in the Department of Health and Social Care Group Accounting Manual 2024/25, and the Accounts Direction issued under the National Health Service Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Trust and Group as at 31 March 2025 and of the Group and Trust's income and expenditure for the year then ended;
- have been properly prepared in accordance with the Department of Health and Social Care Group Accounting Manual 2024/25; and
- have been properly prepared in accordance with the requirements of the National Health Service Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Trust and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material

misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in these regards.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Accounting Officer is required to comply with the Department of Health and Social Care Group Accounting Manual 2024/25 and prepare the financial statements on a going concern basis, unless the Trust is informed of the intention for dissolution without transfer of services or function to another public sector entity. The Accounting Officer is responsible for assessing each year whether or not it is appropriate for the Trust and Group to prepare financial statements on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Trust and Group, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, data protection, corruption and anti-bribery.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- enquiring with management and the Audit and Risk Committee, as to whether the Trust and Group is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- inspecting correspondence, if any, with relevant regulatory authorities;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Trust and Group which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as the National Health Service Act 2006 (as amended by the Health and Social Care Act 2012).

In addition, we evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to: posting manual journal entries to manipulate financial performance, management bias through judgements and

assumptions in significant accounting estimates, the risk of fraud in revenue and expenditure recognition (which we pinpointed to the cut off assertion), and significant one-off or unusual transactions.

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

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

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

We are also required to conclude on whether the Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom, (Revised 2024) and Supplementary Guidance Note 01, issued by the Comptroller and Auditor General in November 2024.

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

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

Matter on which we are required to report by exception

We are required to report to you if, in our opinion, we are not satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2024, we have identified the following significant weakness in the Trust's arrangements for the year ended 31 March 2025:

Significant weakness in arrangements	Recommendation
The Trust reported a deficit outturn and a continued underlying deficit. Additionally, the Trust's financial plans indicate that the Trust will continue to report a deficit and will not address the underlying deficit. In our view this is evidence of a significant weakness in the Trust's arrangements for financial sustainability, specifically in relation to how the Trust plans to bridge its funding gaps and plans finances to support the sustainable delivery of services.	The Trust should continue to work collaboratively with North East ICS partners and NHS England to explore and agree sustainable, long-term plans to bridge funding gaps.

Responsibilities of the Accounting Officer

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

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

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

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Code of Audit Practice

In our opinion:

- the parts of the Remuneration and Staff Report subject to audit have been properly prepared in accordance with the requirements of the NHS Foundation Trust Annual Reporting Manual 2024/25; and
- the other information published together with the audited financial statements in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

We are required to report to you if:

- in our opinion the Annual Governance Statement does not comply with the NHS Foundation Trust Annual Reporting Manual 2024/25; or
- the Annual Governance Statement is misleading or is not consistent with our knowledge of the Trust and other information of which we are aware from our audit of the financial statements; or
- we refer a matter to the regulator under Schedule 10(6) of the National Health Service Act 2006; or
- we issue a report in the public interest under Schedule 10(3) of the National Health Service Act 2006.

We have nothing to report in respect of these matters.

Use of the audit report

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

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have received confirmation from the NAO that the group audit of the Department of Health and Social Care has been completed and that no further work is required to be completed by us.

James Collins, Key Audit Partner

For and on behalf of Forvis Mazars LLP

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

30 June 2025

Accounts

For the year 1 April 2024 to 31 March 2025

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2025

		GROUP		TRUST	
		2024/25	2023/24	**2024/25**	2023/24
	NOTE	**£000**	£000	**£000**	£000
Operating income	3	**1,041,856**	931,198	**1,041,106**	930,674
Operating expenses	4	**(1,042,141)**	(962,143)	**(1,040,730)**	(960,928)
OPERATING (DEFICIT)/SURPLUS		**(285)**	(30,945)	**376**	(30,254)
FINANCE COSTS:					
Finance income		**3,257**	3,209	**3,065**	3,031
Finance costs - financial liabilities	7.1	**(20,588)**	(30,329)	**(20,588)**	(30,329)
Finance costs - unwinding of discount on provisions	22	**(32)**	(23)	**(32)**	(23)
NET FINANCE COSTS		**(17,363)**	(27,143)	**(17,555)**	(27,321)
(Loss) / Gain on disposal of assets		**64**	7	**64**	7
Corporation tax		**(13)**	0	**(13)**	0
Movement in fair value of other investments	13	**(274)**	586	**0**	0
DEFICIT FOR THE YEAR		**(17,871)**	(57,495)	**(17,128)**	(57,568)
Other comprehensive Expenditure					
Will not be reclassified to income and expenditure:					
Impairments	7.2	**(93)**	(689)	**(93)**	(689)
Revaluation gains on property, plant and equipment	7.2	**1,577**	587	**1,577**	587
TOTAL OTHER COMPREHENSIVE EXPENDITURE		**1,484**	(102)	**1,484**	(102)
TOTAL COMPREHENSIVE EXPENDITURE		**(16,387)**	(57,597)	**(15,644)**	(57,670)

The notes on pages 5 to 46 form part of these accounts.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2025

		GROUP		TRUST	
		31 March 2025	31 March 2024	**31 March 2025**	31 March 2024
	NOTE	**£000**	£000	**£000**	£000
Non-current assets					
Property, plant and equipment	8	**310,185**	289,729	**310,185**	289,729
Intangible assets	9	**9,407**	11,082	**9,407**	11,082
Right of use assets	10	**35,792**	32,121	**35,792**	32,121
Trade and other receivables	16	**1,307**	1,179	**1,307**	1,179
Other investments	13	**6,192**	6,466	**0**	0
Total non-current assets		**362,883**	340,577	**356,691**	334,111
Current assets					
Inventories	14	**15,772**	16,108	**14,971**	14,698
Trade and other receivables	16	**75,381**	53,917	**75,313**	53,969
Cash and cash equivalents	15	**53,790**	55,988	**51,994**	53,869
Total current assets		**144,943**	126,013	**142,278**	122,536
Total assets		**507,826**	466,590	**498,969**	456,647
Current liabilities					
Trade and other payables	17	**(171,403)**	(169,306)	**(168,609)**	(166,169)
Borrowings	18	**(20,836)**	(14,468)	**(20,836)**	(14,468)
Provisions	22	**(1,220)**	(1,829)	**(1,220)**	(1,829)
Total current liabilities		**(193,459)**	(185,603)	**(190,665)**	(182,466)
Total assets less current liabilities		**314,367**	280,987	**308,304**	274,181
Non-current liabilities					
Borrowings	18	**(264,414)**	(264,260)	**(264,414)**	(264,260)
Provisions	22	**(1,378)**	(1,370)	**(1,378)**	(1,370)
Total non-current liabilities		**(265,792)**	(265,630)	**(265,792)**	(265,630)
Total assets employed		**48,575**	15,357	**42,512**	8,551
Financed by taxpayers' equity:					
Public dividend capital		**470,377**	420,773	**470,377**	420,773
Income and expenditure reserve		**(478,888)**	(471,716)	**(478,582)**	(471,644)
Revaluation reserve		**24,241**	32,946	**24,241**	32,946
Other reserves		**26,476**	26,476	**26,476**	26,476
Charitable fund reserve	12	**6,369**	6,878	**0**	0
Total taxpayers' equity		**48,575**	15,357	**42,512**	8,551

The notes on pages 5 to 46 form part of these accounts.

The financial statements on pages 1 to 46 were approved by the Audit Committee 23 June 2025 and signed on its behalf by:

Signed: …… (Chief Finance Officer) Date: 30th June 2025

Signed: …….. (Chief Executive) Date: 30th June 2025

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2025

	Public Dividend Capital (PDC)	Income and Expenditure Reserve	Revaluation Reserve	Other reserves	Trust total	South Tees Healthcare Management Ltd	Charitable funds reserve	Group total
	£000	£000	£000	£000	£000	£000	£000	£000
Taxpayers' equity at 1 April 2023	387,118	(332,421)	33,138	26,476	114,311	(102)	6,835	121,044
Application of IFRS16 measurement to PFI liability on 1 April 2023	0	(81,745)	0	0	(81,745)	0	0	(81,745)
Changes in taxpayers' equity for 2023/24								
(Deficit)/ Surplus for the year	0	(57,568)	0	0	(57,568)	30	43	(57,495)
Revaluation gains and impairment losses on property, plant and equipment.	0	0	(102)	0	(102)	0	0	(102)
Total comprehensive (expense) / income for the year	0	(57,568)	(102)	0	(57,670)	30	43	(57,597)
Public dividend capital received	33,655	0	0	0	33,655	0	0	33,655
Other transfers between reserves	0	90	(90)	0	0	0		0
Taxpayers' equity at 31 March 2024	420,773	(471,644)	32,946	26,476	8,551	(72)	6,878	15,357
Taxpayers' equity at 1 April 2024	420,773	(471,644)	32,946	26,476	8,551	(72)	6,878	15,357
Changes in taxpayers' equity for 2024/25								
(Deficit)/Surplus for the year	0	(17,128)	0	0	(17,128)	(234)	(509)	(17,871)
Transfer from Revaluation reserve to Income and Expenditure Reserve for impairments arising from consumption of economic benefit	0	1,622	(1,622)	0	0	0	0	0
Revaluation gains and impairment losses on property, plant and equipment.	0	0	1,484	0	1,484	0	0	1,484
Total comprehensive expense for the year	0	(15,506)	(138)	0	(15,644)	(234)	(509)	(16,387)
Public dividend capital received	49,604	0	0	0	49,604	0	0	49,604
Other transfers between reserves	0	8,567	(8,567)	0	0	0	0	0
Taxpayers' equity at 31 March 2025	470,377	(478,582)	24,241	26,476	42,512	(306)	6,369	48,575

Note: 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 2025

		GROUP		TRUST	
	NOTE	**2024/25 £000**	2023/24 £000	**2024/25 £000**	2023/24 £000
Cash flows from operating activities					
Operating (deficit)/ surplus from continuing operations		**(285)**	(30,945)	**376**	(30,254)
Non-cash income and expense					
Depreciation and amortisation	4	**24,549**	27,416	**24,549**	27,416
Net impairments	4	**33,203**	25,380	**33,203**	25,380
Decrease /(Increase) in trade and other receivables		**(16,949)**	6,923	**(16,878)**	6,532
(Increase) / Decrease in inventories	14	**336**	(1,023)	**(273)**	(734)
(Decrease) / Increase in trade and other payables		**(2,297)**	5,105	**(1,955)**	4,801
Increase / (Decrease) in provisions	22	**(159)**	469	**(159)**	469
Other movements in operating cash flows		**(663)**	(734)	**(613)**	(734)
Net cash generated from operations		**37,735**	32,591	**38,250**	32,876
Cash flows from investing activities					
Interest received		**3,257**	3,209	**3,065**	3,031
Purchase of intangible assets		**(3,828)**	(1,276)	**(3,828)**	(1,276)
Purchase of property, plant and equipment		**(57,596)**	(43,883)	**(57,596)**	(43,883)
Proceeds from sale of investments		**0**	326	**0**	0
Sales of property, plant and equipment		**87**	60	**87**	60
Net cash used in investing activities		**(58,080)**	(41,564)	**(58,272)**	(42,068)
Cash flows from financing activities					
Public dividend capital received		**49,604**	33,655	**49,604**	33,655
Capital element of lease rental payments		**(6,771)**	(5,339)	**(6,771)**	(5,339)
Capital element of private finance initiative obligations		**(8,838)**	(5,822)	**(8,838)**	(5,822)
Interest element of lease liability payments	7	**(1,459)**	(1,032)	**(1,459)**	(1,032)
Interest element of private finance initiative obligations	7	**(14,389)**	(14,413)	**(14,389)**	(14,413)
PDC dividend paid		**0**	(117)	**0**	(117)
Net cash used in financing activities		**18,147**	6,932	**18,147**	6,932
Decrease in cash and cash equivalents		**(2,198)**	(2,041)	(1,875)	(2,260)
Cash and cash equivalents at 1 April		**55,988**	58,029	**53,869**	56,129
Cash and cash equivalents at 31 March	15	**53,790**	55,988	**51,994**	53,869

NOTES TO THE ACCOUNTS

1. Accounting policies

NHS England has directed that the accounts of NHS Foundation Trusts shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (DHSC GAM), which shall be agreed with HM Treasury and the Secretary of State. Consequently, the following accounts have been prepared in accordance with the DHSC GAM 2024/25 issued by the Department of Health and Social Care. 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, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the DHSC GAM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Trust are described below. They have been applied consistently during the financial year when dealing with items considered material in relation to the accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

1.2 Basis of consolidation

NHS Charitable Fund

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 fair 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.

Further information covering the nature and value of the consolidation of the charitable fund is included in Note 12 to the Accounts.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.2.1 Alignment to accounting policies (continued)

Other subsidiaries

Subsidiary entities are those over which the Trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate financial statement lines. The capital and reserves attributable to minority interests are included as a separate item in the Statement of Financial Position.

The Trust formed 2 subsidiaries, the South Tees Institute of Learning, Research and Innovation LLP and South Tees Healthcare Management Limited. The financial year end of both companies is 31 March. Operations within South Tees Institute of Learning, Research and Innovation LLP are currently dormant, there have been no transactions within this company in 2024/25 and the company has not been consolidated on the basis of materiality.

South Tees Healthcare Management Limited

This company started operations on 6 October 2019 and the financial statements for the year to 31 March 2025 are consolidated in these accounts. The subsidiary's accounting policies are aligned with the Trust and the amounts included have been adjusted during consolidation with inter-entity balances and transactions eliminated in full on consolidation.

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) Asset valuation and indices - the valuation of land and buildings is based on building cost indices and location factors provided by and used by Cushman and Wakefield in their valuation work. The valuation at 31 March 2025 amounted to £187.7 million based on Modern Equivalent Alternative Site Valuation methodology by Cushman and Wakefield (who is an appropriately qualified member of the Royal Institute of Chartered Surveyors). From 1 April 2014 these valuations did not include VAT(Note 1.3). The process utilised GIA, asset life and obsolescence data to determine the valuation. The indices are based on an indication of trend of accepted tender prices within the construction industry as applied to the Public Sector.

The judgements that have a significant risk of causing a material adjustment to the accounts are highlighted below:

a) Basis of PP&E valuation - Specialised property is valued at depreciated replacement cost. The cost of VAT has been excluded from the full trust estate specialised property valuations from 1 April 2014. The Trust estate is predominantly PFI assets. This significant management judgement was made on the basis that:

(i) the majority of the James Cook Hospital is currently under a PFI arrangement and the Trust recovers the VAT on the Unitary Payment. When the Trust recognised the property as an asset in 2009/10 in its first IFRS-based accounts it appropriately excluded VAT from the initial measurement of Fair Value.

(ii) The majority of non-PFI assets relate to the Friarage Hospital, which transferred to the Trust in 2006. The Friarage Hospital would have formed part of the PFI development if it had been part of the Trusts assets at the date of the development.

(iii) The Trust considers that when, in the future, it procures a significant replacement of its estate, it would do so through either a PFI arrangement or through a subsidiary undertaking. The Trust would set up the subsidiary or would utilise the subsidiary of North Tees and Hartlepool NHS Foundation Trust to undertake the investment. The Trust has received confirmation that this service can be provided and taken appropriate guidance that the Trust would be able to recover VAT on capital projects.

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 (continued)

b) Asset lives - asset lives on property are reviewed by Cushman and Wakefield every 5 years in conjunction with a full site valuation. The last review took place as at 31 March 2024. In between the 5 year period an annual desktop revaluation exercise in undertaken with asset lives revisted for material in-year changes. In the event that property lives change, the impact on depreciation from an increase of one year would be a movement in depreciation of circa £0.1 million.

c) IFRS16 arrangements - the Trust has identified a number of arrangements which involve the use of property and assets. These have been capitalised in line with the Trust's Accounting Policies with the asset life based on the term of the agreements. This particularly applies to arrangements involving vehicles and equipment. Agreements or contracts are not generally in place for property arrangements and the Trust has applied a 20 year term on assets used for the provision of heathcare. This term is a reasonable assessment of the period that the Trust expects to deliver services from these assets based on the Trust's Strategic Plan, exisiting healthcare needs in the region and the facilities currently available.

d) 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 (2024/25, £11.8 million). 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. This position will be assessed on an ongoing basis as to whether the prepayment is fully recoverable, a charge is made to revenue or whether it requires impairment.

1.3.1 Going concern

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

Notes to the Accounts - 1. Accounting Policies (Continued)

1.4 Income

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

Income in respect of goods or services provided is recognised when and to the extent that, performance obligations are satisfied and is measured at the fair value of the consideration receivable. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where the Trust's entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

The main source of income for the Trust is contracts with commissioners for health care services with funding envelopes set at an Integrated Care System (ICS) level. The majority of the Trust's NHS income is earned from NHS commissioners under the NHS Payment Scheme (NHSPS). The NHSPS sets out rules to establish the amount payable to trusts for NHS-funded secondary healthcare. Aligned payment and incentive contracts form the main payment mechanism under the NHSPS. API contracts contain both a fixed and variable element and under the variable element, providers earn income for elective activity (both ordinary and day case), out-patient procedures, out-patient first attendances and chemotherapy delivery activity. The precise definition of these activities is given in the NHSPS. Income is earned at NHSPS prices based on actual activity. The fixed element includes income for all other services covered by the NHSPS assuming an agreed level of activity with 'fixed' in this context meaning not varying based on units of activity. Elements within this are accounted for as variable consideration under IFRS 15.

High costs drugs and devices are excluded from the calculation of national prices and are reimbursed by NHS England based on actual usage or at a fixed baseline in addition to the price of the related service.

Elective recovery funding provides additional funding to integrated care boards to fund the commissioning of elective services within their systems. Trusts do not directly earn elective recovery funding, instead earning income for actual activity performed under API contract arrangements. The level of activity delivered by the Trust contributes to system performance and therefore the availability of funding to the Trust's commissioners.

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.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.4 Income (continued)

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 under the sale contract.

The value of the benefit received when the Trust accesses funds from the Government's apprenticeship service are recognised as income in accordance with IAS 20, Accounting for Government Grants. Where these funds are paid directly to an accredited training provider, non-cash income and a corresponding non-cash training expense are recognised, both equal to the cost of the training funded.

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 for Health and Social Care 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; or
- collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.7 Property, plant and equipment (continued)

Where a large asset, for example a building, includes a number of components with significant cost and different asset lives, the components are treated as separate assets and depreciated over their own useful economic lives.

1.7.2 Valuation

All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are measured subsequently at current value in existing use. 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 current 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.

Current values are determined as follows:

- Land and non-specialised buildings (dwellings) – market value for existing use;
- Specialised buildings – depreciated replacement cost; or
- Plant and machinery, transport, IT and furniture - depreciated historical 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 2025 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 Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees and, where capitalised in accordance with IAS 23, borrowings costs. Assets are re-valued and depreciation commences when they are brought into use.

Professional valuations are carried out by Cushman and Wakefield. 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.

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 will flow to the Trust or Group 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 written off. 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 leases are depreciated over the shorter of their estimated useful lives or the lease term. See Note 8.4 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 decrease previously recognised in operating expenses, in which case they are recognised in operating expenses.

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

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

1.7.6 Impairments

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

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

1.8 Intangible assets

1.8.1 Recognition

Intangible assets are non-monetary assets without physical substance controlled by the Trust. They are capable of being sold separately from the rest of the Group and Trust's business or arise from contractual or other legal rights. Intangible assets 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 is expected to be used for more than one financial year.

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 where it meets recognition criteria.

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 cost as a proxy for valuation. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating.
Revaluation gains and losses and impairments are treated in the same manner as for property, plant and equipment.

An intangible asset which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 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 and Social Care, 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

A lease is a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration. An adaptation of the relevant accounting standard by HM Treasury for the public sector means that for NHS bodies, this includes lease-like arrangements with other public sector entities that do not take the legal form of a contract. It also includes peppercorn leases where consideration paid is nil or nominal (significantly below market value) but in all other respects meet the definition of a lease. The trust does not apply lease accounting to new contracts for the use of intangible assets. The Trust determines the term of the lease term with reference to the non-cancellable period and any options to extend or terminate the lease which the Trust is reasonably certain to exercise.

1.11.1 The Trust as lessee

At the commencement date of the lease, being when the asset is made available for use, the Trust recognises a right of use asset and a lease liability.

The right of use asset is recognised at cost comprising the lease liability, any lease payments made before or at commencement, any direct costs incurred by the lessee, less any cash lease incentives received. It also includes any estimate of costs to be incurred restoring the site or underlying asset on completion of the lease term.

The lease liability is initially measured at the present value of future lease payments discounted at the interest rate implicit in the lease. Lease payments includes fixed lease payments, variable lease payments dependent on an index or rate and amounts payable under residual value guarantees. It also includes amounts payable for purchase options and termination penalties where these options are reasonably certain to be exercised.

Where an implicit rate cannot be readily determined, the Trust's incremental borrowing rate is applied. This rate is determined by HM Treasury annually for each calendar year. A nominal rate of 4.72% applied to new leases commencing in 2024 and 4.81% to new leases commencing in 2025.

The Trust does not apply the above recognition requirements to leases with a term of 12 months or less or to leases where the value of the underlying asset is below £5,000, excluding any irrecoverable VAT. Lease payments associated with these leases are expensed on a straight line basis over the lease term or other systematic basis. Irrecoverable VAT on lease payments is expensed as it falls due.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.11 Leases (continued)

1.11.2 Subsequent Remeasurement

As required by a HM Treasury interpretation of the accounting standard for the public sector, the Trust employs a revaluation model for subsequent measurement of right of use assets, unless the cost model is considered to be an appropriate proxy for current value in existing use or fair value, in line with the accounting policy for owned assets. Where consideration exchanged is identified as significantly below market value, the cost model is not considered to be an appropriate proxy for the value of the right of use asset.

The Trust subsequently measures the lease liability by increasing the carrying amount for interest arising which is also charged to expenditure as a finance cost and reducing the carrying amount for lease payments made. The liability is also remeasured for changes in assessments impacting the lease term, lease modifications or to reflect actual changes in lease payments. Such remeasurements are also reflected in the cost of the right of use asset. Where there is a change in the lease term or option to purchase the underlying asset, an updated discount rate is applied to the remaining lease payments.

1.12 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. Cash and cash equivalents are recorded at current values.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.13 Private Finance Initiative (PFI) transactions

HM Treasury has determined that a PFI transaction where the Group or Trust controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement and which meets the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FReM, are accounted for as 'on-Statement of Financial Position' by the Group or Trust.

Annual contract payments to the operator (the unitary charge) are separated into the following component parts, using appropriate estimation techniques where necessary:

a) Payment for the fair value of services received;

b) Repayment of the PFI liablity including finance costs; and

c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

The service charge is recognised in operating expenses and the finance cost is charged to Finance Costs in the Statement of Comprehensive Income.

1.13.1 Services received

The fair value of services received in the year is recorded under the relevant expenditure headings within 'operating expenses'.

1.13.2 PFI Asset

In accordance with HM Treasury's FReM, the underlying assets are recognised as property, plant and equipment, together with an equivalent liability. Initial measurement of the asset and liability are in accordance with the initial measurement principles of IFRS 16. Assets are subsequently accounted for as property, plant and equipment and/or intangible assets as appropriate.

1.13.3 PFI liability

The liability is subsequently reduced by the portion of the unitary charge allocated as payment for the asset and increased by the annual finance cost. The finance cost is calculated by applying the implicit interest rate to the opening liability and is charged to finance costs in the Statement of Comprehensive Income. The element of the unitary charge allocated as payment for the asset is split between payment of the finance cost and repayment of the net liability.

Where there are changes in future payments for the asset resulting from indexation of the unitary charge, the Trust remeasures the PFI liability by determining the revised payments for the remainder of the contract once the change in cash flows takes effect. The remeasurement adjustment is charged to finance costs in the Statement of Comprehensive Income.

The service charge is recognised in operating expenses in the Statement of Comprehensive Income.

1.13.4 Initial application of IFRS 16 liability measurement principles to PFI liabilities in 2023/24

IFRS 16 liability measurement principles were applied to PFI and other service concession arrangement liabilities in these financial statements from 1 April 2023. The change in measurement basis was applied using a modified retrospective approach with the cumulative impact of remeasuring the liability on 1 April 2023 recognised in the income and expenditure reserve.

1.13.5 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.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.13 Private Finance Initiative (PFI) transactions (continued)

1.13.5 Assets contributed by the Trust to the operator for use in the scheme

Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the Group Statement of Financial Position.

1.13.6 Other assets contributed by the Trust to the operator

Assets contributed (e.g. cash payments, surplus property) by the Group and Trust to the operator before the asset is brought into use, which are intended to defray the operator's capital costs, were recognised initially as prepayments during the construction phase of the contract. Subsequently, when the asset was made available to the Trust, the prepayment was treated as an initial payment towards the finance lease liability and was set against the carrying value of the liability.

1.14 Inventories

Inventories are valued at the lower of cost or net realisable value. Provision is made for obsolete, slow moving and defective stock whenever evidence exists that a provision is required. The cost of inventories is measured using the first in, first out (FIFO) method.

Between 2020/21 and 2023/24 the Trust received inventories from the Department of Health and Social Care at nil cost. In line with the GAM and applying the principles of the IFRS Conceptual Framework, the Trust has accounted for the receipt of these inventories at a deemed cost, reflecting the best available approximation of an imputed market value for the transaction based on the cost of acquisition by the Department. Distribution of inventories by the Department ceased in March 2024.

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 4.03% (2023/24, 4.26%) in the short term to 4.55% (2023/24, 4.40%) for very 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 2.40% in real terms (2023/24, 2.45%). 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

NHS Resolution operates a risk pooling scheme under which the Group and Trust pays an annual contribution and NHS Resolution, in return, settles all clinical negligence claims. The contribution is charged to expenditure. Although NHS Resolution are 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 NHS Resolution 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 NHS Resolution, the only charge to operating expenditure in relation to clinical negligence in 2024/25 relates to the contribution to the Clinical Negligence Scheme for Trusts.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.15 Provisions (continued)

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 NHS Resolution and, in return, receives assistance with the costs of claims arising. The annual membership contributions, and any excesses payable in respect of particular claims are charged to operating expenses when the liability arises.

1.16 Climate Change Levy

Expenditure on the Climate Change Levy is recognised in the Statement of Comprehensive Income as incurred, based on the prevailing chargeable rates for energy consumption.

1.17 Financial assets and financial liabilities

1.17.1 Recognition

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

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, 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 are initially recognised at fair value plus or minus directly attributable transaction costs for financial assets not measured at fair value through profit or loss. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices, where possible, or by valuation techniques.

Financial assets or financial liabilities in respect of assets acquired or disposed of through leases are recognised and measured in accordance with the accounting policy for leases are described in policy 1.11.

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 profit and loss in the form of Investments. Other financial assets are held at amortised cost. The Group does not hold any financial liabilities 'at fair value through profit and loss' that would require a fair value calculation and adjustment to the income statement. Investments held by the Group relate to investments held within charitable funds which are managed by CCLA. The value disclosed within the financial statements are based on formal valuations undertaken and provided by CCLA.

1.17.4 Financial Assets

Receivables are non-derivative financial assets which are included in current and non-current assets. After initial recognition, they are measured at amortised cost, less any impairment. The Group's 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 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 does hold instruments that would fall into this category in the form of leases and the PFI Scheme (see Accounting Policy 1.11 and 1.13 for further information). The Group's outstanding NHS and non-NHS payables balances are classified as financial instruments and further information is available in Note 23.

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

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

The Trust has adopted the simplified approach to impairment, in accordance with IFRS 9, and measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. For other financial assets, the loss allowance is measured at an amount equal to lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since initial recognition, and otherwise at an amount equal to 12-month expected credit losses. 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.

For financial assets that have become credit impaired since initial recognition, expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Expected losses are charged to operating expenditure within the Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Statement of Financial Position.

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.

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. PDC is recorded at the value received. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

At any time the Secretary of State can issue new PDC to, and require repayments of PDC from, the Trust.

An annual charge, reflecting the cost of capital utilised by the Group and Trust, is payable to the Department of Health and Social Care 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, assets under construction for nationally directed schemes and any PDC dividend balance receivable or payable. These additions and deductions as defined in the PDC dividend policy issued by the Department of Health and Social Care. This policy is available at https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts

In accordance with the requirements laid down by the Department of Health and Social Care, 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 the Trust 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

1.23 Accounting standards that have been issued but have not yet been adopted

The DHSC GAM does not require the following IFRS Standards and interpretations to be adopted in 2024/25. These Standards are still subject to HM Treasury FReM adoption.

- IFRS 14 Regulatory Deferral Accounts (not UK-endorsed and applies to first time adopters of IFRS after 1 January 2016. Therefore, not applicable to DHSC group bodies);
- IFRS 17 Insurance Contracts - the Standard is effective for accounting periods beginning on or after 1 January 2023. IFRS 17 has been adopted by the FReM from 1 April 2025. Adoption of the Standard for NHS bodies will therefore be in 2025/26.
- IFRS 18 Presentation and Disclosure in Financial Statements - the Standard is effective for accounting periods beginning on or after 1 January 2027. The Standard is not yet UK endorsed and not yet adopted by the FReM. Early adoption is not permitted.
- IFRS 19 Subsidiaries without Public Accountability: Disclosures - The Standard is effective for accounting periods beginning on or after 1 January 2027. The Standard is not yet UK endorsed and not yet adopted by the FReM. Early adoption is not permitted.

The Trust has started to review Contract documentation in preparation for the introduction and reporting of IFRS 17. This exercise has not been completed at this stage but it is not anticipated that the impact of this standard will have a significant impact on the financial statements. In relation to the remaining standards the Trust has not been in a position to assess the expected impact of the introduction of these as limited detailed information is available at this time.

The following does not relate to a standard but a future change in the requirements of the GAM.

- Changes to non-investment asset valuation – Following a thematic review of non-current asset valuations for financial reporting in the public sector, HM Treasury has made a number of changes to valuation frequency, valuation methodology and classification which are effective in the public sector from 1 April 2025 with a 5 year transition period. NHS bodies are adopting these changes to an alternative

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 2025, 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 £944.742 million under contracts with commissioners during the year (£869.101 million in 2023/24) from Integrated Care Boards and NHS England, which equated to 91% (93% in 2023/24) of total Trust income. There were no other significant external customers amounting to more than 8% of total income. Commissioner funding was provided under a block contract arrangement during 2024/25. The previous Acute split by service has been updated in the following disclosures.

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	
	2024/25 £000	2023/24 £000	**2024/25 £000**	2023/24 £000
Block contract/system envelope income (*)	**753,789**	705,659	**753,789**	705,659
High cost drugs income from Commissioners	**107,458**	95,473	**107,458**	95,473
Accident and emergency income	**1,712**	1,254	**1,712**	1,254
Urgent Treatment and Community Diagnostic income	**7,632**	0	**7,632**	0
Community services	**48,241**	47,573	**48,241**	47,573
Private patient income	**930**	1,248	**930**	1,248
Pay award central funding	**1,898**	419	**1,898**	419
Additional pension contribution central funding	**33,356**	19,977	**33,356**	19,977
Other non-protected clinical income	**291**	222	**291**	222
Total income from activities	**955,307**	**871,825**	**955,307**	**871,825**
Research and development	**7,046**	7,022	**7,046**	7,022
Education and training	**28,086**	25,835	**28,086**	25,835
Charitable and other contributions to expenditure	**16,639**	2,308	**16,639**	2,308
Deficit support funding	**17,314**	0	**17,314**	0
COVID consumables donated from DHSC group	**0**	287	**0**	287
Non-patient care services to other bodies	**3,131**	2,531	**3,131**	2,531
Charitable fund - incoming resources	**647**	279	**0**	0
Other income (**)	**13,686**	21,111	**13,583**	20,866
	86,549	**59,373**	**85,799**	**58,849**
Total income from continuing operations	**1,041,856**	931,198	**1,041,106**	930,674

* Further information on income is available within the Accounting Policies, Note 1.4.

** Other income includes consideration arising from car parking charges £2.288 million (2023/24 £2.295 million), income in respect of recovered staff costs £ Nil (2023/24 £0.563 million), clinical excellence awards £0.819 million (2023/24 £1.089 million), staff accommodation £1.468 million (2023/24 £1.384 million), clinical tests £3.401 million (2023/24 £2.764 million) and creche services £0.715 million (2023/24 £0.537 million). The Trust has not received an individual transaction within fees and charges greater than £1.0 million in the financial year.

Under the Terms of Authorisation the Group's total activity income from Commissioner Requested Services amounts to £909.488 million (2023/24 £848.705 million). All other activity income relates to Non-Commissioner Requested Services.

3.2 Income from activities by source

	2024/25 £000	2023/24 £000
Group and Trust		
Integrated Care Boards	**613,334**	585,309
NHS Foundation Trusts	**7,632**	0
NHS England	**331,408**	283,792
Local Authorities	**0**	50
Non-NHS - overseas patients (non-reciprocal) (*)	**265**	172
Non-NHS - private patients	**930**	1,248
Non-NHS - other	**26**	0
NHS Injury Scheme	**1,712**	1,254
Total income from activities	**955,307**	871,825

(*) 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 £0.032 million (£0.053 million in 2023/24). Additions to the provision for the impairment of receivables amounted to £0.159 million (£0.143 million increase in 2023/24) and the Trust did not write off any charges in year (no write offs in 2023/24).

Injury cost recovery is subject to a charge for credit loss allowances on receivables of 24.45% (2023/24, 23.07%) to reflect expected rates of collection.

4. Operating expenses

4.1 Operating expenses comprise:

	GROUP		TRUST	
	2024/25 £000	2023/24 £000	**2024/25 £000**	2023/24 £000
Services from NHS Foundation Trusts	**8,273**	4,128	**8,273**	4,128
Purchase of healthcare from non NHS bodies	**8,818**	10,193	**9,509**	10,772
Employee expenses - non-executive directors	**161**	164	**161**	164
Employee expenses - staff	**621,785**	562,115	**620,980**	561,352
Employee expenses - charitable fund	**499**	520	**0**	0
Drug costs	**105,550**	95,752	**105,477**	95,762
Supplies and services - clinical	**116,979**	106,711	**116,897**	106,702
Supplies and services - donated from DHSC for COVID	**0**	346	**0**	346
Supplies and services - general	**4,259**	4,134	**4,259**	4,134
Research and development	**1,498**	2,736	**1,498**	2,736
Establishment	**12,376**	15,514	**12,337**	15,501
Transport	**5,128**	5,015	**5,128**	5,015
Premises	**71,104**	75,115	**71,101**	75,115
Increase/(decrease) in provision for impairment of receivables	**372**	239	**372**	239
Increase/(decrease) in other provisions	**(229)**	268	**(229)**	268
Change in provisions discount rate	**(2)**	(35)	**(2)**	(35)
Inventories written down	**332**	289	**332**	289
Depreciation of property, plant and equipment	**19,812**	19,932	**19,812**	19,932
Amortisation of intangible assets	**4,737**	7,484	**4,737**	7,484
Net impairments of property, plant and equipment	**33,203**	25,380	**33,203**	25,380
Audit fees - audit services - statutory audit (*)	**178**	149	**155**	143
- audit services - charitable fund (*)	**12**	9	**0**	0
Clinical negligence	**19,589**	16,553	**19,589**	16,553
Legal fees	**114**	346	**114**	346
Consultancy costs	**282**	665	**282**	665
Internal audit costs	**248**	119	**248**	119
Training, courses and conferences	**1,951**	2,402	**1,950**	2,394
Redundancy	**0**	1,054	**0**	1,054
Other services	**1,157**	1,250	**1,157**	1,250
Hospitality	**3**	1	**3**	1
Insurance	**342**	317	**340**	312
Losses, ex gratia and special payments	**176**	179	**176**	179
Other resources expended - charitable fund	**563**	471	**0**	0
Other	**2,871**	2,628	**2,871**	2,628
	1,042,141	962,143	**1,040,730**	960,928

* the value of statutory audit fees disclosed above excludes VAT.

5. Employee expenses and numbers

5.1 Employee expenses (including Executive Directors' costs)

Group and Trust	2024/25 Total	2023/24 Total
	£000	£000
Salaries and wages	**468,137**	429,192
Social security costs	**45,832**	42,787
Pension costs - defined contribution plans employer contributions to NHS Pensions	**84,377**	65,689
Agency/contract staff	**24,265**	26,114
Charitable fund staff	**499**	520
Total staff costs	**623,110**	564,302
Costs capitalised as part of assets	**(826)**	(613)
Total staff costs excluding capitalised costs	**622,284**	563,689

5.2 Monthly average number of people employed

Group and Trust	2024/25 Total	2023/24 Total
	Number	Number
Medical and dental	**1,377**	1,320
Administration and estates	**2,146**	2,148
Healthcare assistants and other support staff	**617**	599
Nursing, midwifery and health visiting staff	**3,093**	2,958
Nursing, midwifery and health visiting learners	**1,114**	1,140
Scientific, therapeutic, technical staff and other	**1,494**	1,481
Total	**9,841**	9,646
Number of staff (WTE) capitalised in capital projects (included above)	**14**	13

Note: the figures represent the Whole Time Equivalent as opposed to the number of employees.

5. Employee expenses and numbers

5.3 Staff exit packages

Exit package cost band	2024/25				2023/24			
Group and Trust	Number of other departures agreed	Cost of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages by cost band	Number of other departures agreed	Cost of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages by cost band
	Number	£000's	Number	£000's	Number	£000's	Number	£000's
< £10,000	1	4	1	4	1	2	1	2
£10,000 to £25,000	0	0	0	0	0	0	0	0
£25,001 to £50,000	0	0	0	0	1	43	1	43
£50,001 to £100,000	0	0	0	0	2	112	2	112
£100,001 to £150,000	2	247	2	247	0	0	0	0
£150,001 to £200,000	0	0	0	0	1	160	1	160
> £200,001	0	0	0	0	0	0	0	0
Total number and cost of exit packages by type	3	251	3	251	5	317	5	317

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. There were no departures in 2024/25 or in 2023/24 where special payments were made.

5.4 Exit packages: non-compulsory departure payments

	2024/25		2023/24	
	Agreements	Total value	Agreements	Total value
	number	£000	number	£000
Voluntary redundancies including early retirement	0	0	0	0
Mutually agreed resignations (MARS)	0	0	0	0
Contractual payments in lieu of	3	251	5	317
Total	3	251	5	317

Further information on exit packages is included in the Remuneration statements in the Annual Report. There were no non-contractual payments requiring HMT approval in 2024/25 or 2023/24.

5. Employee expenses and numbers (continued)

5.5 Retirements due to ill-health

During 2024/25 there were 17 (2023/24, 16) early retirements from South Tees Hospitals NHS Foundation Trust agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £0.853 million (2023/24, £1.063 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 Pension Schemes. Details of the benefits payable and rules of the schemes the can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both the 1995/2008 and 2015 schemes are accounted for, and the scheme liability valued, as a single combined scheme. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary’s Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2025, is based on valuation data as at 31 March 2023, updated to 31 March 2025 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used

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

b) Full actuarial (funding) valuation

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2020. The results of this valuation set the employer contribution rate payable from 1 April 2024 to 23.7% of pensionable pay. The core cost cap cost of the scheme was calculated to be outside of the 3% cost cap corridor as at 31 March 2020. However, when the wider economic situation was taken into account through the economic cost cap cost of the scheme, the cost cap corridor was not similarly breached. As a result, there was no impact on the member benefit structure or contribution rates.

The 2024 actuarial valuation is currently being prepared and will be published before new contribution rates are implemented from April 2027. The employer contribution rate for 2025/26 is 14.38% (amounting to £52.9 million) and a further 9.4% will be funded centrally by NHS England.

6. Pension costs (continued)

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.

7. Finance costs

7.1 Finance costs - interest expenses

	2024/25	2023/24
	£000	£000
Group and Trust		
Leases	**1,459**	1,032
Finance costs in PFI obligations		
- Main finance cost	**14,389**	14,413
- IFRS16 remeasurement of PFI liability resulting from change in index	**4,740**	14,884
Total	**20,588**	30,329

7.2 Impairment of assets (property, plant and equipment)

Group and Trust	**2024/25**	2023/24
	£000	£000
Income and Expenditure:		
Impairment of PPE	**33,203**	25,380
Other Comprehensive Income:		
Impairment	**93**	689
Revaluation gain	**(1,577)**	(587)
Total	**31,719**	25,482

Further information on impairments is available within Note 8.3 and 10.1 to the Accounts.

The impairment relates to decreases in property valuations and capital works including new build, enhancements and lifecycle that do not increase the value of the property. The impairment includes movements in the valuation of Right of Use assets.

8. Property, plant and equipment

8.1 Property, plant and equipment comprise the following:

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant and machinery	Transport equipment	Information technology	Furniture and fittings	Total
Group and Trust									
Cost or valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2024	2,688	179,641	621	60,820	132,591	84	40,267	2,857	419,569
Additions purchased	0	21,590	0	10,760	8,379	0	922	1	41,652
Additions donated and government granted	0	650	0	15,240	614	0	66	69	16,639
Reclassifications from assets under construction	0	4,637	0	(9,858)	4,489	0	732	0	0
Disposals	0	0	0	0	(1,185)	0	0	0	(1,185)
Impairments charged to the revaluation reserve	0	(93)	0	0	0	0	0	0	(93)
Revaluation surpluses credited to revaluation reserve	0	1,577	0	0	0	0	0	0	1,577
Adjustment for in year revaluation	0	(23,487)	(14)	0	0	0	0	0	(23,501)
Cost or valuation at 31 March 2025	**2,688**	**184,515**	**607**	**76,962**	**144,888**	**84**	**41,987**	**2,927**	**454,658**
Depreciation									
Accumulated depreciation at 1 April 2024	0	0	0	118	97,085	67	29,935	2,635	129,840
Disposals	0	0	0	0	(1,161)	0	0	0	(1,161)
Impairments	0	21,858	0	0	4,326	0	0	0	26,184
Reversal of impairments credited to operating expenses	0	(3,153)	(10)	0	0	0	0	0	(3,163)
Provided during the year	0	4,782	24	0	8,643	4	2,738	83	16,274
Adjustment for accumulated depreciation on valuation	0	(23,487)	(14)	0	0	0	0	0	(23,501)
Accumulated depreciation at 31 March 2025	**0**	**0**	**0**	**118**	**108,893**	**71**	**32,673**	**2,718**	**144,473**
Net book value at 1 April 2024									
Owned	**2,688**	**26,527**	**621**	**55,143**	**32,971**	**17**	**9,979**	**129**	**128,075**
Private Finance Initiative	**0**	**144,251**	**0**	**0**	**0**	**0**	**0**	**0**	**144,251**
Donated and government granted	**0**	**8,863**	**0**	**5,559**	**1,251**	**0**	**353**	**93**	**16,119**
Donated from DHSC for COVID response	**0**	**0**	**0**	**0**	**1,284**	**0**	**0**	**0**	**1,284**
Net book value total at 1 April 2024	**2,688**	**179,641**	**621**	**60,702**	**35,506**	**17**	**10,332**	**222**	**289,729**
Net book value at 31 March 2025									
Owned	**2,688**	**33,800**	**607**	**56,045**	**31,126**	**13**	**8,895**	**47**	**133,221**
Private Finance Initiative	**0**	**141,447**	**0**	**0**	**1,720**	**0**	**0**	**0**	**143,167**
Donated and government granted	**0**	**9,268**	**0**	**20,799**	**2,095**	**0**	**419**	**162**	**32,743**
Donated from DHSC for COVID response	**0**	**0**	**0**	**0**	**1,054**	**0**	**0**	**0**	**1,054**
Net book value total at 31 March 2025	**2,688**	**184,515**	**607**	**76,844**	**35,995**	**13**	**9,314**	**209**	**310,185**

Note: The gross book value of assets fully written down amounts to £129.413 million for the Group and Trust as at 31 March 2025 (31 March 2024 £115.357 million). The majority of these assets relate to the categories of IT, Plant & Machinery and Furniture & Fittings.

8. Property, plant and equipment (continued)

8.2 Prior year - Property, plant and equipment comprise the following:

Group and Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant and machinery	Transport equipment	Information technology	Furniture and fittings	Total
Cost or valuation at 1 April 2023	2,795	179,803	643	45,042	127,982	84	38,627	2,788	397,764
Additions purchased	0	16,794	0	25,542	910	0	253	0	43,499
Additions donated and government granted	0	1,764	0	24	272	0	181	58	2,299
Reclassifications from assets under construction	0	1,414	0	(9,788)	7,157	0	1,206	11	0
Disposals	0	0	0	0	(3,730)	0	0	0	(3,730)
Impairments charged to the revaluation reserve	(107)	(582)	0	0	0	0	0	0	(689)
Revaluation surpluses credited to revaluation reserve	0	278	0	0	0	0	0	0	278
Adjustment for in year revaluation	0	(19,830)	(22)	0	0	0	0	0	(19,852)
Cost or valuation at 31 March 2024	**2,688**	**179,641**	**621**	**60,820**	**132,591**	**84**	**40,267**	**2,857**	**419,569**
Depreciation									
Accumulated depreciation at 1 April 2023	0	0	0	118	90,824	62	26,832	2,557	120,393
Disposals	0	0	0	0	(3,730)	0	0	0	(3,730)
Impairments	0	18,237	0	0	77	0	9	0	18,323
Reversal of impairments credited to operating expenses	0	(2,938)	(3)	0	0	0	0	0	(2,941)
Provided during the year	0	4,531	25	0	9,914	5	3,094	78	17,647
Adjustment for accumulated depreciation on valuation	0	(19,830)	(22)	0	0	0	0	0	(19,852)
Accumulated depreciation at 31 March 2024	**0**	**0**	**0**	**118**	**97,085**	**67**	**29,935**	**2,635**	**129,840**
Net book value at 1 April 2023									
Owned	**2,795**	**19,873**	**643**	**39,365**	**34,051**	**22**	**11,574**	**173**	**108,496**
Private Finance Initiative	**0**	**152,732**	**0**	**0**	**0**	**0**	**0**	**0**	**152,732**
Donated and government granted	**0**	**7,198**	**0**	**5,559**	**1,593**	**0**	**221**	**58**	**14,629**
Donated from DHSC for COVID response	**0**	**0**	**0**	**0**	**1,514**	**0**	**0**	**0**	**1,514**
Net book value total at 1 April 2023	**2,795**	**179,803**	**643**	**44,924**	**37,158**	**22**	**11,795**	**231**	**277,371**
Net book value at 31 March 2024									
Owned	**2,688**	**26,527**	**621**	**55,143**	**32,971**	**17**	**9,979**	**129**	**128,075**
Private Finance Initiative	**0**	**144,251**	**0**	**0**	**0**	**0**	**0**	**0**	**144,251**
Donated and government granted	**0**	**8,863**	**0**	**5,559**	**1,251**	**0**	**353**	**93**	**16,119**
Donated from DHSC for COVID response	**0**	**0**	**0**	**0**	**1,284**	**0**	**0**	**0**	**1,284**
Net book value total at 31 March 2024	**2,688**	**179,641**	**621**	**60,702**	**35,506**	**17**	**10,332**	**222**	**289,729**

8. Property, plant and equipment (continued)

8.3 Property, plant and equipment - revaluation

A desktop revaluation exercise was undertaken during March as at 31 March, 2025 on the Group and Trust's owned land and buildings by Cushman and Wakefield. The exercise was undertaken in accordance with the HM Treasury's Modern Equivalent Asset (MEA) recommendation adjusting the valuation undertaken at 31 March 2024, for movements in building cost indices and location factors since that date.

The exercise undertaken as at 31 March, 2025, identified a net revaluation increase of £4.9 million on Trust properties over the James Cook and Friarage sites. The resulting changes in valuation on both sites are summarised in Note 7.2.

8.4 Economic lives of property, plant and equipment

The economic asset lives are as follows:

	Min life Years	Max life Years
Buildings excluding dwellings	17	55
Dwellings	47	47
Plant and machinery	5	15
Transport equipment	7	7
Information technology	5	7
Furniture and fittings	5	7

This represents the current range of asset lives relating to these assets.

8.5 Capital management

The Trust's capital programme is approved on an annual basis via the Capital Planning Oversight Group, Senior Leadership Team and Clinical Policy Group with final approval through the Board of Directors. The full plan is included in the Annual Plan submitted to NHS England. The revised capital programme for the year amounted to £78.7 million (2023/24, £51.9 million) and included essential investment in infrastructure, the estate, medical equipment, Information Technology replacement programmes and lifecycle works under the PFI contract.

8.6 Donated assets

There are no restrictions or conditions imposed by the donor on the use of a donated assets reported within the Trust's Statement of Financial Position. The Trust's consolidated charity and other capital contributions towards investment in the estate to the value of £16.6 million (2023/24, £2.3 million) has been received during the year to help deliver patient care. This investment in the estate is held on the Trust's Statement of Financial Position at 31 March 2025.

9. Intangible assets

9.1 Intangible assets

2024/25:	Computer software purchased	Assets under construction	Total
Group and Trust	**£000**	**£000**	**£000**
Gross cost at 1 April 2024	31,429	225	31,654
Additions purchased	1,830	1,232	3,062
Reclassifications from assets under construction	1,145	(1,145)	0
Gross cost at 31 March 2025	**34,404**	**312**	**34,716**
Accumulated amortisation at 1 April 2024	20,572	0	20,572
Provided during the year	4,737	0	4,737
Accumulated amortisation at 31 March 2025	**25,309**	**0**	**25,309**
Net book value at 1 April 2024	9,095		
Purchased	10,642	225	10,867
Donated	215	0	215
Net book value total at 1 April 2024	**10,857**	**225**	**11,082**
Net book value at 31 March 2025			
Purchased	8,904	312	9,216
Donated	191	0	191
Net book value total at 31 March 2025	**9,095**	**312**	**9,407**

9.2 Prior year Intangible assets

2023/24:	Computer software purchased	Assets under construction	Total
Group and Trust	**£000**	**£000**	**£000**
Gross cost at 1 April 2023	28,954	1,900	30,854
Additions purchased	327	473	800
Reclassifications from assets under construction	2,148	(2,148)	0
Gross cost at 31 March 2024	**31,429**	**225**	**31,654**
Accumulated amortisation at 1 April 2023	13,088	0	13,088
Provided during the year	7,484	0	7,484
Accumulated amortisation at 31 March 2024	**20,572**	**0**	**20,572**
Net book value at 1 April 2023			
Purchased	15,634	1,900	17,534
Donated	232	0	232
Net book value total at 1 April 2023	**15,866**	**1,900**	**17,766**
Net book value at 31 March 2024			
Purchased	10,642	225	10,867
Donated	215	0	215
Net book value total at 31 March 2024	**10,857**	**225**	**11,082**

9.3. 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	5	5

This represents the current range of asset lives relating to these assets.

10. Right of Use Assets

10.1 Right of Use Assets comprise of the following:

	Property land and buildings	Plant and machinery	Transport equipment	Information technology	Total
Group and Trust					
Cost or valuation	**£000**	**£000**	**£000**	**£000**	**£000**
Gross cost or valuation at 1 April 2024	27,140	14,353	251	559	42,303
Additions - lease liability	0	0	0	4,630	4,630
Additions - remeasurement	12,761	0	0	0	12,761
Adjustment for in year revaluation	(12,442)	0	0	0	(12,442)
Gross cost or valuation at 31 March 2025	**27,459**	**14,353**	**251**	**5,189**	**47,252**
Depreciation					
Accumulated depreciation at 1 April 2024	0	9,439	184	559	10,182
Provided during the year - right of use asset	2,260	754	49	475	3,538
Impairments	10,182	0	0	0	10,182
Adjustment for accumulated depreciation on valuation	(12,442)	0	0	0	(12,442)
Accumulated depreciation at 31 March 2025	**0**	**10,193**	**233**	**1,034**	**11,460**
Net book value total at 31 March 2025	**27,459**	**4,160**	**18**	**4,155**	**35,792**

The revaluation exercise was undertaken as at 31 March, 2025, on leased buildings by Cushman and Wakefield. The exercise identified a net impairment of £10.2 million over the Trust and Community estate. The resulting changes in valuation are summarised in Note 7.2.

10. Right of Use Assets

10.2 Prior year Right of Use Assets comprise of the following:

	Property land and buildings	Plant and machinery	Transport equipment	Information technology	Total
Group and Trust					
Cost or valuation	**£000**	**£000**	**£000**	**£000**	**£000**
Gross cost or valuation at 1 April 2023	103,908	9,342	226	559	114,035
Additions - lease liability	228	5,011	25	0	5,264
Additions - remeasurement	3,292	0	0	0	3,292
Revaluations	309	0	0	0	309
Disposals - lease termination	(1,695)	0	0	0	(1,695)
Adjustment for in year revaluation	(78,902)	0	0	0	(78,902)
Gross cost or valuation at 31 March 2024	**27,140**	**14,353**	**251**	**559**	**42,303**
Depreciation					
Accumulated depreciation at 1 April 2023	67,108	9,127	92	559	76,886
Provided during the year - right of use asset	1,881	312	92	0	2,285
Impairments	13,119	0	0	0	13,119
Reversal of impairments credited to operating expenses	(3,121)	0	0	0	(3,121)
Disposals - lease termination	(85)	0	0	0	(85)
Adjustment for accumulated depreciation on valuation	(78,902)	0	0	0	(78,902)
Accumulated depreciation at 31 March 2024	**0**	**9,439**	**184**	**559**	**10,182**
Net book value total at 31 March 2024	**27,140**	**4,914**	**67**	**0**	**32,121**

11. Capital commitments

Contracted capital commitments at 31 March not otherwise included in these accounts:

Group and Trust	31 March 2025 £000	31 March 2024 £000
Property, plant and equipment	**9,012**	20,181
Intangible assets	**2,910**	1,264
Total	**11,922**	21,445

The decrease this year is mainly due to the imminent completion and reduced commitment to the Friarage Hospital Theatre scheme.

12. Subsidiaries and consolidation of charitable funds

The Trust's 1 principal subsidiary, South Tees Healthcare Management Limited, and South Tees Hospitals Charity and Associated Funds are included in the consolidation at 31 March 2025. The accounting date of the financial statements for these subsidiaries is in line with the Trust date of 31 March 2025. The South Tees Institute of Learning, Research and Innovation LLP also has a financial year end of 31 March 2025 but the transactions of this company in 2024/25 have not been consolidated on the basis of materiality. Key financial information for the charitable fund and South Tees Healthcare Management Limited are provided as follows:

South Tees Hospitals Charity and Associated Funds

12.1 Reserves

	31 March 2025 £000	31 March 2024 £000
Restricted funds	**1,137**	1,059
Unrestricted funds	**5,232**	5,819
Total	**6,369**	6,878

Funds specific to wards, departments or schemes 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.

12.2 Aggregated amounts relating to the charitable fund

	31 March 2025 £000	31 March 2024 £000
Summary Statement of Financial Position:		
Non-current assets	**6,192**	6,466
Current assets	**1,192**	1,757
Current liabilities	**(1,015)**	(1,345)
Net assets	**6,369**	6,878
Reserves	**6,369**	6,878
Summary Statement of Financial Activities:		
Income	**1,357**	1,898
Expenditure	**(1,592)**	(2,441)
Total	**(235)**	(543)
Net realised (loss)/ gain on investment assets and other reserve movements.	**(274)**	586
Net movement in funds	**(509)**	43

12. Subsidiaries and consolidation of charitable funds (continued)

South Tees Healthcare Management Limited

12.3 Subsidiary undertakings

The company is a 100% subsidiary to the Trust that began operations on 6 October 2019 providing an outpatient pharmacy service. Further information covering the nature of the company is available within Accounting Policy 1.2.

12.4 Aggregated amounts relating to the company

	31 March 2025	31 March 2024
	£000	£000
Summary Statement of Financial Position:		
Current assets	**2,883**	2,991
Current liabilities	**(3,189)**	(3,063)
Net assets	**(306)**	(72)
Reserves	**(306)**	(72)
Summary Statement of Financial Activities:		
Income	**22,499**	**20,864**
Expenditure	**(22,733)**	**(20,834)**
Net movement in funds	**(234)**	**30**

12.5 Group eliminations of the subsidiary and charitable funds

In 2024/25 on the charity, eliminations consisted of a £0.518 million adjustment to income and expenditure for capital transactions (£1.474 million in 2023/24) and adjustments to working capital, consisting of a receivable in the Trust and a payable in the Charity, amounted to £0.942 million (£1.271 million in 2023/24).

On the subsidiary, intra group eliminations on income and expenditure consisted of a £22.551 million adjustment for drug and rendering recharges and corporate service charges (£20.585 million in 2023/24) and adjustments for working capital, consisting of a receivable in the Trust and a payable in the subsidiary, amounting to £0.552 million (£0.332 million in 2023/24).

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 and the subsidiary have been consolidated in full after the elimination of intra group transactions and balances.

13. Other investments

The management of the investment portfolio of South Tees Hospitals Charity and Associated Funds is undertaken by CCLA. Cash funds are held outside the portfolio by the fund to deal with short term cash flow issues. The movements in the fund during 2024/25 are detailed in the table below.

	31 March 2025	31 March 2024
	£000	£000
Fair value brought forward	**6,466**	6,206
Fair value (losses) / gains	**(274)**	586
Disposal during the year	**0**	(326)
Market value at 31 March	**6,192**	6,466
Investments held:		
COIF Charities Ethical Investment Fund	**6,192**	6,446
	6,192	6,446

No investments were disposed of during the financial year 2024/25.

14. Inventories

		Group		**Trust**	
14.1	**Inventories**	**31 March 2025**	31 March 2024	**31 March 2025**	31 March 2024
		£000	£000	**£000**	£000
	Group and Trust				
	Drugs	**6,489**	6,093	**5,688**	4,683
	Consumables	**9,283**	9,929	**9,283**	9,929
	Consumables donated from DHSC	**0**	86	**0**	86
	Total	**15,772**	16,108	**14,971**	14,698

		Group		**Trust**	
14.2	**Inventories recognised in expenses**	**31 March 2025**	31 March 2024	**31 March 2025**	31 March 2024
		£000	£000	**£000**	£000
	Group and Trust				
	Inventories recognised as an expense	**235,265**	214,959	**213,487**	195,902
	Write-down of inventories recognised as an expense	**332**	289	**268**	181
	Total	**235,597**	215,248	**213,755**	196,083

15. Cash and cash equivalents

	Group		Trust	
Group and Trust	**31 March 2025 £000**	31 March 2024 £000	**31 March 2025 £000**	31 March 2024 £000
At 1 April	**55,988**	58,029	**53,869**	56,129
Net change in year	**(2,198)**	(2,041)	**(1,875)**	(2,260)
Balance at 31 March	**53,790**	55,988	**51,994**	53,869
Broken down to:				
Cash with the Government Banking Service	**50,455**	53,646	**50,455**	53,646
Commercial banks and in hand	**3,335**	2,342	**1,539**	223
Cash and cash equivalents as in statement of cash flows	**53,790**	55,988	**51,994**	53,869

16. Trade and other receivables

16.1 Trade and other receivables

	Group		Trust	
Group and Trust	**31 March 2025 £000**	31 March 2024 £000	**31 March 2025 £000**	31 March 2024 £000
Current				
Contract receivables invoiced	**15,007**	12,621	**15,007**	12,621
Contract receivables not yet invoiced	**23,180**	19,365	**23,120**	20,023
Capital receivables	**12,271**	662	**12,271**	662
Other trade receivables	**657**	253	**657**	253
VAT	**0**	2,418	**0**	1,812
Allowance for impaired contract receivables	**(957)**	(1,300)	**(957)**	(1,300)
Clinicians Pension tax provision reimbursement	**42**	51	**42**	51
Prepayments	**25,181**	19,847	**25,173**	19,847
Total	**75,381**	53,917	**75,313**	53,969
Non-current				
Contract receivables not yet invoiced	**2,836**	2,069	**2,836**	2,069
Allowance for impaired contract receivables	**(2,760)**	(2,045)	**(2,760)**	(2,045)
Clinicians Pension tax provision reimbursement	**1,231**	1,155	**1,231**	1,155
Total	**1,307**	1,179	**1,307**	1,179

The great majority of trade is with Integrated Care Boards 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.

16. Trade and other receivables (continued)

16.2 Allowance for credit losses

	31 March 2025	31 March 2024
	£000	£000
Balance at 1 April	**3,345**	3,106
Utilisation/reversal of allowances	**(884)**	(1,063)
Increase in allowance	**1,256**	1,302
Balance at 31 March	**3,717**	3,345

The allowance relates to outstanding Compensation Recovery Unit debts concerning Road Traffic Accidents (24.45% allowance created on all outstanding debt), and allowances on non-NHS debtors (providing between 10 and 100% dependant on the type of debt) that includes allowances for individual invoices in dispute and in formal recovery . The Group does not hold any collateral in support of these debts.

17. Trade and other payables

	GROUP		**TRUST**	
	31 March 2025	31 March 2024	**31 March 2025**	31 March 2024
	£000	£000	**£000**	£000
Current				
NHS payables	**23,256**	14,741	**23,256**	14,741
Amounts due to other related parties	**4,125**	9,640	**4,125**	9,640
Other trade payables - revenue	**73,862**	80,743	**70,900**	77,620
Other trade payables - capital	**24,180**	19,785	**24,180**	19,785
Taxes payable (VAT, Income Tax and Social Security)	**11,278**	11,579	**11,449**	11,568
Accruals	**3,951**	12,842	**3,951**	12,842
Annual Leave accrual	**7,152**	3,518	**7,151**	3,517
Receipts in advance	**14,862**	9,131	**14,862**	9,131
Other payables	**8,737**	7,327	**8,735**	7,325
Total current trade and other payables	**171,403**	169,306	**168,609**	166,169

Other payables includes £7.181 million for outstanding pensions contributions (31 March 2024, £6.456 million).

18. Borrowings

Group and Trust	31 March 2025 £000	31 March 2024 £000
Current		
Obligations under:		
Lease liabilities	**6,938**	5,807
Private finance initiative contracts	**13,898**	8,661
Total current borrowings	**20,836**	14,468
Non-current		
Obligations under:		
Lease liabilities	**104,477**	94,988
Private finance initiative contracts	**159,937**	169,272
Total non-current borrowings	**264,414**	264,260

19. Lease Liabilities

Significant contractual arrangements involving assets have been reviewed to assess compliance with IFRS16. The agreements that include assets in compliance with the standard cover NHS Property agreements, former sale and leaseback of property, equipment and business related car leases. In addition, the Trust held in 2024/25 former finance leases reported under IAS17 that included agreements for medical equipment. The term of IFRS16 arrangements ranges from 3 to 20 years in line with the economic use and lives of the individual assets.

The minimum lease payments outstanding on the lease agreements amount to £122.081 million (2023/24 £109.674 million) and the Present Value of minimum lease payments included on the Group and Trust's Statement of Financial Position amounts to £111.415 million (2023/24 £100.795 million) at 31 March 2025. The variance of £10.666 million (2023/24 £8.879 million) at 31 March 2025 relates to future finance charges on the agreements. The values disclosed do not include any liabilities relating to the private finance initiative.

	Minimum lease lability payments	
Group and Trust	**31 March 2025 £000**	**31 March 2024 £000**
Not later than one year	**8,355**	6,924
Later than one year, not later than five years	**32,666**	26,902
Later than five years	**81,060**	75,848
Sub total	**122,081**	109,674
Less: interest element	**(10,666)**	(8,879)
Total	**111,415**	100,795
Net lease liabilities		
Not later than one year;	**6,938**	5,807
Later than one year and not later than five years;	**28,097**	23,429
Later than five years	**76,380**	71,559
Total	**111,415**	100,795
Analysis of Net Lease Liabilities:	**£000**	**£000**
Leased from DHSC bodies	**81,661**	77,254
Leased from non DHSC bodies	**29,754**	23,541
Total	**111,415**	100,795

Note: the Group and Trust does not offer any leases as a Lessor and does not recover any rental income through such arrangements.

20. Private finance Initiative contracts

20.1 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 60,000m^2 of new build with 11,000m^2 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 Serco Group plc, 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 £73.610 million per annum excluding VAT. An element of the payment is also set aside to fund lifecycle expenditure amounting to £11.784 million. In return the Trust receives guaranteed income of approximately £0.415 million in respect of mall retail units, laundry and catering income. Responsibility for the collection of car parking income transferred back to the Trust from 1 April 2014.

The annual service fee is indexed linked in line with the 12 month rolling average of retail price indices (CHAW) as at January of each year, for the following contract year. The availability fee is uplifted in line with RPI twice a year based upon the published CHAW indices for March (effective from 1 April) and September (effective from 1 October). The soft services element of the facilities management service is subject to market testing or benchmarking every 5 years, although the Trust has the option to extend this period by a further 12 months. The hard service element of the service is subject to benchmarking every 10 years.

Upon the Contract Period Expiry Date the Trust has a number of options ("the Expiry Options"):

- to extend the agreement on terms to be agreed with the concessionaire;
- to re-tender for the provision of services;
- to leave the hospital and terminate the underlease; and
- to remain in the hospital and assume responsibility for the provision of services.

Under the control test of IFRIC 12, the asset has been treated as an asset of the Trust. The substance of the contract is that the Trust has a lease arrangement and payments to the contractor comprise 2 elements; an lease charge and service charges. Total lease obligations for the on-Statement of Financial Position PFI contract due are:

Group and Trust	**31 March 2025 £000**	31 March 2024 £000
Not later than one year	**27,566**	22,775
Later than one year, not later than five years	**116,465**	112,011
Later than five years	**99,070**	124,709
Sub total	**243,101**	259,495
Less: interest element	**(69,266)**	(81,562)
Total	**173,835**	177,933
Net PFI liabilities		
Not later than one year;	**13,898**	8,661
Later than one year and not later than five years;	**75,005**	66,192
Later than five years	**84,932**	103,080
	173,835	177,933

20. Private finance initiative contracts (continued)

20.2 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 £38.598 million (2023/24 £36.795 million).

The Trust is committed to the following annual charges:

Group and Trust	**31 March 2025 £000**	31 March 2024 £000
Not later than one year	**38,598**	36,795
Later than one year, not later than five years	**154,392**	147,180
Later than five years	**131,877**	162,511
Total	**324,867**	346,486

20.3 Total concession arrangement charges

The Trust is committed to the following annual charges in respect of the PFI.

Group and Trust	**31 March 2025 £000**	31 March 2024 £000
Not later than one year	**75,117**	72,084
Later than one year, not later than five years	**300,468**	288,336
Later than five years	**256,650**	318,371
Total	**632,235**	678,791

20.4 Total unitary payment charge on PFI scheme

The unitary payment paid in year to the service concession operator is made up as follows:

Group and Trust	**31 March 2025 £000**	31 March 2024 £000
Interest charge	**14,389**	14,413
Repayment of balance sheet obligation	**8,838**	5,822
Service element	**38,598**	37,979
Capital lifecycle maintenance	**7,318**	6,287
Addition to capital lifecycle prepayment	**4,466**	7,309
Total	**73,609**	71,810

21. Reconciliation of Liabilities arising from financing activities

The total outstanding liability from financing is detailed below:

Group and Trust	Lease Liabilities £000	PFI £000	Total 2024/25 £000	Total 2023/24 £000
Carrying value at 1 April 2024	**100,795**	**177,933**	**278,728**	186,321
Cash movements:				
Financing cash flows - principal	(6,771)	(8,838)	(15,609)	(11,161)
Financing cash flows - interest	(1,459)	(14,389)	(15,848)	(15,445)
Non-cash movements:				
Application of IFRS16 on PFI Liability at 1 April 2023	0	0	0	81,745
Remeasurement of Liability from change in index	12,761	4,740	17,501	18,176
Additions in year	4,630	0	4,630	5,264
Early terminations	0	0	0	(1,617)
Interest charge arising in year	1,459	14,389	15,848	15,445
Carrying value at 31 March 2025	**111,415**	**173,835**	**285,250**	278,728

22. Provisions

	Current		Non-current	
	31 March 2025	31 March 2024	**31 March 2025**	31 March 2024
Group and Trust	**£000**	£000	**£000**	£000
Pensions relating to staff	**106**	78	**60**	143
Legal claims	**878**	769	**87**	72
Restructuring	**194**	931	**0**	0
Clinicians Pension Reimbursement	**42**	51	**1,231**	1,155
Total	**1,220**	1,829	**1,378**	1,370

Group and Trust	**Pensions relating to staff** **£000**	**Legal claims** **£000**	**Restructuring** **£000**	**Clinicians pension reimbursement** **£000**	**Total** **£000**
At 1 April 2024	221	841	931	1,206	3,199
Arising during the year	66	231	0	53	350
Changes in discount rate	(1)	(1)	0	(12)	(14)
Utilised during the year	(107)	(111)	(251)	(36)	(505)
Reversed unused	(40)	0	(486)	0	(526)
Unwinding of discount	27	5	0	62	94
At 31 March 2025	166	965	194	1,273	2,598
Expected timing of cash flows:					
- not later than one year;	106	878	194	42	1,220
- later than one year and not	60	51	0	177	288
- later than five years.	0	36	0	1,054	1,090
Total	166	965	194	1,273	2,598

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.

£188.196 million is included in the provisions of the NHS Litigation Authority at 31 March 2025, in respect of clinical negligence liabilities of the Group and Trust (2023/24, £190.342 million). This is not provided for within these financial statements.

Restructuring

The amount relates to the creation of a provision for the obligations arising from internal and group restructuring which will be undertaken in 2025/26.

Clinicians pension tax reimbursement

The provision is held for lump sums due to clinicians on retirement where 'scheme pays' is expected to be used to settle the additional tax liability due under the 2019/20 scheme.

23. Financial instruments

23.1 Financial assets

	GROUP		TRUST	
	31 March 2025 £000	31 March 2024 £000	**31 March 2025 £000**	31 March 2024 £000
Financial Assets held at amortised cost				
Receivables excluding non financial assets with DHSC and other bodies	**51,507**	32,499	**51,758**	33,157
Cash and cash equivalents at bank and in hand	**53,790**	55,988	**51,994**	53,869
Assets at fair value through profit and loss				
Investments	**6,192**	6,466	**0**	0
Total	**111,489**	**94,953**	**103,752**	**87,026**

23.2 Financial liabilities

	GROUP		TRUST	
	31 March 2025 £000	31 March 2024 £000	**31 March 2025 £000**	31 March 2024 £000
Financial Liabilities held at amortised cost				
Obligations under leases	**(111,415)**	(100,795)	**(111,415)**	(100,795)
Obligations under PFI contracts	**(173,835)**	(177,933)	**(173,835)**	(177,933)
Trade and other payables excluding non financial liabilities with DHSC and other bodies	**(130,857)**	(132,186)	**(127,968)**	(122,604)
Total	**(416,107)**	(410,914)	**(413,218)**	(401,332)

23.3 Maturity of financial liabilities

	GROUP		TRUST	
	31 March 2025 £000	31 March 2024 £000	**31 March 2025 £000**	31 March 2024 £000
In one year or less	**(166,778)**	(161,686)	**(163,889)**	(158,560)
In more than one year but not more than five years	**(149,131)**	(138,117)	**(149,131)**	(138,117)
In more than five years	**(180,130)**	(197,969)	**(180,130)**	(197,969)
Total	**(496,039)**	(497,772)	**(493,150)**	(494,646)

This maturity analysis for financial liabilities is a requirment of IFRS7 and provides an analysis of undiscounted future contractual cash flows i.e. gross liabilities including finance charges.

23.4 Fair values of financial instruments held at amortised cost

The fair values of financial instruments are considered to be materially similar to the book values.

23.5 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the year in creating or changing the risks a body faces in undertaking its activities. Due to the continuing service provider relationship that the NHS Foundation Trust has with Integrated Care Boards 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. 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 requires support to deliver the capital programme in the form of Public Dividend Capital (PDC) from the Department of Health and Social Care. Financial assets and liabilities are only generated by the day-to-day operational activities of the Group in undertaking its operations.

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 performance. To support this target, the key objectives of the Treasury Management Policy includes the achievement of a competitive return on surplus cash balances and effectively identifying and managing financial risk.

23. Financial instruments (continued)

23.5 Financial risk management (continued)

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 receives support from the government for capital expenditure in the form of Public Dividend Capital. The Trust does have any borrowing on the Balance Sheet and it is the Trust's expectation that it will not need to borrow to finance forthcoming capital spend. 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 PFI lifecycle and non-operating expenditure.

Credit risk

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 2025 are in receivables from customers, as disclosed in Note 16.

The financial instruments utilised by the Group and Trust are deemed to be minimum risk. The Group's investments are held within the Charity with investment management undertaken by CCLA utilising a COIF Charities Ethical Investment Fund.

Liquidity risk

The Group's operating costs are incurred under contracts with Integrated Care Boards and NHS England, which are financed from resources voted annually by Parliament . The Group and Trust funds its capital expenditure from funds allocated by the Department of Health and Social Care 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. Further information on risk within the Group and Trust's annual plans is included within the disclosures within the Annual Report.

24. Events after the reporting year

There have been no significant events since the end of the reporting period. The audited accounts for the Trust were authorised for issue on 30 June 2025.

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 Trust completes national returns in accordance with the requirements of IAS 24 "Related Party Disclosures". The Department of Health and Social Care is the parent organisation.

25.2 Whole of Government Accounts bodies

All government bodies which fall within the Whole of Government accounts boundary are regarded as related parties because they are all under the common control of HM Government and Parliament. This includes for example, all NHS bodies, all local authorities and central government bodies. The Trust's major related parties include:

- NHS North East and North Cumbria ICB;
- NHS Humber and North Yorkshire ICB;
- NHS Property Services;
- NHS Resolution;
- Department of Health and Social Care;
- NHS England;
- County Durham and Darlington NHS Foundation
- North Tees and Hartlepool NHS Foundation Trust;
- Northumbria Healthcare NHS Foundation Trust;
- The Newcastle Upon Tyne Hospitals NHS Foundation Trust;
- Tees, Esk and Wear Valleys NHS Foundation Trust;
- Middlesbrough Borough Council;
- North Yokshire County Council;
- HM Revenue and Customs;
- Ministry of Defence;
- NHS Pension Scheme;
- NHS Blood and Transplant; and
- NHS Professionals.

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. The Trust Board members are also corporate trustees of the charity. 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 12 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 (2023/24, £nil)

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. Losses and special payments

The total number and value of losses and special payments in year amounted to the following:

	2024/25		2023/24	
Group and Trust	**Number of cases**	**Total value of cases £000**	Number of cases	Total value of cases £000
Losses:				
Losses of cash	**9**	**2**	11	5
Damage to buildings, property as a result of theft, criminal damage etc.	**114**	**41**	154	18
Special payments:				
Ex gratia payments	**84**	**133**	62	156
Total	**207**	**176**	227	179

The amounts included above are reported on an accruals basis and exclude provisions for future losses.

There were no special severance payments (2023/24, 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.