



**Northumbria Healthcare**  
NHS Foundation Trust



**2017/18**

# **Annual report**





# **Northumbria Healthcare NHS Foundation Trust**

## **Annual report 2017/18**

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

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## PART 1: Performance Report (*continued*)

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### Overview of performance: *Statement from trust Chair*



So ends my second year as Chair – and what a year it has been! We've had a cyber-attack, norovirus and the 'beast from the east'. Significant challenges but we safely managed to get through them thanks to the outstanding efforts of our staff.

On that note, it is with no small amount of pride that I present our 2017/2018 annual report.

Regarding the cyber-attack, it is no secret that we, like many others, were hit hard. However, I couldn't help but focus on the superb way that everyone rallied around and found creative, even ingenious, ways to make sure our patients received the same level of safe care they always do.

Since then we've made major strides in hardening the trust against another attack – though of course, no defence can ever be perfect. I would like to highlight the extraordinary efforts of our IT team both during, and after, the events of last May; without their efforts, it could have been so much worse.

This winter we have faced some of the worst outbreaks of flu and norovirus seen by the trust for years. At the same time, the weather has stayed colder for longer – with some particularly nasty patches.

So whether it's infection control working round the clock for months on end or the extra shifts voluntarily taken up by the domestic team to get beds back in action (to name but two examples) every single member of staff has gone the extra mile. In fact, they've gone much further. I heard dozens of reports of staff walking up to 10 miles to work in the snow or staying the night in hospital just so they could be ready for their shift. Our staff have been committed throughout and I, along with the whole board of directors, am truly grateful for their work.

I should also like to highlight the scores of members of the public who very quickly answered our call for (four wheel drive) help in the recent snows. Proof, if ever we needed it, about how much the people of Northumberland and North Tyneside love and care for their NHS.

At this trust, we are lucky to have some of the best leadership in the NHS. Throughout the year it's been a privilege to continue to work with the board of directors as they continue to drive the innovation and quality care that has become our hallmark. Adding to this team I was delighted to welcome our new executive director of nursing Ellie Monkhouse to the trust in November.

## PART 1: Performance Report *(continued)*

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This year saw the retirement of interim chief executive David Evans in November 2017 following the return to the post of Jim Mackey after his secondment at NHS Improvement. I would like to place on record my personal thanks to David for two years of exceptional service and leadership at the helm. I know I speak for every member of staff when I wish him all the very best with his well-earned retirement.

Throughout, the important work of our governors to scrutinise and hold to account the trust's leadership continues year round. I am deeply grateful for this work; not least as it ensures a clear and accountable link between the public we serve and the decisions we take. This vital work lost a champion in April with the passing of one of our founding governors Peter Herdman from Berwick constituency. Peter's contribution was invaluable and we do miss his presence.

We were also fortunate to be able to welcome Malcolm Page and Moira Davison to our team of non-executive directors. They've already made an impact and I very much look forward to their future contributions. David Chesser, a non-executive director, resigned in January due to his commitment to other business interests and we wish him well in his future endeavours.

Finally, 2018 marks a huge milestone for the NHS – its 70<sup>th</sup> birthday – and Northumbria Healthcare will be celebrating along with the rest of the nation. The value of our NHS is hard to overstate. Prior to 1948, my parents had to pay for a doctor. If you had a baby that was sick you had had to pay for that too, or else leave them untreated.

That used to be the reality, but not now. But we can never take it for granted and as such, it has never been more important to value the healthcare we receive and the staff who make it all possible. Innovation, new technology, ground-breaking surgery are all part of daily life at Northumbria but this year it is time to pause for a moment and simply say:

Thank you.



**Alan Richardson, Chair**

**Northumbria Healthcare NHS Foundation Trust**

**24<sup>th</sup> May 2018**



## PART 1: Performance Report (*continued*)

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### Overview of performance: *Statement from trust Chief Executive*

I am pleased to present the annual report and accounts for 2017/18 after a two-year absence.

First of all, I'd like to thank David Evans for covering for me while I was on secondment at NHS Improvement. When I returned to the trust in November 2017, I will always be grateful for what he has done for the trust as interim chief executive, medical director and clinician over 29 years.



Whilst I enjoyed my time away, and learnt a great deal about the NHS nationally, I was very pleased to come home and get back to working on the ground, as I really missed the day-to-day interaction with staff working on the frontline and patients.

Thanks to the hard work of our teams across Northumberland and North Tyneside, this has been another very successful year for the trust, and we remain as one of the best performing and most financially stable trusts in the Country. However, we continue to face very real challenges.

This winter has been the hardest, and longest, many of us can remember and we faced continued high demand for our services and prolonged periods of extreme pressures. The heavy snow (on and off for 12 weeks!) brought additional challenges, most acutely felt in our rural areas, and when the thaw did come, we had an influx of attendances at our emergency department which had a major impact on us. In addition, I must also mention that this year we have been hit hard by norovirus and flu with the highest number of cases we've had for many years.

In order to help control the spread, we took the unprecedented step of imposing visitor restrictions and I would like to thank our staff for their unfaltering work dealing with these infection control issues, and the public for their understanding.

Despite these numerous challenges, we have continued to perform well and deliver high-quality care to our patients and that is down to our staff. On behalf of our Board, I'd like to publicly thank them here for their efforts.

The strain of the winter period has further highlighted that, throughout the year, we face some very real pressures as a result of demand for our services and we are refreshing our strategy so that we continue to do what we've always done – set high standards for our patients and staff and ensure we have good long-term plans to deliver these.

It is clear that we need to recalibrate our ways of working to take some of the strain off our Northumbria hospital and ensure patients, such as the frail elderly, receive as much care as possible close to home and at our general and community hospital sites.

## PART 1: Performance Report *(continued)*

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This work is well underway with increased streaming to GPs and weekend discharges and will continue in 2018/19.

Staying with our general hospitals, I am also pleased that this year we have been delivering on our commitment to continually invest in our services for patients undergoing planned care. In the last year, two major projects to improve the facilities and environment for our patients have been completed with the creation of a new oncology unit at Wansbeck General Hospital and new endoscopy unit at North Tyneside General Hospital, both making use of space freed up by the opening of The Northumbria hospital.

From my time away from the trust, it is clear that the NHS must go much, much further to integrate our care models. We are already ahead of many other trusts in this respect. However, we recognise that there is always more we can do. I'm pleased that in Berwick we're now working even closer together with partners and looking at the exciting possibility of an integrated development including health, social care and leisure services.

Next year we look forward to celebrating two important birthdays – our trust was 20 years old 1 April and in July we will join with the rest of the country to mark 70 years of the NHS. Amidst the challenges we will undoubtedly face, these will be significant opportunities to pay tribute to everyone – our staff, volunteers, governors, partners and stakeholders – involved in making our trust great as we are.

We will, together, continue to try and provide the best possible healthcare for the people we look after and we can take confidence in this from having fantastic staff and a great team.

Thanks.

Keep going!



**Jim Mackey, Chief Executive Officer**

**Northumbria Healthcare NHS Foundation Trust**

**24<sup>th</sup> May 2018**

## PART 1: Performance Report (*continued*)

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### Overview of performance: *About us*

Please find below a top line summary of our key facts & figures, challenges and highlights from the last year.

#### *Key facts about us*

- We provide healthcare services to the more than 500,000 people living in Northumberland and North Tyneside.
- Our staff work in hospitals, in the community and in people's own homes. Our services include:
  - Emergency and urgent care services including emergency surgery
  - Planned and on-going care and rehabilitation
  - Outpatient clinics in a range of conditions
  - Elective surgery
  - Diagnostic services
  - Maternity services
  - Children's services
  - End of life care
  - Therapies including physio, occupational and speech and language
  - Community services such as district nursing and health promotion
  - Adult social care in Northumberland.
- We deliver care from 11 sites including our emergency care hospital, general and community hospitals, outpatient and diagnostic centres, an elderly care unit and an integrated health and social care facility.
- We admitted over 116,000 patients in 2017/18
  - And handled over 368,000 outpatient appointments
- Our staff consistently rates us as one of the best places to work in the NHS.
- We are rated 'outstanding' overall by the Care Quality Commission (CQC).
- We are one of the North East's largest employers with over 10,000 dedicated members of staff.
- We have a Council of Governors, representing the public, staff and some of our external partners.

## PART 1: Performance Report (*continued*)

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### Our history

Northumbria Healthcare NHS Foundation Trust celebrates its 20<sup>th</sup> birthday in 2018. Since the Trust was established we have admitted 2,069,200 patients and had over 5,593,446 outpatient appointments. We are regulated by NHS Improvement and as a foundation trust we are a membership-based, public benefit corporation.

Public members elect the majority of our Council of Governors – the remainder being governors elected by our staff - which has a statutory duty to hold the non-executive directors, individually and collectively, to account for the performance of the Board of Directors.

### Our geography

We provide a full range of health and care services to over half a million people across Northumberland and North Tyneside. Our services are delivered in hospitals, in the community such as GP practices and health centres and in people's own homes including:

- A specialist emergency care hospital – The Northumbria
- General hospitals at Hexham, North Tyneside and Wansbeck
- Community hospitals at Alnwick, Berwick, Rothbury and Blyth
- An integrated health and social care facility at Haltwhistle
- An elderly care unit in Morpeth
- An outpatient and diagnostic centre at Morpeth
- Sexual health centres in North Tyneside and Northumberland



- |                                       |
|---------------------------------------|
| 1 – Hexham General Hospital           |
| 2 – North Tyneside General Hospital   |
| 3 – Wansbeck General Hospital         |
| 4 – The Northumbria                   |
| 5 – Alnwick Infirmary                 |
| 6 – Berwick Infirmary                 |
| 7 – Blyth Community Hospital          |
| 8 – Haltwhistle War Memorial Hospital |
| 9 – Morpeth NHS Centre                |
| 10 – Rothbury Cottage Hospital        |
| 11 – Whalton Unit                     |

## PART 1: Performance Report (*continued*)

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### Our principal activities

We constantly strive to provide the very best care to each and every one of our patients. Recognised nationally for the high level of our performance our focus is on providing the right treatment, in the right place at the right time.

Modern healthcare increasingly demands integrated care. In Northumberland, we manage adult social care services on behalf of Northumberland County Council, helping to ensure patients have a seamless transition between hospital and home, and making sure they have the support in place for them to manage independently, and avoid hospital admission where possible.

Similarly, prevention is always better than cure. To this end we try to look after the health and wellbeing of our local populations in Northumberland and North Tyneside and work to encourage communities to take positive steps to improve their health and prevent illness.

### Patient experience

We are passionate about making sure every one of our patients has the best experience possible and feel valued and cared for. We have what is seen as one of the most comprehensive patient experience programmes in the NHS, to ensure that we continually improve the services we provide. Our programme sees the feedback of thousands of patients listened to and acted upon every year with our expertise in this area now being shared across the NHS.

Our patient experience is one of the best in the NHS:

- 98% of outpatients rate us as excellent, very good or good
- 96% of patients rate care received on our wards as excellent, very good or good
- Our performance in the national inpatient survey was excellent. We averaged a score of 85% overall, in the top 10% of all hospitals and beaten only by single speciality hospitals in the results ranking table.

### Staff experience

We know from the evidence that there is a strong link between patient experience and staff experience. High quality, safe and compassionate healthcare we know staff themselves have to feel safe in the work that they do, respected for their ideas, and working in compassionate environments that allow them to respond to the need of patients.

One of our quality priorities for 2018-9 is therefore is to develop a comprehensive measurement programme for staff experience that will match the information that we have about patient care. This is a unique development for the NHS and will be the first programme of its kind in the country.

## PART 1: Performance Report *(continued)*

We invest heavily in our people to ensure that the best talent is attracted, developed, looked after, and retained in every area of the organisation. Staff satisfaction is high with staff rating us as the best acute trust in England for providing equal opportunities to staff for career progression and promotion and organisation action on health and wellbeing, according to results of the 2017 NHS Staff Survey.

We also received the best scores in the country for staff feeling confident and secure in reporting unsafe clinical practice and staff feeling we make effective use of feedback from patients and service users. We were also among the top 20% of acute trusts in the country in a number of areas used to measure overall staff engagement including their levels of motivation, involvement and advocacy.

### Our purpose

We strive to ensure that every patient and service user has an exceptional experience. This is reflected in our 'Five Year Strategy' which outlines our vision for 2018 – 2023.



### Engaging with stakeholders

We appreciate that our continued success would not be possible without the support and collaboration of our key stakeholders. Stakeholder engagement is a priority for us to further build strong partnerships and trusted relationships - the foundation of our vision and strategy. We have a robust programme of engagement in place with a wide range of stakeholders as their contributions help shape our strategic direction and are crucial to our success.

## PART 1: Performance Report (*continued*)

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### Subsidiary Undertakings

#### Northumbria Healthcare Facilities Management Ltd (NHFML)

NHFML was established on 17 January 2012, and is a wholly-owned subsidiary of the Trust. It provides specialist project management services for large and small capital developments, estates maintenance services and a full range of facilities services.

NHFML helps clients through the capital development process from concept through to final occupation. This includes developing initial briefings and options, securing appropriate sites and planning consents, appointing consultant designers and advisors, managing the detailed design process, appointing contractors, managing the construction process and getting clients into fully operational buildings. It also provides maintenance services to ensure that premises are safe, comfortable and correctly meet the business needs of the client and comply with all statutory and/or mandatory requirements. Once the asset has been created, a complete range of facilities services can also be provided to support the on-going operational needs of any client.

The highlights of the last year for NHFML include:

- Providing on-going consultancy support to a number of NHS Trusts to assist them in developing their individual plans for managing their estates
- Established a ground-breaking LLP with a local Trust
- Provision of facilities management services at the Northumberland's pioneering Proton Beam; which is a new multi-million pound cancer treatment centre
- Ongoing support to the Trust in relation to the development of the ambulatory care facility at The Northumbria.

#### Northumbria Primary Care (NPC) Ltd

In 2017/18 our pioneering partnership with local GPs through NPC has gone from strength to strength. NPC now manages seven GP practices – listed below – across 12 sites with around 46,000 registered patients in Northumberland and North Tyneside:

- Ponteland Medical Group
- Collingwood Medical Group
- Cramlington Medical Group
- Spring Terrace Health Centre
- 49 Marine Avenue
- The Rothbury Practice
- Haydon Bridge



## PART 1: Performance Report (*continued*)

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Key achievements this year include the development of a new five year strategy 2018-2023; introduction of SystemOne as a clinical record to improve integrated care; a significant reduction in waiting times to a mean average of 7.2 days; and a reduction in missed appointments from 6.6% to 2.9%.

### Other subsidiaries

The Trust has a further three subsidiary undertakings; Northumbria Digital Solutions Ltd ('NDSL'), Northumbria Primary Care Cost Sharing Limited and Northumbria Academy Trust. The latter two were dormant throughout 2017/18. The Trust established NDSL in July 2017 to look at IT solutions. A subsequent decision has been taken by the Board of Directors to keep IT services within the Trust in order to support the delivery of an ambitious five year strategy for IT.

### Key issues and risks

In order to maintain a strong system of governance, the Board of Directors and senior managers 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**

If demand continues to grow rapidly, we may be under significant pressure to meet targets including the four-hour A&E, Cancer GP referral to treatment and bowel cancer screening targets and 18-week referral to treatment target. We manage this risk primarily via the Delivery Management Team and there are also regular reviews by the Executive Management Team and Board of Directors. Demand management initiatives and close partnership working with primary care as well as local providers including the ambulance Trust, are some of the key mechanisms deployed by us to address this risk.

- **Quality targets**

It is imperative that the trust maintains its strong reputation for safe and high quality care. All services that the trust provides are reviewed using our well-established 'quality panel' process to ensure that there is consistently high quality care provided across the trust. The Board of Directors, the Safety & Quality Committee, and Council of Governors monitor a range of metrics, from sepsis compliance, learning from deaths mortality data, to information relating to incidents in order to ensure that quality is maintained throughout the trust.



## PART 1: Performance Report (*continued*)

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- ***Financial sustainability***

The trust's financial context, both regionally and nationally, is becoming increasingly challenging. The trust's role in creating a more sustainable financial landscape was a top priority for the Board of Directors during 2017/18 and will continue into 2018/19. The Annual Governance Statement, from page 77, outlines in further detail how we manage risk.

### Going concern disclosure

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

## Performance analysis

### How the Trust measures performance

We measure performance according to the delivery of objectives as outlined in our annual Operational Plan. The Trust was required to set a two year operational plan in April 2017 which is aligned to our five-year strategy. Our operation plan 2017-19 sets out the vision for the following two years and the key objectives that we committed to delivering. 2017/18 was the fourth year of this five-year strategy.

The Operational Plan for 2017-19 was split between four core areas: **activity - quality – finance – workforce**.

#### ***Activity***

The Trust adopts an evidence-based approach to forecasting demand and understanding its capacity needs. We monitor activity against our expectations for the year and continually adapt our model to reflect changes in the configuration of services across the Trust. We continue to closely follow the impact of NSECH after 2 and a half years in operation, as well as the change in function of the associated 'base' hospitals sites in Hexham, Wansbeck and North Tyneside.

## PART 1: Performance Report (*continued*)

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### **Quality**

One of the key ways in which we monitor the quality of care we provide and the extent to which we are continually improving as a Trust is via the 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 detail on how we monitor quality is outlined in the Quality Account in Appendix A.

### **Operations**

We consider a wide range of national, regulatory, and internal measures in order to assess operational performance. This includes, for example, analysis of performance against the national target for 95% of A&E patients to be seen, treated, admitted or discharged within four hours.

### **Finance**

Each year we commit to a financial plan which includes a cost improvement target to be achieved, a capital plan, and a forecast outturn for the year end. Further detail regarding the Trust's financial performance against the plan is outlined from page 20.

## **Quality**

### **Safety and quality priorities**

Our safety and quality priorities for 2017/18 are highlighted in the table below. These priorities were identified in collaboration with members of the public, staff, Governors and key stakeholders. We take pride in using patient and service user feedback to support the quality improvements we wish to focus on. We also worked with clinicians who made recommendations to the Board of Directors and Council of Governors in order to develop our priorities.

Safety & Quality Priorities	
1.	Breathlessness
2.	Abdominal pain
3.	Surviving sepsis
4.	Flow
5.	Frailty

## PART 1: Performance Report (*continued*)

Performance against the priorities above has been monitored by the Board of Directors, Safety & Quality Committee, and Council of Governors. Further detail in relation to the safety & quality priorities is described in detail in the Quality Account in Appendix A.

### Clinical audit

During 2017/18, 44 national clinical audits and 2 national confidential enquiries covered relevant health services that we provide. During that period we participated in 100% national clinical audits and 100% national confidential enquiries of the national clinical audits and national confidential enquiries we were eligible to participate in.

The Quality Account in Appendix A outlines in further detail the clinical audit activity during 2017/18.

### Complaints and patient feedback

We place significant emphasis on the feedback we receive from patients, whether positive or negative. To ensure that we continue to improve the quality of care and patient experience provided in our hospitals, we thoroughly track, review and monitor the complaints, concerns and compliments we receive and our response to these. We have a Patient Feedback Sub-Committee which reports to the Board of Director's Safety and Quality Committee and is predominantly concerned with the identification of themes and issues arising from patient feedback gathered via formal complaints, informal concerns, and comments about the Trust on social media.

The table below summarises the 2017/18 performance against complaints key performance indicators:

Measure	Target	2017/18 Outturn	2016/17 Outturn	2015/16 Outturn	2014/15 Outturn
New complaints received	no target	391	440	504	457
Acknowledge all complaints within 3 days of receipt	100%	99%	100%	100%	100%
Complaints closed	no target	403	486	513	491
Complaints closed within timescale agreed with complainant	95%	90%	81%	93%	88%
Percentage of well – founded complaints <sup>1</sup>	no target	69%	68%	64%	62%
Note: <sup>1</sup> Based upon confirmed outcomes from complaints responded to during 2017/18					

Further information relating to complaints, including the themes and trends identified, is provided in the Quality Account in Appendix A.

## PART 1: Performance Report (*continued*)

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### Patient experience

There are several ways in which we gather, analyse and react to patient experience data:

- ***Real-time programme***

Over the last 12 months, we have continued to make excellent progress in capturing the views of patients during their hospital stay and feeding this information back to clinical teams within 24 hours. This real-time activity involves 40 wards across eight sites within the Trust and includes The Northumbria.

As part of this programme, we now have face-to-face interviews with 650 patients per month and we continue to focus on the measures that matter most to patients. The questions that we ask are split into 10 domains. These domains categorise the key aspects of care and range from kindness and compassion to pain control.

We believe that this commitment is beginning to pay real dividends in our ability to respond to the needs of patients and families and deliver care of the highest standard. An independent team interviewed 7,726 patients during 2017 and these patients gave us the following feedback on key aspects of care:

An average score of:

- 95% for **Consistency & Coordination**
- 99% for **Respect & dignity**
- 96% for **Involvement** in decisions about care
- 98% for the quality of relationships with our **Doctors**
- 99% for the quality of relationships with our **Nurses**
- 98% for the **Cleanliness** of our wards and bathrooms
- 99% for the way the team managed **Pain**
- 82% for **Communicating about medicines** and side effects
- 94% for Noise at Night
- 99% for Kindness & Compassion

In 2017 our patients gave an average score of 96% for care overall – we are very proud of the consistency of this feedback of high quality, safe and compassionate care.

As well as capturing people's experiences on the day of discharge, we survey thousands of patients once they leave hospital to enable us to have a very balanced view of their experience of our care. We have used this feedback to target and improve essential aspects of our care that we know matter most.

## PART 1: Performance Report (*continued*)

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- ***Patient perspective (2017/18) – April 2017 to March 2018***

The outpatient results continue to be outstanding. On average the trust is in the top 20% of all trusts in England. It is in the top 20% for all 19 most important questions to patients. All hospital sites have an overall score in the national top 20 per cent, except Blyth Community Hospital. All specialties are in the national top 20%.

The overall score is 90.4 per cent, with the score for the top 20 per cent in England standing at 84.4 per cent and is similar to 2016/17. 99 per cent of people using our outpatient services would rate their care as excellent, very good or good.

Inpatient results for 2017/18 continue to be very good. We are in the top 20 per cent of all trusts on 19 most important questions to patients. Our overall score on the key 19 questions is 87.5 per cent which is in the top 20 per cent of trusts (83.4 per cent) and is similar to 2016/17. Overall, the score has improved each year since 2011. 96 per cent of patients rated their care as excellent, very good or good.

Results for the emergency department are also very good. We remain in the top 20 per cent of all trusts in England on 24 of the 27 questions that are comparable with national data. The average score is 83.5 per cent, and is 1% higher than last year. The top 20 per cent score for England is 78 per cent. This score has been consistently high in each quarter since April 2011. Average scores across the four sites are; The Northumbria 76% (specialist emergency care hospital), Hexham 88%, North Tyneside 81%, Wansbeck 81% (urgent care centres).

Our performance in the national inpatient survey was excellent. We averaged a score of 83% overall, in the top 10% of all hospitals and beaten only by single specialty hospitals in the results ranking table.

- ***Patient experience awards***

### ***March 2017 - Patient Experience Network National Awards (PENNA)***

All Northumbria entries submitted for the national Patient experience awards were recognised as finalists in the 2017 PENNA ceremony. From 7 submissions we were named as winners for the following improvement work:

- Partnership Working to Improve the Experience – Palliative Care Northumbria
- Patient Insight for Improvement – Outstanding Contribution – Pilot use of an assistive hearing device with patients who have a hearing impairment
- Trust of the Year 2017 for the third year in a row.

## PART 1: Performance Report (*continued*)

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We were additionally recognised as runner up in the following awards:

- Continuity of Care
- Measuring Reporting and Acting
- Strengthening the Foundations
- Patient Insight for Improvement
- Team of the Year

These achievements reflect the diverse improvement work that is happening across the Trust and the learning we are sharing nationally. To round off an excellent year for patient experience, Northumbria was named by CHKS as one of only five acute trusts across the UK to have excelled in a range of national patient experience indicators and selected as a finalist in this year's. CHKS Patient Experience Award – results will be shared in May. Further detail on our performance in relation to patient experience is detailed in the Quality Account in Appendix A.

Whilst we are naturally proud of this work, and in particular the staff, patients and families who have made this work possible, our commitment is to continually reflect on where we can do more to enhance the experience and expectations of all in our care. With this in mind we will have a strong focus in 2018 on the following priorities;

- To improve the emergency care experience
- To build on the innovative birth reflection project with greater involvement of women in community settings
- To better understand the needs of older people and help to combat loneliness
- To fully integrate patient and staff experience measurement so that we effectively improve both.

### • *Initiatives*

Patient experience data is regularly used throughout the trust to generate ideas for improvement and to kick start projects and programmes for change. The following pages summarise a number of examples of the initiatives that have taken place over the last 12 months.

### *Introducing the Patient Experience Collaborative*

We were aware of gaps in both capability and capacity for real time measurement of patient experience across the NHS. This was limiting our ability to evidence some of the excellent improvement initiatives that we knew existed and form part of the Patient experience network awards each year.

We also have a keen interest in the effective spread of excellent practice and learning what it takes to sustain high quality, safe and compassionate care when the challenges and operational demands are significant.

We invited 11 Trusts to join Northumbria and colleagues and collaborative partners in the Patient experience network (PEN) to come together as a learning community. We are currently working with these trusts to identify, develop, share and embed ideas and processes for improving patient experience, sustaining that improvement and providing a measurement framework to evidence improvement. We attracted a wide range of organisations with good geographical coverage, which allowed us to learn from all parts of the UK. The proposal was instigated by Northumbria as part of our Acute Care Collaboration Vanguard work. Trusts who have joined the collaboration are;

1. Belfast City Hospital
2. Royal Free Hospital
3. Taunton and Somerset
4. Northamptonshire (Mental health)
5. Cwm Taf University Health Board Cwm Taf University Health Board
6. Barking, Havering and Redbridge
7. Torbay and south Devon
8. Ipswich
9. South Tees
10. South Tyneside
11. Sunderland City Trust

Northumbria's Patient Experience staff have visited each trust to educate and offer advice on the implementation of a Real Time programme. Results so far have been received from around 4000 patients nationwide. We share these results electronically with the collaborative partners.

We have created an environment across the collaborative where we all learn from each other – creating, sharing and taking resources depending on our own areas of expertise and development.

## PART 1: Performance Report (*continued*)

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### *Pilot use of an assistive hearing aid device with patients who have a hearing impairment*

This project piloted the use of an assistive hearing device with patients who have hearing impairment on a care of the elderly ward.

When first undertaking this work we found that there was an absence of research on any similar project. Ours appears to be the first of its kind in the Trust and perhaps, nationally.

Staff were surveyed to find their views on the prevalence and ease of communication with patients who have hearing impairments. Many reported that hearing impairment was a daily issue on the ward and they reported that they often felt rude, as they were having to raise their voices for patients to understand them. They also felt that caring for patients with hearing impairments took extra time and could sometimes lead to poorer outcomes for patients, especially when there had been miscommunications.

Live observation of a ward round showed that consultation with patients (hearing impairment) involved repetition and raised voice.

The hearing aid device consists of a box with a microphone that connects to the patients' headphones. This amplifies normal conversation to a level that overcomes their hearing impairment. The device is small/portable and can be easily taken to the patients' bedside.

The challenges included persuading staff, including senior staff, to promote and support the project; how to involve as many ward based staff - to embrace it/take ownership. This demanded good leadership acumen which were duly executed.

The plan was clear, simple and robust and accompanied by practical arrangements for staff to be/feel supported and to have easy access to the required equipment and documentation for the project.

Three PDSA (Plan, Do, Study, Act) cycles enabled us to make adjustments during the project.

Written and verbal feedback from staff and patients showed that the device enhanced communication between patients and staff. Some patients have said they were going to purchase the device for themselves upon discharge. Staff said - their communications with patients were more efficient and effective. The ward has acquired additional devices and integrated it into its routine. The Patient experience team have purchased hearing devices of their own to ensure full inclusion when seeking feedback from patients on our wards.



## PART 1: Performance Report *(continued)*

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### *Maternity Services – Birth Reflection*

This initiative has been an exciting collaboration between patient experience, health psychology and maternity teams, who have developed a new and innovative pathway to support women after birth, and lay the foundations for routine measurement.

We have created a midwifery-led clinic where mothers and their partners can talk to a senior midwife about their birth experience. This project is supported by a whole system pathway to ensure that women are seen by the right service at the right time, can access the part of the pathway that is best placed to help, and offers a support structure from one delivery to another.

We have used the Microsystems Coaching Academy approach to run the project. The key principles of this approach are to do the work with the staff that deliver the care day to day, and the patients that receive it. It has worked extremely well for this project as it offered a structure, a coach to guide the team through, and tools to try out different ideas, whilst ensuring sustainability.

With an emphasis on early detection and treatment of birth trauma, our programme has incorporated specific prevention and detection training for midwifery staff.

This project has included a unique and excellent example of the use of real and right time information, collected from women, to implement improvements for patients. Early evaluation of this service is yielding excellent results, with women commenting on the extremely positive impact the clinics have had on them.

The work has been both challenging and rewarding and it has been a fantastic opportunity to get staff on the ground level involved in implementing a new pathway that is making a real difference to women and their families.

To have got to a stage where we are surveying all women who come through the service is an excellent achievement and provides a great deal of data to the service.

## PART 1: Performance Report (*continued*)

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### Operational

The trust measures a range of key performance indicators in order to ensure the services it provides to patients are the best they possibly can be. Examples of the KPIs that are monitored by the Board of Directors and also reported to the Council of Governors on a monthly basis are:

- Cases of MRSA
- Cases of C. difficile
- 18 weeks Referral to Treatment (incomplete pathways)
- Four-hour A&E target
- Elective operations not cancelled
- Cancer (2 targets in total)
- Sickness
- CQC overall rating
- Learning disability standards.

Our performance for the year versus these targets is shown in the table below:

KPI	Target	Performance for 2017/18
MRSA	0	1
C difficile	30	35
18 weeks referral to treatment (incomplete pathways)	92%	Achieved at end of each month
A&E 4 hour wait	95%	93.3%
Cancer	Achieve both targets	1 out of 2 targets met for 2 quarters
CQC overall rating	Outstanding	Outstanding
Learning disability	Meet learning disability standards	Fully Met

### Financial

We recorded a surplus for the year of £7.8 million (£14.8 million in 2016/17). The surplus is after an impairment of fixed assets of £20.3million.

This reflects the strength of financial management and efficiency in the trust and enables us to continue to have an excellent rating for financial risk. Our well-established commercial activity has been one of the key factors in enabling us to maintain a strong financial position with other operating income increasing from £102.1m to £112.5m.

## PART 1: Performance Report *(continued)*

Patient activity (by payment by results only)	Plan 2017-18	Outturn 2017-18	Outturn 2016-17
Non-elective inpatient spells	49,475	41,965	46,016
Elective inpatient and day case spells	47,940	43,792	46,807
Outpatient new	145,118	149,893	148,762
Outpatient follow-up	311,974	307,541	322,775
Outpatient radiology	48,965	42,587	49,099
Outpatient procedures	26,115	29,153	27,786
Diagnostic tests (direct access only)	2,274,241	2,134,374	2,409,124
A&E attendances	178,127	206,209	187,703

There are a number of financial challenges facing the trust and the wider NHS and public sector. The financial performance of our Clinical Commissioning Groups, as well as the continuing concerns associated with the economic climate, are key risks acknowledged by the Board of Directors.

### Better payment practice code

The code provides that all payments due to our non-NHS suppliers and contractors are made within 30 days of the receipt of the goods or services unless other terms have been agreed. We are working towards full compliance with the code and, in particular, make payments to small and local businesses within 10 days. No payments of interest have been paid under the Late Payment of Commercial Debts (interest) Act 1998.

### Further information

#### Awards 2017-18:

- Won the CHKS Top Hospitals 2017 national patient experience award
- Named among the country's 40 best performing organisations in CHKS Top Hospitals 2017 for the tenth consecutive year
- Received the Unicef Baby Friendly Gold Award for breastfeeding in Northumberland
- Awarded the Investing in Volunteers (IiV) quality standard
- Wansbeck General Hospital's Dinwoodie Assessment and Simulation Hub (DASH)

## PART 1: Performance Report (*continued*)

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- Won the Hospital Building Award at the Health Business Awards
- Awarded the 'Continuing Excellence' level of the Better Health at Work Award
- Placed in Stonewall's 2018 Workplace Equality Index
- Won three Patient Experience Network National Awards
  - Partnership working to improve the experience
  - Using insight for improvement
  - Overall 'trust of the year'

### Environmental Matters (including sustainability)

The trust continues to focus on sustainable healthcare and is committed to perpetuate the reduction of the environmental impact of its activities.

#### Our Commitment

The Sustainability Management Strategy continues to set out our aims for reducing carbon emissions by 2021 and also identifies those actions that will support sustainable healthcare within our local areas of Northumberland & North Tyneside.

The Trust accepts its sustainable responsibility to manage finite resource and the requirements to adapt to continue to provide a sustainable healthcare solution for future generations. It will do this by managing its activities in the following streams:

- Energy & Utilities
- Waste
- Travel & Transport
- Information Management & Technologies
- Procurement

It also considers the impact of climate change on its service provision and the adaptation required to be able to continue to provide its services under changeable environmental conditions.

#### Carbon Base Line (2016-2021)

The trust continues to utilise the revised 2007/08 baseline calculated in 2015 to include those carbon emissions from the new Northumbria Specialist Emergency Care Hospital and the community business units. This baseline is 25,551 tCO<sub>2</sub>e, which includes total carbon emissions relating to all of scopes 1, 2 and 3 carbon emissions.

## PART 1: Performance Report (*continued*)

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Stream	2016/17 tCO <sub>2</sub> e	2017/18 tCO <sub>2</sub> e	Actual Change tCO <sub>2</sub> e	% Change
Energy	20,769	18,168	-2,601	-12.52%
Travel	17,694	17,924	+230	+1.30%
Procurement	No Data	No Data		
Waste	640	762	+122	+19%
Total	39,110	36,853	-2,257	-5.75%

The increasing demands on healthcare within our area has resulted in an increase of carbon emissions relating to both travel & waste during the last twelve months. Energy related carbon emissions are still well ahead of target. The carbon reduction target of 17,645 tCO<sub>2</sub>e remains.

The five year plan continues to be reviewed annually to ensure the targets are met as far as is practicable.

### Energy and Carbon

The trust continues to invest in carbon reduction schemes and is still significantly ahead of its five year plans. The current emissions of 18,168 tCO<sub>2</sub>e are significantly below the target for 2017/18 of 20,952 tCO<sub>2</sub>e.

The main highlights are renewing a significant part of the lighting within the Trust buildings. The Trust has invested significantly in LED lighting's at North Tyneside & Wansbeck Hospitals and Northumbria House, as well as investment into renewing aging and damaged thermal insulation at Wansbeck general hospital.

This not only provided a large reduction in carbon emissions and the associated reduction in energy consumed but it also provided a large financial benefit in terms of both cost reduction and also costs associated with both maintenance and repairs.

These projects provided a large contribution to the Trust's overall cost improvement programme returning a significant benefit of monies available for patient care.

Developing schemes will look at higher energy intensive areas to ensure that the 2020 target is not only met but exceeded.

## PART 1: Performance Report (*continued*)

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### Sustainable Waste

We as a trust promote the good management of resource, by reuse, recycling and disposal of waste as per the definition of the waste hierarchy produced by DEFRA.

This provides the following benefits to the trust:

- Legislative compliance
- Implementation of internal policy and strategy commitments
- Cost minimisation
- Reduced environmental impact.

A significant increase in patient activity has seen waste increase by 19% over the previous period.

The offensive waste stream has now been rolled out into all of the trusts acute and community hospitals. This has increased the disposal of offensive waste by over 425% removing a significant portion of waste that was previously disposed of by incineration, providing a significant environmental benefit.

The trust continues to ensure that it manages its waste compliantly with all waste audits carried out on time.

### Sustainable Commuting

2017/18 was another exciting year for sustainable transport at Northumbria Healthcare Trust. The transportation sector is one of the key sources of trust's carbon emissions. The emissions from travel affect the air quality which impacts on health.

All transport for Northumbria Healthcare Foundation Trust for 2017/2018 accounted for 17924 CO<sub>2</sub>.

A revised baseline for travel carbon emissions was produced in 2015-16 when the new hospital was opened. The new baseline reflected the emissions of Acute Sites, Community Hospitals, Emergency Care Centre and Community Business Unit. In comparison to the revised baseline emissions, 2017-2018 emissions are considerably lower, but there is a 1.3% increase in travel carbon emissions compared to the previous financial year – 2016/2017

The Cycling Support Initiative (CSI) was launched in Cobalt – Northumbria House through Bike4Health, who offered to provide some supported cycling for staff as a pilot project. The aim was to encourage people to cycle into work, build confidence in cycling, and to give staff information about safe cycling routes. Six people took part in the scheme, the feedback was wholly positive about the arrangements, support, routes and advice. Since CSI began two

## PART 1: Performance Report (*continued*)

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people have purchased a bike of their own. Five people have become regular cyclists, cycling to work between 1-4 times per week.

The introduction of 13 Electric Vans for internal transport in 2015 has achieved approximately 100 tonnes of carbon emissions over the last 3 year. NHS Fleet Solutions in Northumbria Healthcare Trust are promoting electric cars to staff on lease. The trust has leased more than 150 electric/hybrid cars to the staff which has helped in the reduction of carbon emissions.

The Trust has installed 27 slow charging points and Northumberland County council has installed 6 slow and Rapid Charging points in Northumbria Healthcare Trust car parks. Charging sessions across the trust in 2017/18 was 16828 which equates to 15% increase in usage compared to 2016/17 with a carbon savings of 164 tonnes.

The Trust's Public Transport discounted Scheme enables access to the best discounted annual travel pass rates from local bus, ferry and train providers and spreads the cost over monthly salary deductions.

Trust has seen a 32% increase in cycle to work scheme vouchers compared to 2016-2017. 75 staff have used the cycle to work scheme to purchase a new bike in 2016-2017. Walking and Cycling was promoted on a regular basis as a part of the Travel Plan and Health & Well-being strategy.

The trust received Silver and Bronze Go Smarter to Work Award in 2015-16 for North Tyneside General Hospital, Wansbeck General Hospital and Cobalt Business Park - Northumbria House. The trust has also benefitted from the Go Smarter to Work Team in promoting sustainable transport in 2016-17 and will be applying for the Gold and Platinum awards in June 2017.

### Procurement (Shared Procurement Service)

During the course of this year all documentation includes a standard sustainability requirement from all contractors who want to work with the Trust aligned to the Trusts sustainability strategy. This documentation has been added to an online platform for all procurement staff, across Northumbria and Northumberland County Council to access and include in all tender and contract documents. New projects undergo a Sustainability Impact Assessment (SIA), the score of this will help inform how environmental, social and economic factors are included within the specification and evaluation of procurement activity.

To ensure that the sustainable procedures have been undertaken a Sustainable Procurement Policy has been written, this policy underpins the documentation and the SIA tool embedding; carbon reduction, social value, targeted recruitment and training, ethical trading and regional development considerations throughout

## PART 1: Performance Report *(continued)*

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The Northumbria Healthcare NHS Foundation Trust has been looking into helping the environment and reducing the amount of products that should be recycled going into the general waste. We have sourced the following products that go into the general waste and degrade over time.

All of the following products are classed as biodegradable products:

- Wood Knives
- Wood Forks
- Wood Spoons
- All the takeaway boxes
- Straws

### Next Year Goals

Biodegradable products are currently used by the catering department across the trust; we are planning to provide these products to the wards in 2018/19. The Trust is gathering information on salad boxes, paper cups (for water machine and hot beverages) napkins and stickers. The catering department is also looking into providing reusable cups that staff can purchase over the counter to reduce the general and recyclable waste.

### Communications

An internal communications strategy has been developed to support the aims of the sustainability strategy 2016-2021. The three key work stream objectives that communications are supporting the Trust's sustainability objectives are energy, waste and travel and transport. The strategy is supported by a robust action plan, including the development of the agreed sustainability branding. Progress on the plan is reported to the quarterly sustainability management improvement group. Regular internal communication are included in the weekly staff update e-newsletter which is accessible to all Trust staff, via Team Brief and other established Trust media.

### Future Plans and Objective

- Further investment in energy efficient schemes
- Work to further increase recycling and reduce waste streams
- Up to date information on sustainability website and intranet pages
- Increase sustainability awareness through trust induction/training programmes.

### Other Sustainable Matters

The trust was awarded a Certificate of Excellence in Sustainability Reporting for 2016/17.



## PART 1: Performance Report (*continued*)

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### Social, community and human rights issues

The Trust recognises the need to forge strong links with the communities it serves and prides itself on having nationally-recognised communications and engagement department. The work of the communications and engagement department is far reaching and covers public research, community engagement, event organisation, media and social media management, internal and external marketing and communication, GP liaison and patient information.

The Department of Health produced a guide in 2013/14 on “Human Rights and Healthcare” setting out scenarios where the Human Rights Act might apply and we are committed to meeting our obligations in respect of the human rights of our staff and patients, which is closely aligned both to the NHS constitution and our values. NHS Trusts are public bodies, and so it is unlawful to act in any way incompatible with the European Convention on Human Rights unless required by primary legislation. The Trust has an Equality, Diversity and Human Rights Policy which guides our approach to managing social, community and human rights issues. The policy is kept under regular review by the Policy Assurance Group in July 2015 to ensure its effectiveness and, in particular, that the Trust’s stance on Equal Opportunities is compliant with legal and best practice standards and that trust practice in this field is exemplary.

### International philanthropic programme

We have developed strong international links over a period of years. Since 1999 our charity has supported a ground-breaking project which sees our employees working in partnership with Kilimanjaro Christian Medical Centre in northern Tanzania. During this time our teams have volunteered their time to travel to Tanzania to train their African counterparts, to enable them to provide a vastly improved healthcare service for patients in their country.



The international link continues to gain momentum and over the years has introduced new health services (laparoscopic surgery, burns management, ultrasound), hosted medical students from Tanzania, supported Commonwealth Fellowship opportunities for Tanzanian consultants to travel to the UK for professional development, undertaken ground breaking medical research, fundraised for HIV orphans and helped to establish school links between Tanzania and the UK.

## PART 1: Performance Report *(continued)*

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During 2017 we provided an opportunity, through Health Education North East, for six doctors in training to join the project teams for resilience training. The doctors provided teaching in the hospital and to Community Health Workers in rural villages.



Dr Masenga the CEO of KCMC met the Trust Board in November 2017 to agree the continuation of the successful partnership.

### Audit and financial statement risks

During 2017/18, the significant issues that the Board of Directors and Audit Committee have considered in relation to the Trust's financial statements, operations and compliance included: the valuation and impairment of assets; VAT treatment; revenue recognition; response to the WannaCry cyber-attack; and the on-going dispute with the contractor who delivered The Northumbria. The impact of these issues has been discussed by the Board of Directors and the Audit Committee and advice considered from external audit and external advisors.

### Post-year end events

A post-year end event is any event after the year end (31st March 2018) but before the date the annual report and annual accounts are signed which would materially impact upon the content of the annual report and annual accounts. No material post year end events have occurred.



Jim Mackey

Accountable Officer

24<sup>th</sup> May 2018

## PART 2: Accountability Report

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### Directors' report

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#### The Board of Directors - Role and responsibilities

Our Board of Directors ('the Board') functions according to corporate governance best practice. The Board operates as a unitary Board with collective accountability for all aspects of Trust performance, from clinical quality to financial performance and sustainability. Key responsibilities of the Board are:

- Engaging with the Council of Governors to set the strategic direction for the Trust;
- Overseeing the delivery of our Annual Plan;
- Ensuring that the services we provide to patients are high quality, safe and caring;
- Ensuring that we are governed by a robust system of internal control and risk management;
- Ensuring that we are compliant with the conditions of our Foundation Trust licence;
- Overseeing our performance and ensuring that all organisational, local and national performance targets are met;
- Continuously seeking further improvement and innovation.

The Board is led by the Chair, Alan Richardson. David Evans acted as the trust's interim Chief Executive until November 2017 when Jim Mackey returned from his secondment to NHS Improvement.

The Board sets the strategic direction within the context of NHS priorities, allocates resources, monitors performance against organisational objectives, ensures that clinical services are safe, of a high quality, patient-focused and effective, ensures high standards of clinical and corporate governance and, along with the Council of Governors, engages members and stakeholders to ensure effective dialogue with the communities we serve.

The Board of Directors is responsible for exercising all of the powers of the trust; however, has the option to delegate these powers to senior management 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 Committee; Safety & Quality Committee; Finance, Investment & Performance Committee; Remuneration Committee; Workforce Committee and Assurance Committee. During the year, an Information Management & Technology Committee was established in order to oversee the implementation of a revised IT strategy and to seek assurance that mitigations were put in place to address risks to cyber security following the WannaCry attack.

## PART 2: Accountability Report (*continued*)

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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 and severally responsible for scrutinising and constructively challenging the performance of the Trust to ensure we deliver our strategy, continuously improve, and deliver high quality care.

### Board composition

The Board is comprised of seven Executive Directors, seven Non-Executive Directors, including a Non-Executive Chair. The size of the Board is considered to be sufficient and the balance of skills and experience appropriate for the current requirements of the business. In January 2018, one Non-Executive Director tendered his resignation as a result of which the Nominations, Remuneration and Development Committee are currently undertaking a recruitment exercise.

All Board members undergo an appraisal process which includes consideration of how an individual's contribution is aligned to our values: Respect; Everyone's contribution counts; Responsibility and accountability; Patients first; Safe and high quality care.

The Chief Executive leads the annual evaluation of each Executive Director and Director, and the results of evaluations are summarised and reported to the Non-Executive Directors at the Nomination, Remuneration and Development Committee.

A revised Non-Executive Director appraisal process was implemented during last year with the Chair leading the appraisal of each Non-Executive Director and the results of evaluations are considered by Governors at the Nominations, Remuneration and Development Committee ('NRD').

The Chair and Non-Executive Directors are appointed by the Nominations, Remuneration and Development Committee, which is comprised solely of Governors, for terms of office of 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'). All of the Non-Executive Directors are considered to be independent in character and in judgement. Additional assurance of independence and commitment for those Non-Executive Directors serving longer than six years is achieved via a rigorous annual appraisal and review process in line with the recommendations outlined in the Code. A report of the Nomination, Remuneration and Development Committee is detailed further from page 51.

The Executive Directors and Directors are appointed by the Remuneration Committee on behalf of the Board of Directors. All Directors are appointed on permanent contracts and undertake an annual appraisal process to ensure that the focus of the Board remains on the

## PART 2: Accountability Report *(continued)*

patient and delivering safe, high quality, patient-centred care. A report of the Nomination, Remuneration and Development Committee is detailed further on page 51.

The composition of the Board over the year is set out on the following page and includes details of background, committee membership and attendance.

The performance of the Board as a whole is reviewed on an annual basis by undertaking a self-assessment of the effectiveness of the Board of Directors, subsidiary Boards, and Board of Directors' committees.

Executive Directors		Attendance at Board of Director meetings	
Name & position	Background	Total number attended	% attendance
<b>Jim Mackey</b> - CEO (from 01/11/2017)	<p>Jim Mackey returned to his substantive role as Chief Executive of the trust in November 2017, a post he previously held for ten years. He was welcomed back after completing a two year secondment in a national role as Chief Executive of the NHS Improvement.</p> <p>Jim successfully oversaw the creation of NHS Improvement who are responsible for overseeing NHS trusts. NHS Improvement supports providers to ensure patients are given consistently safe, high quality, compassionate care within local health systems that are financially sustainable.</p> <p>Previous to his time at Northumbria Healthcare, Jim held a number of senior roles within the NHS and the Regional Health Authority in the North East.</p>	6/6	100%
<b>David Evans</b> – Interim CEO to 31/10/17)	<p>David Evans became interim Chief Executive in November 2015, whilst Jim Mackey was seconded to NHSI. David had previously worked as the trust's Medical Director and a practicing consultant obstetrician. Previously he was clinical director for obstetrics and gynaecology.</p> <p>He has also previously been the trust's Caldicott Guardian and the lead for risk management. In addition, David is an assessor for the National Clinical Assessment Authority.</p> <p>David retired from his post as Chief Executive following Jim Mackey's return from secondment in November 2017.</p>	3/6	50%
<b>Birju Bartoli</b> – Executive Director of Systems Strategy and Transformation	<p>Birju Bartoli has been Executive Director of Systems Strategy and Transformation since 2012. She was the project director for the Northumbria Specialist Emergency Care Hospital which opened in June 2015, the first hospital of its kind in the UK.</p> <p>Birju has worked for the trust since 2003 when she joined as an NHS management trainee and over the</p>	12/12	100%

## PART 2: Accountability Report *(continued)*

Executive Directors		Attendance at Board of Director meetings	
Name & position	Background	Total number attended	% attendance
	years has worked in a number of operational areas from manager to deputy director level. She holds a number of healthcare qualifications including an applied biochemistry degree and a PhD in cancer research.		
<b>Paul Dunn –</b> Executive Director of Finance	Paul Dunn has been Executive Director of Finance since 2004. He is a qualified accountant with over 30 years' experience of working in the health service. Paul helped develop the trust's successful application for foundation status and long-term financial strategy.	11/12	92%
<b>Ann Wright –</b> Executive Director of Operations (to 30/09/17)	Ann Wright was the trust's Executive Director of Operations until the end of September 2017. She has extensive experience in health service management, having joined the NHS in 1979. Ann's previous roles include operational management in Durham and Newcastle hospitals and Cheviot and Wansbeck Trust. She also has experience working for the Regional Health Authority.	5/5	100%
<b>Ellie Monkhouse –</b> Executive Director of Nursing (from 01/11/2017)	<p>Ellie joined Northumbria in November 2017 as Executive Director of Nursing and Midwifery. She joined from Rotherham Foundation Trust where she was acting chief nurse.</p> <p>After training in Derby, Ellie qualified as a registered general nurse in 1995, and has a nursing background in medical and surgical units, and as a matron in emergency care and neonatal medicine.</p> <p>Previously she was the director of nursing and quality across Leeds North and Leeds South and East CCGs helping to establish the organisational quality governance structures. Ellie was also acting Chair of the Leeds adult safeguarding board, and supported the development of various workforce initiatives across primary care, representing nursing on regional and national programmes.</p>	6/6	100%
<b>Debbie Reape –</b> Interim Executive Director of Nursing (to 31/10/2017)	<p>Debbie was appointed interim director of nursing in March 2016, having been lead nurse and deputy director of nursing and child health since 2009. As a qualified nurse, Debbie has over 30 years' experience in healthcare. She has extensive experience of clinical leadership and management, with responsibility for over 3,000 nurses, midwives and healthcare assistants.</p> <p>Debbie has been influential in nurse recruitment, retention and mentoring across the trust. She is highly experienced in managing the delivery of new models of care, creation of new nursing roles and the integration of clinical teams during service change, as well as successfully delivering numerous quality and</p>	6/6	100%



## PART 2: Accountability Report *(continued)*

Executive Directors		Attendance at Board of Director meetings	
Name & position	Background	Total number attended	% attendance
	<p>safety projects to benefit patients.</p> <p>From 2013-2015 Debbie also took on responsibility for child health services at North Cumbria University Hospitals.</p>		
<b>Ann Stringer</b> – Executive Director of HR & OD	Ann Stringer has been Executive Director of Human Resources and Organisational Development for the trust since 2005. After graduating from Newcastle University in sociology and social administration, she joined a large supermarket retailer on their graduate scheme as an HR trainee, before progressing to working for Rowntree Mackintosh. She then moved to Findus as the site HR manager and became the UK HR director responsible for manufacturing, sales and marketing as well as the European head office. Ann then moved to Northumbria Healthcare in 2005 and since then has worked hard to build a strong and proactive HR function, with constructive and open employee relations contributing to a steady improvement in staff survey results.	12/12	100%
<b>Daljit Lally</b> – Executive Director of Delivery	Daljit Lally's role is a formal joint post between Northumbria Healthcare NHS Foundation Trust and Northumberland County Council where, during the year, she was substantively appointed as Chief Executive. She is a qualified Registered General Nurse (RGN), holds a BA (Hons) Business and Finance and an MBA (2002) from Durham University.	11/12	92%
<b>Jeremy Rushmer</b> – Executive Medical Director	<p>Dr Jeremy Rushmer was appointed Executive Medical Director in March 2016, providing clinical leadership on all aspects of patient safety, quality of care and clinical strategy.</p> <p>Jeremy has been a consultant with the trust for over 18 years in intensive care medicine and anaesthesia. He will continue to care for seriously ill patients at Northumbria Specialist Emergency Care Hospital in Cramlington where he has also been site medical director since September 2015. Between 2012 and 2015 Jeremy spent time as medical director at North Cumbria University Hospitals NHS Trust where he successfully led vital quality improvements, resulting in safer and more effective care for patients.</p>	11/12	92%
<b>Claire Riley</b> – Director of Communications & Corporate Affairs	Claire Riley joined the trust as Director of Communications and Corporate Affairs in 2010. She brings with her extensive experience in business, marketing and communications across both the public and private sectors. Claire joined the trust from her role as Director of Communications for the North East Strategic Health Authority.	12/12	100%

## PART 2: Accountability Report *(continued)*

Non-Executive Directors		Attendance at Board of Director meetings	
Name & position	Background	Total number attended	% attendance
<b>Alan Richardson – Trust Chair</b>	Alan Richardson was appointed as chairman in January 2016, officially taking up the post in March. A chartered engineer by background, Alan has a wealth of experience running large and successful organisations. He has served on several boards, most notably Scottish Power Plc, Reyrolle Ltd and Glasgow Development Agency. Most recently Alan served as chair of Coventry University for the past six years before recently moving back to his native North East.	12/12	100%
<b>Martin Knowles – Non-Executive Director</b>	<p>Martin Knowles joined the trust as a Non-Executive Director in January 2016. He brings extensive experience at Board level in the public sector, having been chief executive of South Tyneside Homes and Four Housing Group, as well as finance director at North Tyneside General Hospital in the 1990s.</p> <p>More recently, Martin moved from Executive to Non-Executive roles, including Vice-Chair of Audit at Sunderland Council and Tyne and Wear Fire Service, as well as being a Board member at New College Durham. Martin was also Chair of the Trust's Audit Committee until May 2017 when Malcolm Page took up the position.</p>	11/12	92%
<b>John Marsden – Non-Executive Director (to 31/05/2017)</b>	<p>John Marsden joined the trust in 2011 and brings with him the experience of over 40 years in local government. He was former Chief Executive of both North Tyneside and North Yorkshire councils and Director of social services at Sunderland City Council.</p> <p>John reached the end of his term as Non-Executive Director in May 2017 and consequently retired from the role.</p>	1/2	50%
<b>Peter Sanderson – Non-Executive Director</b>	<p>Peter Sanderson joined the trust as a Non-Executive Director in 2014. Peter, a retired GP, worked as a family doctor in Guide Post, south east Northumberland, for 31 years.</p> <p>Before becoming a GP, Peter spent five years as an RAF medical officer. He was secretary of the Northumberland Local Medical Committee for 16 years and previously held a part-time role as GP clinical advisor with Northumbria Healthcare.</p>	10/12	83%
<b>Alison Marshall – Non-Executive Director</b>	Alison joined the Trust in January 2017 and brings with her a wealth of legal experience. A qualified lawyer and previously a partner at Dickinson Dees LLP, Alison acted for NHS and public sector clients throughout her career before retiring in 2013. She became a non-executive director at Northern Powergrid in 2014. Alison, from Felton, has been a governor of her local school for more than 15 years.	11/12	92%



## PART 2: Accountability Report *(continued)*

Executive Directors		Attendance at Board of Director meetings	
Name & position	Background	Total number attended	% attendance
<b>Allan Hepple</b> – Non-Executive Director	Allan joined the trust in January 2017, providing extensive local authority experience. Allan, a councillor for Cramlington South East on Northumberland County Council and cabinet member for planning, economic growth, housing and transport, has helped bring positive changes for local communities.	11/12	92%
<b>David Chesser</b> – Non-Executive Director (to 31/01/2018)	David joined the trust as a non-executive director in March 2017. A qualified accountant, David has had a successful career in the public and private sector, most recently being responsible for running all the non-academic aspects of two universities. David, from Corbridge, remains as chief operating officer at the University of Cumbria.  David tendered his resignation from his role as Non-Executive Director in January 2018.	8/9	92%
<b>Moira Davison</b> – Non-Executive Director (from 01/05/2017)	Moira Davison joined as a Non-Executive Director in May 2017 and has considerable experience over many years in NHS management working across the North East and Cumbria.  She has held director roles in South of Tyne and Wear PCT and the North of England Cancer Network. Moira retired from the NHS in March 2013 before establishing a consultancy company and undertaking a range of health service projects. Most recently she was the managing director of Northumbria Primary Care.  Moira has a keen interest in quality and patient safety and is the designated Non-Executive for the trust's emergency preparedness.	9/11	82%
<b>Malcolm Page</b> – Non-Executive Director (from 01/04/2017)	Malcolm joined the trust as a non-executive director in April 2017 and is currently the Chief Operating Officer at Teesside University.  During his career, Malcolm has held numerous Board level positions within large organisations across the region including as Deputy Chief Executive of One North East. He has extensive experience in a number of areas including strategy, resource management and property. Malcolm is a qualified accountant and also holds an MBA.  As part of Malcolm's role as Non-Executive director at the trust, he chairs the Audit Committee.	12/12	100%

## PART 2: Accountability Report (*continued*)

### Directors' and Governors' interests

Details of company directorships and other significant interests held by Directors or Governors which may conflict with their management responsibilities are registered and reviewed on an annual basis.

Registers are available from the Company Secretary, North Tyneside General Hospital, Rake Lane, North Tyneside, NE29 8NH or via the website at [www.northumbria.nhs.uk](http://www.northumbria.nhs.uk). No political donations have been made during the year.

### Audit Committee

The Audit Committee has been chaired by Malcolm Page since May 2017; prior to this point it was chaired by Martin Knowles. In compliance with the Code, we have ensured that the committee is chaired by a Non-Executive Director with recent and relevant financial experience.

The Audit Committee met six times during the year. Regular attendees to the Committee include: Executive Director of Finance; Deputy Director of Finance; representatives of internal and external audit; and other Trust officers where required.

Meeting attendance for the 2017/18 is shown in the table below:

Member attendance	24/4/17	23/05/17	30/05/17	10/07/17	11/09/17	13/11/17	22/02/18	22/03/18	20/04/18	Total	%
Martin Knowles (to 03/04/17)	✓									1/1	100%
Malcolm Page (from 01/05/2017)		✓	✓	✓	✓	✓	✓	✓	✓	8/8	100%
David Chesser (to 31/01/2018)	✓	-	-	-	-	-				1/6	17%
Peter Sanderson	✓	-	-	✓	✓	-	✓	✓	✓	6/9	67%
Allan Hepple	✓	-	✓	✓	✓	✓	✓	✓	✓	8/9	89%
Alison Marshall	-	✓	✓	✓	✓	✓	✓	-	-	6/9	67%
Moira Davison (from 01/05/2017)		✓	✓	-	-	-	-	-	-	2/8	25%

## PART 2: Accountability Report (*continued*)

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

- Reviewing our Assurance Framework;
- Reviewing any risk and internal control-related disclosures, such as the Annual Governance Statement;
- Reviewing the work and findings of Internal Audit;
- Reviewing the work and findings of External Audit;
- Undertaking a robust review of the Committee's effectiveness;
- Reviewing the work and findings of the local Counter Fraud Officer;
- Reviewing the process by which clinical audit is undertaken in the organisation;
- Monitoring the extent to which our external auditors undertake non-audit work;
- Reviewing the 2016/17 Financial Statements and Annual Report, prior to submission to the Board and NHS Improvement;
- Seeking assurance that the financial statements have been appropriately compiled on a going concern basis;
- Considered the financial statement risk associated with the valuation of land and building assets;
- Considered the risks in relation to cyber security;
- Considered the impact of strategic initiatives, such as the Accountable Care Organisation model, on the risk and control environment at the Trust.
- Sought assurance in relation to the effectiveness of controls in the Trust's wholly owned subsidiaries.
- Reviewed the Trust's plans relating to the General Data Protection Regulations.

During the year, the external auditors undertook work in addition to the statutory financial statements audit, as follows:

- Review of the Quality Account
- Taxation advice
- Consultancy advice
- Oracle advice
- Pensions advice

## PART 2: Accountability Report *(continued)*

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- Certification to National Audit Office (NAO) of balances for Whole of Governments Accounts

The Committee is content that the objectivity and independence of the auditor was not compromised by any of these additional assignments.

The duty to appoint the External Auditors lies with the Council of Governors. A panel of Governors, supported by trust officers and the Chair of the Audit Committee is established to oversee the procurement of external audit services regarding the appointment and retention of the external auditor. Following a tendering exercise, the Council of Governors approved the reappointment of the Trust's external auditor, KPMG LLP, for a period of three years, effective from 1<sup>st</sup> April 2017 with an option of an extension for a further two years.

The Governors and External Audit Panel met on two occasions during 2017/2018 and received information and reports on the role, remit and responsibility of the Audit Committee, conduct of Internal and External Audit and local Counter Fraud Service.

### Statement of compliance with cost allocation and charging requirements

We have complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information Guidance.

### Income disclosures

In 2017/18, we 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 reinvested back into frontline healthcare for the benefit of patients.

## PART 2: Accountability Report (*continued*)

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### Modern Slavery and Human Trafficking Act 2015 - Annual Statement 2017/18

This statement is made pursuant to s54 of the Modern Slavery Act 2015 and sets out the steps that Northumbria Healthcare NHS Foundation Trust has taken, and is continuing to take, to make sure that modern slavery or human trafficking is not taking place within our business or supply chain during the year ending 31 March 2019.

Modern slavery encompasses slavery, servitude, human trafficking and forced labour. Northumbria Healthcare has a zero tolerance approach to any form of modern slavery. We are committed to acting ethically and with integrity and transparency in all business dealings and to putting effective systems and controls in place to safeguard against any form of modern slavery taking place within the business or our supply chain.

Northumbria Healthcare NHS Foundation Trust provides hospital and community health services in North Tyneside and hospital, community health and adult social care services in Northumberland to approximately half a million people. We provide care from three general hospitals – Hexham, Wansbeck and North Tyneside, community hospitals in Alnwick, Berwick, Rothbury and Blyth, an integrated health and social care facility at Haltwhistle, an elderly care unit in Morpeth and outpatients and diagnostic centres at Sir GB Hunter in Wallsend and Morpeth NHS Centre.

In June 2015 we opened The Northumbria Specialist Emergency Care Hospital (The Northumbria) in Cramlington. This is the first purpose-built hospital of its kind in the country, with emergency care consultants working 24 hours a day, seven days a week and specialists in a broad range of conditions on site seven days a week.

Our operating income is over £531 million and we have a workforce of around 9,500 staff working across our hospitals and in the community.

Northumbria Healthcare NHS Foundation Trust is aware of our 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.

The trust considers the likely impact of and any associated criteria with regard to social issues within its supply chain prior to the commencement of a procurement process through its Sustainable Impact Assessment Tool. The trust has also implemented the Standard Selection Questionnaire (SQ), which includes the requirement for supplier disclosure of any offence under the Mandatory Exclusion Grounds and also requires confirmation of compliance with reporting requirements under Section 54 of the Act 2015.

## PART 2: Accountability Report *(continued)*

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In addition we operate a number of internal policies to ensure that we are conducting business in an ethical and transparent manner. These include:

1. Recruitment policy. We operate a robust recruitment policy, including conducting eligibility to work in the UK checks for all directly employed staff, and agencies on approved frameworks are audited to provide assurance that pre-employment clearance has been obtained for agency staff, to safeguard against human trafficking or individuals being forced to work against their will.
2. Equal Opportunities. We have a range of controls to protect staff from poor treatment and/or exploitation, which complies 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.
3. Safeguarding policies. 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.
4. Whistle blowing policy. We operate a whistle blowing policy so that all employees know that they can raise concerns about how colleagues or people receiving our services are being treated, without fear of reprisals.
5. Standards of business conduct. This code explains the manner in which we behave as an organisation and how we expect our employees and suppliers to act.

Advice and training about modern slavery and human trafficking is available to staff through our mandatory safeguarding children and adults training programmes, our safeguarding policies and procedures, and our safeguarding leads. All staff have been made aware via the staff update bulletin of the NHS England YouTube video available at: <https://www.youtube.com/watch?v=cRskjqpgSNs>

Members of the Procurement senior team are Chartered Institute of Purchasing and Supply (CIPS) qualified and abide by the CIPs code of professional conduct and have undertaken specific training related to modern slavery and human trafficking. The Shared Procurement Service aims to develop its own ethical procurement and supply policy and supplier charter within the next 12 months.

We are looking at ways to continuously increase awareness within our organisation, and to ensure a high level of understanding of the risks involved with modern slavery and human trafficking in our supply chains and in our business.

We will know the effectiveness of the steps that we are taking to ensure that slavery and/or human trafficking is not taking place within our business or supply chain if: no reports are

## PART 2: Accountability Report *(continued)*

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received from our staff, the public, or law enforcement agencies to indicate that modern slavery practices have been identified.

The Board of Directors has considered and approved this statement and will continue to support the requirements of the legislation.

### Enhanced quality governance reporting

Our approach to quality governance is summarised in detail in both the performance analysis from page 11 and in the Annual Governance Statement from page 77. Our approach to quality governance is based upon the core principles of Monitor's Quality Governance Framework against which we have undergone independent reviews of governance within the last three years. No material inconsistencies have been identified between the Annual Governance Statement, quarterly and annual regulatory submissions from the Board of Directors, or report arising from CQC visits.

### Patient care activities

A detailed overview of the patient care activities we have provided is outlined in the performance analysis section from page 11 and also in the Quality Account in Appendix A.

### Directors' declaration on audit information

So far as the Directors are aware, there is no relevant audit information of which the trust's auditors are unaware and the Directors have taken all steps that they ought to as Directors in order to make themselves aware of any relevant information and to ensure the auditors were aware of that information.

### The Council of Governors

#### Composition

The Council of Governors has 37 positions elected by members of the public constituency (including one position representing the rest of England), 23 positions elected by the staff constituency, 11 members appointed by local partner organisations and one elected patient constituency.

Governors are elected to office for terms of up to three years and may seek re-election for further terms. During the year, the election to the public constituencies of Berwick upon Tweed and North Shields and the staff constituencies of Alnwick Infirmary and North Tyneside community were contested. Elections to the public constituencies of Blyth Valley, Hexham, Wallsend and Wansbeck and the staff constituencies of North Tyneside General Hospital, Northumberland community and Northumbria Specialist Emergency Care Hospital were uncontested. We did not receive any nominations for the public constituencies of North West Tyneside and rest of England or any nominations for the staff constituencies of Whalton Unit and NHS Centre (both in Morpeth) and Blyth Community Hospital, Hexham General Hospital and Wansbeck General Hospital.

Details of the number of vacancies for which elections were held during 2017/18 are shown in the table below and totalled 35; of these, 22 positions were filled. In year three governors stood down from their positions, one of these in Berwick upon Tweed was able to be filled as a casual vacancy while the other positions (Northumberland community staff constituency and North Shields public constituency) remained vacant.

Constituency	No. to elect	Positions filled
<b>Public governor vacancies</b>		
Berwick upon Tweed	4	4
Blyth Valley	4	3
Hexham	3	3
North Shields	2	2
North West Tyneside	1	0
Wansbeck	3	1
Wallsend	2	1
Rest of England	1	0
<b>Total public governor vacancies</b>	<b>20</b>	<b>14</b>
<b>Staff governor vacancies</b>		
Whalton unit and NHS Centre (Morpeth) and Blyth Community Hospital	1	0



## PART 2: Accountability Report *(continued)*

Hexham General Hospital	1	0
Wansbeck General Hospital	4	0
Northumbria Specialist Emergency Care Hospital	1	1
North Tyneside community	1	1
Alnwick Infirmary (including Rothbury Community Hospital)	1	1
North Tyneside General Hospital (including Cobalt)	5	4
Northumberland community	1	1
<b>Total staff governor vacancies</b>	<b>15</b>	<b>8</b>

### Composition and attendance of the Council of Governors 1 April 2017 – 31 March 2018

Public governors	Detail of appointment	General meetings attended (6)
<b>Berwick constituency</b>		
Peter Herdman*	Elected 1/8/15 – 28/04/17	0 (out of 0)
Linda Pepper - <b>lead governor (to 30/09/2017)</b>	Elected 1/8/17 – 31/7/20	5 (out of 6)
Andrew Gray	Elected 1/8/17 – 31/7/20	6 (out of 6)
Barry Allison	Elected 1/8/15 – 31/7/18	3 (out of 6)
Norman Dunn	Elected 1/8/17 – 31/7/18 (casual vacancy)	2 (out of 3)
Peter Dawson	Elected 1/8/17 – 31/7/20	0 (out of 6)
Pauline Wilson	Elected 1/8/17 – 31/7/20	2 (out of 3)
<b>Blyth Valley constituency</b>		
Ken Patterson	Elected 1/8/17 – 31/7/20	5 (out of 6)
Bill Dowse	Elected 1/8/16 – 31/7/19	6 (out of 6)
Sean Fahey	Elected 1/8/17 – 31/7/20	3 (out of 6)
Mavis Wilkinson-Hamilton	Elected 1/8/17 – 31/7/20	3 (out of 6)
John Ostle	Elected 1/8/16 - 31/7/19	5 (out of 6)
<b>Wansbeck constituency</b>		
David Wilkinson	Elected 1/8/15 – 31/7/18	4 (out of 6)
Brian Kipling	Elected 1/8/15 – 31/7/18	5 (out of 6)
Julia Mann	Elected 1/8/17 – 31/7/20	5 (out of 6)
John Young	Elected 1/12/16 - 31/7/19	3 (out of 6)
<b>Hexham constituency</b>		
Graham Ridley	Elected 1/8/14 – 31/7/17	1 (out of 3)
Sheila Robson	Elected 1/8/14 – 31/7/17	1 (out of 3)
Stephen Prandle	Elected 1/8/15 – 31/7/18	4 (out of 6)
Tony Newton	Elected 1/8/15 – 31/7/18	4 (out of 6)
Ian Fell	Elected 1/8/15 – 31/7/18	4 (out of 6)
Isobel Johnson	Elected 1/8/17 – 31/7/20	5 (out of 6)
Chris Tolan-Smith	Elected 1/8/17 – 31/7/20	3 (out of 3)
Janet Shucksmith	Elected 1/8/17 – 31/7/20	2 (out of 3)

## PART 2: Accountability Report *(continued)*

Composition and attendance of the Council of Governors 1 April 2017 – 31 March 2018		
Public governors	Detail of appointment	General meetings attended (6)
<b>North Shields constituency</b>		
John Clark*	Elected 1/8/17 – 19/9/18	0 (out of 0)
Peter Blair	Elected 1/8/15 – 31/7/18	6 (out of 6)
Gill Close	Elected 1/8/17 – 31/7/20	5 (out of 6)
<b>North West Tyneside constituency</b>		
Peter Latham	Elected 1/8/15 – 31/7/18	3 (out of 6)
Mary Laver	Elected 1/8/15 – 31/7/18	2 (out of 6)
<b>Wallsend constituency</b>		
Ian McKee	Elected 1/8/17 – 31/7/20	6 (out of 6)
Tony Turnbull	Elected 1/8/15 – 31/7/18	4 (out of 6)
<b>Whitley Bay constituency</b>		
Heather Carr	Elected 1/8/15 – 31/7/18	5 (out of 6)
Eunice Weatherhead	Elected 1/8/15 – 31/7/18	4 (out of 6)
Geoff Mann	Elected 1/8/15 – 31/7/18	6 (out of 6)

Composition and attendance of the Council of Governors 1 April 2017 – 31 March 2018		
Staff governors	Detail of appointment	General meetings attended (6)
<b>Berwick Infirmary</b>		
Nicola Karolewski	Elected 1/8/16 – 31/7/19	0 (out of 6)
<b>Alnwick Infirmary</b>		
Chris Bell	Elected 1/8/17 – 31/7/20	1 (out of 3)
<b>Hexham General Hospital</b>		
Lucy Thompson	Elected 1/8/16 – 31/7/19	0 (out of 6)
<b>Northumberland community</b>		
Doreen Davidson	Elected 1/8/15 – 31/7/18	5 (out of 6)
Jason Wilkes	Elected 1/8/14 – 31/7/17	0 (out of 3)
Tom Millen*	Elected 1/8/15 – 28/2/18	3 (out of 5)
Lisa McCluskey	Elected 1/8/17 – 31/7/20	1 (out of 3)
<b>Northumbria Specialist Emergency Care Hospital</b>		
Peter Smith	Elected 1/8/15 – 31/7/18	3 (out of 6)
Jenny Graham	Elected 1/8/16 – 31/7/19	0 (out of 6)
Lorraine Munro	Elected 1/8/17 – 31/7/20	0 (out of 3)
<b>North Tyneside General Hospital/Cobalt</b>		
Angela Moore	Elected 1/8/17 – 31/7/20	2 (out of 6)

## PART 2: Accountability Report *(continued)*

Alison Bywater – <b>lead governor (from 01/10/2017)</b>	Elected 1/8/17 – 31/7/20	4 (out of 6)
Kim Broadfield	Elected 1/8/14 – 31/7/17	0 (out of 3)
Jo Mackintosh	Elected 1/8/14 – 31/7/17	0 (out of 3)
Michael Porter	Elected 1/8/16 – 31/7/19	4 (out of 6)
Laura Hutchinson	Elected 1/8/17 – 31/7/20	2 (out of 3)
Angela Bandeira	Elected 1/8/17 – 31/7/20	2 (out of 3)
<b>North Tyneside community</b>		
Cassandra Ackermann	Elected 1/8/16 – 31/7/19	1 (out of 6)
Kevin Smith	Elected 1/8/14 – 31/7/17	1 (out of 3)
Carrie Hughes	Elected 1/8/17 – 31/7/20	1 (out of 3)

\*stood down

Appointed governors	Organisation	General meetings attended (6)
Dianne Ford	Northumbria University	1
Julia Newton	Newcastle University	0
Joanne Parkin	North East Ambulance Service NHS Foundation Trust	4
Muriel Green	North Tyneside Council	6
Margaret Hall	North Tyneside Council	5
Kathy Graham	Northumberland County Council (until 4 May 2017)	1
Scott Dickinson	Northumberland County Council (until 4 May 2017)	0
Richard Dodd	Northumberland County Council (from 11 July 2017)	0
Veronica Jones	Northumberland County Council (from 11 July 2017)	0

Board of directors	Job title	General meetings attended (6)
David Evans	Chief Executive (until 31 October 2017)	3
Jim Mackey	Chief Executive (from 1 November 2017)	2
Alan Richardson	Chair	6
Paul Dunn	Executive Director of Finance	1
Ann Wright	Executive Director of Operations (until 30 September)	1
Birju Bartoli	Executive Director of Performance and Governance / Executive Director of Systems, Strategy and Transformation from 25 September 2017	6
Ann Stringer	Executive Director of Human Resources and Organisational Development	3
Daljit Lally	Executive Director of Community Services / Executive Director of Delivery from 25 September 2017	2
Debbie Reape	Interim Executive Director of Nursing (until 30 October 2017)	1
Ellie Monkhouse	Executive Director of Nursing (from 13 November 2017)	1

## PART 2: Accountability Report (*continued*)

Board of directors	Job title	General meetings attended (6)
Jeremy Rushmer	Executive Medical Director	5
Claire Riley	Director of Communications and Corporate Affairs	5
Martin Knowles	Non-Executive Director	5
Peter Sanderson	Non-Executive Director	4
Alison Marshall	Non-Executive Director	4
Allan Hepple	Non-Executive Director	4
David Chesser	Non-Executive Director (until February 2018)	1
Moirra Davison	Non-Executive Director (from May 2017)	3
Malcolm Page	Non-Executive Director (from April 2017)	4

All members of the Council of Governors have to declare any potential conflicts of interest annually; a copy of this register is available from the foundation team [foundation@northumbria.nhs.uk](mailto:foundation@northumbria.nhs.uk)

### Role and duties

The Council of Governors is responsible for fulfilling its statutory duties, including:

- Appointing, removing and deciding the terms of office and remuneration of the Chair and other Non-Executive Directors
- Appointing or, if appropriate, removing our external auditors
- Approving the appointment of the Chief Executive
- Receiving our annual report and accounts (including the auditor's report)
- Contributing to our strategic plans
- Holding the Non-Executive Directors, individually and collectively, to account for the performance of the Board of Directors
- Represent the interests of the trust as a whole and the interests of the public

Members of the Council of Governors who served during the year along with details of their appointments and attendance at meetings are shown in the table above.

For further information on membership or becoming a governor, contact the foundation team, Northumbria Healthcare NHS Foundation Trust, Northumbria House, Unit 7/8 Silver Fox Way, Cobalt Business Park, Newcastle upon Tyne, NE27 0QJ, tel: 0191 203 1296 or via e-mail at [foundation@northumbria.nhs.uk](mailto:foundation@northumbria.nhs.uk)

The Council of Governors carries out its formal business in a series of general meetings including the annual members' meeting: there were six formal meetings during 2017/18. All general meetings are open to our members and the general public.

## PART 2: Accountability Report (*continued*)

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During the past year, the council has approved the appointment of new non-executive directors and the appointment of the trust auditors as well as participating in the development of our quality account, safety and quality priorities and the annual plan.

Examples of agenda items and information updates at governors' meetings over the past 12 months are:

- Overview of the performance of our model of emergency and urgent care and how this is being adapted to continue to demonstrate tangible improvements to patient care;
- Overview of the community services business unit;
- Information management and technology strategy;
- Updates from non-executive directors;
- Overview of the plans for winter; and
- Developing and agreeing the governors cycle of business.

The chief executive provides governors with regular updates on finance and performance and directors are invited to attend all meetings of the Council of Governors. The agenda ensures that governors are given full opportunity to question directors and non-executive directors on the performance of the Trust and to engage on strategic matters. Governors also have allocated representatives from amongst the Council of Governors to sit on some of the board of directors' assurance-seeking committees as one of the many mechanisms in place to enable governors to discharge their statutory duties.

Governors continue to be involved in the key redevelopments and changes. An example of this engagement is the on-going involvement of governors in the Berwick Hospital Committee, a task-and-finish group established to oversee the redevelopment of Berwick Infirmary.

Regular updates on trust-wide developments and major changes are already provided at Council of Governors' meetings and in addition discussed at monthly constituency meetings with the chair and non-executive directors. Through these mechanisms, governors are kept up-to-date with the latest developments and ensure that they have the opportunity to influence future plans and contribute a patient/public and staff perspective.

The chief executive has regular meetings with staff governors whereby they determine the agenda and items for discussion. Action points from these sessions are fed into the executive team and responses and feedback are provided by the chief executive at subsequent sessions. This has helped to develop relationships between the board and staff governors as well as governors and staff members by enabling two-way feedback from board-to-ward.

## PART 2: Accountability Report (*continued*)

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Any conflicts that may occur between the board of directors and the Council of Governors will be resolved through the Trust's dispute resolution procedure.

### Nominations, Remuneration and Development Committee

The Nomination, Remuneration and Development ('NRD') committee consists of public, staff and co-opted governors. The committee was chaired by the trust Chair, with the exception of instances in which the appointment and performance of the Chair is to be discussed. The committee invites the trust's Chief Executive, Executive Director of Human Resources and Organisational Development, and Company Secretary to attend the committee meetings to provide advice and support as required.

The committee is responsible for taking forward recommendations to the Council of Governors concerning the appointment or re-appointment of the chairman and Non-Executive Directors prior to the conclusion of their terms of office. In making a recommendation, the committee reviews each individual's annual review documentation to consider how they had performed as a Non-Executive Director and on the knowledge, skills and experience that they contribute to the Board of Directors. As part of this process, the committee monitored the collective performance of the Board of Directors and considered the balance between the need for continuity, and the need to progressively refresh the trust board as advised within the NHS Foundation Trust Code of Governance.

In compliance with the code, the non-executive directors were subject to a formal rigorous review which included the following elements:

- A review of the appraisal documentation for the previous 12 months
- Confirmation from the Chair that he considers the Non-Executive Directors to be independent or the mitigating actions to ensure the effectiveness of the Board is not compromised
- Confirmation from the Chief Executive that he considers the Non-Executive Directors to be independent and confirmation of continuing constructive challenge and scrutiny
- Review of the skills mix of the Board of Directors
- Review of 360 degree information from peers and colleagues.

During the 2017/18 period, John Marsden reached the end of his term and consequently stood down. At this time the Board undertook a review of its composition and skill mix and two new Non-Executive Directors were appointed, Moira Davison and Malcolm Page. The committee recommended these appointments to the Council of Governors which were

## PART 2: Accountability Report (*continued*)

subsequently approved. In early 2018 David Chesser tendered his resignation, as a result the Nomination, Remuneration and Development Committee are currently undertaking a further recruitment exercise.

The committee met on 4 occasions during the period of the 1 April 2017 to the 31 March 2018 to address the appointment and re-appointment of the Non-Executive Directors:

Member attendance	6/04/17	15/01/18	21/02/18	5/03/18	Total
Alan Richardson, Chair	✓	✓	✓	✓	4/4
Martin Knowles, SID*		✓			1/1
Julia Mann, public governor	✓	✓	✓	✓	4/4
Linda Pepper, public governor	✓	-			1/2
Heather Carr, public governor	✓	✓	✓	✓	4/4
Gill Close, public governor	✓	✓	✓	-	3/4
Bill Dowse, public governor	✓	✓	✓	✓	4/4
Jo Mackintosh, staff governor	-				0/1
Ken Patterson, public governor	-	✓	✓	✓	3/4
Alison Bywater, staff governor	✓	✓	-	✓	3/4
Muriel Green, co-opted governor	-	-	✓	✓	2/4
Peter Latham, public governor	✓				1/1
Mary Laver, public governor			✓	-	1/2
Isobel Johnson, public governor			✓	✓	2/2
Norman Dunn, public governor			✓	-	1/2
Michael Porter, staff governor			✓	-	1/2

\*Martin Knowles, Senior Independent Director, chaired a Nominations, Remuneration and Development Committee meeting this year when the Committee discussed Alan Richardson's appraisal.

### Membership activity

We draw our members from three membership constituencies – the public constituency including the Rest of England constituency, the staff constituency and the patient constituency. Membership of the public constituency is open to anyone over the age of 12 living in England.

We have eight geographically based constituencies within Northumberland and North Tyneside and a Rest of England constituency for anybody living outside these areas. The patient constituency is open to people who have been treated in one of our hospitals in the past year but are not residents in the immediate catchment area.

As of 31 March 2018, there were 51,892 members in the public constituency as shown in the table below.

## PART 2: Accountability Report *(continued)*

Northumbria Healthcare NHS Foundation Trust		
Members of constituency class	Membership 2016/17	Membership 2017/18
Berwick upon Tweed	7,197	7,050
Blyth Valley	9,044	8,874
Hexham	7,426	7,287
Wansbeck	10,087	9,868
<b>Total</b>	<b>33,754</b>	<b>33,079</b>
North West Tyneside	1,815	1,775
Wallsend	3,701	3,636
North Shields	7,430	7,272
Whitley Bay	6,205	6,091
<b>Total</b>	<b>19,151</b>	<b>18,774</b>
Sub total	52,905	51,853
Patient	0	0
Rest of England	35	39
<b>Grand total</b>	<b>52,940</b>	<b>51,892</b>

Throughout the year, the membership data is regularly cleansed to remove people who are now deceased or have moved out of the area. Members can also choose to opt out of being a member resulting in a further reduction in membership numbers.

### Staff membership

Staff who are employed directly by us on permanent contracts automatically become members of the staff constituency unless they inform us that they do not wish to do so. At 31 March 2018, there were 10,263 members in the staff constituency as detailed in the table below.

Staff constituency	Membership 2017/18
North Tyneside General Hospital, Cobalt	4,393
Wansbeck General Hospital	1,518
Hexham General Hospital, Haltwhistle War Memorial Hospital	562
Northumbria Specialist Emergency Care Hospital	1,269
Whalton Unit and NHS Centre (both in Morpeth), Blyth Community Hospital	224
Alnwick Infirmary, Rothbury Community Hospital	167
Berwick Infirmary	117
Northumberland community staff	892
North Tyneside community staff	521
Other	600
<b>Total</b>	<b>10,263</b>



## PART 2: Accountability Report (*continued*)

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### Membership analysis

The diversity of our public membership is broadly in line with that of the general population in the constituency area with eight per cent of the total population being members of the trust. We keep the position under review via the governors' membership committee to further improve alignment. The following table shows the public membership broken down into age, ethnicity and gender:

Public and patient membership 2017/18	
Age	No.
0 – 16	1
17 – 21	28
22 – 29	1,338
30 – 39	3,328
40 – 49	6,596
50 – 59	10,760
60 – 74	17,281
Over 75	12,500
Unknown/unspecified	60
<b>Total</b>	<b>51,892</b>

Ethnicity	
White	47,776
Mixed	68
Asian or Asian British	374
Black or Black British	55
Other	66
Not Stated	3,553
<b>Total</b>	<b>51,892</b>

Gender	
Male	20,463
Female	31,398
Unspecified	31
<b>Total</b>	<b>51,892</b>

### Membership strategy

We review our membership strategy each year to ensure that it is fit for purpose and delivers a highly-effective membership across our operating area.

The Council of Governors has delegated responsibility for leading the development and implementation of our membership strategy which also includes the development of a

## PART 2: Accountability Report *(continued)*

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communications and engagement strategy to ensure two-way communications and involvement between the trust, governors and members. The membership strategy has three broad overarching objectives, to have:

- a membership that is representative and reflective of the communities we serve
- an informed membership by providing appropriate, accurate and timely information to our members and to assist them in making informed contributions
- an involved membership where as many members as possible are actively engaged in the development of the trust and its activities.

We use a variety of methods to communicate and engage with both governors and members including regular meetings, quarterly drop in engagement sessions at our hospitals, the website, dedicated governors' site, governors' bulletin, members' newsletter and e bulletins, a central telephone number, dedicated email addresses and engagement road-shows across North Tyneside and Northumberland. Future planned activity, subject to compliance with General Data Protection Regulations, includes:

- A newsletter to members about latest trust developments and initiatives
- Regular members' e-bulletin with relevant information using data on members' interests we are collecting on an on-going basis
- Promoting the use of the dedicated email address – [governors@northumbria.nhs.uk](mailto:governors@northumbria.nhs.uk) for members to contact their local governors
- Use of internal communication mechanisms to promote the role of our staff governors
- Quarterly drop in engagement sessions to enable governors to meet members and people from their local community
- Engagement road-shows visiting local communities across North Tyneside and Northumberland
- Governor comments and compliments forms.



Jim Mackey

Chief Executive Officer

24<sup>th</sup> May 2018

## PART 2: Accountability Report (*continued*)

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### Remuneration report

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#### Annual Statement on Remuneration

I am pleased to present on behalf of the Board of Directors' Remuneration Committee the trust's Remuneration Report for the financial year ending on 31st March 2018.

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 senior managers.

In accordance with NHS Improvement's Annual Reporting Manual, the following remuneration report includes:

- Our Senior Managers' Remuneration Policy; and
- Our Annual Report on remuneration.

#### Senior managers' remuneration: Major decisions and substantial changes

During the 2016-17 year, it was agreed to remove the Interim Deputy Chief Executive posts from the structure, and a board restructure took place. This resulted in a strengthening of the integration between Northumberland County Council and the Trust as the Executive Director of Delivery is a shared post between both organisations. The re-structure resulted in one contractual redundancy.

Due to retirement the Trust initially had an "acting up" arrangement for the Executive Director of Nursing, but appointed substantively to the post in November 2017.

The Remuneration Committee approve any applications to NHS Improvement and the Treasury for settlement agreements to resolve employment disputes.

Our Remuneration Committee is committed to ensuring that the remuneration applied to senior managers is appropriately set, takes into account market conditions, and is aligned to an individual's performance against their objectives which, in turn, are aligned to our strategic objectives.

 24/3/2018  
**Peter Sanderson, Chair of Remuneration Committee, Northumbria Healthcare NHS Foundation Trust**

## PART 2: Accountability Report (*continued*)

### Senior managers' remuneration policy

We are committed to ensuring that pay should be considered in line with the trust's performance, delivery of our Annual Plan and Five-Year Strategy, value-for-money, national context.

#### Future policy table:

Component of pay	Link to short and long-term strategic goals	How the Trust operates this in practice	Maximum limit	Performance measures
Base salary	To promote the long-term success of the trust by attracting and retaining high calibre senior managers in a competitive marketplace.	<p>The Committee reviews the following in setting remuneration for senior managers:</p> <ul style="list-style-type: none"><li>• Role, responsibilities and accountabilities</li><li>• Skills, experience and performance</li><li>• trust performance</li><li>• Pay awards across the trust</li><li>• Local and national market conditions</li><li>• Advice from NHSI/Ministerial opinion</li><li>• Benchmarking</li></ul> <p>The committee reserves the right to approve specific increases in exceptional cases, such as major changes to a senior manager's role.</p>	There is no prescribed maximum limit.	Not applicable.
Taxable benefits		<p>Senior managers' benefits include:</p> <ul style="list-style-type: none"><li>• A car allowance or lease car;</li><li>• Pension-related benefits.</li></ul> <p>Non-Executive Directors do not receive benefits.</p>		
Pension			The trust operates the standard NHS Pension Scheme and NEST scheme for those ineligible to join NHSP.	As per standard NHS Pension Scheme.
Bonus	The trust does not currently have any bonus arrangements in place for senior managers.			

## **PART 2: Accountability Report (*continued*)**

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### **Remuneration equivalent to the Prime Minister's ministerial and parliamentary salary**

Some of our senior managers are paid more than £150,500 which is the amount equivalent to the Prime Minister's ministerial and parliamentary salary. In these instances, the Remuneration Committee has taken steps to assure itself that the pay received by these individuals is commensurate with market conditions, the responsibilities and duties of the role, and is regularly reviewed to ensure that the trust is receiving value-for-money. One of the ways in which the Committee does this is by reviewing independent remuneration benchmarking reports to assess marketable pay. We have also referred our proposal to NHSI and the HM Treasury for approval for new appointments where the £150,500 point is exceeded.

### **Service contract obligations**

All senior managers are subject to permanent (substantive) contracts which are subject to regular and rigorous review. The notice periods applied to individual contracts range from three to 12 months, depending on the individual contract.

### **Policy for payment on loss of office**

The contracts of employment make no special provisions regarding early termination or termination payments. Executive Directors and senior managers are subject to the trust's normal disciplinary processes and sanctions. Terminations resulting from redundancy and retirement are in accordance with the provisions of national terms and conditions and the NHS Pension Scheme. There have been no payments to senior managers for loss of office during the year.

### **Annual Report on remuneration**

The Remuneration Committee deals with the remuneration of the Chief Executive, the Executive Directors, and other senior managers. The definition of 'senior manager' is a person having authority or responsibility for directing or controlling the major activities of the trust. We have identified those individuals as members of the Board including the Chief Executive, Chair, Executive Directors, Non-Executive Directors, and Directors, however the Council of Governors' Nomination, Remuneration and Development Committee oversees the remuneration and appointment of Non-Executive Directors and the Chair.

## PART 2: Accountability Report *(continued)*

The Remuneration Committee is chaired by Peter Sanderson, Non-Executive Director.

Attendance:	April 17	May 17	June 17	July 17	Aug 17	Sept 17	Oct 17	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Mar 18
Peter Sanderson	✓	✓	✓	✓	✓	No meetings	No meetings	No meetings	✓	No meetings		✓	✓
Alan Richardson	✓	✓	✓	✓	✓						✓	✓	✓
Alison Marshall		✓	✓		✓				✓		✓	✓	✓
Allan Hepple	✓			✓	✓				✓		✓		✓
David Chesser	✓	✓	✓	✓					✓				
Moira Davison		✓		✓	✓				✓		✓	✓	✓
Martin Knowles	✓	✓	✓	✓							✓		
John Marsden		✓											

Ann Stringer, Executive Director of Human Resources and Organisational Development, and the Chief Executive provides advice to the Committee in their consideration of the terms and conditions of senior managers. The Remuneration Committee met its responsibilities and duties during the year, as set out in its terms of reference, by;

- Determining appropriate remuneration and terms of service for senior managers, including the Chief Executive and Executive Directors;
- Ensuring that senior executives/managers are fairly rewarded for their individual contribution to the trust having proper regard to the trust's circumstances and performance;
- Ensuring a robust system is in place to monitor and evaluate the performance of senior managers
- Acting as a sounding board for changes to organisational structures proposed by the Chief Executive Officer as required.

There were no payments made in the financial year to senior managers for loss of office or any payments of money or other assets to former senior managers. Expenses of the Governors and the Directors were mainly related to reimbursement for travel costs reflecting the large geographical spread of the organisation In 2017/18 expenses were paid to Governors of £7,629 (£8,919 in 2016/17) and Directors of £21,235 (£31,161 in 2016/17). The total number of Governors is 72 and the number who received reimbursements for expenses paid was 22.

No payments to past senior managers have been made during the year.

## PART 2: Accountability Report *(continued)*

Executive Directors		2017-18				2016-17			
Name	Title	Salary and Fees (bands of £5,000)	Benefits in Kind to nearest £100	All Pension Related Benefits (bands of £2,500)	Total (bands of £5,000)	Salary and Fees (bands of £5,000)	Benefits in Kind to nearest £100	All Pension Related Benefits (bands of £2,500)	Total (bands of £5,000)
Jim Mackey	Chief Executive (returned from secondment 01/11/17)	90-95	15,200	10-12.5	120-125	-	-	-	-
Birju Bartoli	Executive Director of Systems, Strategy and Transformation	170-175	9,600	37.5-40	215-220	155-160	8,900	67.5-70	235-240
Paul Dunn	Executive Director of Finance	170-175	3,400	132.5-135	305-310	155-160	6,300	72.5-75	235-240
Ann Stringer	Executive Director of HR & OD	150-155	6,500	12.5-15	170-175	145-150	5,800	85-87.5	240-245
Ann Wright <sup>2</sup>	Executive Director of Operations (to 22/09/17)	165-170	3,300	22.5-25	190-195	155-160	6,100	160-162.5	325-330
David Evans	Chief Executive (until 15/11/17)	140-145	-	-	140-145	210-215	-	-	210-215
Jeremy Rushmer <sup>3</sup>	Executive Medical Director	225-230	8,300	2.5-5	235-240	235-240	6,100	87.5-90	330-335
Debbie Reape	Executive Director of Nursing (to 31/10/17)	75-80	-	0-2.5	75-80	135-140	-	420-422.5	555-560
Ellie Monkhouse	Executive Director of Nursing (from 13/11/17)	50-55	-	132.5-135	185-190	-	-	-	-
Daljit Lally <sup>4</sup>	Executive Director of Delivery	90-95	11,600	5-7.5	110-115	75-80	4,300	5-7.5	85-90

Note:

From 1/4/17 Jim Mackey was Chief Executive at NHS Improvement on a secondment agreed between Northumbria Healthcare and NHS Improvement. He remained an employee of Northumbria Healthcare in this time and continued to be remunerated by Northumbria Healthcare. The total annualised remuneration paid to him for the period 1/4/17 to 31/3/18, in bands of £5,000, was £260,000 - £265,000 (2016/17 £260,000 - £265,000~). This includes benefits in kind and pension related benefits. The above table therefore only includes remuneration in the period 1/11/17 to 31/3/17 when the secondment to NHS Improvement ended and he returned to Northumbria Healthcare as Chief Executive.

<sup>2</sup> Ann Wright received pay in lieu of notice.

<sup>3</sup> £190,000 - £195,000 relates to payment for clinical duties (2016/17 £200,000 - £205,000)

<sup>4</sup> Daljit Lally's post is a jointly funded position with Northumberland County Council, the remuneration and benefits in kind represent 50% of the total remuneration received. The remaining 50% is included in the accounts of Northumberland County Council. Pension benefits reported here relate only to NHS Pension Scheme benefits

Other Directors		2017-18				2016/17			
Name	Title	Salary and Fees (bands of £5,000)	Benefits in Kind to nearest £100	All Pension Related Benefits (bands of £2,500)	Total (bands of £5,000)	Salary and Fees (bands of £5,000)	Benefits in Kind to nearest £100	All Pension Related Benefits (bands of £2,500)	Total (bands of £5,000)
Steven Bannister	Director of Facilities	130-135	10,600	15-17.5	155-160	130-135	11,900	42.5-45	185-190
Claire Riley	Director of Communications	125-130	11,300	42.5-45	180-185	115-120	4,900	25-27.5	145-150
Annie Laverty	Director of Patient Experience	110-115	4,400	25-27.5	140-145	100-105	3,900	25-27.5	130-135
Mark Thomas	Director of Health Informatics	110-115	3,700	120-122.5	230-235	110-115	700	15-17.5	130-135

## PART 2: Accountability Report *(continued)*

Non-Executive Directors		2017-18				2016-17			
Name	Title	Salary and Fees (bands of £5,000)	Benefits in Kind to nearest £100	All Pension Related Benefits (bands of £2,500)	Total (bands of £5,000)	Salary and Fees (bands of £5,000)	Benefits in Kind to nearest £100	All Pension Related Benefits (bands of £2,500)	Total (bands of £5,000)
Alan Richardson	Chairman	50-55	100	-	50-55	50-55	-	-	50-55
John Marsden	Non-Executive Director (to 27/04/17)	0-5	-	-	0-5	15-20	-	-	15-20
Peter Sanderson	Non-Executive Director	10-15	-	-	10-15	15-20	-	-	15-20
Martin Knowles	Non-Executive Director	15-20	-	-	15-20	15-20	-	-	15-20
Alan Hepple	Non-Executive Director	15-20	-	-	15-20	5-10	-	-	5-10
Alison Marshall	Non-Executive Director	15-20	-	-	15-20	5-10	-	-	5-10
David Chesser	Non-Executive Director (to 31/01/18)	10-15	-	-	10-15	0-5	-	-	0-5
Malcolm Page	Non-Executive Director	10-15	-	-	10-15	-	-	-	-
Moira Davison	Non-Executive Director (from 01/05/17)	10-15	-	-	10-15	-	-	-	-

Name	Real increase / (decrease) in pension at age 60 since 1 April 2017 (bands of £2,500)	Real increase / (decrease) in pension related lump sum at age 60 since 1 April 2017 (bands of £2,500)	Total accrued pension at age 60 at 31 March 2018 (bands of £5,000)	Lump sum at age 60 at 31 March 2018 (bands of £5,000)	Cash equivalent transfer value at 31 March 2018 £000	Real Increase/ (decrease) in cash equivalent transfer value £000	Cash equivalent transfer value at 31 March 2018 £000
Paul Dunn	5-7.5	12.5-15	65-70	175-180	1,211	185	1,026
Ann Wright	0-2.5	5-7.5	70-75	220-225	1622	125	1,497
Ann Stringer	0-2.5	5-7.5	45-50	140-145	1,117	95	1,022
Birju Bartoli	2.5-5	0-2.5	30-35	75-80	494	45	449
Daljit Lally	0-2.5	0-2.5	0-5	0-5	19	6	13
Steven Bannister	0-2.5	5-7.5	50-55	150-155	1,083	95	989
Claire Riley	2.5-5	0-2.5	15-20	30-35	256	48	207
Annie Laverty	0-2.5	-	5-10	-	104	26	78
Mark Thomas	5-7.5	-	75-80	-	1,101	152	949
Jeremy Rushmer	0-2.5	5-7.5	60-65	180-185	1222	68	1,154
Debbie Reape	0-2.5	15-17.5	55-60	185-190	-	-1,167	1,167
Ellie Monkhouse	5-7.5	7.5-10	25-30	60-65	390	89	301



## PART 2: Accountability Report (*continued*)

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As non-executive directors do not receive pensionable remuneration, there are no entries in respect of pensions for non-executive directors.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits 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 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 include the values of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS Pension Scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines prescribed by the Institute and Faculty Actuaries.

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

There is no CETV for members of the scheme who have attained the age of 60 years.

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce. The banded remuneration of the highest paid director in Northumbria Healthcare NHS Foundation Trust in the financial year 2017/18 was £225,000-230,000 (2016/17 was £235,000-240,000). This was 10.34 times (2016/17, 10.58) the median remuneration of the workforce, which was £23,597 (2016/17, £22,463). The highest paid director's salary in 2017/18 included payment for clinical work.

In compliance with the NHS Improvement ARM, the trust can confirm that during 2017/18 there were no senior off-payroll engagements for more than £220 per day.

## PART 2: Accountability Report (*continued*)

Off-payroll engagements as of 31 March 2018, for more than £220 per day that last longer than six months	
No. of existing engagements as of 31 March 2018	0
Of which...	
No. that have existed for less than one year at time of reporting.	N/A
No. that have existed for between one and two years at time of reporting.	N/A
No. that have existed for between two and three years at time of reporting.	N/A
No. that have existed for between three and four years at time of reporting.	N/A
No. that have existed for four or more years at time of reporting.	N/A

For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2017 and 31 March 2018, for more than £220 per day and that last longer than six months	
No. of new engagements, or those that reached six months in duration, between 1 April 2017 and 31 March 2018	0
<i>No. of the above which include contractual clauses giving the trust the right to request assurance in relation to income tax and National Insurance obligations</i>	N/A
No. for whom assurance has been requested	N/A
Of which...	N/A
No. for whom assurance has been received	N/A
No. for whom assurance has not been received	N/A
No. that have been terminated as a result of assurance not being received.	N/A

Off-payroll engagements of board members, and/or senior officials with significant financial responsibility between 1 April 2017 and 31 March 2018	
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



**Jim Mackey,**  
**Chief Executive Officer**  
**24<sup>th</sup> May 2018**

## PART 2: Accountability Report (*continued*)

### Staff report

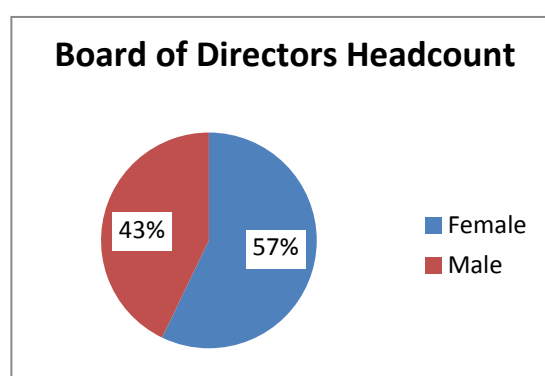
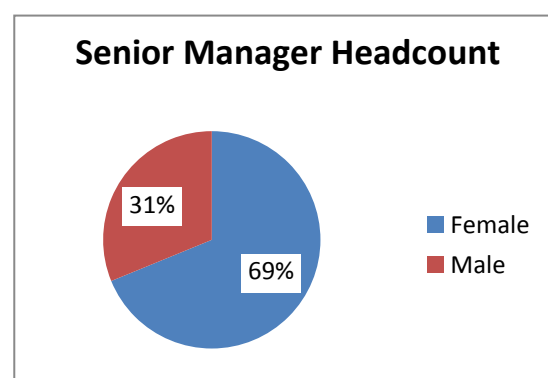
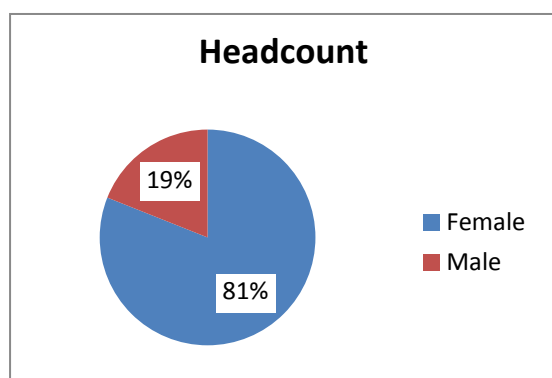
#### Staff composition

Analysis of staff numbers

Staffing numbers (whole time equivalents)	Year Ended 31 March 2018			Year Ended 31 March 2017 Total
	Total	Permanently employed	Other	
Medical and dental	650	510	140	643
Administration and Estates	1,874	1,874	0	1,695
Healthcare assistants and support staff	1,877	1,877	0	1,799
Nursing, midwifery and health visiting staff	2,231	2,231	0	2,355
Nursing, midwifery and health visiting learners	43	43	0	0
Scientific, therapeutic and technical staff	1,057	1,057	0	1,062
Healthcare science staff	308	308	0	206
Agency staff	58	0	58	82
<b>Total whole time equivalents</b>	<b>8,098</b>	<b>7,900</b>	<b>198</b>	<b>7,862</b>

#### Gender breakdown

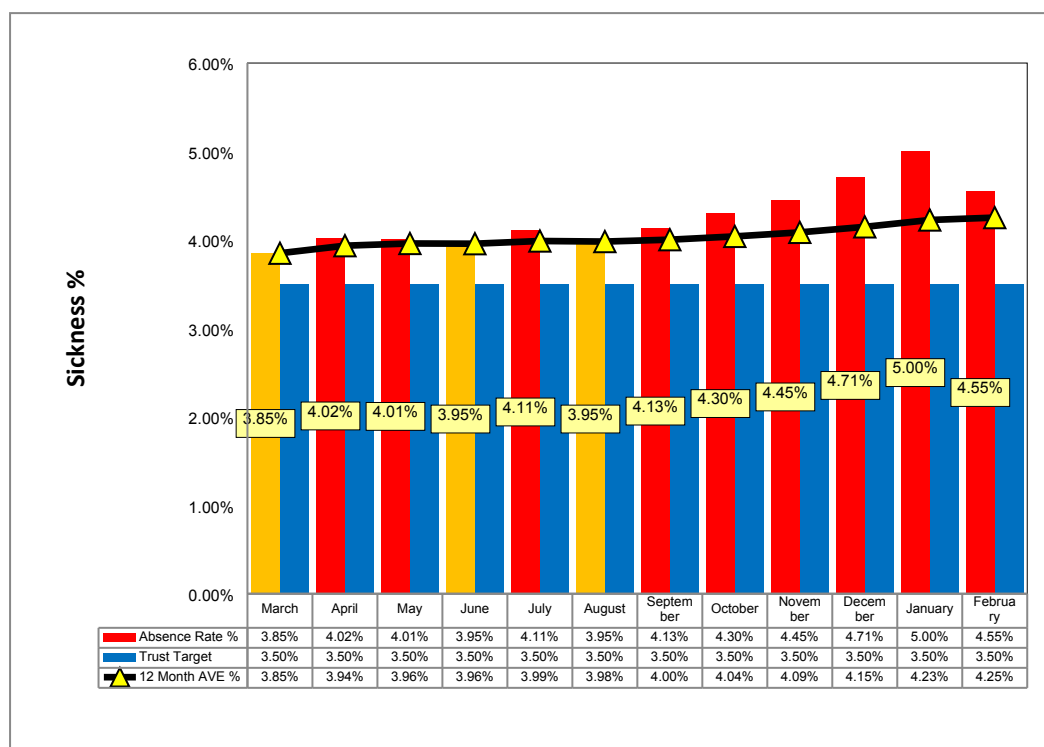
A breakdown of staff by gender is shown below:



## PART 2: Accountability Report (*continued*)

### Sickness absence rate

The trust's sickness absence data for the year ending 28<sup>th</sup> February 2018 is shown below:



The Trust, like the majority of other Trusts in the country, experienced a period of significant operational pressure over winter, as well as sustained outbreaks of norovirus and influenza; both of these factors have contributed to the Trust failing to meet its staff sickness target of 3.5%.

### Staff survey

We make significant efforts to listen to and meaningfully consult with staff from all areas.

This involves senior managers meeting with staff representatives from a broad range of Trade Unions on a bi-monthly basis at a Partnership Meeting.

Issues regularly discussed in the last 12 months include:

- The potential changes involved in moving the delivery of healthcare services closer to home

## PART 2: Accountability Report *(continued)*

- Our financial position in a local and national context
- Sickness absence
- Recruitment and retention
- Staff survey results and associated action plans
- The Revision of policies and procedures
- Freedom to speak up guardian
- The apprenticeship levy

The topic of engaging and effectively communicating with our staff is at the top of the agenda for partnership meetings and is also a regular area of reflection for the Board of Directors.

- Response Rate

The Trust achieved a 73% response rate during the 2017 NHS Staff survey. The sample size was consistent with last year, 1250 staff were invited to response. We maintained the highest response rate for any acute trust.

	2016/17	2017/18			
	Trust	Trust	Acute Trust Average	Best Score for Acute Trusts	Trust Improvement/Deterioration (%)
Response Rate	77%	73%	44%	73%	-4%

- Top 5 ranking scores

The Trusts 5 top ranking scores from the 2017/18 staff survey are shown in the table below, in each instance the Trust received the highest ranking of any acute trust:

Key Finding		2016/17	2017/18				
		Trust	Trust	Acute Trust Average	Trust Improvement/Deterioration	Best Score for Acute Trusts	Comparison with Acute Trusts
KF8	Staff satisfaction with level of responsibility and involvement	4.04	4.04	3.91	Not significant	4.04	Best 20%
KF19	Organisation and management interest in and action on health and wellbeing	3.86	3.92	3.62	Not significant	3.92	Best 20%
KFK21	% of staff believed the trust provides equal opportunities for career progression or promotion	95%	94%	85%	Not significant	94%	Best 20%

## PART 2: Accountability Report (continued)

Key Finding		2016/17	2017/18				
		Trust	Trust	Acute Trust Average	Trust Improvement/ Deterioration	Best Score for Acute Trusts	Comparison with Acute Trusts
KF31	Staff confidence & Security in reporting unsafe clinical practice	3.88	3.83	3.65	Not significant	3.83	Best 20%
KF32	Effective use of patient / service user feedback	3.97	3.96	3.71	Not significant	3.96	Best 20%

There were 0 key findings that significantly improved this year.

- Bottom 5 ranking scores

The Trusts bottom 5 rankings from the 2017/18 staff survey are shown in the table below:

Key Finding		2016/17	2017/18				
		Trust	Trust	Acute Trust Average*	Trust Improvement/ Deterioration	Best Score for Acute Trusts	Comparison with Acute Trusts
KF12	Quality of appraisal	3.18	3.11	3.11	Not significant	3.52	Average
KF15	% of staff satisfied with the opportunities for flexible working patterns	51%	51%	51%	Not significant	60%	Average
KF22	% of staff have experienced physical violence from patients relatives or the public in the last 12 months	16%	17%	15%	Not significant	9%	Worse than average
KF23	% of staff have experienced physical violence from staff in the last 12 months	2%	3%	2%	Not significant	1%	Worst 20%
KF29	% of staff are reporting errors, near misses or incidents witnessed in the last month.	87%	88%	90%	Not significant	98%	Worst 20%

\* The movement in each key finding between 2016 and 2017 is not statistically significant however each key finding is being closely monitored by the Workforce Committee.

- Largest changes since 2016/17

Key Finding		2016/17	2017/18				
		Trust	Trust	Acute Trust Average	Trust Improvement/ Deterioration	Best Score for Acute Trusts	Comparison with Acute Trusts
KF1	Staff recommendation of the organisation as	4.05	3.95	3.75	Deterioration	4.12	Best 20%

## PART 2: Accountability Report (*continued*)

Key Finding		2016/17	2017/18				Comparison with Acute Trusts
		Trust	Trust	Acute Trust Average	Trust Improvement/ Deterioration	Best Score for Acute Trusts	
	a place to work or receive treatment						
KF26	% of staff have experienced harassment, bullying or abuse from staff in the last 12 months	16%	19%	25%	Deterioration	19%	Best 20%

The Trust has developed an action plan to address the areas in the table above. Progress is being monitored by the Board of Director's Workforce Committee. Examples of actions to be taken as key priorities include the need to encourage staff to report errors and near misses, the continued roll out of management & leadership skills training programmes to enhance the quality of appraisal discussions. In addition, an engagement strategy for the Trust is currently in development to enhance the measurement of and response to staff experience issues across the Trust.

- Overall rankings compared with other acute trusts:

No. of Key Findings	2017/18	2016/17
Best 20% of Acute Trusts	23	25
Better than average	3	4
Average	3	2
Worse than average	1	0
Worst 20%	2	1
Best Acute Score Nationally	6	5

### Expenditure on Professional and Consultancy Fees

During 2017/18, the Trust spent £2.51 million on professional and consultancy fees.

### Apprenticeship programmes and Nurse training

We remain committed to creating apprenticeship opportunities for those in our communities and as part of our workforce development strategy. We embraced the Apprenticeship Levy which came into effect in April 2017 and have been actively involved regionally and nationally in contributing to the development of new Apprenticeship Standards across a range of clinical and non-clinical subject areas. Our apprentices continue to have success in securing employment within the trust particularly – but not exclusively - in Business Administration and Healthcare roles.

## PART 2: Accountability Report *(continued)*

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To respond to some of the nursing recruitment challenges facing the healthcare system, we have continued to be active in looking for opportunities to develop new workforce roles. The first cohort of nurses who have trained in 18 months (through our own Northumbria nurse degree programme in partnership with Northumbria University) qualified in September 2017 achieving 100% success, with the second cohort due to graduate from the programme in September 2018.

In April 2017 we became a Health Education England test site for the new Nursing Associate role, providing new career opportunities for our health care assistants. The Nursing associate is a new support role that will bridge the gap between existing health care assistants and fully-qualified registered nurses to deliver hands-on care for patients. Our first cohort of trainee nursing associates have now successfully completed their first year and a second cohort are about to begin the 2 year nursing associate apprenticeship.

### **Policies in relation to disabled employees and equal opportunities**

The Trust has a strong equality and diversity (E&D) programme with a dedicated lead who is supported by a number of colleagues. During 2016/17, the trust has continued to build on the work initiated during our involvement in the NHS Employers' Equality Partners Programme and has acted as a mentor to a number of trusts nationally in relation to E&D work and is supporting Northumberland County Council in their delivery of E&D Initiatives. The trust has improved its position as one of the Top 100 Employers in the Stonewall Equality Index and is the highest performing acute trust in England. The trust has built on its active and well-represented staff network groups for BAME, Disabled, Autism Spectrum and LGBT employees and has gone on to develop an E&D Allies programme with over 80 staff signed up to support E&D initiatives. These staff members actively work in key strategic areas of the trust to ensure that all staff are well informed about key E&D issues and that positive interventions to support staff within the workplace take place in an accessible way. The results from the staff survey for BME staff have shown a slight dip in their experience at work and this will be addressed through focused initiatives in year.

### **Policies in relation to health and safety**

The Trust's Health and Safety Committee continues to have strong representation from across the Trust led by the Trust Board and Executive team. It had an agreed set of objectives which were delivered during 2017/18.

The objectives were set following a robust review of the Trusts approach to health and safety which focused on compliance, capability, audit and culture within the organisation

Our Trust has recognised the need to embed the principles within all parts of the organisation and has invested in a new team to manage the topic area, further



## PART 2: Accountability Report (*continued*)

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demonstrating the commitment the Trust has to ensure its staff, patients and visitors are not put in harm's way

### Policies in relation to countering fraud and corruption

We follow best practice as recommended by the NHS Counter Fraud Authority and we participate in the National Fraud Initiative led by the Cabinet Office under the Local Audit and Accountability Act 2014. Staff are trained in fraud awareness and we actively promote the mechanism for staff to report any concerns about potential fraud or corruption. All concerns of fraud, bribery and corruption are investigated by the local Counter Fraud Specialist and the outcome of all investigations are reported to the Audit Committee.

### Emergency Preparedness, Resilience & Response

The Trust has undertaken a self-assessment against the NHS England Core Standards for Emergency Preparedness Resilience and Response (EPRR) during 2017/18. Following this self-assessment and line with the definitions of compliance the Trust declares itself as having substantial assurance. (needs to be included somewhere)

### Staff engagement

Staff engagement and inclusion remains a priority for us and this is reflected in the way in which we communicate and engage with our staff and have made use of new or different digital communication channels. We have committed to investing further in staff engagement in the creation of a joint role with Northumberland County Council in 2018 which will focus on an engagement strategy and advancing staff inclusion in keeping with our diversity ambitions and intentions. Our staff engagement score continues to be in the best 20% of acute trusts in the 2017 staff survey.

Following our selection in 2016 to work with NHS Improvement and The King's Fund as one of three pilot trusts exploring compassionate and inclusive leadership cultures, we have embarked on a number of activities to respond to the findings of this work. These have included investing substantially in the leadership development of team leaders and first line managers, in designing and deploying a Leading for Improvement (Quality Improvement) programme, in reviewing and revising our performance appraisal processes and developing our managers as coaches. All of these are designed to advance our staff engagement and maintain Northumbria's reputation as a great place to work.

### NHS Foundation Trust Code of Governance disclosures

The NHS Foundation Trust Code of Governance contains guidance on good corporate governance. NHS Improvement, as the healthcare sector regulator, is keen to ensure that NHS Foundation Trusts have the autonomy and flexibility to ensure their structures and processes work well for their individual organisations, whilst making sure they meet overall requirements. For this reason, the Code is designed around a “comply or explain” basis. NHS Improvement recognises that departure from the specific provisions of the Code may be justified in particular circumstances, and reasons for non-compliance with the Code should be explained.

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 and page references are therefore provided below.

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, a supporting explanation for each required provision is provided within the table below. The table also demonstrates how we have complied with the necessary aspects of the Foundation Trust Annual Reporting Manual (FT ARM).

For further information in relation to the way in which the Board of Directors operates, please refer to page 32.

Provision reference	Compliance
A.1.1	The section starting on page 32 outlined the role and responsibilities of the Council of Governors and the Board of Directors.
A.1.2	The Board of Directors’ role and responsibilities (page 32), identifies the Chairperson, the Deputy Chairperson, the Chief Executive and Senior Independent Director. The table further details the meetings attended by the Board of Directors and their attendance.  Nomination, Remuneration and Development Committee (page 50), details the members and attendance of these meetings.  Audit Committee (page 39) details the members and attendance of the Audit Committee
A.5.3	Council of Governors and composition (page 43), details the members of the Council of Governors, including the constituency they represent, election/appointment information, the duration of their appointments and the nominated lead Governor.

## PART 2: Accountability Report *(continued)*

Provision reference	Compliance
FT ARM	<p>The FT ARM requires an additional statement about the number of meetings of the Council of Governors and individual attendance by Governors and Directors.</p> <p>Attendance of Governors is detailed within the Council of Governors and composition (from page 43). Attendance of Directors is detailed within Directors' report (from page 32).</p>
B.1.1	The Board of Directors considers all Non-Executive Directors of the Trust to be independent. Further detail is provided within the Directors' report (from page 32).
B.1.4	The skills, expertise and experience of each Director of the Board is detailed within the Directors Report from page 32. A clear statement about the balance, completeness and appropriateness of the Board is available within Board composition.
FT ARM	The FT ARM requires the inclusion of the length of appointments of Non-Executive Directors. This is detailed in Directors' report (page 32).
B.2.10	Nomination, Remuneration and Development Committee (page 50), describes the work of the Nominations Committee, including the process it has used in relation to Board appointments.
FT ARM	The FT ARM requires the trust to disclose the work of the Nominations Committee in relation to the appointment of the Chair. Nomination, Remuneration and Development Committee (page 50), details the appointment process for Non-Executive Directors during the 2017/18 period.
B.3.1	The Chairman of the trust had no significant commitments to declare during 2017/18 as detailed in Board composition and balance (from page 32). Any change to commitments would be reported to the Council of Governors as they arise and would be subject to review within the Nomination, Remuneration and Development committee as appropriate.
B.5.6	The Membership strategy (page 53) details the approach of the Trust, as defined by the Council of Governors, to gathering the opinion of the Trust's members, and the public.
FT ARM	The FT ARM requires the trust to declare where Governors have exercised their power under paragraph 10C of schedule 7 the NHS Act 2006. During the period of 2017/18, Governors have not exercised this power.
B.6.1	The Annual Governance Statement, (page 77), details how the performance of the Board and its committees has been conducted.
B.6.2	KPMG are the external auditors of the trust and are independent. In order to ensure that the independence and objectivity of the external auditor is not compromised by providing the Trust with additional non-audit services, a policy has been agreed that requires the Audit Committee to approve the arrangements for all proposals to engage the external auditors on non-audit work. The auditors themselves also comply with the ethical standards of the Auditing Practices Board in this matter.
C.1.1	<p>The Director's explanation of responsibility in relation to the preparation of the Annual Report and Accounts is detailed in the statement of the Chief Executive's responsibilities as the Accounting Officer of Northumbria Healthcare NHS Foundation Trust (page 75)</p> <p>The Directors approach to quality governance is detailed in the Annual Governance Statement (Section 12)</p>
C.2.1	Annual Governance Statement (page 77) details the review of effectiveness of the trust's internal controls.
C.2.2	The Annual Governance Statement (page 77) details how the trust's internal audit function is structured and the role that it performs.

## PART 2: Accountability Report *(continued)*

Provision reference	Compliance
C.3.5	Following a tendering exercise, The Council of Governors approved the reappointment of the Trust's external Auditor, KPMG LLP for a period of three years, effective from 1 <sup>st</sup> April 2017 with an option of an extension for a further two years.
C.3.9	Audit Committee, describes the work of the Audit Committee in discharging its responsibilities (page 39).
D.1.3	Remuneration disclosures within the Annual Report comply with the code relating to the release of an Executive Director to serve elsewhere by including a statement relating to their retention of earnings. Further detail is provided within remuneration report (page 55).
E.1.4	Contact procedures for members who wish to communicate with Governors are available to members on the Trust's website. A dedicated email address is provided to support our members and the public to contact Trust Governors. <a href="mailto:Governors@northumbria.nhs.uk">Governors@northumbria.nhs.uk</a>
FT ARM	The FT ARM requires the Annual Report to provide further detail relating to membership including eligibility requirements, number of members and summary of the membership strategy. The information is detailed as required in membership activity and membership strategy (page 51).
FT ARM	The FT ARM (based on the FReM requirement) requires the Trust to disclose details relating to the Governors and Directors declarations of interest. The Trust Constitution and Health and Social Care Act 2012 (page 38) provides an explanation on how members of the public can gain access to the registers of interest.
E.1.5	Non-Executive Directors, Executive Directors, and Directors of the Board develop an understanding of the views of Governors and members about the NHS Foundation Trust through attendance at Governors' General meetings, Development Meetings and Committees.  Board of directors and responsibilities (page 32), provides further detail relating to the relationship between Governors and Board members. Attendance of Board members at Governors General Meetings is provided on page 47. Attendance at Council of Governors General meetings is provided on page 48.
E.1.6	The Board of Directors monitor the representation of the trust's membership in compliance with the code. This is detailed from page 51.

The Trust is compliant with all provisions.

### Trust Constitution and Health and Social Care Act 2012

Our Constitution was amended in April 2013 to incorporate changes required as a result of the Health and Social Care Act 2012 (the Act). The Act, introduced fundamental changes to the way NHS Foundation Trusts are governed and managed. This included Directors having a statutory responsibility to promote the success of the trust and maximise benefits for members as a whole, and the public. There were also express duties included that requires each Director to avoid conflicts of interest. The annual Declarations of Interest for both the Board of Directors and Council of Governors alongside the Trust's Constitution are available on our website at [www.northumbria.nhs.uk](http://www.northumbria.nhs.uk).

## PART 2: Accountability Report (*continued*)

### NHS Improvement's Single Oversight Framework

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

- Quality of care
- Finance and use of resources
- Operational performance
- Strategic change
- Leadership and improvement capability (well-led)

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

The Single Oversight Framework applied from the final quarter of last year. Prior to this, Monitor's Risk Assessment Framework (RAF) was in place. Information for the prior year and first two quarters relating to the RAF has not been presented as the basis of accountability was different. This is in line with NHS Improvement's guidance for annual reports.

#### Segmentation

The Trust continues to be classified by NHS Improvement as being in segment 1. This is the best rating given by the regulators. Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website.

#### Finance and use of resources

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

Area	Metric	2017/18 Score			
		Q1	Q2	Q3	Q4
Financial sustainability	Capital service cover	2	2	2	2
	Liquidity	1	1	1	1
Financial efficiency	I&E margin	1	1	1	1
Financial controls	Distance from financial plan	1	2	1	1
	Agency spend	1	1	1	1
Overall scoring		1	1	1	1

### Statement of Accounting Officer's Responsibilities

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The NHS Act 2006 states that the chief executive is the accounting officer of the NHS foundation trust. The relevant responsibilities of the accounting officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the NHS Foundation Trust Accounting Officer Memorandum issued by NHS Improvement.

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require Northumbria Healthcare 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 Northumbria Healthcare NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

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

- observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the NHS Foundation Trust Annual Reporting Manual (and the Department of Health Group Accounting Manual) have been followed, and disclose and explain any material departures in the financial statements
- ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance; and
- prepare the financial statements on a going concern basis.

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

## PART 2: Accountability Report *(continued)*

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



Jim Mackey

Chief Executive Officer

24<sup>th</sup> May 2018

## PART 2: Accountability Report (*continued*)

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### Annual Governance Statement

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#### Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of our 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 trust is administered prudently and economically and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in the *NHS Foundation Trust Accounting Officer Memorandum*.

#### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of our policies, aims and objectives of Northumbria Healthcare 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 the trust throughout the year ended 31 March 2018 and up to the date of approval of the Annual Report and Accounts.

#### Capacity to handle risk

##### Risk leadership

The Board of Directors has the overall responsibility for risk management within the trust. Terms of Reference for the Board's assurance-seeking committees also set out the responsibility of key meetings in the oversight of risk management. In addition to the Audit Committee the Trust has an Assurance Committee which reviews Business Unit Risk Registers and associated actions in detail.



## PART 2: Accountability Report (*continued*)

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The specific responsibilities of each Board member, Business Unit Director, General Manager, Department Head, and Operational Service Manager, are set out in the trust's Risk Management Strategy and Policy.

We have also appointed a Senior Independent Director, in line with the NHS Foundation Trust Code of Governance.

The role of the Senior Independent Director is to be available to Governors and members (including staff) should they have any concerns that they feel unable to raise via normal channels of communication with the Chair, Chief Executive, or any other Board members, or where such communication remains unresolved or would be inappropriate.

### Risk training

We employ appropriately-qualified staff who specialise in risk management. Risk management awareness and health and safety training is delivered to all new members of staff on the first day of employment and to existing staff through mandatory training programmes. There is also the facility for all staff to undertake further training in health and safety using e-learning. The trust's suite of policies enables staff to understand their specific responsibilities in relation to risk management, depending upon where they work and the nature of their role. All job descriptions include specific reference to requirements regarding risk management, infection control and health and safety.

### The risk and control framework

We have a Risk Management Strategy and Policy which was reviewed by the Board during 2017/18. Risks are identified proactively through risk assessment processes, our quality management system which includes harm review and mortality reviews and reactively through the monitoring of key business objectives, incidents, complaints and claims. These risks are evaluated through the use of a risk assessment matrix and controlled through a risk register system.

### Quality governance

The Board has a dedicated Safety and Quality Committee which is responsible for the oversight of quality governance, including risks to clinical quality, throughout the trust. The Safety and Quality Committee is chaired by a Non-Executive Director and includes within its membership the Chief Executive, Executive Medical Director, Executive Director of Nursing,

## PART 2: Accountability Report (*continued*)

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Executive Director of Systems Strategy and Transformation, Head of Quality and Assurance, Chief Matrons, and Business Unit Directors and Deputy Directors. The Committee routinely receives assurance in relation to the trust's compliance with CQC registration requirements.

In order to operate as a provider of NHS services under licence with the CQC, we must comply with the requirements of NHS Improvement's (NHSI's) Quality Governance Framework. NHSI (previously referred to as Monitor), and the CQC have aligned their definition of a 'well-led' organisation which is reflected in CQC's assessment approach, as well as NHSI's approach to regulatory oversight.

In 2016, the Trust commissioned an independent review of governance arrangements using Monitor's well-led framework, a process which is required at least every three years. There are four domains of the well-led framework which are: strategy and planning; capability and culture; process and structures and measurement. The report identified a number of strengths and good practice within the trust, although there were areas identified for further development and improvement. During Quarter four 2017 – 18, the Trust commissioned an independent follow-up review to begin in April 2018 in order to receive assurance that the action it has taken has been effective.

### Assurance Framework

The Board's Assurance Framework provides the trust with a system to identify and monitor risks to meeting its key strategic objectives. Each risk is mapped to corresponding controls and assurances, both internal and external.

The Board of Directors has a well-established process for ensuring that the content of the Assurance Framework is fit-for-purpose. In addition to quarterly formal reviews of the Assurance Framework at formal meetings, the Board has established an Assurance Committee which is responsible for assuring the Board that the risk culture of the trust is effective. One of the core functions of the Committee is to consider all high risks as identified by Business Units, to assess for their strategic impact, and add to the Board's Assurance Framework, if appropriate.

The highest scoring risks identified via the Assurance Framework during 2017/18, and associated actions, are summarised below:

## PART 2: Accountability Report (*continued*)

Major Risks	In-year or future risk?	Clinical Risk	Mitigating Actions
<b>NHS Improvement Single Oversight Framework</b> Significant risks has been highlighted during the year in respect of the following measures which form part of the single oversight framework: <ul style="list-style-type: none"> <li>• <u>Failure to achieve A&amp;E four-hour target of 98% (internal) or 95% (national)</u> - The Trust has experienced unprecedented levels of demand in its A&amp;E department.</li> <li>• <u>Zero tolerance of hospital acquired Clostridium difficile</u> - Failure to achieve a maximum of 30 hospital acquired clostridium difficile infections.</li> <li>• <u>Cancer targets</u> – GP referral to treatment and bowel cancer screening</li> </ul>	In year	Yes	Performance against the four-hour A&E target is closely monitored by the Board, Executive Management Team, and trust-wide Operational Board. An action plan has been developed and is being monitored closely by the Trust-wide Operational Board.  The Board receives monthly performance data regarding the number of cases of C-Difficile via its Finance, Investment and Performance Committee and Safety and Quality Committee.  Weekly tracking meetings are undertaken to try and ensure that all patients are seen within timeframe.
<b>Staffing</b> Ensuring that enough suitably qualified staff are deployed to meet the needs of people using the service	In year and future risk	Yes	The Board receives regular reports regarding staffing levels, vacancy levels and turnover rates within the trust however recruitment of certain staff groups continues to be problematic, with national shortages of some disciplines. Targeted recruitment campaigns together with overseas recruitment continues to be undertaken.
<b>Healthcare Funding</b> Overall healthcare funding remains a very high risk for the trust, with increased demand for services and demographic changes.	In year and future risk	No	Financial performance is closely monitored by the Board, Executive Management Team and the Finance and Performance Committee.
<b>Premises and equipment</b> The Trust has received expert advice on rectification works that are required in some parts of its estate.	In year and future risk	No	Improvement works to address issues raised by external experts has commenced and is being monitored closely by the Executive Management Team and the Board of Directors.
<b>Cyber security</b> Cyber security remains a high risk for the Trust after the WannaCry attack in May 2017.	In year and future risk	Yes	A significant amount of progress has been made to mitigate the risk associated with cyber security. GE Finamore have been commissioned to support the Trust in this remedial work. Updates on progress are monitored closely by Executive Management Team, Audit Committee, Information Management & Technology Committee, and the Board of Directors.

## Data quality and information governance

There are robust arrangements in place to provide assurance on the quality of performance information. This is known as our data quality standards and these are reported quarterly to the trust's Information Management and Technology Group. The trust is compliant with Level 2 or above against all of the information governance standards. There is an Information Governance Group which reports to the Information, Management and Technology Group. Finally, there is an annual independent review by our Internal Auditors

## PART 2: Accountability Report (*continued*)

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which reviews performance information included as part of the quarterly governance declarations made to the Regulator.

We have a Senior Information Risk Owner ('SIRO'), a dedicated Board member with responsibility for assuring the Board regarding progress against the trust's information governance work programme. The key role of the SIRO, in conjunction with the Information Governance Group, is primarily to ensure:

- Compliance with the information governance toolkit and improvements in relation to managing risks to information
- Organisational compliance with legislative and regulatory requirements relating to handling of information, including compliance with the Data Protection Act (1998) and Freedom of Information Act (2000)
- Any Serious Untoward Incidents within the preceding twelve months, relating to any losses of personal data or breaches of confidentiality
- Implementation of the General Data Protection Regulations (GDPR)
- The direction of information governance work during 2018-19 following the release of the new Data Security and Protection toolkit and how it aligns with the strategic business goals of the trust and outlines the work plan for the coming year.

The Safety and Quality Committee is a Board Committee and is chaired by a Non-Executive Director. This Committee, in conjunction with the Board of Directors, has responsibility for producing the strategic safety and quality vision, strategic goals and an implementation plan by horizon scanning and learning from the best evidence available. The Committee reports to the Board of Directors via a regular report on progress with the strategic objectives and produces the draft annual Quality Account for consideration by the Board.

We have arrangements to monitor compliance with the CQC registration requirements through completion of provider compliance assessments for each of the 16 essential safety and quality standards. Each safety and quality standard has an Executive Director lead and evidence of compliance is provided to the Assurance Committee at quarterly intervals. We are fully compliant with the registration requirements of the CQC and achieved an overall rating of 'Outstanding' following the CQC inspection in November 2015.

Incident reporting is openly encouraged and handled across the trust. We have fully endorsed this principle. All serious untoward incidents and significant learning events are investigated by a senior clinician and manager and reported to the appropriate Business Unit Board to agree on the action plan and monitor implementation.

In addition, the most serious incidents are reviewed by the trust's safety panel process, which provides independent scrutiny of incident investigations and monitoring of the

## PART 2: Accountability Report (*continued*)

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completion of action plans arising from such investigations. All serious incidents are reported to the Board on a monthly basis.

Trust-wide learning is encouraged at all levels of the organisation. The Clinical Policy Group, a monthly meeting attended by a wide range of clinicians, is a key forum for sharing learning and good practice. Sharing the lessons learnt is by cascade via the Clinical Policy Group via the management teams to the ward management team.

We have worked closely with partner organisations to explore, understand, quantify and minimise potential risks which may impact upon other organisations and public stakeholders. Issues identified through the trust's risk management process that impact on partner organisations and public stakeholders will be discussed in the appropriate forum so that action can be agreed.

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.

We have undertaken risk assessments and carbon reduction delivery plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act and the adaptation reporting requirements are complied with.

The process to maintain and review the effectiveness of the system of internal control in relation to the Quality Account was fully considered by the Safety and Quality Committee, Audit Committee and subsequently by the Board of Directors. The outcome was that we already have a strong and robust internal audit system to review our process for self-assessment against the CQC standards and this has been in place for five years.

### Information Governance Incidents

There have been five information governance incidents during the year:

- In May 2017, there was an incident relating to the alleged inappropriate access to data by a staff member when not in direct care of the patient. The ICO has considered the action we have taken against the employee and considered this as proportionate and are satisfied that appropriate measures were taken.

## PART 2: Accountability Report (*continued*)

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- In June 2017, there was an incident relating to the alleged inappropriate access to data by a staff member when not in direct care of the patient. The ICO has considered the action we have taken against the employee and considered this as proportionate and are satisfied that appropriate measures were taken.
- In October 2017, there was an incident relating to a member of staff sharing the details of 738 patients in a spreadsheet to a number of GP practices in error. No harm was sustained and the ICO has considered the action we have taken against the employee and the controls in place and considered this as proportionate and are satisfied that appropriate measures were taken.
- In November 2017, there was an incident relating to sensitive patient identifiable materials posted to Facebook by an individual alleged to be the ex-partner of one of the Trusts nursing staff. The ICO has considered the action we have taken against the employee and considered this as proportionate and are satisfied that appropriate measures were taken.
- In Jan 18, there was an incident relating to the alleged inappropriate access to data by a staff member when not in direct care of the patient. The ICO has been updated on the outcome of the Trust investigations and the Trust is pending the outcome of the ICO decision.

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

We have robust arrangements in place for setting objectives and targets on a strategic and annual basis. These arrangements include ensuring the financial strategy is affordable, scrutiny of cost savings plans to ensure achievement, compliance with terms of authorisation and coordination of individual objectives with corporate objectives as identified in the Annual Plan.

Performance against objectives is monitored and actions identified through a number of channels:

- Approval of annual Operational Plan by the Board of Directors
- Monthly reporting to the Board's Finance, Investment and Performance Committee (FIP) and Board of Directors on key performance indicators covering finance, activity, patient safety and quality, human resources targets and information, management and technology bi-monthly.
- Regular presentations from Business Units to the FIP Committee and Board on each Business Unit's performance against its cost improvement plan and Annual Plan in general.

## PART 2: Accountability Report (*continued*)

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- Monthly review of financial and performance targets by the FIP committee
- Weekly reporting to Executive Management Team meeting on key factors effecting the Trust's financial position and performance
- Periodic performance management of business units by the Executive Management Team covering performance against key objectives.
- Assurance Committee
- Reporting to NHSI.

We also participate in initiatives to ensure value for money for example:

- Subscribes to the NHS Providers benchmarking organisation that provides comparative information analysis on productivity and clinical indicators for high risk specialties
- Participates in top performing national initiatives with the Institute of Innovation and Learning to learn best practice in international sites
- CQC information that identifies key performance indicators and measures these over time to focus attention on areas for improvement.
- Value for money is an important component of the internal and external audit plans that provides assurance to the trust of processes that are in place to ensure effective use of resources.

We have a standard assessment process for future business plans to ensure value for money and full appraisal processes are employed when considering the effect on the organisation. Procedures are in place to ensure all strategic decisions are considered at Executive and Board level.

The emphasis in internal audit work is providing assurances on internal controls, risk management and governance systems to the Audit Committee and to the Board. Where scope for improvement in terms of value for money was identified during an internal audit review, appropriate recommendations were made and actions were agreed with management for implementation. All internal audit reviews of material financial systems during 2017/18 resulted in substantial or good assurance.

We follow best practice as recommended by the NHS Counter Fraud and Security Management Service and participate in the National Fraud Initiative led by the Audit Commission. Staff are trained in fraud awareness and we actively promote the mechanism for staff to report any concerns about potential fraud or corruption. All concerns are investigated by the local counter fraud and security management specialist and the outcome of all investigations are reported to the Audit Committee.

## PART 2: Accountability Report (*continued*)

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### Quality Account

The Board of Directors is required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare a Quality Account for each financial year. NHS Improvement (in exercise of their powers conferred on Monitor) has issued guidance to NHS Foundation Boards of Directors on the form and content of annual Quality Accounts which incorporate the above legal requirements in the NHS Foundation Trust Annual Reporting Manual.

The Quality Account represents a balanced view and there are appropriate controls in place to ensure the accuracy of the data. The following provides evidence of the steps in place to provide this assurance:

### Governance and leadership

This is the ninth year of developing Quality Accounts for the trust. We have a quality management system in place based on the Institute of Medicine definition of quality. This quality management system ensures that a balanced scorecard of quality standards and indicators is considered by the Board of Directors. Furthermore, national guidance from the Department of Health Medical Director that Boards of Directors should review all their services over a reasonable period has placed a commitment on Board of Directors to review all services over a three-year period based on five quality domains that are safety, effectiveness, caring, responsive and well led.

### Policies

We have put controls in place to ensure the quality of care provided and accuracy of the data used in the Quality Account. This is not an exhaustive list but key policies include:

RMP 03	Reporting and management of incidents
RMP 14	Complaints policy and procedure
IG104	Records policy
DQP01	Data quality policy

We have an extensive range of clinical governance policies and these are reviewed at appropriate intervals but no later than three years to ensure our operating policies reflect the best practice.



## PART 2: Accountability Report *(continued)*

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### Systems and processes

There is a system and process to report the quality indicators for services from Board of Directors to every level in the trust. Each service has a range of national quality indicators and these are extracted from the information centre data source and reported by service line to the Board of Directors at monthly intervals. Any high risk issues (red rated) are considered by the Finance, Investment and Performance Committee and an appropriate action plan agreed.

Furthermore, the clinical audit plan reports on the performance of the national and local clinical audits at quarterly intervals to the Board of Directors' Safety and Quality Committee and includes any key risk areas and associated action plans. The internal and clinical audit plans are also aligned to the Board's Assurance Framework.

Patient experience results have been developed at service line and services now have at least five years of information on the views of outpatients and inpatients, where appropriate. This year, we have continued to develop our quality panels which provide the Board of Directors with a detailed assessment of the quality, safety and leadership effectiveness for each of the services we offer.

This service line information sits alongside established patient experience data to allow for a comprehensive assessment of quality. These panels rely on a face-to-face assessment as well as analysis of a wide range of information gathered in advance including ward observation.

### People and skills

The Quality Account describes the focus on people and skills in the trust. There are three key elements described. Firstly, the outcomes of services to patients are delivered by highly-qualified and skilled individuals. We have robust policies for the recruitment and the development of staff. Secondly, mandatory and statutory training of staff is a key performance indicator and this is also reported to the Board of Directors at regular intervals. Thirdly, results of the 2017 NHS staff survey, against which we achieved a response rate of 73%, show that the majority of our staff would recommend the trust as a place to work or receive treatment, putting Northumbria Healthcare in the top 20 per cent of all NHS organisations nationally in 23 of the 32 elements. Overall, the survey provides some excellent results however we will continue to focus on areas for improvement.

## PART 2: Accountability Report (*continued*)

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### Data use and reporting

Good quality information underpins the effective delivery of patient care and is essential if improvements in quality of care are to be made. Improving data quality, which includes the quality of ethnicity and other equality data, will thus improve patient care and improve value for money.

We have robust procedures to ensure that the quality and accuracy of elective waiting time data reported is as high. There is detailed guidance followed by the analysts each month in producing the elective waiting time data reports for NHS England and the Board.

### Corporate Governance Statement

The Board of Directors, as required under NHS Foundation Trust condition 4(8)(b) assures itself of the validity of its Corporate Governance Statement. The Board of Directors reviewed the Corporate Governance Statement every year to ensure that declarations being made can be supported with evidence. It considers the risks and mitigating actions that management provided to support the Statements and determine, both from its own work throughout the year - particularly the testing of the controls set out in the Assurance Framework - and assurances provided from the work of the trust's internal, external auditors and other external audits or reviews, whether the Statements are valid.

### 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 trust that have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the Quality Account attached to this Annual Report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board of Directors, the Audit Committee and Assurance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Board of Directors, supported by the Audit Committee and Assurance Committee, has routinely reviewed the trust's system of internal control and governance framework,

## PART 2: Accountability Report (*continued*)

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together with the trust's integrated approach to achieving compliance with the CQC fundamental standards. The Assurance Framework provides the Board of Directors with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed.

The Audit Committee has provided the Board of Directors with an independent and objective review of internal financial control within the trust by reflecting on the trust financial report to the Board of Directors. There have been no significant controls gaps identified during 2017/18.

The Finance Investment and Performance Committee and Safety and Quality Committee provides the Board of Directors with an integrated clinical governance report at regular intervals and the former committee of the Board of Directors ensures compliance on governance issues are delivered and immediate action is taken should performance not be in line with the target set by the Board of Directors.

Clinical audit is given a high importance in the trust. The annual Clinical Audit Plan is agreed by the Safety and Quality Committee and the Annual Plan reflects the priorities of the Board of Directors and the national best practice, for example, NICE clinical guidelines, national confidential enquiries, high level enquiries and other nationally agreed guidance is taken into account in the context of clinical services provided by the organisation. A quarterly review of progress against the plan is reported to the Safety and Quality Committee and to the Board of Directors via an integrated governance report. Any significant issues that emerge are reported to the Board of Directors and a service improvement plan or trust-wide quality improvement is approved.

Internal audit has reviewed and reported upon control, governance and risk management processes, based on an audit plan approved by the Audit Committee. The work included identifying and evaluating controls and testing their effectiveness, in accordance with NHS Internal audit standards. Where scope for improvement was found, recommendations were made and appropriate action plans agreed with management. The Head of Internal Audit Opinion Statement has been received on the effectiveness of the system of internal control giving substantial assurance.

### Conclusion

The overall opinion is that no significant internal control issues have been identified during 2017/18 and therefore significant assurance can be given that there is a generally sound

## PART 2: Accountability Report *(continued)*

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system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently.



**Jim Mackey**

**Chief Executive Officer**

**24<sup>th</sup> May 2018**





**Northumbria Healthcare**  
NHS Foundation Trust



**2017/18**

# **Quality account**



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## PART 1 – Statement on quality from the Chief Executive

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I am pleased to introduce the 2017/18 Quality Account for Northumbria Healthcare NHS Foundation Trust, in what has been another exciting and busy year for the organisation.

Along with the rest of the region and the country, we have seen unprecedented demand for our emergency and urgent care services across this winter, with high numbers of very poorly people needing hospital admission.

Our teams responded to these pressures by continuing to provide the high quality care which we pride ourselves on, putting patient safety first. We are extremely proud of all of our amazing staff.

We were also able to cope with increased demand due to the transformation of emergency care which we put in place in 2015 with the opening of Northumbria Specialist Emergency Care Hospital. We have continued to embed this model and are seeing the improvements in patient care we had hoped for, with patients being treated sooner and recovering quicker.

The separation of emergency care from planned care has also allowed us to work hard towards our long-term vision to invest in our general hospitals which are now dedicated to planned and on-going care. With more space to develop services, just some of the improved facilities for patients include:



- A newly-refurbished specialist oncology unit at Wansbeck General Hospital providing chemotherapy and other supportive treatments for patients with cancer
- A new endoscopy unit at North Tyneside General Hospital
- Dementia and mental health services for older people has been transformed, with a new unit for Mental Health Services for Older People in North Tyneside General Hospital bringing together all inpatient services together in one place
- Local services continue to be provided in Hexham, with people needing urgent (non-emergency) assessment being seen in a dedicated elderly assessment centre and ambulatory care unit

It is very important that all parts of the trust work in a coordinated and consistent way so that patients can flow through the system in the most efficient way for their need. We have introduced a number of initiatives, from emergency admission and ensuring beds are available earlier, to

improved communication around discharge, and aiming to get people home to their own bed as soon as possible. This will continue to be a priority moving forward.

Our patients having a positive experience of our care is extremely important to us. By listening to the views of thousands of our patients through surveys, and now social media, and acting on that feedback, we are able to continually improve the care we provide. We are delighted to have once again been recognised nationally for this programme, winning overall best trust at the Patient Experience Network awards.

We have always said that our staff are the heart of our organisation, with every single person contributing to the care our patients receive. This dedication is once again reflected in the national NHS staff survey as we had one of the highest response rates of any trust. This helps us to act on feedback to further improve their experience at work and also to improve the services and care we provide for our patients and service users.

We are also pleased that the results confirm that our staff are amongst the most satisfied and engaged staff in England. This clearly has an impact on the way we care for patients, with 92% of staff feeling that their role made a difference to patient care which is fantastic news for all who use our services.

The health and wellbeing of our staff is very important to us and we have continued to promote the many ways in which we can offer support. This includes mental wellbeing, fitness and healthy eating and even how to improve the quality of their sleep.

We have continued to work closely with our healthcare partners to help deliver our joint aim of a truly integrated health and care system. Through the Northumberland vanguard, we are starting to see the real benefits to patients. This includes pharmacists involving complex patients and their families more closely in decisions about their medication and improving GP access for patients by using telephone triage.

Following external audit testing on our Quality Account this year, the Trust has been alerted to an issue regarding the accuracy of the data for the A&E indicator for one month, April 2017, as the original data file was overwritten. This issue has now been addressed and the Trust is confident that a similar issue will not occur in the future.

We look forward to continuing to build on the successes of this year, strengthening our partnership working even further, and continuing to provide the best possible care we can for our patients and service users.

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



**Jim Mackey, Chief Executive  
Northumbria Healthcare NHS Foundation  
Trust**

## About the Trust

We are extremely proud to be rated as 'outstanding' by the independent health and social care regulator, the Care Quality Commission (CQC). As one of only a handful of organisations nationally to receive this rating, we are one of the top performing NHS trusts in the country.

Not only are we one of the best performing NHS trusts, we are also one of the largest geographically, looking after the wellbeing of around half a million people across Northumberland and North Tyneside. We provide hospital and community health services in North Tyneside and hospital, community health and adult social care services in Northumberland to support people who need help to live independently at home.

Hospital services are provided from Northumbria Specialist Emergency Care Hospital in Cramlington along with three modern general hospitals in Hexham, North Tyneside and Wansbeck and community hospitals throughout Northumberland – Alnwick, Berwick, Blyth and Rothbury.

We also provide an integrated health and social care facility at Haltwhistle, an elderly care unit at The Whalton Unit in Morpeth and an outpatient and diagnostic centre at Morpeth.

The opening of The Northumbria has allowed us to separate emergency care from planned elective care, enabling us to deliver greater benefits to our patients such as improving our general hospital sites to become centres of excellence.

We pride ourselves on providing joined-up care for patients and giving people the support they need to receive care at home or return home after a stay with us. Our specialist community teams provide care outside of our hospitals in a variety of settings, ensuring that patients get care closer to their homes, and avoid unnecessary hospital admissions.

The trust employs over 10,000 staff and in a year it:

- cares for around 70,000 patients and families on its wards
- provides treatment to around 197,000 patients in its A&E departments and minor injuries units
- sees around 368,000 patients in outpatients
- performs around 30,000 operations
- sees more than 49,000 people for day case procedures
- carries out around 1.1 million appointments with patients outside of hospital
- provides advice, information, support and services to more than 20,000 people through adult social care, and care managers met with on average more than 1,500 people each week

Chosen by NHS England as a 'vanguard' site, we are one of eight sites in the country to be tasked with taking a national lead on transforming care for patients.

Working with partners in Northumberland, we are developing a primary and acute care system and a seamless patient experience.

We are one of the North East's largest employers with around 10,000 staff. Their professionalism and enthusiasm is reflected in the results of the national NHS staff survey. Their feedback has placed us in the top 20% of acute trusts for the number of staff recommending us as a place to work or receive treatment.

We work hard to improve the health and wellbeing of our employees, and have been awarded the gold Better Health at Work Award. Proud to be a champion of equality and diversity, we have Mindful Employer status and have been once again named among Britain's best employers for lesbian, gay and bisexual staff (Stonewall).

Hundreds of amazing volunteers continue to support our staff by generously giving their time to carry out a range of roles across the trust that make a big difference to our patients, such as meeting and greeting them as they come into our hospitals.

Listening to our patients enables us to act on their feedback so we can continuously improve our services. We are widely seen as having one of the most comprehensive patient experience programmes in the NHS and, alongside national surveys, gather feedback from thousands of patients every year.

### What is a Quality Account?

Quality Accounts are annual reports to the public from providers of NHS healthcare that detail information about the quality of services they deliver. They are designed to assure patients, service users, carers, the public and commissioners (purchasers of healthcare), that healthcare providers are regularly scrutinising each and every one of the services they provide to local communities and are concentrating on those areas that require the most improvement or attention.

Quality Accounts are both retrospective and forward looking. They look back on the previous year's information regarding quality of service, explaining where an organisation is doing well and where improvement is needed. They also look forward, explaining the areas that have been identified as priorities for improvement over the coming financial year.

The account includes additional information required by the health regulator NHS Improvement for 'Quality Reports', due to the trust being a 'Foundation Trust'.

## PART 2 – Priorities for improvement and statements of assurance from the Board

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This section of the Quality Account describes the progress made against priority areas for improvement in the quality of health services identified in the 2016/17 Quality Account and the priorities identified for 2018/19. It includes why they were chosen, how the trust intends to make the improvements, and how it plans to measure them. It also sets out a series of statements of assurance from the Board on key quality activities, and provides details of the Trust's performance against core indicators.

### Progress against the priorities in 2017/18

The Quality Account for 2016/17 outlined the Trust's proposed quality improvements for the year ahead (2017/18). These priorities were identified as a result of engagement with patients, the public, staff, members, governors and external stakeholders through face-to-face meetings, social media and online surveys. The results were put into groups and themes, and where possible, cross checked against quantitative data that the trust holds within its quality and performance management system. It was agreed that some of these priorities would run for two years (see Part 3). Table 1 lists what the 5 priorities for 2017/18 were:

Table 1: Priorities for 2017/18

Priority
1. Breathlessness
2. Abdominal pain
3. Surviving sepsis
4. Flow
5. Frailty

### Trust performance

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#### *Our Quality Improvement (QI) Approach*

This section provides details on how the trust has performed against its 5 core priorities for 2017/18. The core principle behind the focus on a smaller number of programmes was a desire to develop and embed a culture of QI across the organisation and to concentrate on the inclusion of services and teams in the Trust priorities. Our aim was therefore not only on developing the different pathways themselves but also on developing a QI culture, and a QI approach was used to help the successful delivery of our planned objectives.

Figure 1: Trust's quality improvement formula



## Priority 1: Breathlessness

*What did we say we would do?*

Table 2: Breathlessness objectives

Breathlessness: Key objectives 2017/18		Progress
• Benefit the front of house stream through attendance avoidance into emergency care		↔
• Benefit the back of house process by improving GP and Out Patient referral		↔
• Benefit the patient by having a streamlined service with early intervention		↔
• Enable a route for quicker and appropriate diagnostics		↔
• Improve the patient's journey and experience		↔
• Reduce referral times		↔
• Reduce obstacles faced by clinicians and patients		↔
• Improve working relationships between specialities		↔
Key: ↑ better than expected; ↔ as expected; ↓ worse than expected		

*Progress Update:*

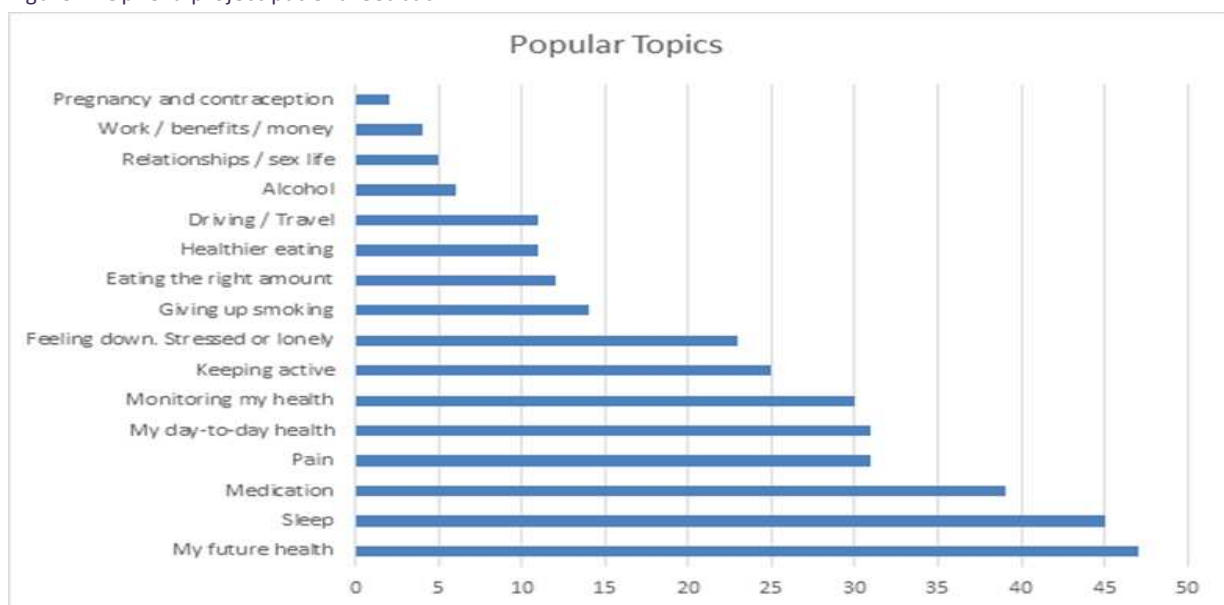
For this particular priority, we set out to work with clinical leaders to drive a new breathlessness pathway using QI Methodology from the Sheffield Coaching Programme.

This was a long term programme considering the relationships between primary care and hospital services in relation to the diagnosis and on-going care of patients who present with breathlessness. The patient group has proven to be wide-ranging and complex and there has been difficulty in being able to clearly define an area of improvement. Whilst the Trust will still seek to improve its approach to breathlessness, it will not be a safety & quality priority for the following year.

However, throughout 2017/18 good progress has been made in some key areas including: raising awareness of the pathway; strengthening engagement with key stakeholders in primary care; the identification of clinical cardiology and respiratory leads from acute care; the introduction of a monthly shared hospital and primary care forum for discussion of the pathway; completion of the Sheffield Flow Coaching programme for the project leads; and the analysis of data to support the identification of patient groups that may be involved in the pathway.

Whilst the development of this work stream has continued, the organisation remains committed to improving patient experience. The respiratory team have introduced a patient centred approach to out-patient consultation in the form of the ‘Ophelia project’. This initiative is designed to ensure that the process of the consultation is led by the patient and what is important to them in relation to their current situation and their care. A breakdown of the feedback we have received is shown below:

Figure 2: Ophelia project patient feedback



This information has helped clinical team to address issues that are more relevant to the patient with a focus on ‘what matters to me’, rather than a generic consultation.

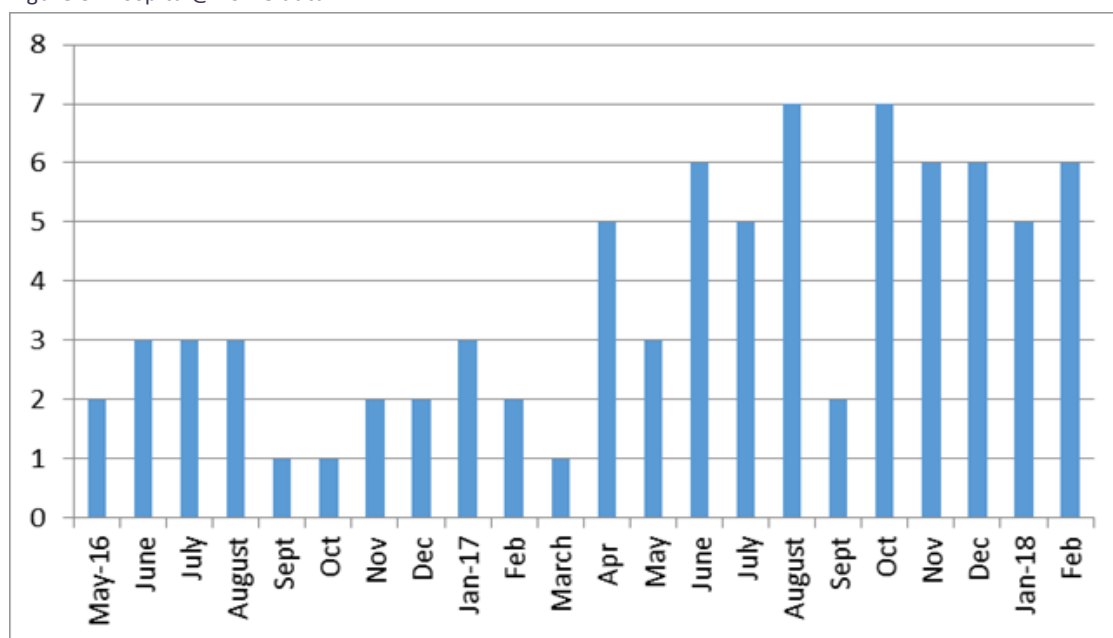
We have also looked at a more acute component of respiratory pathways and are looking to extend this initiative and as part of our long term clinical strategy will consider whether this approach is applicable to other clinical specialties. The Safety and Quality Committee has



previously received a comprehensive presentation and update on the Hospital at Home project and we will therefore continue to track and monitor this outside of our core safety priorities.

The graph below shows the progress we have made in relation to the hospital at home component:

Figure 3: Hospital@Home data



Number of patients cared for through Northumbria Hospital@Home scheme  
May 2016 to February 2018

## Priority 2: Abdominal Pain

*What did we say we would do?*

Table 3: Abdominal pain objectives

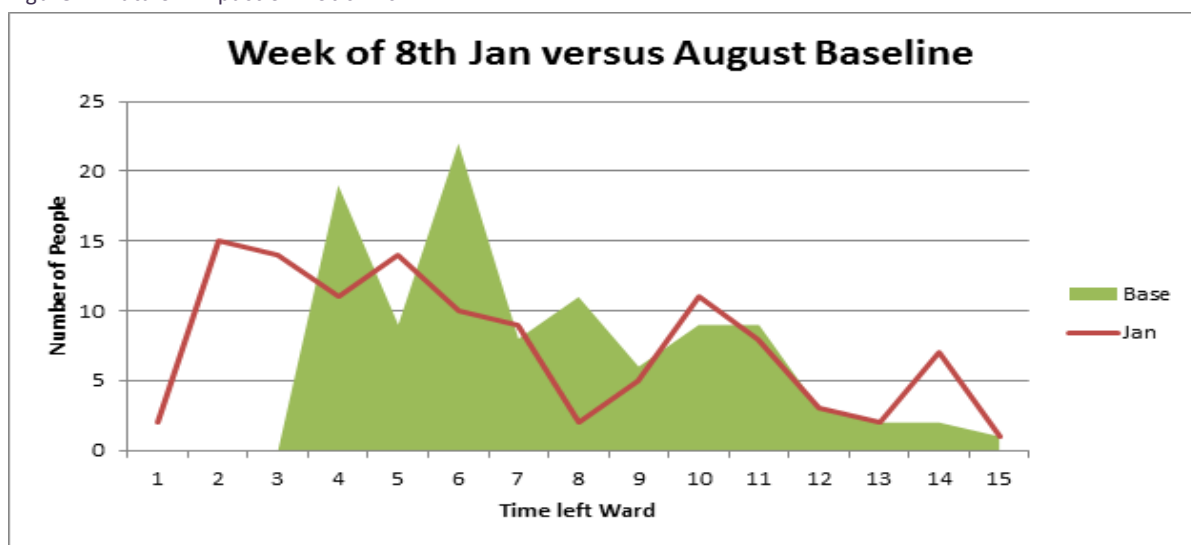
Abdominal Pain: Key objectives 2017/18		Progress
• We will use QI techniques based on the Sheffield Flow Coaching Roadmap and the Northumbria Way to map our current pathway and patient experience		↔
• We will further embed the abdominal pain clinical pathway across all our emergency services		↔
• We will work with the NELA team to ensure optimum outcomes for those who are most seriously ill based on the nationally agreed standards and continue to participate in and learn from the national audit process on an annual basis		↔
• We will measure patient experience monthly		↔
• We plan to measure, improve and then maintain patient flow for this group at the Northumbria across the emergency department, ambulatory units and inpatient specialities		↔
Key: ↑ better than expected; ↔ as expected; ↓ worse than expected		

### Progress Update:

During 2017/18 improvement efforts associated with the management of abdominal pain focussed on improving the patient pathway through the surgical assessment unit.

This has included the introduction of more diagnostic slots and improved use of consultant and registrar time in a 'hot clinic' to reduce the number of patient visits. The measures used were the % of patients leaving the unit under 5 hours. There has been an improvement of 21% from a baseline of 28% of patients in August to 49% in January 2018.

Figure 4: Data on impact of 'hot clinic'



We continue to monitor compliance with the National Emergency Laparotomy Audit ('NELA') bundle and a data dashboard is in place to support improvement work. Time to theatre is a key indicator in this process and something the team will continue to work on over the next 12 months.

This work has highlighted the benefits of ambulatory facilities and the opportunity to improve patient experience. This work will be associated with proposed developments to provide extended ambulatory care in dedicated facilities to cope with increased capacity and our continued focus on streamlining patient pathways to reduce time spent in hospital.

## Priority 3: Sepsis

*What did we say we would do?*

Table 4: Sepsis objectives

Sepsis: Key objectives 2017/18		Progress
• Improve sepsis six compliance		↓
• Report sepsis screening using the infection screening tool and sepsis six compliance on a weekly basis to clinical teams		↔
• Implement a new regional Infection screening tool which is new definition compliant		↔
• Implement a community acquired pneumonia treatment bundle		↔
• Refresh the profile of sepsis within the organisation including education and training		↔
• Explore upstream interventions with primary care, community and the North East Ambulance Service (NEAS)		↓
Key:	↑ better than expected; ↔ as expected; ↓ worse than expected	

*Progress Update:*

In the management of sepsis, the biggest gain in relation to mortality is delivered through the screening process. Over the course of 2017/18 our attention has focussed on improving performance in this area through engagement with the emergency department; reviewing their processes for screening and developing options for improvement.

The result of these efforts has been a significant improvement in performance such that the Trust regularly achieves 99-100% on a weekly basis for screening since January 2018. A minimum standard has now been set of 95% compliance on a weekly basis. Deviation from this standard will instigate a 'deep dive' review and a report to Safety and Quality Committee.

## Priority 4: Flow

*What did we say we would do?*

Table 5: Flow objectives

Flow: Key objectives 2017/18		Progress
• Continue to take part in the national programme for improving flow led by NHS Improvement		↔
• Use QI techniques from the Sheffield Coaching Programme to support teams to adopt the principles of SAFER care bundle (SAFER is a bundle of simple principles for inpatient wards to improve flow and prevent unnecessary waiting)		↔
• Measure activity on our wards with the aim of reducing the length of time patients are waiting unnecessarily		↔

<ul style="list-style-type: none"> <li>Focus on having early appropriate discharges and transfers of patients to maintain safe flow out of the Emergency Department and through the hospital</li> </ul>	↔
<ul style="list-style-type: none"> <li>Improve ambulance handover times and triage of patients to the right place</li> </ul>	↔
<ul style="list-style-type: none"> <li>Increase the use of ambulatory services (where care is provided for patients with certain conditions without the need for an overnight stay)</li> </ul>	↔
Key: ↑ better than expected; ↔ as expected; ↓ worse than expected	

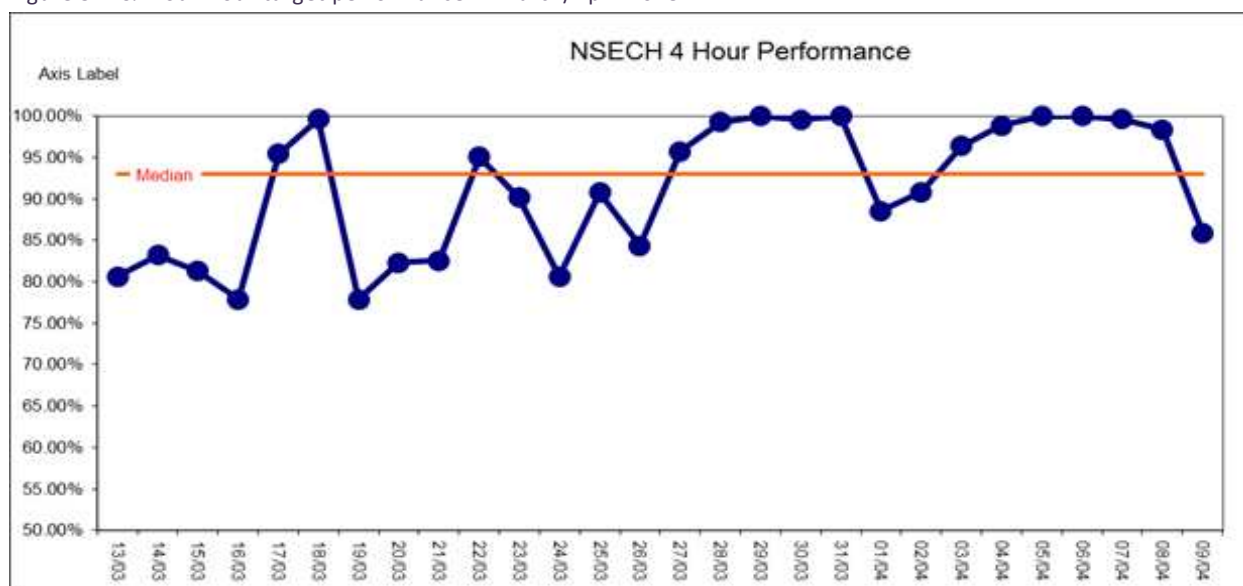
### Progress Update:

Having good flow through our hospitals is a key safety initiative as there are high volumes of patients within our emergency care department and with delays in discharge plans creates additional risk in the system. All of our safety and quality priorities are in one way or another related to patient flow.

Throughout 2017-18, a number of initiatives have taken place within the emergency department to improve performance on ambulance handover times, including the development of dedicated handover bays and review of the processes and pathways for patient care in ED. The work to reconfigure ED has culminated in material improvements in performance towards the end of the year:

- In March, the Trust began to regularly exceeds the 95% A&E 4-hour target
- Performance against the 15 minute ambulance handover target is now greater than 80%.

Figure 5: A&E four-hour target performance in March/April 2018



The Trust recognises that the implementation of these developments is relatively new and that further work is required to ensure that these improvements are sustained. The Trust has put in place an Emergency Care and Flow Board to monitor progress in this area.

We also implemented an admissions avoidance initiative with nursing homes access to dedicated paramedic services. This proved to be less beneficial and the service is unlikely to continue into 2018/19. Support for nursing homes does, however, continue to be a significant focus of the Trust clinical strategy.

## Priority 5: Frailty

*What did we say we would do?*

Table 6: Frailty

Frailty: Key objectives 2017/18		Progress
• Implement the QI framework from the Sheffield Flow Coaching Programme with support from the national Frailty Network to map the current pathway for frail older patients coming to the Northumbria hospital with an acute illness		↔
• Improve on identifying frailty earlier using a tool known as the 'Rockwood score'. We will use this to decide which patients would be appropriate to receive their care via our Frailty Assessment Service		↔
• Focus on ensuring patients receive specialist review and comprehensive geriatric assessment more quickly		↔
• Ensure early identification and management of frailty syndromes		↔
• Improve the way in which elderly patients with low level trauma are managed		↔
• Improve patient experience and measure this monthly		↔
Key: ↑ better than expected; ↔ as expected; ↓ worse than expected		

*Progress Update:*

Frailty is a priority within the organisation as the majority of our in-hospital population are older with significant co-morbidities. In considering frailty services, the Frailty Assessment Unit was set up in early 2017. The introduction of this service has seen benefit in access to a geriatrician and MDT together with the completion of a comprehensive geriatric assessment at the earliest possible opportunity from arrival at the hospital.

Our metrics dashboard shows that for those people attending the frailty service, there is a reduction in length of stay in hospital. However, it has been recognised that operational pressures have impacted on our ability to sustain and deliver this service and increase the number of patients who have access.

Figure 6: Falls – safety thermometer

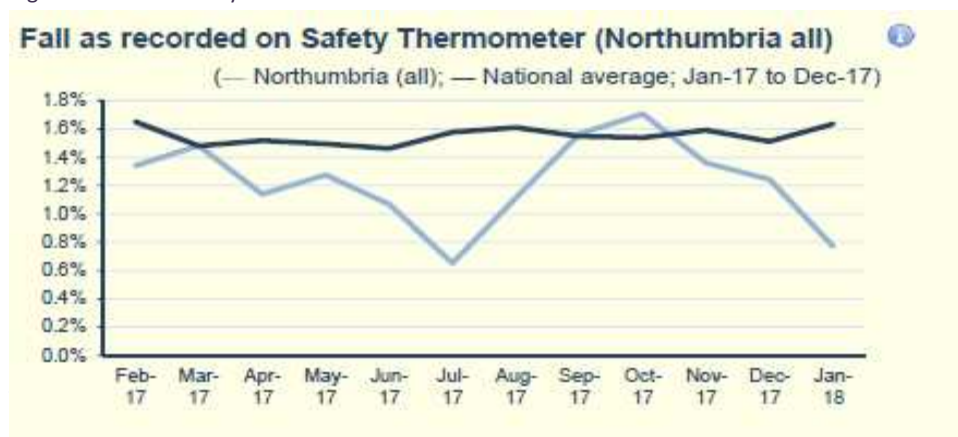


Figure 7: Falls per 1000 bed days



The focus for year one has been on reducing the number of falls across the Trust. Initiatives the Trust has taken include: introducing falls care bundles, and increased observations for those patients that are at a high risk of falling. These have contributed to an overall reduction in the total number of falls across the Trust.

## Statements of assurance from the Board

### Services and reviews

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During 2017/18 Northumbria Healthcare NHS Foundation Trust provided and/or sub-contracted 40 relevant health services.

Northumbria Healthcare NHS Foundation Trust has reviewed all the data available to them on the quality of care in 15 of these relevant health services. The income generated by the relevant health services reviewed in 2017/18 represents 25% of the total income generated from the provision of relevant health services by Northumbria Healthcare NHS Foundation Trust for 2017/18.

The trust aims to ensure that its services continue to provide the best possible care. To help with this, the trust has continued to carry out a programme of specialty reviews using its quality panels. The main purpose of these multi-disciplinary quality panels is to explore individual services with clinical directors and management leads, both in terms of their clinical outcomes and other qualitative measures such as patient experience. They analyse the service and identify areas of good practice and those in need of improvement, and any gaps in knowledge.

They take account of data and information such as compliance with NICE guidance, involvement in local and national audits, outcomes data such as waiting times and health status and CQUIN targets, complaints and compliments, and other patient feedback. Their role is to examine if services are: safe, effective, caring, responsive, and well-led. During 2017/18, the specialties that were reviewed included:

- Breast
- Child health Acute
- Child health SCBU
- Clinical Chemistry
- Colorectal Surgery
- Community Child Health
- Diabetes
- Falls
- Gastroenterology
- Gynaecology
- Histopathology
- Microbiology
- Occupational Therapy
- Sexual Health
- Speech and Language
- Stroke
- Urology

## Participation in clinical audit

### National audits

During 2017/18, 44 national clinical audits and 2 National Confidential Enquiries covered relevant health services that Northumbria Healthcare NHS Foundation Trust provides. During that period Northumbria Healthcare NHS Foundation Trust participated in 100% national clinical audits and 100% National Confidential Enquiries of the national clinical audits and National Confidential Enquiries which it was eligible to participate in.

The national clinical audits and national confidential enquiries that Northumbria Healthcare NHS Foundation Trust was eligible to participate in during 2017/18 are as follows (in Table 7):

Table 7: Eligible National Audits and National Confidential Enquiries 2017/18

National audit	Sponsor	Purpose of the audit
1. Acute Coronary Syndrome or Acute Myocardial Infarction (MINAP)	National Institute for Cardiovascular Outcomes Research	To examine the quality of the management of heart attacks in hospital
2. BAUS Urology Audits: Female stress urinary incontinence	British Association of Urological Surgeons	This audit looked at surgical treatments for both primary and recurrent stress urinary incontinence
3. Bowel Cancer	Royal College of Surgeons	The audit aims to measure the quality of care and survival rates of patients with bowel cancer in England and Wales
4. Cardiac rhythm management (CRM)	National Institute for Cardiovascular Outcomes Research (NICOR)	The aim of the CRM audit is to examine the implant rates and outcomes of all patients who undergo pacemaker, implantable cardioverter defibrillators and cardiac resynchronization therapy implantation procedures in the UK
5. Case Mix Programme	Intensive Care National Audit and Research Centre (ICNARC)	The Case Mix Programme (CMP) is an audit of patient outcomes from adult general critical care units. It reports on 12 potential quality indicators including hospital mortality, unit acquired MRSA, out of hours discharges, delayed discharges and unplanned re-admission
6. Child Health Clinical Outcome Review Programme	National Confidential Enquiry into Patient Outcome and Death (NCEPOD)	The audit examined two topics; chronic Neurodisability and adolescent mental health and focussed on three key areas within both topics; the interface between different care settings for example primary and secondary care and health and social care; the quality of care provision, and transition between children and adult services across in children with serious illness as well as those that have died
7. Diabetes (Paediatric) (NPDA)	Royal College of Paediatrics and Child Health	The audit aims to assess the quality of paediatric diabetes care in relation to priority clinical standards recommended by the National Institute of Health and Care Excellence (NICE)
8. Elective Surgery (National PROMs Programme)	Health & Social Care Information Centre	Patient Reported Outcome Measures (PROMs) are a means of collecting information on the effectiveness of care delivered to NHS patients as perceived by the patients themselves The PROMs programme covers four common elective surgical procedures: groin hernia operations, hip replacements, knee



National audit	Sponsor	Purpose of the audit
		replacements and varicose vein operations
9. Endocrine and Thyroid National Audit	British Association of Endocrine and Thyroid Surgeons	The audit focuses on outcomes from endocrine surgical procedures and, in line with previous audits, it records levels of surgical activity, analyses training and degrees of sub-specialisation
10. Falls and Fragility Fractures Audit programme (FFFAP): Falls	Royal College of Physicians of London	The aim is to provide reliable, relevant and timely data suitable to facilitate local improvements in clinical practice and patient safety work in acute hospitals in order to reduce inpatient falls
11. Falls and Fragility Fractures Audit programme (FFFAP): Fractured Neck of Femur	Royal College of Emergency Medicine	The purpose of the audit is to identify current performance in EDs against Royal College of Emergency Medicine (RCEM) clinical standards and show the results in comparison with other departments
12. Inflammatory Bowel Disease (IBD) Programme	Royal College of Physicians	The aim of the audit was to improve the quality and safety of care of people with IBD in the UK
13. Learning Disability Mortality Review Programme (LeDeR Programme)	University of Bristol	Aims to make improvements to the lives of people with learning disabilities by clarifying any potentially modifiable factors associated with a person's death, to ensure that these are not repeated elsewhere
14. Major Trauma Audit	The Trauma Audit and Research Network (TARN)	To improve emergency healthcare systems by collating and analysing trauma care
15. Maternal, Newborn and Infant Clinical Outcome Review Programme	MBRRACE-UK - National Perinatal Epidemiology Unit	This is an audit in to the deaths of babies who were born after 24 weeks of pregnancy. The aim is to better understand the reasons for death so that lives can be saved in future years
16. Mental Health Clinical Outcome Review Programme	National Confidential Inquiry into Suicide and Homicide (NCISH) – University of Manchester	The Inquiry examines suicide, and homicide committed by people who had been in contact with secondary and specialist mental health services in the previous 12 months and publishes this in an annual report
17. Medical and Surgical Clinical Outcome Review Programme: Physical and mental health care of mental health patients in acute hospitals	National Confidential Enquiry into Patient Outcome and Death (NCEPOD)	To explore the overall quality of mental health and physical health care provided to patients with a significant mental disorder who are admitted to a general hospital
18. National Audit of Anxiety and Depression	Royal College of Psychiatrists	The aim of the audit was to focus on improving care received by people during and after a period of inpatient treatment, including access and acceptability of services; waiting times and management between referral, assessment and treatment; access to services at times of crisis; employment support; training and supervision of therapists; and pharmacotherapy use.
19. National Audit of Breast Cancer in Older Patients (NABCOP)	Royal College of Surgeons of England	The audit aim was to improve the quality of hospital care for older patients with breast cancer
20. National Audit of Dementia	Royal College of Psychiatrists	To measure criteria relating to care delivery which are known to impact on people with dementia admitted to hospital including: policies and governance in the hospital that recognise and support

National audit	Sponsor	Purpose of the audit
		the needs of people with dementia; elements of comprehensive assessment; involvement of carers; discharge planning; and identified changes to support needs during admission
21. National Audit of Intermediate Care (NAIC)	NHS Benchmarking Network	The project allows commissioners / funders and providers to consider both the national answers to these questions but also, importantly, how their local health and social care economy is performing on these key issues
22. National Audit of Psychosis	Healthcare Quality Improvement Partnership	The audit aims to increase the quality of care that NHS mental health Trusts in England and Health Boards in Wales provide to people with psychosis.
23. National Audit of Rheumatoid and Early Inflammatory Arthritis	Northgate Public Services	To examine the assessment and early secondary care management of all forms of peripheral joint early inflammatory arthritis in all NHS secondary care settings
24. National Audit of Seizures and Epilepsies in Children and Young People	The Royal College of Paediatrics and Child Health	The audit aims continue to measure and improve care and outcomes for UK children and young people with epilepsies
25. National Bariatric Surgery Registry	British Obesity and Metabolic Surgery Society	The key objective of the registry is to accumulate sufficient data to allow the publication of a comprehensive report on outcomes following bariatric surgery. This will include reportage on weight loss, co-morbidity and improvement of quality of life.
26. National Cardiac Arrest Audit	Intensive Care National Audit and Research Centre (ICNARC)	The National Cardiac Arrest Audit (NCAA) is the national clinical audit of in-hospital cardiac arrests in the UK and Ireland. It aims to: improve patient outcomes; decrease incidence of avoidable cardiac arrests; decrease incidence of inappropriate resuscitation; and promote adoption and compliance with evidence-based practice
27. National Chronic Obstructive Pulmonary Disease (COPD) Audit programme	Royal College of Physicians	To drive improvements in the quality of care and services provided for COPD patients
28. National Comparative Audit of Blood Transfusion programme: Audit of Patient Blood	NHS Blood and Transplant	The Patient Blood Management Team (PBM) is supported by the National Blood Transfusion Committee to offer a programme of audit. The audits aim to measure compliance to and deviation from audit standards which relate to recommended uses of blood components and are compiled by experts in the field
29. National Diabetes Audit – Adults	Health and Social Care Information Centre (HSCIC)	The audit measures the effectiveness of diabetes healthcare against NICE guidance. It collects and analyses data for use by a range of stakeholders to drive changes and improvements in the quality of services and health outcomes for people with diabetes
30. National Emergency Laparotomy Audit (NELA)	The Royal College of Anaesthetists	The National Emergency Laparotomy Audit (NELA) was established to describe and compare inpatient care and outcomes of patients undergoing emergency bowel surgery in England and Wales in order to promote quality improvement
31. National End of Life Care Audit	Royal College of Physicians	The audit aims to ensure that the priorities for care of the dying person
32. National Heart Failure Audit	National Institute for Cardiovascular Outcomes Research	Focuses on the clinical practice and patient outcomes of acute patients discharged from hospital with a primary diagnosis of heart failure

National audit	Sponsor	Purpose of the audit
33. National Joint Registry	Healthcare Quality Improvement Partnership	To collect high quality and relevant data about joint replacement surgery in order to provide an early warning of issues relating to patient safety
34. National Lung Cancer Audit (NLCA)	Royal College of Physicians	The aim of the NLCA is to drive further improvements in lung cancer care and outcomes by bringing the standard of all lung cancer MDTs up to that of the best
35. National Maternity and Perinatal Audit	Royal College of Obstetricians and Gynaecologists	Aims to evaluate a range of care processes and outcomes in order to identify good practice and areas for improvement in the care of women and babies looked after by NHS maternity services
36. National Neonatal Intensive and Special care	The Royal College of Paediatrics and Child Health	To assess whether babies admitted to neonatal intensive and special care units receive consistent care and to identify areas for improvement in units
37. Oesophago-gastric cancer	Royal College of Surgeons of England	To investigate whether the care received by patients with oesophago-gastric cancer is consistent with recommended practice
38. Pain in Children	Royal College of Emergency Medicine	The purpose of the audit is to identify current performance in EDs against RCEM clinical standards and show the results in comparison with other departments
39. Prescribing Observatory for Mental Health (POMH-UK) Prescribing antipsychotics for children and adolescents; Prescribing for ADHD in children, adolescents and adults	Royal College of Psychiatrists' Centre for Quality Improvement (CCQI)	The Prescribing Observatory for Mental Health (POMH-UK) runs audit-based Quality Improvement Programmes which focus on discrete areas of prescribing practice. This year it focused on the prescribing of antipsychotics for children and adolescents and the prescribing for ADHD in children, adolescents and adults.
40. Procedural Sedation in Adults (care in emergency departments)	Royal College of Emergency Medicine	The purpose of the audit is to benchmark current performance in emergency departments against clinical guidelines to allow comparison nationally, identify areas in need of improvement, and provide a baseline for future comparison
41. Prostate Cancer	Royal College of Surgeons of England	To collect information about the diagnosis, management and treatment of every patient newly diagnosed with prostate cancer, and their outcomes
42. Sentinel Stroke National Audit programme (SSNAP)	Royal College of Physicians	To improve services, enable those who manage and pay for services to monitor how well they are doing, and to empower patients, carers, stroke survivors and the wider public to call for improvements
43. Serious Hazards of Transfusion (SHOT) UK National Haemovigilance Scheme	Serious Hazards of Transfusion (SHOT)	The scheme was set up to collect information from adverse events resulting from the transfusion of blood and its components and has resulted in several changes in blood transfusion practices – in the blood services at donor collection, within hospital laboratories and at the patient's bedside – resulting in improved safety and a reduction in serious events and deaths
44. UK Parkinson's Audit	Parkinson's UK	The aim of the audit was to outline the state of Parkinson's services, and highlight areas for improvement

The national clinical audits and National Confidential Enquiries that Northumbria Healthcare NHS Foundation Trust participated in during 2017/18 are as follows (shown in Table 8):

Table 8: National Audits and National Confidential Enquiries the Trust participated in during 2017/18

National audit	Sponsor	Trust participation 2017/18
1. Acute Coronary Syndrome or Acute Myocardial Infarction (MINAP)	National Institute for Cardiovascular Outcomes Research	✓
2. BAUS Urology Audits: Female stress urinary incontinence	British Association of Urological Surgeons	✓
3. Bowel Cancer	Royal College of Surgeons	✓
4. Cardiac rhythm management (CRM)	National Institute for Cardiovascular Outcomes Research (NICOR)	✓
5. Case Mix Programme	Intensive Care National Audit and Research Centre (ICNARC)	✓
6. Child Health Clinical Outcome Review Programme	National Confidential Enquiry into Patient Outcome and Death (NCEPOD)	✓
7. Diabetes (Paediatric) (NPDA)	Royal College of Paediatrics and Child Health	✓
8. Elective Surgery (National PROMs Programme)	Health & Social Care Information Centre	✓
9. Endocrine and Thyroid National Audit	British Association of Endocrine and Thyroid Surgeons	✓
10. Falls and Fragility Fractures Audit programme (FFFAP): Falls	Royal College of Physicians of London	✓
11. Falls and Fragility Fractures Audit programme (FFFAP): Fractured Neck of Femur	Royal College of Emergency Medicine	✓
12. Inflammatory Bowel Disease (IBD) Programme	Royal College of Physicians	✓
13. Learning Disability Mortality Review Programme (LeDeR Programme)	University of Bristol	✓
14. Major Trauma Audit	The Trauma Audit and Research Network (TARN)	✓
15. Maternal, Newborn and Infant Clinical Outcome Review Programme	MBRRACE-UK - National Perinatal Epidemiology Unit	✓
16. Mental Health Clinical Outcome Review Programme	National Confidential Inquiry into Suicide and Homicide (NCISH) – University of Manchester	✓
17. Medical and Surgical Clinical Outcome Review Programme: Physical and mental health care of mental health patients in acute hospitals	National Confidential Enquiry into Patient Outcome and Death (NCEPOD)	✓
18. National Audit of Anxiety and Depression	Royal College of Psychiatrists	✓
19. National Audit of Breast Cancer in Older Patients (NABCOP)	Royal College of Surgeons of England	✓
20. National Audit of Dementia	Royal College of Psychiatrists	✓
21. National Audit of Intermediate Care (NAIC)	NHS Benchmarking Network	✓
22. National Audit of Psychosis	Healthcare Quality Improvement Partnership	✓
23. National Audit of Rheumatoid and Early Inflammatory Arthritis	Northgate Public Services	✓

National audit	Sponsor	Trust participation 2017/18
24. National Audit of Seizures and Epilepsies in Children and Young People	The Royal College of Paediatrics and Child Health	✓
25. National Bariatric Surgery Registry	British Obesity and Metabolic Surgery Society	✓
26. National Cardiac Arrest Audit	Intensive Care National Audit and Research Centre (ICNARC)	✓
27. National Chronic Obstructive Pulmonary Disease (COPD) Audit programme	Royal College of Physicians	✓
28. National Comparative Audit of Blood Transfusion programme: Audit of Patient Blood	NHS Blood and Transplant	✓
29. National Diabetes Audit – Adults	Health and Social Care Information Centre (HSCIC)	✓
30. National Emergency Laparotomy Audit (NELA)	The Royal College of Anaesthetists	✓
31. National End of Life Care Audit	Royal College of Physicians	✓
32. National Heart Failure Audit	National Institute for Cardiovascular Outcomes Research	✓
33. National Joint Registry	Healthcare Quality Improvement Partnership	✓
34. National Lung Cancer Audit (NLCA)	Royal College of Physicians	✓
35. National Maternity and Perinatal Audit	Royal College of Obstetricians and Gynaecologists	✓
36. National Neonatal Intensive and Special care	The Royal College of Paediatrics and Child Health	✓
37. Oesophago-gastric cancer	Royal College of Surgeons of England	✓
38. Pain in Children	Royal College of Emergency Medicine	✓
39. Prescribing Observatory for Mental Health (POMH-UK) Prescribing antipsychotics for children and adolescents; Prescribing for ADHD in children, adolescents and adults	Royal College of Psychiatrists' Centre for Quality Improvement (CCQI)	✓
40. Procedural Sedation in Adults (care in emergency departments)	Royal College of Emergency Medicine	✓
41. Prostate Cancer	Royal College of Surgeons of England	✓
42. Sentinel Stroke National Audit programme (SSNAP)	Royal College of Physicians	✓
43. Serious Hazards of Transfusion (SHOT) UK National Haemovigilance Scheme	Serious Hazards of Transfusion (SHOT)	✓
44. UK Parkinson's Audit	Parkinson's UK	✓

The national clinical audits and national confidential enquiries that Northumbria Healthcare NHS Foundation Trust participated in, and for which data collection was completed during 2017/18, are listed below alongside the number of cases submitted to each audit or enquiry as a

percentage of the number of registered cases required by the terms of that audit or enquiry (as shown in Table 9):

Table 9: National Audits and National Confidential Enquiries that the Trust participated in and for which data collection was completed during 2017/18 - % of required cases submitted

National audit	Sponsor	% Data completion
1. Acute Coronary Syndrome or Acute Myocardial Infarction (MINAP)	National Institute for Cardiovascular Outcomes Research	100%
2. BAUS Urology Audits: Female stress urinary incontinence	British Association of Urological Surgeons	100%
3. Bowel Cancer	Royal College of Surgeons	100%
4. Cardiac rhythm management (CRM)	National Institute for Cardiovascular Outcomes Research (NICOR)	100%
5. Case Mix Programme	Intensive Care National Audit and Research Centre (ICNARC)	100%
6. Child Health Clinical Outcome Review Programme	National Confidential Enquiry into Patient Outcome and Death (NCEPOD)	100%
7. Diabetes (Paediatric) (NPDA)	Royal College of Paediatrics and Child Health	100%
8. Elective Surgery (National PROMs Programme)	Health & Social Care Information Centre	100%
9. Endocrine and Thyroid National Audit	British Association of Endocrine and Thyroid Surgeons	100%
10. Falls and Fragility Fractures Audit programme (FFFAP): Falls	Royal College of Physicians of London	100%
11. Falls and Fragility Fractures Audit programme (FFFAP): Fractured Neck of Femur	Royal College of Emergency Medicine	100%
12. Inflammatory Bowel Disease (IBD) Programme	Royal College of Physicians	100%
13. Learning Disability Mortality Review Programme (LeDeR Programme)	University of Bristol	100%
14. Major Trauma Audit	The Trauma Audit and Research Network (TARN)	100%
15. Maternal, Newborn and Infant Clinical Outcome Review Programme	MBRRACE-UK - National Perinatal Epidemiology Unit	100%
16. Mental Health Clinical Outcome Review Programme	National Confidential Inquiry into Suicide and Homicide (NCISH) – University of Manchester	No cases
17. Medical and Surgical Clinical Outcome Review Programme: Physical and mental health care of mental health patients in acute hospitals	National Confidential Enquiry into Patient Outcome and Death (NCEPOD)	100%
18. National Audit of Anxiety and Depression	Royal College of Psychiatrists	100%
19. National Audit of Breast Cancer in Older Patients (NABCOP)	Royal College of Surgeons of England	100%
20. National Audit of Dementia	Royal College of Psychiatrists	100%
21. National Audit of Intermediate Care (NAIC)	NHS Benchmarking Network	100%
22. National Audit of Psychosis	Healthcare Quality Improvement	100%

National audit	Sponsor	% Data completion
	Partnership	
23. National Audit of Rheumatoid and Early Inflammatory Arthritis	Northgate Public Services	100%
24. National Audit of Seizures and Epilepsies in Children and Young People	The Royal College of Paediatrics and Child Health	100%
25. National Bariatric Surgery Registry	British Obesity and Metabolic Surgery Society	100%
26. National Cardiac Arrest Audit	Intensive Care National Audit and Research Centre (ICNARC)	100%
27. National Chronic Obstructive Pulmonary Disease (COPD) Audit programme	Royal College of Physicians	100%
28. National Comparative Audit of Blood Transfusion programme: Audit of Patient Blood	NHS Blood and Transplant	100%
29. National Diabetes Audit – Adults	Health and Social Care Information Centre (HSCIC)	100%
30. National Emergency Laparotomy Audit (NELA)	The Royal College of Anaesthetists	100%
31. National End of Life Care Audit	Royal College of Physicians	100%
32. National Heart Failure Audit	National Institute for Cardiovascular Outcomes Research	100%
33. National Joint Registry	Healthcare Quality Improvement Partnership	100%
34. National Lung Cancer Audit (NLCA)	Royal College of Physicians	100%
35. National Maternity and Perinatal Audit	Royal College of Obstetricians and Gynaecologists	100%
36. National Neonatal Intensive and Special care	The Royal College of Paediatrics and Child Health	100%
37. Oesophago-gastric cancer	Royal College of Surgeons of England	>90%
38. Pain in Children	Royal College of Emergency Medicine	100%
39. Prescribing Observatory for Mental Health (POMH-UK) Prescribing antipsychotics for children and adolescents; Prescribing for ADHD in children, adolescents and adults	Royal College of Psychiatrists' Centre for Quality Improvement (CCQI)	100%
40. Procedural Sedation in Adults (care in emergency departments)	Royal College of Emergency Medicine	100%
41. Prostate Cancer	Royal College of Surgeons of England	100%
42. Sentinel Stroke National Audit programme (SSNAP)	Royal College of Physicians	100%
43. Serious Hazards of Transfusion (SHOT) UK National Haemovigilance Scheme	Serious Hazards of Transfusion (SHOT)	100%
44. UK Parkinson's Audit	Parkinson's UK	100%

The reports of 17 national clinical audits were reviewed by the provider in 2017/18 and Northumbria Healthcare NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided:

- Specialties to continue to scrutinise and share learning from all national audit reports, undertake self-assessments against any national recommendations, and produce action plans for improvement where any gaps or shortfalls are identified, which will then be followed up by the Clinical Audit Team
- Ensure national audits are clearly identified within the Business Units' annual Clinical Audit Plans which form part of the trust's overall Clinical Audit Programme
- Support specialties to maximise their data completion rates when participating in national audits, and examine the reasons for any lower rates of attainment
- Continue to report national audits to the Safety and Quality Committee and respective Business Unit Governance Groups and monitor and review compliance with National Confidential Enquiries.

Table 10 provides further detail about the improvement actions to be taken following the review of national audit reports during 2017/18:

Table 10: Actions Resulting from National Clinical Audits Reviewed in 2017/18

National audit	Purpose of the audit	Quarter reviewed	Improvement
1. National Hip Fracture Database (NHFD) annual report 2016	To improve performance around the management of hip fractures	Q1	<ul style="list-style-type: none"> <li>• HipQIP covering all of Hip Pathway: invite Representatives of Community teams to HipQIP to ensure quality of full patient pathway</li> <li>• Referrals for Strength and Balance Training: clarify how this occurs and where recorded to allow understanding of true picture</li> <li>• Protocols to reduce delirium: consider role out of Dementia Pathway on to Acute ward</li> <li>• Length of Stay: continue to monitor, and review processes with Community Representatives</li> <li>• Recording complications: explore with TVN how to best record pressure sores, as usually occur off acute ward. Liaise with SSI nurses and OG specialist nurses to ensure accurate recording of reoperation</li> <li>• Total Hip Replacements: participation in RCT to clarify this issue</li> <li>• Mortality: monthly monitoring</li> </ul>
2. VTE risk in lower limb immobilisation in Plaster Cast 2015 – 2016	To determine to what extent standards around the management of VTE risk in lower limb immobilisation in plaster cast are being met	Q1	<ul style="list-style-type: none"> <li>• To review all key recommendations with the Orthopaedic team and ensure implementation</li> </ul>
3. National Paediatric Diabetes Audit	The audit aims to assess the quality of paediatric diabetes care in relation to priority clinical standards recommended by the National Institute of Health and Care Excellence (NICE)	Q2	<ul style="list-style-type: none"> <li>• To aim for continued, year on year improvement in our HbA1c data with a targets of: median HbA1c 64mmol/mol or less, HbA1c &lt;58 33% and &lt;48 10% in 2017/18.</li> <li>• To continue to implement the regional high HbA1c program threshold of &gt;70 and increase our use of</li> </ul>



National audit	Purpose of the audit	Quarter reviewed	Improvement
			<p>pumps to at or above the national average.</p> <ul style="list-style-type: none"> <li>To continue to aim for a 95% annual screening rates for thyroid, BP and urine microalbumin.</li> <li>To continue to improve the documentation of an annual psychological wellbeing screening assessment, foot examination and structured education and submit data on these.</li> </ul>
4. National Lung Cancer Audit	The aim of the NLCA is to drive further improvements in lung cancer care and outcomes by bringing the standard of all lung cancer MDTs up to that of the best	Q2	<ul style="list-style-type: none"> <li>Ongoing audit locally and nationally. 2017 data reviewed locally. Surgical presence at MDT now achieved (not the case at time of this audit)</li> <li>To ensure full complement LCNS team and ensure cover for periods of maternity leave</li> <li>Improvements to be to current CT guided biopsy pathway to include looking at possibility of ambulatory lung biopsies at NSECH site</li> </ul>
5. NCEPOD: Inspiring Change	The aim of this audit is to review the quality of care provided to patients receiving acute non-invasive ventilation	Q2	<ul style="list-style-type: none"> <li>All national recommendations were reviewed and were considered to be met in the Trust</li> </ul>
6. Each Baby Counts	Each Baby Counts is the Royal College of Obstetricians and Gynaecologists' (RCOG) national quality improvement programme to reduce the number of babies who die or are left severely disabled as a result of incidents occurring during term labour	Q3	<ul style="list-style-type: none"> <li>All national recommendations were reviewed and were considered to be met in the Trust</li> </ul>
7. Monitoring of Patients Prescribed Lithium	The Prescribing Observatory for Mental Health (POMH-UK) run this audit to address the quality of monitoring of patients prescribed lithium	Q3	<ul style="list-style-type: none"> <li>To amend local protocol to include yearly checks of serum calcium and yearly record of weight or BMI</li> </ul>
8. Consultant Sign Off	The audit was designed to drive clinical practice forward by helping clinicians examine the work they do daily and benchmark against their peers but also recognise excellence	Q3	<ul style="list-style-type: none"> <li>Awareness of audit outcome - presentation to Consultant and middle grade staff</li> <li>No subsequent review of high risk cases by Consultant staff - discuss options for embedding such a review into DCC work</li> <li>Lack of identification of unscheduled returns - develop method of identifying such patients at ED presentation</li> <li>Automated identification of Consultant review - review whether introduction of pending electronic tracking system will allow for such documentation of Consultant review</li> </ul>
9. NCEPOD: COPD: Who cares when it matters most?	This audit details national outcome data relating to the cohort of patients included in the clinical audit of COPD exacerbations admitted to acute NHS units in England	Q3	<ul style="list-style-type: none"> <li>Smoking cessation with behavioural support commenced during inpatient stay – Ottawa model</li> <li>Assess and treat comorbidities, particularly cardiac</li> <li>Address anxiety – inc referral to local IAPT or health psychology, public access to a breathing control video among others</li> <li>Promotion of physical activity, based on achievable targets and behavioural change post discharge. This alone should confer benefit, and may improve engagement with pulmonary rehab</li> <li>Optimise COPD pharmacotherapy, inc inhaled therapy and targeted use of azithromycin and</li> </ul>

National audit	Purpose of the audit	Quarter reviewed	Improvement
			<p>roflumilast</p> <ul style="list-style-type: none"> <li>Supported discharge directed by PEARL readmission risk score</li> <li>Early review within 14 days (@ home within supported discharge, in clinic or by telephone consultation)</li> <li>Completion of emergency healthcare plans jointly with primary care colleagues</li> <li>Achieving the above goals will require: redesign of the current supported discharge service; engagement with frontline clinicians, nurses, physiotherapists, public health and primary care; development of information sources for patients; increased provision of pulmonary rehab, protected clinic slots with increased capacity</li> <li>We have also engaged primary care and commissioners through RightCare to promote delivery of our COPD pathway. Individual practice data shows marked variation in flu vaccination exception reporting, among other elements, providing clear targets</li> </ul>
10. National Oesophago-Gastric Cancer Audit	To investigate whether the care received by patients with oesophago-gastric cancer is consistent with recommended practice	Q4	<ul style="list-style-type: none"> <li>Review reinstated audit of mode of presentation - Ensure audit running again</li> </ul>
11. National Bowel Cancer Audit	The audit aims to measure the quality of care and survival rates of patients with bowel cancer in England and Wales	Q4	<ul style="list-style-type: none"> <li>Low proportion of resective surgery for patients with distant metastases at first presentation: a) Await outcome of randomised controlled trials; b) Perform internal review of cases not offered resection for the reason of metastatic disease</li> <li>Median 'delay' to ileostomy closure of 231 days: a) Review internal case-series for reasons for 'delay'; b) Review Danielsen <i>et al.</i> - applicable to a sub-set of our patients</li> </ul>
12. Endocrine and Thyroid Audit Report	The audit focuses on outcomes from endocrine surgical procedures and, in line with previous audits, it records levels of surgical activity, analyses training and degrees of sub-specialisation	Q4	<ul style="list-style-type: none"> <li>The observations provided by the national body are adhered to by the trust. The trust does not undertake adrenal surgery. Endocrine surgery is going to be discontinued</li> </ul>
13. National Neonatal Audit Programme	To assess whether babies admitted to neonatal intensive and special care units receive consistent care and to identify areas for improvement in units	Q4	<ul style="list-style-type: none"> <li>To improve ROP follow up rates - ROP letter to be formulated and given out to parents of eligible babies shortly after admission; Missed cases to be investigated via datix</li> <li>Neonatal units should aim to deliver sustainable sequential improvements in breast milk feeding at discharge - Feeding leads to respond with a plan</li> <li>Leaflet to be approved concerning two year follow up -Meet with medical lead to sign off; Leaflet to be ordered</li> </ul>
14. National Diabetes Audit Complications and Mortality	The aim of the audit was to monitor progress towards reducing the prevalence of long term diabetes diabetic complications and additional mortality; and to highlight variation in outcomes between health economies	Q4	<ul style="list-style-type: none"> <li>All national recommendations were reviewed and were considered to be met in the Trust</li> </ul>

National audit	Purpose of the audit	Quarter reviewed	Improvement
	and stimulate service improvements		
15. Diabetes Insulin Pump Audit	The Insulin Pump Audit collects information on the number and characteristics of people with diabetes using an insulin pump, the reason for going on an insulin pump and the outcomes achieved since starting the pump	Q4	<ul style="list-style-type: none"> <li>There is on-going departmental discussion about implementation of a fully funded insulin pump treatment team</li> </ul>
16. Paediatric Pneumonia Audit	The aim of the audit was to assess whether the BTS Guideline is being adhered to and to identify any trends over time, both positive and negative	Q4	<ul style="list-style-type: none"> <li>Disseminate Audit results to relevant clinical team</li> </ul>
17. National Hip Fracture Database 2017	To improve performance around the management of hip fractures	Q4	<ul style="list-style-type: none"> <li>HipQIP covering all of Hip Pathway - continued work on Care Coordination Subgroup, looking at care across sites; review of outcomes from Physio Sprint Audit to assess for gaps in care across sites</li> <li>4 Hour admission - review of process in Pre-surgery subgroup; including consider Fast Track protocol for Hips to ward</li> <li>Measurements suggested in QS16 - review measures</li> <li>Total Hip Replacements - continue to monitor %THRs, while await outcome of HEALTH trial</li> <li>Best Practice Tariff - continued monitoring on weekly basis through HipQIP; particular attention to delays in surgery</li> <li>Mortality &amp; length of stay - monthly monitoring of Mortality &amp; length of stay at HipQIP</li> </ul>

### Local audits

The reports of 285 local clinical audits were reviewed by the provider in 2017/18 and Northumbria Healthcare NHS Foundation Trust intends to take the following actions to improve the quality of healthcare provided:

- Ensure findings and actions from local audits are disseminated appropriately to all relevant stakeholders so that learning can be shared, and to promote consistency in the quality of care across different sites and teams
- Undertake re-audits where appropriate to ensure that any changes which have been identified by audits have been implemented and have led to an improvement in practice
- Review clinical guidelines and protocols in those areas where audits have identified that changes in practice are needed
- Enhance patient information and engagement where audits have identified this is either lacking or in need of improvement

- Deliver training and education for staff in areas where new practice has been identified or where audits have highlighted that awareness and understanding of existing practices needs to be strengthened
- Continue to follow up the actions of audits identifying that improvements are required or where the results present a moderate or high risk to the trust.

The audits conducted during 2017/18 have contributed towards improved patient care in a number of ways including: improving the information provided to patients and their families enabling them to make informed decisions and fully involved in their care and treatment; ensuring staff have the right skills and knowledge to carry out care effectively; improving the timeliness of response to patients; and delivering safer care through improved assessment, treatment, communication and documentation.

## Participation in clinical research

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This section of the Quality Account describes the Trust's participation in clinical research studies. The number of patients receiving NHS services provided or subcontracted by Northumbria Healthcare NHS Foundation Trust in 2017/18 that were recruited during that period to participate in research approved by a Research Ethics Committee was 2,284 in a total of 88 studies. During the course of the year, the R&D Department has reshaped its structure in order to provide dedicated staffing support to the major areas of clinical research we support across the organisation. The teams are as follows:

- Cardiology
- Community
- Gastroenterology
- Haematology
- NSECH
- Obstetrics and Gynaecology
- Oncology
- Orthopaedics
- Respiratory
- Rheumatology

Each has a Team Lead and a number of nurses and support staff working within their dedicated area to support research across the Trust.

The Rheumatology Team is often featured by our commercial sponsors as being one of the top recruiters nationally. The Trust's partnership with Synexus continues to attract interest from a number of different partners, both NHS and commercial. In January, the trust hosted visitors

from the US and UK offices of PPD a leading global contract research organisation, in order to showcase the work we have delivered to date. The result of this visit is likely to lead to even further opportunities for the trust to offer high-quality, clinical trials to patients which are not routinely offered to NHS trusts in the UK.

In addition to commercially sponsored research NHCT sponsor many academic projects resulting in high quality Journal publications and Conference presentation.

Last year we were primary researches on 62 journal publications and presented at annual conferences for most of the research active specialities.

### Goals agreed with commissioners (the CQUIN – Commissioning for Quality and Innovation Payment Framework)

A proportion of Northumbria Healthcare NHS Foundation Trust's income in 2017/18 was conditional on achieving quality improvement and innovation goals agreed between Northumbria Healthcare NHS Foundation Trust and any person or body they entered into a contract, agreement or arrangement with for the provision of relevant health services, through the Commissioning for Quality and Innovation (CQUIN) payment framework. Further details of the agreed goals for 2017/18 and for the following 12 month period are available electronically at [www.northumbria.nhs.uk/about-us/corporate-information/strategies-and-reports/strategic-plans-for-the-future](http://www.northumbria.nhs.uk/about-us/corporate-information/strategies-and-reports/strategic-plans-for-the-future)

The trust's services earned 100% of available CQUIN monies as it delivered the quality improvements outlined below in Table 13:

Table 11: Trust performance against 2017/18 CQUIN targets

CQUIN quality improvement target	% Achieved <sup>1</sup>	2017/18 Forecast of income earned £	2016/17 monetary total received
<i>NHS staff health and wellbeing</i>			
a) Improvement of health and wellbeing of NHS staff2)	0	0	676,553
Improving access to physiotherapy services for staff	0	0	
b) Healthy food for NHS staff, visitors and patients	25%	48,956	
c) Improving the uptake of flu vaccinations for front line clinical staff within providers			
<i>Reducing the impact of serious infections (AMR and Sepsis)</i>			
a) Timely identification of sepsis in emergency departments and acute inpatient settings	100%	146,868	676,553
b) Timely treatment for sepsis in emergency departments and acute inpatient settings	30%	44,061	
c) Antibiotic review	100%	146,868	
d) Reduction in antibiotic consumption per 1,000 admissions	100%		

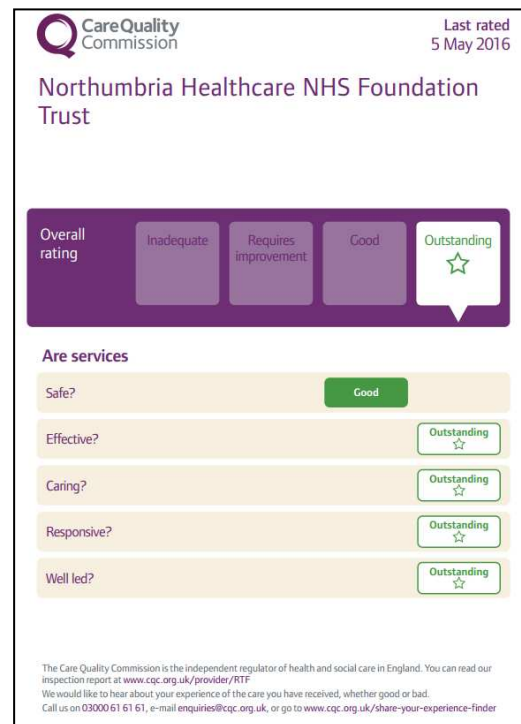
CQUIN quality improvement target	% Achieved <sup>1</sup>	2017/18 Forecast of income earned £	2016/17 monetary total received
		48,956	
<i>Improving services for people with mental health needs who present to A&amp;E</i> a) Reduce by 20% the number of attendances to A&E for those within a selected cohort of frequent attenders who would benefit from mental health and psychosocial interventions, and establish improved services to ensure this reduction is sustainable	100%	587,474	676,553
<i>Offering advice and guidance (A&amp;G)</i> Set up and operate A&G services for non-urgent GP referrals, allowing GPs to access consultant advice prior to referring patients in to secondary care	100%	587,474	947,175
<i>Supporting proactive and safe discharge</i> a) Discharge pathways b) Emergency Care Data Set (ECDS)	100% 100%	234,990 117,494	676,553
<i>NHS E-referrals</i> GP referrals to consultant-led 1st outpatient services and the availability of services and appointments on the NHS e-Referral Service	25%	146,868	676,553
<i>Improving the assessment of wounds</i> Increase the number of wounds which have failed to heal after 4 weeks that receive a full wound assessment	100%	64,191	541,242
<i>Personalised care and support planning</i> Embedding personalised care and support planning for people with long-term conditions	100%	38,515	270,621
<b>Total:</b>			
This schedule is contingent on final agreement with the Trust's commissioners.			

## Statements from the Care Quality Commission (CQC)

Northumbria Healthcare NHS Foundation Trust is required to register with the Care Quality Commission (CQC) and its current registration status is fully registered with no conditions. The CQC has not taken enforcement actions against Northumbria Healthcare NHS Foundation Trust during 2017/18.

Northumbria Healthcare NHS Foundation Trust has not participated in any special reviews or investigations by the CQC during the reporting period.

In November 2015, the CQC visited the trust to inspect its services. The final report from this inspection was published on the 5<sup>th</sup> May 2016. The overall ratings from this inspection are shown in the picture to the right –the Trust was given an overall rating of ‘OUTSTANDING’.



Although the CQC report was extremely positive, there were a small number of areas for improvement identified. A detailed action plan was therefore developed and was completed by the due date of January 2017.

## Data quality

Good quality information underpins the effective delivery of patient care and is essential if improvements in quality of care are to be made. Improving data quality, which includes the quality of ethnicity and other equality data, will thus improve patient care and increase value for money.

### *The patient's NHS number*

A patient's NHS number is a key identifier for patient records, and the National Patient Safety Agency has found that the largest single source of nationally reported patient safety incidents relates to the misidentification of patients. The work to ensure the completeness of this data item within the trust means that its performance is above the national average.

Northumbria Healthcare NHS Foundation Trust submitted records during 2017/18 to the Secondary Uses Service (SUS) for inclusion in the Hospital Episodes Statistics (HES) which are included in the latest published data.

The percentage of records in the published data which included the patient's valid NHS number was (for April 2017 to January 2018):

- 99.8% for admitted patient care (national value is 99.4%)
- 99.9% for outpatient care (national value is 99.5%)
- 98.1% for accident and emergency care (national value is 97.3%).

The percentage of records which included the patient's valid General Medical Practice Code was (for April 2017 to February 2018):

- 100.0% for admitted patient care (national value is 99.9%)
- 100.0 % for outpatient care (national value is 99.8%)
- 100.0% for accident and emergency care (national value is 99.0%).

#### *Information governance toolkit attainment levels*

Northumbria Healthcare NHS Foundation Trust's Information Governance Assessment Report overall score for 2017/18 was 95% and was graded Satisfactory, because for all requirements attainment level 2 or above was achieved.

#### *Clinical coding of admitted patients*

Clinical coding translates the medical terminology, as written by the clinician to describe a patient's diagnosis and treatment, into standard recognised codes. The accuracy of this coding is a key indicator of the accuracy of the patient record.

Clinical codes can be used to identify specific groups of anonymised patients (for example, those who have had a stroke, or those who have had a hip replacement operation) so that indicators of quality can be produced to help inform the improvement process.

Northumbria Healthcare NHS Foundation Trust was not subject to an external Payment by Results clinical coding audit during 2017/18. An internal audit was carried out by an independent qualified auditor. This covered 200 episodes from the following specialties: Trauma & Orthopaedics (100), Anaesthetics (37), Oral Surgery (34) and General Surgery (29). The results from this audit are shown in Table 12.

Table 12: Internal audit: error rates

Error	Trauma & Ortho 100 episodes % (numerator/ denominator)	Anaesthetics 37 episodes % (numerator/ denominator)	Oral Surgery 34 episodes % (numerator/ denominator)	General Surgery 100 episodes % (numerator/ denominator)



Primary diagnosis incorrect	4.0% (4/100)	0.0% (0/37)	5.9% (2/34)	10.3% (3/29)
Secondary diagnoses incorrect	3.0% (9/299)	0.0% (0/68)	4.7% (3/64)	3.8% (4/105)
Primary procedure incorrect	1.0% (1/95)	10.8% (4/37)	3.2% (1/31)	5.3% (1/19)
Secondary procedures incorrect	5.9% (14/239)	9.4% (10/106)	2.9% (1/35)	4.7% (2/43)

The results of this audit gave the trust attainment Level 3 for the relevant information governance requirement. This is above the level required by NHS Improvement. The results should not be extrapolated further than the actual sample audited. During 2017/18 the trust strengthened its clinical coding by consolidating a programme of audits involving face-to-face meetings between the specialist coders and individual consultants.

#### *Actions to improve data quality*

Data must be of the highest quality so that information held about an individual patient and used in their care is accurate. In addition, the summary information used by the trust to measure service improvement, and by the public and patients to assess quality of services, also requires that data should be of the highest quality. Northumbria Healthcare NHS Foundation trust will be taking the following actions to further improve data quality:

- Ensure all the important data collection systems are underpinned by clear procedures and processes for recording data.
- Building on the work already started by both the clinical coding auditor and the trainer to improve the quality of the codes recorded, in particular making the best use of the additional encoder software.
- Improving the process around the definition and reporting of key safety and quality metrics, working on this through the trust's Quality Lab.
- Continue to work closely with clinical leaders on the development and reporting of outcome measures from coded data, for reporting to the trust's quality panels, using this as an opportunity to address any underlying data quality issues.
- Further developing and implementing the trust's Data Standards Policy, in particular with the implementation of new ePR systems, to ensure that all new implementations comply with the national Information Standards Notices.
- Expanding reporting from the patient level data recorded about allied health professional and community health services, developing new data standards where necessary.
- Continuing to use the trust's data governance tables to improve the quality of data held within our systems.
- Reporting on data quality metrics (including the national Data Quality Maturity Index) to the Safety & Quality Committee.

- Expanding reporting to include metrics derived from the data recorded about patient observations and medication.

## Complaints

The trust values the contributions patients and their carers have made to its patient surveys, complaints and compliments. Table 13 below provides a summary of the key complaints performance indicators monitored within the trust:

Table 13: Key complaints performance indicators

Measure	Target	2017/18 Outturn	2016/17 Outturn	2015/16 Outturn	2014/15 Outturn
New complaints received	no target	391	440	504	457
Acknowledge all complaints within 3 days of receipt	100%	99%	100%	100%	100%
Complaints closed	no target	403	486	513	491
Complaints closed within timescale agreed with complainant	95%	90%	81%	93%	88%
Percentage of well – founded complaints <sup>1</sup>	no target	69%	68%	64%	62%

Note: <sup>1</sup> Based upon confirmed outcomes from complaints responded to during 2017/18

The total number of new complaints (including withdrawn complaints) received in 2017/18 is 391 which represents a decrease of 49 (11%) from the total received in the previous year. The main themes resulting from complaints are detailed in Table 14 below:

Table 14: Main themes resulting from complaints

Themes	New Complaints Received	Percentage of Total New Complaints Received	Percentage well-founded <sup>1</sup>
Care and Treatment	255	65%	66%
Communications	66	17%	65%
Privacy and Dignity	41	10%	66%

Note: <sup>1</sup> Based upon new complaints opened and responded to 2017/18 (includes fully upheld and partially upheld complaints)

The trust recognises that in the majority of instances it is best to resolve issues as soon as possible. The trust uses a variety of ways to encourage concerns to be raised immediately with the person in charge of a patient's care, such as complaints patient information leaflets and complaints posters. Alternatively contact details are provided for the PALS service, the on-call senior manager (available out of hours) and also the Complaints Team.

During 2017/18, the Parliamentary and Health Service Ombudsman (PHSO) notified the Trust of its intention to investigate nine complaints. Of these, eight have been concluded with none fully upheld, one partially upheld and seven not upheld.

In the case of the partially upheld complaint, the Trust was asked to provide an apology to the complainant and provide evidence as to how the same issue would be prevented from occurring in the future, this was completed within the timeframe required by the PHSO.

## Staff reporting incidents

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The National Reporting and Learning Service (NRLS) recognise that organisations that report more incidents usually have better and more effective safety cultures. During 2017/18, a total of 17,188 (17,901 in 2016/17) incidents were reported by staff. The decline in the number of incidents reported can be attributed to an overall reduction in the number of patient falls occurring within the Trust, helped by introduction of measures such as the supportive observation policy.

Once reported each incident is investigated and remedial action taken where necessary. To further encourage reporting, staff receive feedback on incidents reported is now provided electronically through the trust's incident reporting system.

The 2017 staff survey, page 63, contained many positive messages in relation to incident reporting with 3 areas rated in the top 20% of Trusts (% staff witnessing potentially harmful events, fairness and effectiveness of procedures for reporting incidents and staff confidence in reporting unsafe clinical practice). However, survey results relating to the 'percentage of staff reporting errors, near misses or incidents witnessed in the last month' placed the trust in the bottom 20% of acute trusts, with a score of 88% compared to the acute trust average of 90%.

The Trust is exploring these results in detail – a spot audit recently undertaken would indicate that staff respond 'no' to this statement as it is read as being in relation to identifying but not reporting an error, near miss, or incident. It is also to be expected that this figure would be low if there are fewer incidents at an organisation compared to others. The trust risk management team will continue to work with staff across the trust to emphasise and publicise the importance of reporting incidents whenever they are witnessed. The top three types of incident reported in the trust during 2017/18 are indicated in Table 15:

Table 15: Top 3 incident types reported by staff during 2017/18

Themes	Number reported	Comment
Pressure ulcer	2978	The most frequent issue is pressure ulcer damage present on admission to the trust. The most serious cases of trust acquired pressure ulcers remain subject to full root cause analysis.
Accident, fall, slip, trip or collision	2859	The most frequent issue is patient falls, minimising hospital falls continues to be a priority into 2018/19.
Skin	704	The most frequent issue is moisture lesion

## Serious incidents

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Serious incidents (SIs) which occur within the trust are reported to the Commissioners. After reporting the incident, a root cause analysis (RCA) investigation is undertaken for each incident reported. An investigation report, including an action plan, is produced following the RCA investigation. This report is reviewed by the trust's Safety Panel, which consists of a Medical Director, and a Director of Nursing. Once approved the report is submitted to the Commissioners. Actions arising from the investigation continue to be monitored by the Safety Panel until they are completed. In total, 101 SIs were reported by the trust in 2017/18. The top three most frequently reported are shown in Table 18 below:

Table 18: Top three serious incidents reported during 2017/18

Themes	Number Reported	Comment
Falls	60	National guidance to report all 'falls with fracture'. Minimising hospital falls continues to be a priority into 2018/19.
Mortality/Unexpected Death	12	Includes unexpected deaths and suicides.
Pressure Ulcers	7	Includes delays as a result of failures to follow up patient after discharge.

## Never events

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Never events are serious, largely preventable patient safety incidents that should not have occurred if the available preventative measures have been implemented. During the year 2017/18, one never event occurred within the trust, this related to a retained foreign object. The incident was investigated as a serious incident with an action plan developed to address the investigation recommendations, the implementation of these actions were monitored by the trust board until completion in December 2017.

## Duty of candour

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The statutory Duty of candour became effective from November 2014 and all trusts are required to comply with the duty of candour after becoming aware of a 'notifiable safety incidents'.

A notifiable safety incident is defined as 'any unintended incident that occurred in respect of a service user during the provision of a regulated activity that, in the reasonable opinion of the healthcare professional, could result in or appears to have resulted in:

- Death

- Severe harm, moderate harm or prolonged psychological harm to the service user’.

Trusts are required to verbally notify service users of such incidents within ten working days and to follow up this verbal notification with a written notification. Trust staff have been made aware of the requirements of the Duty of candour through internal communication briefings, amendments to trust policies/procedures and also through the staff induction process.

The trust utilises the existing incident reporting system to record and manage all notifiable safety incidents to ensure that the requirements of the Duty of candour are adhered to.

Monitoring of compliance is reported on a monthly basis to the Safety and Quality Committee and to the Finance, Investment and Performance Committee both of which are trust Board committees.

## Reporting against core indicators

This section of the Quality Account provides comparisons of quality standards common to all providers.

The standards are set by the Department of Health and the information and data used is from the NHS Information Centre. All data can be found at: <https://indicators.ic.nhs.uk/webview>. The standards that are benchmarked are:

- Summary hospital-level mortality indicator
- Patient reported outcome measures
- Emergency readmissions within 28 days
- Responsiveness to the needs of patients
- Staff who would recommend the trust to family or friends
- Venous thromboembolism risk assessment
- C.difficile
- Patient safety incidents.

### *Summary Hospital-level Mortality Indicator (SHMI)*

Table 19: Performance against the summary hospital-level mortality indicator (SHMI) core quality indicators

Measure	October 2015 – September 2016					October 2016 – September 2017				
	Trust Value	National Average	National Min	National Max	Status	Trust Value	National Average	National Min	National Max	Status
The value and banding of the summary hospital-level mortality indicator ('SHMI')	1.03 Band 2 (as expected)	1.00	0.69	1.16	↔	1.02 Band 2 (as expected)	1.00	0.73	1.25	↔
% of patient deaths with palliative care coded at either diagnosis or specialty level	38.0	29.7	0.4	56.3	↔	39.3	31.5	11.5	59.8	↔
Key:	↑ better than expected; ↔ as expected; ↓ worse than expected									

Table 19 presents the trust's performance against the SHMI. Northumbria Healthcare NHS Foundation Trust considers that this data is as described for the following reasons:

- The trust has in place the right quality standards and culture to ensure it delivers safe and good quality care as evidenced by its performance on the metrics of: responsiveness to the personal needs of patients, and staff who would recommend the trust to family or friends.
- The percentage of deaths coded with palliative care codes is greater than the national average because the trust provides a dedicated palliative care service on all sites. This service scores very highly on the trust's internal patient experience measures.

Northumbria Healthcare NHS Foundation Trust has taken the following actions to improve this score, and so the quality of its services, by following a comprehensive process for monitoring within-hospital mortality.

- This involves using several mortality measures, and then accessing the records of the patients in those groups for which a review is indicated because of the value of the measure.
- For each review the Medical Director is provided with the full and final clinical coding information. This includes details of primary diagnosis, any co-morbidities and also any procedures performed.
- The Medical Director reviews all of the information available through clinical coding for each case, and then will request any further information required to make a full assessment. This could involve a review of the case notes and a discussion with the clinical team.
- By this process, the Medical Director is able to report to the Board as to whether any of the deaths identified fall outside those that would be expected, or are not clearly accountable by the fully coded diagnoses and procedures.
- In addition, the trust has also established a weekly clinical case note review of a proportion of deaths to analyse whether any improvements in care could have been made.
- The trust also participates in a regional group that shares best practice with regard to monitoring hospital mortality.

Patient reported outcome measures (PROMs)

Figure 8: Primary HIP Procedures (data provided by NEQOS)

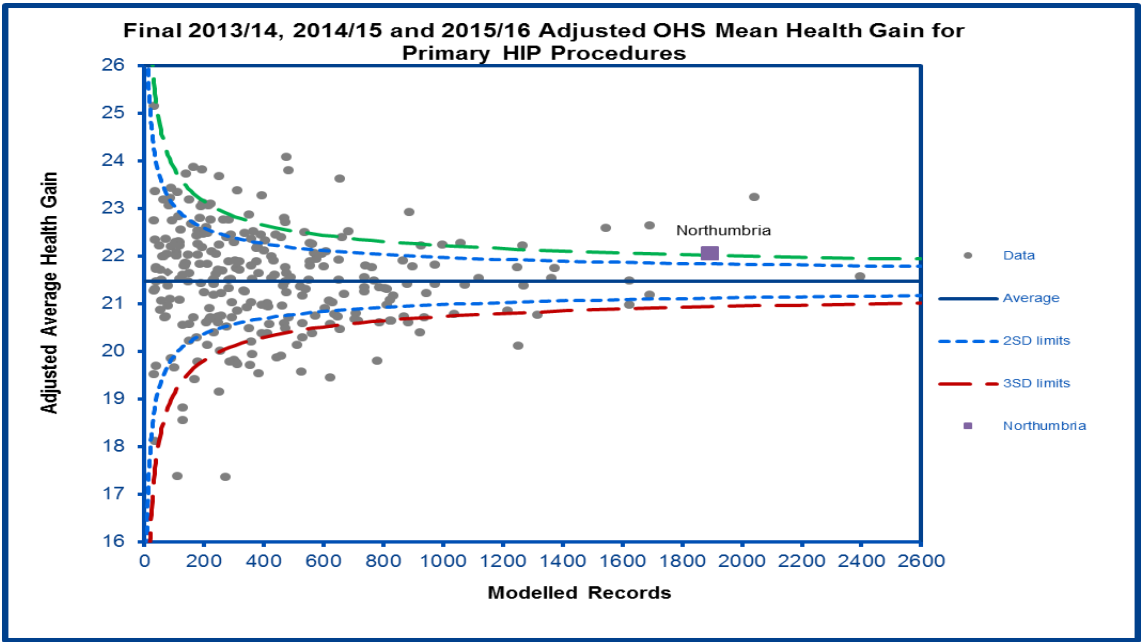


Figure 9: Primary knee Procedures (data provided by NEQOS)

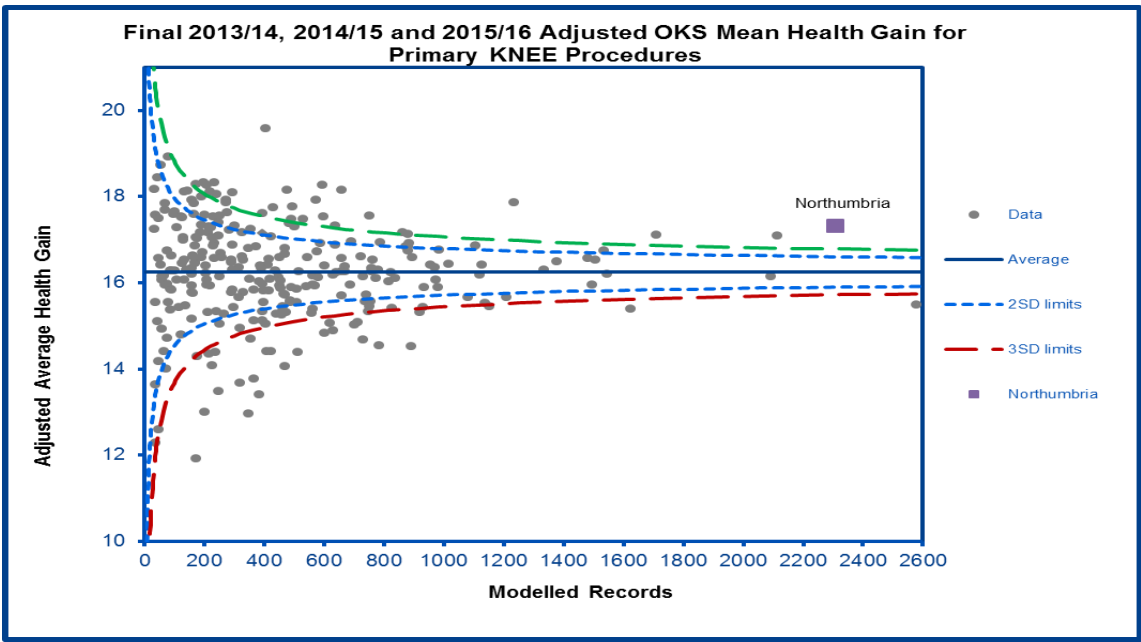
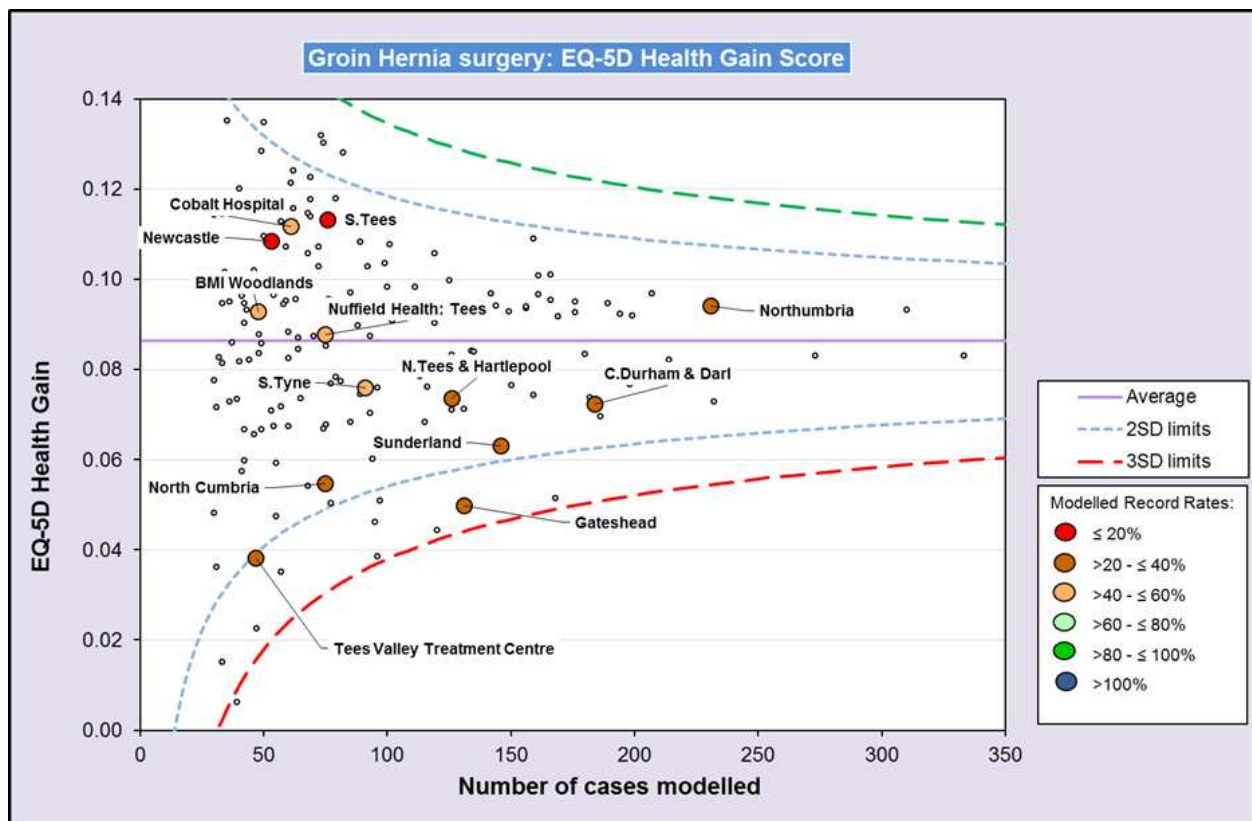




Figure 10: Groin hernia surgery (data provided by NHS Digital)



Figures 8 -10 presents the trust's performance against the PROMs – both graphs demonstrate that the Trust is a positive outlier when compared with other Trusts in the country.

A large number of improvements have been made to the service over recent years. In view of these outcomes Northumbria are now leading a large scale implementation of anaemia screening across 20 NHS trusts (QIST collaborative).

#### *Emergency readmissions to hospital within 28 days*

Table 20: Performance on emergency readmissions to hospital within 28 days of discharge

Measure	2011/12 <sup>1</sup>				
	Trust Value	National Average	National Min	National Max	Status
Patients aged 0-15	10.21	-	0.0	14.94	↔
Patients aged 16 or over	12.60	11.45	0.0	17.15	↓
Key:	↑ better than expected; ↔ as expected; ↓ worse than expected				
Note:	1 – No more recent data available				

Table 20 presents the Trust's performance on emergency readmissions to hospital within 28 days. Northumbria Healthcare NHS Foundation Trust considers that this data is as described for the following reasons:

- There was previously no alternative service provision for those patients that required ambulatory services resulting in these patients being admitted to hospital for short periods of time – impacting on readmission rates.

Northumbria Healthcare NHS Foundation Trust has taken the following actions to improve this score, and so the quality of its services:

- Discharge lounges: The discharge lounges help to standardise the discharge process. Staff in the lounges follow up patients who are at high risk of readmission and arrange further support if necessary. The discharge lounges work in partnership with pharmacy to ensure that patients understand their medications, as confusion about medication can lead to unnecessary readmission.
- Follow up telephone calls for our elective care patients post discharge to ensure their recovery is on track and if they require intervention then they can come back to clinic.
- Ambulatory care: Provides timely, accessible, specialist assessment, in an ambulatory setting which can provide the crucial support needed for those working in primary and community care to be able to help patients remain at home, therefore avoiding unnecessary admission. With the change in our model of care, this service is now provided at our specialist emergency care hospital. The services that are provided through our ambulatory care services have also expanded, making this facility accessible to more patients.

A similar unit exists for surgical patients – surgical assessment unit, again this is located at the Northumbria. However, these patients are counted as non-elective inpatient admissions and so there is no overall impact on emergency readmissions data.

### *Responsiveness to the personal needs of patients*

Table 21: Performance on responsiveness to the personal needs of patients

Measure	2015/16					2016/17				
	Trust Value	National Average	National Min	National Max	Status	Trust Value	National Average	National Min	National Max	Status
Responsiveness to inpatients' personal needs	77.1	69.6	58.9	86.2	↑ (within top 20%)	74.6	68.1	60.0	85.2	↑ (within top 20%)
Key:	↑ better than expected; ↔ as expected; ↓ worse than expected									

Table 21 presents the Trust's performance on the responsiveness to the personal needs of patients. Northumbria Healthcare NHS Foundation Trust considers that this data is as described for the following reasons:

- The trust is continually responding to patient feedback and has an extensive programme to ensure that it captures feedback at different times of the patient journey.
- Real-time patient experience data captured during inpatients stay is communicated to all members of the clinical teams in a timely manner, often within 3 hours of speaking to patients thus ensuring improvement can be made quickly. It also allows staff to appreciate how their service is viewed. This capture of feedback of real-time patient experience has helped clinical teams remain responsive to inpatients personal needs.

Northumbria Healthcare NHS Foundation Trust has taken the following actions to improve this score, and so the quality of its services, by:

- It continues to develop its patient experience programme for inpatient, outpatient and community services using different methods of data collection and ensuring that this is communicated to teams in a timely manner. The trust has also continued this year to further understand its patient experience data by collecting data on both weekdays and weekends.
- We are looking to collect staff experience in real time, as evidence suggests that there is a direct correlation between staff experience and patient experience.

## Staff who would recommend the Trust to family or friends

Table 22: Performance on staff who would recommend the Trust to family or friends

Measure	2016					2017				
	Trust Value	National Average (acute trusts)	National Min (acute trusts)	National Max (acute trusts)	Status	Trust Value	National Average (all acute trusts)	National Min (acute & acute specialist trusts)	National Max (acute & acute specialist trusts)	Status
% of staff employed by, or under contract to the Trust who would recommend it as a provider of care to their family	82%	70%	49%	85%	↑ (within top 20%)	77%	70%	47%	86%	↔
Key:	↑ better than expected; ↔ as expected; ↓ worse than expected									

Table 22 presents the Trust's performance on staff who would recommend the Trust to family or friends. Northumbria Healthcare NHS Foundation Trust considers that this data is as described for the following reasons:

- The Trust has a highly engaged workforce that is fully committed to delivering high quality care. The response rate for the Trust for the staff survey is one of the highest in the country. Real time patient experience data is communicated to all members of the clinical teams in a timely manner ensuring improvements can be made quickly when required and demonstrating to staff how their services are viewed.

Northumbria Healthcare NHS Foundation Trust has taken the following actions to improve this score, and so the quality of its services, by:

- It continues to develop its patient experience programme for inpatient, outpatient and community services using different methods of data collection and ensuring that this is communicated to teams in a timely manner.
- The Trust also continues to engage with staff through focus groups following the results of the staff survey and the Trust's culture survey to identify where and how any improvements can be made.

## Venous thromboembolism (VTE) risk assessment

Table 23: Performance on VTE risk assessment: %

	2016/17: Q4	2017/18: Q1	2017/18: Q2	2017/18: Q3
<b>Measure:</b>	<b>% of admitted patients risk-assessed for VTE</b>			
<b>Target:</b>	95%	95%	95%	95%
<b>Trust Value:</b>	93.63%	94.00%	93.44%	95.61%
<b>National Average:</b>	95.74%	95.20%	95.25%	95.36%
<b>National Min:</b>	80.61%	51.38%	71.88%	76.08%
<b>National Max:</b>	100%	100%	100%	100%
<b>Status:</b>	↔	↔	↔	↔
<b>Key:</b>	↑ better than expected; ↔ as expected; ↓ worse than expected			

Table 23 presents the Trust's performance on VTE risk assessment. Northumbria Healthcare NHS Foundation Trust met the 95% target throughout the year (updated for Q4). This follows action taken by the Trust to improve performance following 2017/18. Specific action taken relates to new documentation which further simplifies the data collection process. This was introduced during 2017/18.

## C. difficile

Table 24: Performance on C. difficile

Measure	2015/16					2016/17				
	Trust Value	National Average	National Min	National Max	Status	Trust Value	National Average	National Min	National Max	Status
Trust apportioned rate of C. difficile infection for patients aged two years and over per 100,000 bed days	7.2	14.9	0.0	67.2	↑	7.8	13.2	0	82.7	↑
<b>Key:</b>	↑ better than expected; ↔ as expected; ↓ worse than expected									

Table 24 presents the trust's performance on C. difficile. It is important to note that, at the time of publication, the Trust breached its C-Difficile performance target of 30 cases for the year end 31<sup>st</sup> March 2018. This will be an area of additional focus for 2018/19.

The trust has continued to refine its infection control practices by monitoring antibiotic usage, engaging a dedicated 'deep clean' team, strict cleaning regimes and ensuring where appropriate isolation of patients is undertaken. The trust has a dedicated team of Infection Control Nurses who work seven days a week to provide support and advice to the wards.

In addition it has developed a seven day microbiology service to ensure that C.difficile positive results are provided in a timely manner and can be acted on appropriately and consistently seven days a week. Furthermore the trust, via The Northumbria has increased the number of single rooms available to patients thereby reducing the risk of spread of infection.

The Trust commissioned an external independent review of its infection control management following a number of flu and norovirus outbreaks over the winter period. The report found the Trust's response to outbreaks to be vigorous and appropriate.

### *Patient safety incidents*

Table 25 presents the trust's performance on patient safety incidents. Northumbria Healthcare NHS Foundation Trust considers that this data is as described for the following reasons:

- The trust has an open culture and encourages all staff to highlight when and where incidents have occurred. The Trust recognises that in line with National Reporting and Learning System (NRLS) guidance, organisations can't learn and improve if they don't know what the problems are.
- The trust continues to ensure that staff are engaged in the process and receive feedback on incidents reported at ward/department level.

Northumbria Healthcare NHS Foundation Trust has taken the following actions to improve this score, and so the quality of its services, by:

- The trust has worked to ensure that incidents are correctly classified, (using National Patient Safety Alert definitions), as severe harm or death. Such incidents are fully investigated with any learning identified and resulting actions implemented.
- Delivered training sessions to a number of departments/meetings across the Trust and published several articles in the staff magazine/weekly communications bulletin to promote and improve incident reporting.

Table 25: Performance on patient safety incidents

Measure	April 2016 to September 2016					October 2016 – March 2017				
	Trust Value	National Average (Median) (Acute Non Specialist median)	National Min (Acute Non Specialist)	National Max (Acute Non Specialist)	Status	Trust Value	National Average (Median) (Acute Non Specialist median)	National Min (Acute Non Specialist)	National Max (Acute Non Specialist)	Status
Number of incidents	5471	4335	1485	13485	↔	5489	4439.5	1301	14506	↔
Rate per 1000 bed days	35.5	40.0	21.1	71.8	↔	36	40.1	23.1	69.0	↔
Number of incidents resulting in severe harm or death	9	14	1	98	↔	5	16	1	92	↔
% of incidents resulting in severe harm or death	0.16%	0.33%	0.02%	1.73%	↔	0.09%	0.31%	0.03%	2.13%	↔

## Learning from Deaths

### Profile

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The Trust has had an established mortality review process as part of North East Trust collaborative since 2013. Mortality reviews are triangulated with other mortality information and contribute to our strategic quality objectives, which are set out elsewhere. Information, good practice and learning is shared at a bi-monthly meeting of partner Trusts.

### Cases reviewed

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During January 2017 – December 2017, 2,409 of Northumbria Healthcare NHS Foundation Trust patients died. This comprised the following number of deaths which occurred in each quarter of that reporting period:

- 640 in the first quarter (Jan-Mar);
- 581 in the second quarter (Apr-Jun);
- 559 in the third quarter (Jul-Sep);
- 629 in the fourth quarter (Oct-Dec).

2, representing 0.083% of patient deaths during the reporting period are judged to be more likely than not to have been due to problems in the care provided to the patient. In relation to each quarter, this consisted of:

- 1 representing 0.16% for the first quarter;
- 0 representing 0% for the second quarter;
- 0 representing 0% for the third quarter;
- 1 representing 0.16% for the fourth quarter.

These numbers have been estimated using the Hogan preventability method where the review graded the death as either “Probably preventable, more than 50-50 but close call”, “Strong evidence for preventability” or “Definitely preventable”.

By 20/05/2018, 617 case record reviews and 24 investigations have been carried out in relation to 624 of the deaths included above.

In 17 cases a death was subjected to both a case record review and an investigation. The number of deaths in each quarter for which a case record review or an investigation was carried out was:

255 in the first quarter;

136 in the second quarter;  
102 in the third quarter;  
131 in the fourth quarter.

84 case record reviews and 9 investigations completed after 01/01/2017 which related to deaths which took place before the start of the reporting period.

0 representing 0% of the patient deaths before the reporting period, are judged to be more likely than not to have been due to problems in the care provided to the patient. This number has been estimated using the Hogan preventability method where the review graded the death as either “Probably preventable, more than 50-50 but close call”, “Strong evidence for preventability” or “Definitely preventable”.

3 representing 0.123% of the patient deaths during 01/01/2016-31/12/2016 are judged to be more likely than not to have been due to problems in the care provided to the patient.

### Lessons Learnt

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A number of cases have been highlighted in patients known to palliative care who have been admitted to hospital locations that were not part of the treatment plan for those patients. Information has been fed back to the partner clinicians who are working together to ensure there is a more robust link between community services and palliative care. The Trust is working with NEAS and North Tyneside CCG to implement a workable IT solution in partnership that will ensure all partners have a shared locus of information on the plans in place that patients who are dying have been made, so that their wishes will be followed.

### Actions Taken and Impact

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A root cause analysis of a case of operative bleeding at a base resulted in changes to our 7777 algorithms that which should lead to improvements in all patients needing care escalation who are inpatients at bases sites.

It was noted that some patients who had complicated pathways and long hospital stays had multiple moves between sites. An auditable system has been put in place to flag and review patients who have had 4 or more moves in order to reduce the impact such fragmentation could have on continuity of care.

For some years Northumbria has had an operating policy that means that treatment plans and escalation decision must be made before discharge from The Northumbria. The mortality review



group continues to feedback good and not so good practice to individual clinicians and teams that have resulted in a dramatic fall in cardiac arrests on all sites, but particularly the base sites.

As a result of a small number of cancer alerts that have not been acted upon, the medical director, the division director covering radiology and the Clinical Information Officer are developing a protocol that will improve the utilisation of this cancer safety-net.

It has been noted that the documentation and communication with bereaved families could be improved. A task and finish group lead by medical and nurse directors has been set up that is setting standards around the care delivered to the recently bereaved aiming to provide more consistent information, feedback and access to clinical staff as well as reducing variation in bereavement practices.

The above are a limited number of specific system wide examples of learning into action, we continue to use mortality review to inform a number of our clinical quality improvement groups (eg Sepsis, fractured neck of femurs, falls, and pressure ulcer care), morbidity and mortality meetings, which provide constant feedback to staff on known issues such as documentation, handover, and escalation, with the aim of more timely patient care and reduction in variation.

## **Implementing the Priority Standards for 7 Day Hospital Services**

The seven day services programme is designed to ensure patients that are admitted as an emergency, receive high quality consistent care, whatever day they enter hospital. Ten clinical standards for seven day services in hospitals were developed in 2013 through the Seven Day Services Forum, chaired by Sir Bruce Keogh and involving a range of clinicians and patients. The standards were founded on published evidence and on the position of the Academy of Medical Royal Colleges (AoMRC) on consultant-delivered acute care. These standards define what seven day services should achieve, no matter when or where patients are admitted.

With the support of the AoMRC, four of the 10 clinical standards were identified as priorities on the basis of their potential to positively affect patient outcomes. These are:

Standard 2 – Time to first consultant review

Standard 5 – Access to diagnostic tests

Standard 6 – Access to consultant-directed interventions

Standard 8 – Ongoing review by consultant twice daily if high dependency patients, daily for others

These standards are regularly assessed as part of a national audit run by NHS England. Our latest performance for this audit (completed in September 2017) is shown in Table 26 below and covered only standard 2:

Table 26: Latest 7 days audit performance (September 2017)

	Weekday	Weekend	Total
<b>Number of patients reviewed by a consultant within 14 hours</b>	141	57	198
<b>Number of patients reviewed by a consultant outside of 14 hours</b>	18	7	25
<b>Total</b>	159	64	223

<b>Proportion of patients reviewed by a consultant within 14 hours of admission at hospital</b>	89%	89%	89%
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Table 27 lists the results from the previous audit conducted in March 2017 which included all four priority standards.

Table 27: 7 days audit performance (March 2017)

7 Day Results				Weekday results				Weekend results			
Standard 2	Standard 5	Standard 6	Standard 8	Standard 2	Standard 5	Standard 6	Standard 8	Standard 2	Standard 5	Standard 6	Standard 8
97%	100%	89%	98%	98%	100%	89%	99%	96%	100%	89%	96%

The Trust is therefore doing well in terms of implementing the priority standards.

## Priorities for 2018/19

Having looked back at the trust's performance over the last year, this section of the Quality Account is forward looking and details the safety and quality priorities that the trust has decided on for 2018/19. The rationale for including these priorities is based on a range of factors such as actual data from the previous year, or as a consequence of clinical or public request for the priority to be included. Discussions have been held with clinicians via Clinical Policy Group, as well as among Board members at Safety & Quality Committee and Board meetings regarding the refreshed priorities for 2018/19.


These priorities for improvement in the quality of care were agreed following an extensive engagement process and used the intelligence and data the trust has from its safety and quality outcomes (including serious incidents, case note reviews, reviewing mortality and harm, complaints, clinical audit, outcomes from quality panel reviews, patient and staff experience surveys, and best practice guidance such as from NICE and national audit).

The priorities were selected to fulfil at least one of the following criteria:

- The trust is committed to an improvement in this area
- A known improvement strategy is already in place and will remain in place overtime
- Measures are either in place or in development
- It is possible to undertake historic or benchmark comparison.

The safety and quality priorities for 2018/19 are illustrated in Tables 28 – 33. Three are continued from 2017/18 (sepsis, frailty and flow) and we have determined that two additional areas of focus will be in relation to falls, and aligning patient and staff experience.

Table 28: Priority 1 2018/19: Falls

Priority 1:	Falls
<p><b>Why we chose this as a priority and what it means for patients:</b></p>	<p>Falls was previously part of the frailty priority. Given the profile of our patients at the Trust, we want to provide additional focus in this area.</p> <p>We are standardising the way we assess elderly patients who present with significant injury as a result of a fall (low level trauma) to the Emergency Department. With our 'Simple Fall, Think Trauma' campaign we are hoping to raise awareness across all of our clinical teams of the need to improve the management of elderly patients who have fallen.</p> 

Priority 1:	Falls		
<b>What we are planning to do:</b>	<ul style="list-style-type: none"> <li>Develop our falls strategy for 2018 onwards building on the opportunity to develop the QI capacity and capability with ward teams to identify targeted small scale changes that can be made to improve falls rate and compliance with the falls safe bundle</li> <li>Focus on de-conditioning for those patients who stay in hospital for extended periods of time by introducing a pyjama paralysis programme. We aim to have 70% of patients out of bed and dressed in the morning, against a baseline assessment of around 50%.</li> </ul>		
Performance measures:	Proposed Measure	Target	Reporting Cycle
	Overall number of falls	Sustained reduction based on 17/18 baseline	July 2018, December 2018, March 2019
	Reduction in moderate and above harm events associated with falls		

Table 29: Priority 2 2018/19: Patient and staff experience

Priority 2:	Patient and staff experience		
<b>Why we chose this as a priority and what it means for patients:</b>	<p>The Trust has a well-established patient experience measurement programme which allows us to have a deep understanding of the quality of care across all parts of the organisation.</p> <p>We know from the evidence that there is a strong link between patient experience and staff experience. High quality, safe and compassionate healthcare we know staff themselves have to feel safe in the work that they do, respected for their ideas, and working in compassionate environments that allow them to respond to the need of patients.</p> <p>Our commitment therefore is to develop a comprehensive measurement programme for staff experience that will match the information that we have about patient care. This is a unique development for the NHS and will be the first programme of its kind in the country.</p>		
<b>What we are planning to do:</b>	<p>Our measurement programme will give us regular updated information in real-time in a number of core areas that we know are linked to a positive staff experience, and ultimately patient experience. The diagram summarises these key areas and areas we will be paying attention to:</p>		



Priority 2:	Patient and staff experience
	 <p>As a sign of the Trust's commitment to this priority, the Trust has appointed a Chief Experience Officer (Annie Laverty) who will have on-going oversight of all performance relating to the care of staff and patients.</p> <p>We are committing to not just measuring staff experience, but to using this data to drive improvement about what matters to staff across the Trust.</p> <p>Further work is required to design a set of metrics for the initiative. These will be used by the Safety &amp; Quality Committee and Trust Board in order to monitor performance against the overall priority.</p>

Table 30: Priority 3 2018/19: Surviving Sepsis

Priority 3:	Surviving Sepsis
<b>Why we chose this as a priority and what it means for patients:</b>	<p>Sepsis, or blood poisoning, is the reaction to an infection in which the body attacks its own organs and tissues. If not identified and treated quickly, it can lead rapidly to organ failure and death, and leaves thousands of survivors with life-changing disabilities.</p> <p>The condition harms adults and children alike, and results in more than 44,000 deaths every year in the UK. Earlier recognition and treatment could save more than 14,000 lives annually.</p> <p>Whilst we already have an established Surviving Sepsis project, it is apparent it has not been fully embedded with our clinical teams.</p> 

Priority 3:	Surviving Sepsis
	Compliance with the sepsis 6 bundle remains a concern. Our audit process requires review to support a continuous process of improvement, including new ways of presenting data.
<b>What we are planning to do:</b>	<ul style="list-style-type: none"> <li>• In 2018/19 we will concentrate improvement efforts on delivery of the sepsis 6 care bundle. Our evidence suggests that completion of the sepsis treatment form improves compliance with the bundle components. We therefore intend to increase use of the appropriate documentation which will not only improve the care provided to those who meet the criteria for sepsis but also enable us to more accurately monitor our performance on bundle compliance.</li> <li>• Our electronic patient system (Nervecentre) will be introduced in 2018 to the emergency department. This will include sepsis screening and treatment bundle. We would expect improved compliance and data collection as a result</li> <li>• Education and training programmes to be reviewed and identification and treatment of sepsis to be incorporated within the deteriorating patient pathway</li> <li>• Potential introduction of a new regional NEWS2 algorithm which would be consistent and transferrable between primary, community and hospital settings</li> </ul>


Performance measures:	Proposed Measure	Target	Reporting Cycle
	Eligible patients screened for sepsis	Minimum standard 95%	April 2018, September 2018, January 2019
	Use of the treatment bundle form	Sustained increase – aim 65% by year end	

Table 31: Priority 4 2018/19: Flow

Priority 4:	Flow		
<p><b>Why we chose this as a priority and what it means for patients:</b></p>	<p>Optimising flow through our hospital system is about ensuring that patients are cared for in the right place at the right time, for the right duration by the right people. This improves patient outcomes and enhances patient experience.</p> <p>Blocks to flow can lead to the development of bottlenecks particularly at the entry point to our hospitals in the Emergency Department. A gridlocked Emergency Department leads to: delays in handing over patients arriving via an ambulance; reduced ability to see and treat patients who have time sensitive conditions; delays to admission to hospital and receiving appropriate care in the right setting; and poor performance against our national 4 hour waiting time targets.</p> <p>There are many factors that can impact on flow through our hospital system, ranging from increasing numbers of people needing emergency services in the first place, to delays in getting patients discharged back home following a stay in hospital. This priority is therefore about ensuring that safe and high quality care is provided throughout our system by improving and maintaining the flow of our patients.</p>		
<p><b>What we are planning to do:</b></p>	<ul style="list-style-type: none"> <li>• In 2018/19 we aim to increase the use of ambulatory facilities to stream patients out of the emergency department system quickly with an aim to reduce ED attends by around 70 per day</li> <li>• We will also focus on our extended stay patient numbers across the organisation. We believe that both of these elements will improve flow within the hospital. These are patients who have been in hospital for &gt;7 days and our average number is around 380 per day</li> </ul>		
<p><b>Performance measures:</b></p>	<p><b>Proposed Measure</b></p>	<p><b>Target</b></p>	<p><b>Reporting Cycle</b></p>
	<p>Increased use of ambulatory care units</p>	<p>70 patients per day</p>	<p>May 2018, October 2018, February 2019</p>
	<p>Decrease in stranded patients (measures to be defined as there will be seasonal variation)</p>	<p>Sustained reduction</p>	



Table 32: Priority 5 2018/19: Frailty

Priority 5:	Frailty
<p><b>Why we chose this as a priority and what it means for patients:</b></p>	<p>Over the next 20 years, the number of people aged 85 and over is set to increase by two-thirds, compared with a 10% growth in the overall population. Statistics indicate that patients over 70 years old account for more than 2 million attendances per year (15% of attendances).</p> <p>Frail older people are more likely to be admitted and have a longer length of stay in acute hospitals compared to other patient groups. Recognition early of frailty and the standardisation of management of frailty related conditions such as falls and delirium is known to improve outcomes and experience for patients.</p> <p>Whilst we have well developed Care of the Elderly (COTE) services with seven day COTE consultant presence at the Northumbria hospital, there remains scope to improve care for frail patients both in terms of early recognition of frailty and providing a more timely comprehensive geriatric assessment.</p> <p>We will also look at the ways in which our approach to frailty is supported by a dementia strategy which is aligned to the National Dementia Audit 2018.</p> 
<p><b>What we are planning to do:</b></p>	<ul style="list-style-type: none"> <li>• Further development of an elderly care strategy forum which brings together multi-disciplinary teams across the frailty pathway. The group will meet quarterly and receive feedback from QI initiatives and support the development of new ideas. The forum will concentrate on the development of documentation to improve communication between primary, community and hospital based teams</li> <li>• Review of the dementia strategy and delivery of the National Dementia Audit in 2018</li> <li>• A key focus for 2018/19 is to build on the knowledge of the benefits and pressures associated with the Frailty Assessment Services (FAS) and to review the space available at the Northumbria Hospital site to provide a dedicated unit in order to increase capacity up to 30 patients per day</li> <li>• For those patients who stay in hospital, we continue to monitor harm free care and in particular pressure ulcers which can be associated with extended length of stay and immobility</li> </ul>



Performance measures:	Proposed Measure	Target				Reporting Cycle
	Number of patients attending FAS	Q1 - 15	Q2 - 20	Q3 - 25	Q4 - 30	June 2018, November 2018, February 2019
	Deconditioning - Proportion of patients with completed CGA	Increased use of CGA – aim 65% by year end				
	De-conditioning – patients with pressure ulcer	Reduction in overall numbers in patients >75 years				

The Trust has developed a robust system of performance management to ensure the delivery of the quality priorities. Each priority has a strategic goal and is measured by the clinical team and reported to the Council of Governors quarterly and monthly to the Board of Directors and Safety and Quality Committee.

There are a number of measures that the trust will continue to monitor about the quality of services that do not appear within the safety and quality priorities list. These are measures that clinical teams have felt are important as a result of national direction, horizon scanning or from the trust's own performance dashboard.

For example, mortality rates are tracked using a number of different statistical methods, including SHMI, C-difficile rates, and the WHO checklist. The rates are benchmarked nationally and reported to the Board quarterly in line with updated data.

As a trust and a provider of local health services, Northumbria Healthcare NHS Foundation Trust is committed to listening to patients and the public about the services provided and what is important to them when they use its services. During 2017/18 the trust has actively engaged with patients, staff and stakeholders to develop the safety and quality priorities for the year ahead so that it can continue to ensure that it delivers a high quality service to its local communities.

The draft priorities were presented to Clinical Policy Group and the Council of Governors and we also held an informal working to discuss the priorities with governors in April 2018. The final priorities were decided by the Council of Governors, Clinical Policy Group and the Board of Directors in 2018.

## Part 3 – Other information

This part of the Quality Account provides more detail about the trust's performance during the last year against its priorities identified for 2017/18, and against other key indicators and targets. It also describes some of the key quality initiatives the trust has undertaken during the year, including the work it has done on improving and monitoring patient and staff experience.

### Key measures

This section provides an overview of quality of care offered by Northumbria Healthcare NHS Foundation Trust based on performance in 2017/18 against indicators selected by the Board in consultation with stakeholders. For ease of reference the Board of Directors' priorities were reported in Part 2. Table 33 below outlines the measures that were included as quality priorities in 2013/14, 2014/15, 2015/16, 2016/17 and 2017/18. These will also be included in 2018/19 as key measures of safety. This demonstrates the improvement from previous years and the Board are committed to sustaining further improvement throughout the year. All of these measures should be cross-referenced to part 2 of the Quality Account.

Table 33: Key measures

Measure	Data Source	Comparator	Performance				
			2013/14	2014/15	2015/16	2016/17	2017/18
C. diff number of cases	National requirement	n/a	31	30	21	<b>24</b>	35
MRSA number of cases	National requirement	n/a	3	3	1	<b>4</b>	1
SSI rate - all infections (hips)	Internal metric	1.6% - JHI	1.08%	0.75%	1.00%	0.73%	1.28% *
SSI rate - all infections (knees)	Internal metric	4.2% - JHI	0.74%	0.72%	0.48%	0.54%	0.40% *
<b>Clinical effectiveness</b>							
Serious harm: falls	Internal metric	n/a	64	65	73	78	65
Harm rate events per 1000 bed days	IHI Global Trigger Tool	n/a	34	34	discontinued	-	-
Readmission rate within 30 days		n/a	8.1%	9.8%	10.4%	n/a	-
Mortality – Case notes reviewed	Internal metric	n/a	-	-	870	974	616
<b>Patient experience</b>							
Real time survey results (domain average)	Internal metric	n/a	9.52	9.54	9.48	9.62	9.59
National patient experience CQUIN composite score	National requirement	n/a	82.7	n/a	n/a	n/a	n/a
National inpatient (new indicator)	National requirement	n/a	-	84.5%	86.5%	86.9%	<b>87.5%</b>
Component scores of real time in-patient experience	Internal metric	n/a	9.52	9.54	9.48	9.62	9.59

\* YTD, as at Feb 18

## NHS Improvement Oversight Framework

NHS Improvement is an independent regulator of NHS trusts. It requires that minimum standards are maintained and these are described in the Department of Health's Operating Framework as the most significant priorities.

During 2017/18 there were the principle oversight document issued by NHS Improvement was the Single Oversight Framework.

The Quality Report includes those indicators which were reported as part of NHS Improvements oversight for the whole year i.e. those indicators that appear in both the Risk Assessment Framework and the Single Oversight Framework. Table 34 below summarises the strong performance during 2017/18 against the relevant indicators and performance thresholds.

Table 34: Quarterly performance against NHS Improvement Single Oversight Framework

Indicator	Target	2017/18 Quarterly performance			
		Q4	Q3	Q2	Q1
Maximum time of 18 weeks from point of referral to treatment (RTT) in aggregate – patients on an incomplete pathway	92%	92% (Mar)	92% (Dec)	92% (Sep)	93% (Jun)
A&E: maximum waiting time of four hours from arrival to admission/ transfer/ discharge <sup>1</sup>	95%	90%	93%	95%	93%
All cancers: 62-day wait for first treatment from: urgent GP referral for suspected cancer	85%	83%	83%	78%	81%
All cancers: 62-day wait for first treatment from: NHS Cancer Screening Service referral <sup>2</sup>	90%	90%	89%	78%	92%
Care programme approach (CPA) patients, comprising: receiving follow-up contact within seven days of discharge	95%	100%	100%	100%	100%
Care programme approach (CPA) patients, comprising: having formal review within 12 months	95%	100%	100%	100%	100%
Admissions to inpatients services had access to crisis resolution/home treatment teams	95%	N/A	N/A	N/A	N/A
Meeting commitment to serve new psychosis cases by early intervention teams	95%	N/A	N/A	N/A	N/A
Category A call – emergency response within 8 minutes, comprising: Red 1 calls	75%	N/A	N/A	N/A	N/A
Category A call – emergency response within 8 minutes, comprising: Red 2 calls	75%	N/A	N/A	N/A	N/A
Category A call – ambulance vehicle arrives within 19 minutes	95%	N/A	N/A	N/A	N/A
Early intervention in psychosis (EIP): people experiencing a first episode of psychosis treated with a NICE-approved care package within two weeks of referral	50%	N/A	N/A	N/A	N/A

Improving access to psychological therapies (IAPT) - people with common mental health conditions referred to the IAPT programme will be treated within 6 weeks of referral	75%	86%	85%	86%	91%
Improving access to psychological therapies (IAPT) - people with common mental health conditions referred to the IAPT programme will be treated within 18 weeks of referral	95%	99%	100%	99%	100%
IAPT Proportion of people completing treatment who move to recovery	50%	50%	50%	50%	50%
Clostridium (C.) difficile – meeting the C. difficile objective ( <i>numbers are <b>cumulative</b>, quarterly</i> )	No more than 30 cases in the year	35	25	13	9
Venous thromboembolism (VTE) risk assessment	95%	97.0% (to Feb)	95.6%	93.4%	94.0%
SHMI ( <i>reported in arrears; quarter relates to period in which results published</i> )	As expected	1.02 As expected	1.01 As expected	1.02 As expected	1.03 As expected
Maximum 6-week wait for diagnostic procedures	99%	99% (Mar)	99% (Dec)	99% (Sep)	99% (Jun)

- 1 During 2017/18 the trust experienced a large variation in daily attends and the continued increase in attends above 'normal attendance variation' which resulted in the main ED department being unable to deliver the 4hr target. This coupled with a lack of available beds (due to an increase in admissions and the impact of infection outbreaks) indicated the acuity of patients attending the hospital during this period of time (and thereafter). The trust has made changes to its ED model which is beginning to demonstrate improved performance during the first part of Q1 2017/18.
- 1 The trust continues to amend its processes around delivery of the 62 day screening target, which for the trust relates specifically to bowel cancer screening. The target remains challenging as delivery is based on 90% measure, but with there remain only a small number of patients - usually less than 10 in the quarter. The trust has worked closely with its regulator who understands the challenge.

## Patient experience – an update on performance during 2017/18

This section of the Quality Account explains the approach the Trust takes to continually improve the experience of its patients, service users and their families. The Trust is widely recognised as having one of the best patient experience programmes in the NHS, and it uses a range of approaches to actively engage with the people who use the Trust's services.

Listening to the views of patients allows the Trust to design and deliver services that people really need.

### Friends and family test

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This national test is a measure of patients' general satisfaction with the service of the Trust. It describes the score that patients award services in terms of their likeliness to recommend care to friends and family.

The latest national friends and family test results were published in January 2018. Figure 11 demonstrates the results during 2017/2018:

Figure 11: National Friends and Family Test Results 2017/18

FFT Inpatients	Q1	Q2	Q3	Q4
Northumbria	97%	97%	96%	96%
National Average	96%	96%	96%	95%

FFT Emergency Care	Q1	Q2	Q3	Q4
Northumbria	87%	85%	82%	83%
National Average	87%	87%	86%	86%

FFT Maternity	Q1	Q2	Q3	Q4
Northumbria	98%	99%	98%	98%
National Average	96%	96%	96%	96%

In summary the results are fairly positive, exceeding the national average in inpatients and maternity results. Emergency care is now just lower than the national average. We saw this slight decline after the introduction of text messaging. Although text messaging has increased our response rate, this is a different mode of data collection which tends to get a response rate from a younger population. We know that older people are more likely to give a positive rating of care so feel confident that the method chosen to record feedback has impacted on our scores.

Our national survey results for emergency care for example place us within the top 20% of Trusts.

Mode bias can result in variability that is not explained by the quality of care alone. For this reason there is a clear recommendation in national guidance that friends and family data should not be used to benchmark or make comparisons across Trusts.

Despite evidence of high quality care based on the friends and family results our response rates for both inpatients and A&E remain low when compared to the national average. We have reflected on this as a Trust, and it is a frequent topic of discussion in our review of quality with our Commissioners. We believe that this has been challenging for a number of reasons.

Each year the patient experience team get feedback from around 27,000 people via interview and survey. As part of our real time programme we interview people whilst they are in hospital and feedback immediately to staff that day - this real time programme allows us to be very responsive and act on concerns whilst patients are still with us. Most NHS organisations haven't invested in patient experience measurement to the same extent as Northumbria, so not all of what we measure locally counts towards a national picture for Friends and Family.

To help us get detailed information about where we may need to improve care we have committed to following people up once they go home. We know from research that two weeks after care, with time to reflect, patients are more likely to be at their most honest and critical of the service they receive. We believe this is exactly the right time to seek 'warts and all' feedback we need. This detail, together with patients' free text comments, is invaluable for guiding improvement, but it is hard to get in very large numbers and there is an associated cost with every survey that is mailed out.

We are committed to measuring in the right way using systems that are most likely to provide us with honest feedback of where we need to get better. However, these methods are not always the best way of achieving high volume of responses, but our focus has been on the quality of information not quantity.

As a Trust, we remain focused on obtaining detailed feedback captured at all points in the patient pathway. The extent of our real time and written survey programme following thousands of people up during and after their care generates a wealth of free text data which we analyse frequently and report to Board.

To meet the national guidance, we ask inpatients to provide written feedback on the day of discharge in a sealed envelope. Again we know that written responses like this will be less likely to get large volumes of returns than a quick text method but it is more likely to give us information we can act on and we feel that is more important. Sometimes persuading people to give meaningful feedback on the day they leave hospital can be very difficult because they, understandably just want to go home.

As mentioned earlier, in order to capture more patient feedback and return a higher response rate the Trust introduced Text messaging of the Friends and Family questions in early 2017. Each month we send 2000 Emergency Department patients this question. Using this methodology we have seen our response rate continue to improve and rise above the target set by our commissioners.

- ***Real-time programme***

The last year has seen another strong performance by the wards with relation to patient experience. Our data has remained static in most areas and has significantly improved in the cleanliness domain. Unfortunately the scores in co-ordination and involvement have dropped significantly since 2016, which is likely to be due to a particularly harsh winter and an unprecedented demand on services. Despite this drop from last year within these domains, the overall domain score remains high and unchanged.

The learning over the last year would not have been possible without the willingness of patients and their families to share their experiences, and for this we are very grateful.

An average score of:

- 95% for **Consistency & Coordination**
- 99% for **Respect & dignity**
- 96% for **Involvement** in decisions about care
- 98% for the quality of relationships with our **Doctors**
- 99% for the quality of relationships with our **Nurses**
- 98% for the **Cleanliness** of our wards and bathrooms
- 99% for the way the team managed **Pain**
- 82% for **Communicating about medicines** and side effects
- 94% for Noise at Night
- 99% for Kindness & Compassion

In 2017 our patients gave an average score of 96% for care overall – we are very proud of the consistency of this feedback of high quality, safe and compassionate care.

As well as capturing people's experiences on the day of discharge, we survey thousands of patients once they leave hospital to enable us to have a very balanced view of their experience of our care. We have used this feedback to target and improve essential aspects of our care that we know matter most.

Figure 12: Real time feedback scores 2017/18 – average score per domain

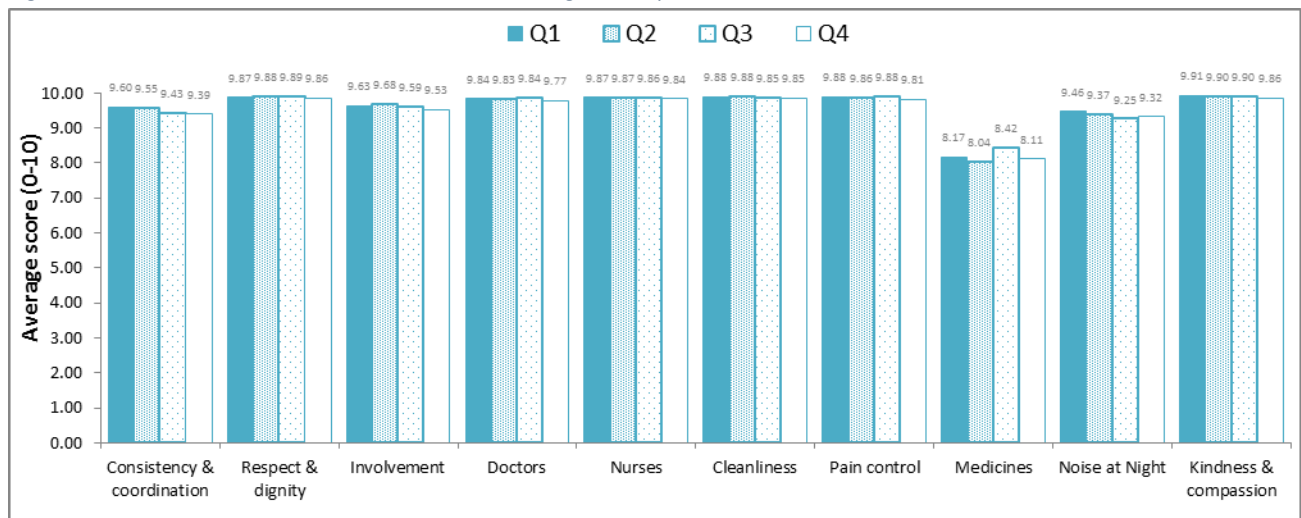
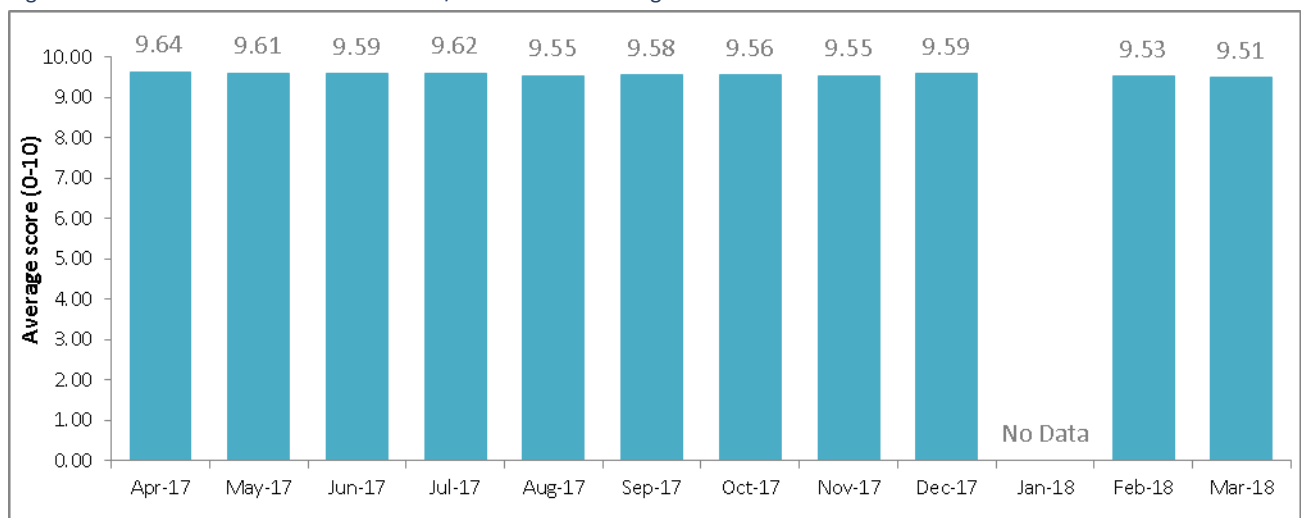


Figure 13: Real time feedback scores 2017/18 – Domain average score



Please note that no real time data was collected in January 2018 due to infection outbreaks on wards across the Trust.

#### • **Patient perspective (2017/18) – April to December 2017**

These surveys are sent to out-patients and in-patients once they have returned home to gather their views and experiences of services. An independent company approved by the Care Quality Commission evaluates the results for the Trust. The following is their account of the patient experience in our services.

#### **In-patients – 2017/18**

Overall, the inpatient results for 2017/18 continue to be very good.

The Trust is in the top 20% of all trusts on all 19 most important questions to patients. The overall score for the Trust on the key 19 questions is 87.5% which is in the top 20% of trusts (83.4%) and similar to 2016/2017.



Overall, 96% of patients rated their care as excellent, very good or good. Results remain consistently good in these areas:

- Communication with doctors and nurses
- Cleanliness
- Privacy
- Pain management
- Information about surgery
- Overall ratings of care and respect/dignity

Results for day-case patients are better still than for inpatients, averaging 93.0%.

### **Out-patients – 2017/18**

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The outpatient results continue to be outstanding. On average the Trust is in the top 20% of all trusts in England. It is in the top 20% for all 19 most important questions to patients.

All sites have an overall score in the national top 20%, except Blyth Community Hospital. All specialties are in the national top 20%.

The overall score is 90.4%, with the score for the top 20% in England standing at 84.4% and similar to 2016/2017.

99% of patients rate the Trust as excellent, very good or good.

Overall results are particularly good in these areas:

- All aspects of communication between doctors and patients
- Involvement in decisions
- Cleanliness
- Discharge information
- Letters to GPs being copied to patients
- Overall ratings

### **Accident and emergency – 2017/18**

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Overall, the emergency department results remain very good. The Trust remains in the top 20% of all Trusts in England on 24 of the 27 questions that are comparable with national data.

The average score is 83.5%, 1% higher than the previous year. The top 20% score for England is 78%.

This score has been consistently high in each quarter since April 2011. Average scores across the four sites are – The Northumbria 76% (specialist emergency care hospital), Hexham 88%, North Tyneside 81%, Wansbeck 81% (urgent care centres).

Overall, results are good in these areas:

- Privacy
- Information on waiting times
- Communication with doctors and nurses, time with clinicians and communication
- Cleanliness of the department and toilets
- Planning for leaving hospital

There is room for improvement in these areas:

- Pain management
- Waiting times until triage and to be examined

- ***Initiatives***

Patient experience data is regularly used throughout the trust to generate ideas for improvement and to kick start projects and programmes for change. The following pages summarise a number of examples of the initiatives that have taken place over the last 12 months.

#### **Introducing the Patient Experience Collaborative**

We were aware of gaps in both capability and capacity for real time measurement of patient experience across the NHS. This was limiting our ability to evidence some of the excellent improvement initiatives that we knew existed and form part of the Patient experience network awards each year.

We also have a keen interest in the effective spread of excellent practice and learning what it takes to sustain high quality, safe and compassionate care when the challenges and operational demands are significant.

We invited 11 Trusts to join Northumbria and colleagues and collaborative partners in the Patient experience network( PEN) to come together as a learning community. We are currently working with these trusts to identify, develop, share and embed ideas and processes for improving patient experience, sustaining that improvement and providing a measurement framework to evidence improvement. We attracted a wide range of organisations with good geographical coverage, which allowed us to learn from all parts of the UK. The proposal was instigated by Northumbria as part of our Acute Care Collaboration Vanguard work. Trusts who have joined the collaboration are;

1. Belfast City Hospital

2. Royal Free Hospital
3. Taunton and Somerset
4. Northamptonshire (Mental health)
5. Cwm Taf University Health Board Cwm Taf University Health Board
6. Barking, Havering and Redbridge
7. Torbay and south Devon
8. Ipswich
9. South Tees
10. South Tyneside
11. Sunderland City Trust

Northumbria's Patient Experience staff have visited each trust to educate and offer advice on the implementation of a Real Time programme. Results so far have been received from around 4000 patients nationwide. We share these results electronically with the collaborative partners.

We have created an environment across the collaborative where we all learn from each other – creating, sharing and taking resources depending on our own areas of expertise and development.

- ***Patient experience awards***

#### ***March 2017 - Patient Experience Network National Awards (PENNA)***

All Northumbria entries submitted for the National Patient Experience Awards were recognised as finalists in the 2017 PENNA ceremony. From 7 submissions we were named as winners for the following improvement work

- Partnership Working to Improve the Experience – Palliative Care Northumbria
- Patient Insight for Improvement – Outstanding Contribution – Pilot use of an assistive hearing device with patients who have a hearing impairment
- Trust of the Year 2017 for the third year in a row.

We were additionally recognised as runner up in the following awards:

- Continuity of Care
- Measuring Reporting and Acting
- Strengthening the Foundations
- Patient Insight for Improvement

- Team of the Year

These achievements reflect the diverse improvement work that is happening across the Trust and the learning we are sharing nationally. To round off an excellent year for patient experience, Northumbria was named by CHKS as one of only five acute trusts across the UK to have excelled in a range of national patient experience indicators and selected as a finalist in this year's CHKS Patient Experience Award – results will be shared in May.

Whilst we are naturally proud of this work, and in particular the staff, patients and families who have made this work possible, our commitment is to continually reflect on where we can do more to enhance the experience and expectations of all in our care. With this in mind we will have a strong focus in 2018 on the following priorities;

- To improve the emergency care experience
- To build on the innovative birth reflection project with greater involvement of women in community settings
- To better understand the needs of older people and help to combat loneliness
- To fully integrate patient and staff experience measurement so that we effectively improve both.

## Quality improvements during 2017/18

There are many examples of quality improvement initiatives that have been successfully delivered throughout the year resulting in improved quality of care for the people who use services. Examples of some of the work the Trust has done are given in the sections below, along with some of the trust's key achievements:

### Key achievement

#### Maternity services – Birth reflections

This initiative has been an exciting collaboration between patient experience, health psychology and maternity teams, who have developed a new and innovative pathway to support women after birth, and lay the foundations for routine measurement.

We have created a midwifery-led clinic where mothers and their partners can talk to a senior midwife about their birth experience. This project is supported by a whole system pathway to ensure that women are seen by the right service at the right time, can access the part of the pathway that is best placed to help, and offers a support structure from one delivery to another.

We have used the Microsystems Coaching Academy approach to run the project. The key principles of this approach are to do the work with the staff that deliver the care day to day, and the patients that receive it. It has worked extremely well for this project as it offered a structure, a coach to guide the team through, and tools to try out different ideas, whilst ensuring sustainability.

With an emphasis on early detection and treatment of birth trauma, our programme has incorporated specific prevention and detection training for midwifery staff.

This project has included a unique and excellent example of the use of real and right time information, collected from women, to implement improvements for patients. Early evaluation of this service is yielding excellent results, with women commenting on the extremely positive impact the clinics have had on them.

The work has been both challenging and rewarding and it has been a fantastic opportunity to get staff on the ground level involved in implementing a new pathway that is making a real difference to women and their families.

To have got to a stage where we are surveying all women who come through the service is an excellent achievement and provides a great deal of data to the service.

## Key achievement

### Pilot use of an assistive hearing aid device with patients who have a hearing impairment

This project piloted the use of an assistive hearing device with patients who have hearing impairment on a care of the elderly ward.

When first undertaking this work we found that there was an absence of research on any similar project. Ours appears to be the first of its kind in the Trust and perhaps, nationally.

Staff were surveyed to find their views on the prevalence and ease of communication with patients who have hearing impairments. Many reported that hearing impairment was a daily issue on the ward and they reported that they often felt rude, as they were having to raise their voices for patients to understand them. They also felt that caring for patients with hearing impairments took extra time and could sometimes lead to poorer outcomes for patients, especially when there had been miscommunications.

Live observation of a ward round showed that consultation with patients (hearing impairment) involved repetition and raised voice.

The hearing aid device consists of a box with a microphone that connects to the patients' headphones. This amplifies normal conversation to a level that overcomes their hearing impairment. The device is small/portable and can be easily taken to the patients' bedside.

The challenges included persuading staff, including senior staff, to promote and support the project; how to involve as many ward based staff - to embrace it/take ownership. This demanded good leadership acumen which were duly executed.

The plan was clear, simple and robust and accompanied by practical arrangements for staff to be/feel supported and to have easy access to the required equipment and documentation for the project.

Three PDSA (Plan, Do, Study, Act) cycles enabled us to make adjustments during the project.

Written and verbal feedback from staff and patients showed that the device enhanced communication between patients and staff. Some patients have said they were going to purchase the device for themselves upon discharge. Staff said - their communications with patients were more efficient and effective. The ward has acquired additional devices and integrated it into its routine. The Patient experience team have purchased hearing devices of their own to ensure full inclusion when seeking feedback from patients on our wards.

## Key achievement

### Palliative Care: Marie Curie @ Northumbria Partnership

The Marie Curie @ Northumbria partnership was launched in 2014. The joint venture was implemented to deliver high quality palliative and end of life care and support to people living in Northumberland and North Tyneside.

The first phase of the partnership saw the joint appointment of a Modern Matron to provide clinical leadership to the service including support in service development. The second phase saw the expansion of the palliative care Hospital Liaison Team (HLT). The HLT now comprises Specialist Palliative Care nurses, staff nurses and HCAs based across the four main hospital sites. The team cover all wards and provide support to palliative patients regardless of which specialty they are in. They help to ensure patients are cared for in their chosen place of care, working with the wards to ensure transfers and discharges are as safe and efficient as possible.

The number of patients seen by the HLT has increased by 100% from 2014 to 2016, with a 200% increase in the number of face to face contacts with patients. The range of diagnoses seen has increased. In 2014, 74% patients had a malignant disease and 26% had non malignant; this increased in 2016 to 64% and 36% respectively.

The third phase of the partnership was the implementation of the Rapid Response service in North Tyneside. The team comprises Macmillan Community Nurse Specialists, Marie Curie nurses and Healthcare Assistants and operates 7 days per week. The team aim to respond to urgent calls within 1 hour and will provide crisis and psychological support in addition to symptom management to any palliative patient, with the aim of keeping patients at home and reducing unnecessary admissions to hospital.

The Rapid Response service had 1337 referrals from January – June 2017, with only 3% of those patients being admitted to hospital or hospice.

## Key achievement

### Northumberland Multi Agency Safeguarding Hub

In February 2018, Northumbria Healthcare and Northumberland County Council launched a Multi-agency Safeguarding Hub (MASH) for Northumberland working out of Foundry House in Bedlington. A MASH is a joint arrangement designed to make sure that all those who may have knowledge about a vulnerable child or adult can share this information if there are reasons for concern that they may be being abused or neglected.

The MASH includes staff from the Trust's adult social care and health services, as well as staff working for the Council, Northumbria Police, NTW mental health trust, and the National Probation Service. Other services including Education, Fire and Rescue, Public Protection Northumberland Community Rehabilitation Company and Domestic Violence services are expected to join.

A key benefit of the MASH approach is that it allows agencies to focus resources on those cases that need a safeguarding response. Before there was the opportunity to discuss cases jointly when concerns were first raised, agencies often felt a need to refer even minor issues to the safeguarding services of the Council and the Trust, to make sure nothing was missed. As we moved towards setting up the MASH, and joint working increased, referrals became much more focused on situations which genuinely need further investigation, with cases which do not require a safeguarding investigation quickly being identified and offered more appropriate support through another part of the service. During 2017/18, 89% of adult safeguarding referrals were assessed as requiring an investigation compared with 57% in 2016/17, and 83% of referrals from the Police led to an investigation compared to just 27% in 2016/17.

During 2017/18, the desired outcomes of the vulnerable adults who were the subject of safeguarding enquiries were fully or partially met by the safeguarding process in 95% of cases (270 out of 283).

The Community Service Business Unit provides community health services across Northumberland and North Tyneside and adult social care services in Northumberland in partnership with Northumberland County Council.

Our community health services include:

- Community and district nursing
- End of life and palliative care services
- Public health services such as stop smoking services, weight management and sexual health services
- Speech and language therapy and podiatry
- Specialist services such as tissue viability, cardiac rehabilitation and stoma care



**Onecall** is for referrals in Northumberland to children services, adult social care including telecare, out of hours community nursing and safeguarding referrals. The 24/7 phone line brings together adult social care and healthcare staff from Northumbria Healthcare NHS Foundation Trust with Northumberland County Council staff from children's services, and partners in Northumbria Police and ambulance services.

Onecall also provides a **direct line for paramedics and care homes** to access support for adults living in Northumberland who as a result of a sudden illness, medical condition or change in circumstances need additional support urgently to stay at home safely. On average Onecall receives over 1,700 calls a day - helping keep vulnerable people safe and well 24/7 by providing help at the earliest opportunity before the situation becomes more serious

### **Supported discharge**

There is also very close joint working with hospitals and the third sector, to ensure that people are not admitted to hospital unnecessarily when they could be supported in the community, and to make sure that people can safely be discharged home as soon as they are medically fit.

Specific examples include:

**Home safe** is a new discharge service at Northumbria Hospital bringing together hospital and community occupational therapists, physiotherapists, discharge nurses, social care workers, paramedics and British Red Cross volunteers.

The team provides discharge assessments, patient transport home ranging from cars to a bariatric ambulance and support at home to promote patients' independence, including reablement, personal care such as meal preparation, and support with prescribed medication. These will be provided the same day or within 24 hours of referral

Home Safe follows the Discharge to Assess model enabling assessments at home where it's safe to do so in order facilitate discharge at the earliest opportunity and supports patient flow through proactive discharge planning to avoid admissions, readmissions and reduces length of stay.

Going forward we are developing in partnership with Northumberland Clinical Commissioning Group **Care at Home Teams for Complex Health needs (CATCH)**. These provide urgent and intensive support including mental health services and social care services for people in a health crisis who would otherwise need to be in hospital. They will provide assessment and coordinate care plans through multi-disciplinary team working. Core CATCH members will include – coordinator, community matrons, occupational therapist / physiotherapist and support workers.

## Workforce factors

The trust's staff are key to providing safe, effective and respectful care. The NHS staff survey provides the trust with good information about how its staff feel about different aspects of their work and how well they are equipped to deliver high quality patient care. This year's survey was published in February 2018. The staff response rate was 77% which is one of the highest response rates in the country for acute trusts.

Overall, the survey provides some excellent results however the trust will continue to focus on areas for improvement. There are 32 key findings that are grouped under seven headings – the four staff pledges from the NHS Constitution plus three additional themes of equality and diversity, errors and incidents and patient experience. In addition, there is an overall staff engagement indicator. Table 35 provides the results, and shows how the trust compares with other acute trusts. The key findings are shown as a percentage or rated between 1-5:

Table 35: NHS staff survey results for 2017/18

Pledge	Key finding	2017 result	2017 National average	2017 National performance	2017/18 performance against 2016/17
1. To provide all staff with clear roles and responsibilities and rewarding jobs	· Staff recommendation of the organisation as a place to work or receive treatment	3.95	3.75	Best 20%	↓
	· Staff satisfaction with the quality of work and patient care they deliver	4.11	3.91	Best 20%	↔
	· % agree their role makes a difference to patients / service users	91%	90%	Best 20%	↔
	· Staff motivation at work	3.93	3.92	Average	↔
	· Recognition and value of staff by managers and the organisation	3.63	3.45	Best 20%	↔
	· Staff satisfaction with level of responsibility and involvement	4.04	3.91	Best 20%	↔
	· Effective team working	3.87	3.72	Best 20%	↔
	· Staff satisfaction with resourcing and support	3.56	3.31	Best 20%	↔
2. To provide all staff with personal development, access to appropriate training for their jobs and line management support to succeed	· Staff receiving support from immediate managers	3.84	3.74	Best 20%	↔
	· % of staff have been appraised in the last 12 months	91%	86%	Best 20%	↔
	· Quality of appraisals	3.11	3.11	Average	↔
	· Quality of non-mandatory training, learning or development	4.07	4.05	Better than average	↔
3. To provide support and	· % of staff satisfied with the opportunities for flexible working patterns	51%	51%	Average	↔

Pledge	Key finding	2017 result	2017 National average	2017 National performance	2017/18 performance against 2016/17
opportunities for staff to maintain their health, well-being and safety	· % of staff working extra hours	65%	72%	Best 20%	↔
	· % of staff have suffered work related stress in last 12 months	30%	36%	Best 20%	↔
	· % of staff feeling pressure in the last three months to attend work when feeling unwell	48%	52%	Best 20%	↔
	· Organisation and management interest in and action on health and wellbeing	3.92	3.62	Best 20%	↔
	· % of staff have experienced physical violence from patients relatives or the public in the last 12 months	17%	15%	Worse than average	↔
	· % of staff have experienced physical violence from staff in the last 12 months	3%	2%	Worst 20%	↔
	· % of staff / colleagues reporting most recent experience of violence	76%	66%	Best 20%	↔
	· % of staff have experienced harassment bullying or abuse from patients, relatives or the public in the last 12 months	27%	28%	Better than average	↔
	· % of staff have experienced harassment, bullying or abuse from staff in the last 12 months	19%	25%	Best 20%	↓
	· % of staff / colleagues reporting most recent experience of harassment, bullying or abuse	57%	45%	Best 20%	↔
4. To engage staff in decisions that affect them and the services they provide and empower them to put forward ways to deliver better and safer services	· % report good communication between senior management and staff	36%	33%	Better than average	↔
	· % of staff feel able to contribute towards improvements at work	76%	70%	Best 20%	↔
Additional theme: equality and diversity	· % of staff experiencing discrimination at work in the last 12 months	9%	12%	Best 20%	↔
	· % of staff believed the trust provides equal opportunities for career progression or promotion	94%	85%	Best 20%	↔
Additional theme: errors and incidents	· % of staff witnessed potential harmful areas, near misses or incidents in the last month	27%	31%	Best 20%	↔
	· % of staff reporting errors, near misses or incidents witnessed in the last month	88%	90%	Worst 20%	↔
	· Fairness and effectiveness of procedures for reporting errors, near misses and incidents	3.84	3.73	Best 20%	↔
	· Staff confidence and security in reporting unsafe clinical practice	3.83	3.65	Best 20%	↔
Additional theme: patient experience	· Effective use of patient / service user feedback	3.96	3.71	Best 20%	↔

Pledge	Key finding	2017 result	2017 National average	2017 National performance	2017/18 performance against 2016/17
measures					
Overall staff engagement	· Northumbria score	3.91	3.79	Best 20%	↔
Key: (to comparison between 2017/18 and 2016/17 performance)					
↑ Better   ↔ Same   ↓ Worse					

### Workforce Race Equality Standard (WRES)

The NHS Workforce Race Equality Standard aims to promote race equality in the NHS by requiring trusts to demonstrate progress against a range of indicators as shown in Table 35 (however it should be noted that the numbers of staff from Black and Minority Ethnic Groups (BME) was relatively small with 44 respondents).

Table 36: NHS staff survey results for WRES

Measure	Ethnic group	2017 result	National average	2016 result
Percentage of staff experiencing harassment, bullying or abuse from patients, relatives or the public in last 12 months	White	26%	27%	23%
	BME	32%	28%	21%
Percentage of staff experiencing harassment, bullying or abuse from staff in last 12 months	White	19%	25%	17%
	BME	33%	27%	15%
Percentage of staff believing that the organisation provides equal opportunities for career progression or promotion	White	94%	87%	95%
	BME	81%	75%	92%
In the 12 last months have you personally experienced discrimination at work from manager/team leader or other colleagues?	White	5%	7%	5%
	BME	21%	15%	6%

## Key achievement

### The Trust supports Northern Pride

The trust was proud to have taken part in this year's Northern Pride event. Northern Pride took place on Newcastle Town Moor from 21 to 23 July and a range of trust services, including the integrated Sexual Health Service, North Tyneside Talking Therapies, and the Integrated Wellbeing Service, supported the event with stalls and information.



Ann Stringer, executive director of human resources and operational development, at Northumbria Healthcare said: *"As a trust we are committed to promoting equality and celebrating difference and I was delighted that we were able to engage with so many people from the diverse LGBT community by participating in Pride again this year."*

In the last year, the trust has promoted equality and diversity in a range of ways including building a community role models network for people who identify as lesbian gay bisexual and transgender (LGBT) or Black and Minority Ethnic (BAME) to help improve access to healthcare and promote positive roles, and raising awareness of the Equality and Diversity support available for staff.

## Listening to the views of stakeholders to inform the Quality Account

There is a high expectation that the trust listens to the views of a wide range of stakeholders and that the Board of Directors would give careful consideration to these views when determining the quality improvement priorities.

The trust wishes to acknowledge the views of all those involved and is grateful for their time and contribution. This has included voluntary groups across Northumberland and North Tyneside, GP practice managers, feedback from patients via on-going patient surveys, and public and staff members.

## Annex 1: Statements from stakeholders

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### Statement on behalf of the Council of Governors

The Quality Account was circulated by post on the 24<sup>th</sup> April 2018 to key stakeholders. This formal response was received on the 23rd May 2018.

#### **Council of Governors' response to Northumbria Healthcare Quality Account 2017/2018**

Northumbria Healthcare NHS Foundation Trust engages with its Council of Governors to produce the Quality Account. The safety and quality indicators set during the 2017/2018 period provided clarity regarding expected standards that allow the council of governors to fulfil its statutory duty of holding the non-executive directors, individually and collectively, to account for the performance of the Board of Directors.

At its quarterly general meetings, the Council of Governors receive reports of quality and safety indicators. These reports provided the opportunity for governors to challenge both non-executive directors and executive directors and thus allowed the Council to fulfil its statutory duty of holding the non-executive directors, individually and collectively, to account for the performance of the Board of Directors.

#### **Feedback on the content of the Quality Account**

The Council has been engaged in the production of this report and have received briefings from trust representatives on occasions throughout the year. This has involved detailed presentations relating to the Trust's past and future priorities. Council questions and comments have been considered and responded to appropriately.

This year, the Council of Governors established a working group to look at the draft quality account in more detail and also to look at ways in which the governors' involvement in the development and review of the quality account can be enhanced in future years.

Following the working group, the Trust has agreed to review the presentation of performance data in order to include more specificity regarding targets and associated performance. The working group also expressed the expectation that next year's quality account will include greater detail on the public health and population health aspects of the Trust's five year strategy.

Overall, the governors confirm that the report provides enough detail on progress against our quality objectives from last year, it identifies the areas where the trust still needs to improve, and is clear about what the quality objectives are for 2017/18 and how these will be measured. As a council, we were keen to continue to focus on patient experience and compassionate care.

The Council acknowledges the efforts of the staff who work so hard, especially during the increasingly frequent periods of high operational pressure, to maintain high standards and provide safe and quality care for our patients.

## **Presentation of the Quality Account**

We have no further comments to make regarding the presentation of the document; the council of governors therefore commends the report and provides assurance that the council will continue to hold the board of directors to account via the non- executives during the forthcoming year. Work continues to develop additional means by which the council can hold non-executive directors to account to discharge their responsibilities.



Alison Bywater, Lead Governor  
Lead Governor, 24 May 2018

# Statement on behalf of the Health and Wellbeing Overview and Scrutiny Committee, Northumberland County Council

The Quality Account was circulated by post on the 24<sup>th</sup> April 2018 to key stakeholders. This formal response was received on the 23<sup>rd</sup> May 2018.



Jeremy Rushmer  
Consultant in Intensive Care Medicine &  
Anaesthesia, Executive Medical Director

By email to - Patient.Services@nhct.nhs.uk

Your ref:  
Our ref: MDB/OSC/QA/2018/1  
Enquiries to: Mike Bird  
Email: Mike.Bird01@northumberland.gov.uk  
Tel direct: (01670) 622616  
Date: 18 May 2018

Dear Dr Rushmer

## **NORTHUMBRIA HEALTHCARE NHS FOUNDATION TRUST ANNUAL PLAN AND QUALITY ACCOUNT 2017/18**

### **Statement from Northumberland County Council's Health and Wellbeing Overview and Scrutiny Committee**

The Health and Wellbeing Overview and Scrutiny Committee welcomes the opportunity to submit a commentary for inclusion in your Annual Plan and Quality Account for 2017/18 as presented to the committee in draft, and about our ongoing engagement with the Trust over the past year. We have continued to receive information from the Trust through our joint arrangements for service provision, with participation of Trust personnel at our committee's bimonthly meetings. Members of the committee have also engaged including consideration of items at other meetings during 2018/19.

At our 20 March 2018 meeting we received a presentation on your draft Quality Account for 2017/18 and your priorities for 2018/19. At that meeting we also received presentations from the North East Ambulance Service, Newcastle Hospitals and Northumberland, Tyne and Wear NHS Foundation Trusts on their own quality accounts; this provides a good joined up picture of the many NHS services in Northumberland.

Following your presentation of the draft Annual Quality Account 2017/18 I write with details of issues raised that received support and/or raised queries:

- members firstly sought clarification for the category 'as expected' for targets for the priority improvement areas for 2017/18, as compared to the green category meaning 'on or better than target' and red 'below target' - it was explained that this category meant that some but not all performance goals had been met. We note that the assessments of performance in the draft of the full document do not appear consistent with those in the presentation to the committee



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- members queried the methodology for some of the information presented; for example regarding the use of a single week's figures as evidence of improvement in performance in responses to abdominal pain. Further information for members would be welcomed
- members felt that the reported target of 67% for screening of sepsis seemed low. We are pleased to see that this target has now been reset at 95%
- members noted that shift patterns had been altered but staffing pressures had been experienced throughout the busy January 2018 period
- clarification was sought on some of the graphs presented as concerns were expressed that some were too detailed and/or unclear and needed to be simplified
- members considered it would be helpful to receive details of the 'flow' of patients also to community hospitals
- regarding the reduction of beds due to staffing issues, members noted why not all beds at Blyth had been able to be staffed and remedial beds at North Tyneside had been removed. Members noted that work continued to take place on flow and getting patients home from NSECH
- members referred to any clinical impact of changes, but noted why some but not other services were commissioned each year
- members welcomed that consideration would be given to why the pilot project for nursing homes having contact direct to paramedics, in order to reduce attendance at hospital, had not been successful
- members stressed how it was difficult to compare with national statistics as Northumberland had different economic and social profiles. The county also had an older population, of which many people had long term health problems
- members expressed praise for the high level of social services and healthcare service integration between the NHS and County Council in Northumberland
- members welcomed that the Trust's public engagement, including the listening campaign was undertaken regularly, including a patients' experience programme established and the 'Join our Journey' campaign launched in September 2017 to listen to residents' concerns. Members welcomed that fantastic feedback had been received from people who had accessed services and that a Council of Governors also tested opinion. Members were pleased that there were a number of established routes for people to have their say
- members acknowledged that the presentation could not cover all the Trust's services and that details of some service areas not highlighted were included in monthly performance reports to the CCG and how any missed targets were not forgotten
- members welcomed that patient flows was an ongoing concern being jointly addressed
- members welcomed that staff experience would be measured for the following year's report; staff happiness was considered very important in contributing to successful service outcomes.

From the information you have provided to the committee over the past year, including the presentation about your draft 2017/18 Quality Account and the full version of the document we received on 25 April, we believe the document is a fair and accurate representation of the services provided by the Trust and reflects the priorities of the community. Members also support your priorities for improvement planned for 2018/19, but also request that you note and consider the various points that they have raised in relation to your work going forward, and the receipt of any further supporting information where possible, as detailed in this letter.

We also would be very grateful if I could get in contact with you again soon to discuss possible agenda items for the Health and Wellbeing Overview and Scrutiny Committee to consider about the Trust's services during the next council year from 2 May 2018 onwards.

If I can be of any further assistance regarding the committee's response, please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Mike Bird'.

Mike Bird  
Senior Democratic Services Officer  
Democratic Services

On behalf of Councillor Jeff Watson  
Chair, Northumberland County Council Health and Wellbeing Overview and Scrutiny  
Committee

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## Statement on behalf of the Adult Social Care, Health and Wellbeing Sub-Committee, North Tyneside Council

The Quality Account was circulated by post on the 24<sup>th</sup> April 2018 to key stakeholders. This formal response was received on the 23rd May 2018.

### **Statement on behalf of the Adult Social Care, Health and Wellbeing Sub-committee, North Tyneside Council**

The Adult Social Care, Health and Wellbeing Sub-committee welcomes the opportunity to submit a statement for inclusion in the Trust's Annual Quality Account 2017/18

The sub-committee commends the Trust on the positive developments over the year and the positive picture set out in the Quality Account, with the Trust performing above the national average in many areas and frequently within the top 20% of trusts.

In relation to progress against priorities in 2017/18:

The Sub-committee is pleased with the focus on the management of sepsis. This was highlighted as an area of importance to the sub-committee last year, and the Sub-committee welcomes the action taken through engagement with the emergency department and the significant improvement in performance on weekly screening that has been reported.

The Sub-committee was disappointed that progress was worse than expected in relation to the two objectives of improving sepsis six compliance, and exploring upstream interventions with primary care, community and the North East Ambulance Service. It is hoped that progress can be made in these areas in the coming year. The Sub-committee is pleased to see that 'surviving sepsis' will continue to be a priority for the Trust going forward into 2018/19.

In relation to the priority of abdominal pain, the sub-committee welcome the improvement of 21% in relation to the measure of patients leaving the unit in less than 5 hours. The Sub-committee also commend the developments in this area that have had an impact on care, particularly the 'hot clinic'.

In relation to the priority of flow, the sub-committee is pleased to see that this will continue as a priority for 2018-19 as this is very important to patients. The Sub-committee acknowledges the increased demand experienced for emergency and urgent care services across the winter and are aware that this led to increased waiting times for patients. The sub-committee notes the initiatives that have been introduced to improve performance in this area. The Sub-committee is also interested to understand why the admissions avoidance initiative with nursing home access to dedicated paramedic services was not successful, and what else will be put in place in this area.

In relation to the priorities selected for 2018-19:

The Sub-committee notes the progress that has been made as a result of actions in the priority areas of abdominal pain and breathlessness during 2017/18, and that these will now be replaced by new priority areas going forward.

The Sub-committee is pleased to see a specific focus on falls. The sub-committee is aware of falls prevention work that is ongoing within the community and would like to see linkages between health services and community work in this area to reduce the impact of falls, particularly on the elderly population.

The Sub-committee notes the identification of patient and staff experience as a priority for the coming year. The Sub-committee welcomes the initiatives outlined in relation to improving the patient experience, and congratulates the Trust on winning a number of Patient Experience Network National Awards.

The Sub-committee acknowledges that the Trust is one of the top performing trusts in terms of people wanting to work for the organisation. However, the Sub-committee highlight that some of the findings of the staff survey set out in Table 36, particularly in relation to BME staff, do give cause for concern. The Sub-committee is of the view that these issues do need to be addressed as a matter of urgency and welcomes the appointment of a Chief Experience Officer to oversee this priority area.

The sub-committee looks forward to working with the Trust in 2018/19 and to receiving updates, particularly in relation to the areas of concern highlighted.

To conclude, overall based on the information available, the Quality Account appears to be a fair and accurate reflection of the health services provided by the Trust and the sub-committee supports the priorities that have been selected for 2018/19.



Councillor Lesley Spillard

Deputy Chair of Adult Social Care, Health and Wellbeing Sub-committee

23 May 2018

## Statement on behalf of Healthwatch North Tyneside

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The Quality Account was circulated by post on the 24<sup>th</sup> April 2018 to key stakeholders. This formal response was received on the 23rd May 2018.



### **Healthwatch North Tyneside commentary on Northumbria Healthcare NHS Trust Quality Accounts May 2018**

We would like to thank the Trust for the opportunity to comment on your Quality Accounts for 2017/18.

Healthwatch North Tyneside acknowledge the emphasis Northumbria Healthcare NHS Foundation Trust places on collecting patient views and experiences evidenced by their recent CHKS 'Top Hospitals' award.

#### **Progress against priorities for 2017/18**

##### **Priority 1 Breathlessness**

We note that progress against this priority has been as expected, with good progress made in key areas of implementing the new pathway. We are particularly pleased to see the introduction of the 'Ophelia Project' helping the outpatient process to be more patient-led.

We were also interested in the steps taken to improve and extend the hospital at home project and look forward to seeing how this develops over the coming year.

##### **Priority 2 Abdominal pain**

Again, we are pleased that last year's objectives on this priority area have been met. We would be interested to hear more about the improvements to the surgical patient pathway and how patients and their feedback has been involved in this process.

We welcome the reduction in unnecessary time spent in hospital and look forward to the future work to extend ambulatory care.

##### **Priority 3 Sepsis**

We are aware that sepsis has been an ongoing Trust priority for a number of years and welcome the focus that is being given to this area.

We note that progress in this area has been mixed with targets on improvement in Sepsis Six compliance and on working with pre-hospital interventions (e.g. primary care, ambulance) not being achieved. We are however pleased that good progress has been made in screening for sepsis, especially as this has such a large impact on patient outcomes.

##### **Priority 4 Flow**

We note that progress against all the objectives in this priority area have been met. We are particularly pleased to see the actions that have been taken to improve ambulance handover times and that, in March, the Trust regularly achieved the Emergency Department four hour waiting time target. We would be interested to see the impact that this has had on patient experience across all patients entering the Emergency Department, regardless of method of arrival.

Whilst the work on admissions avoidance with nursing homes has not had the desired outcome, we recognise that not all initiatives will be successful and trust that this will not stop new initiatives from being tested in future. We welcome the Trust's ongoing commitment to this area.

### **Priority 5 Frailty**

We welcome the progress against objectives in this priority area and the steps that have been taken to put in place early, multi-disciplinary assessment of patients. The subsequent reduction in length of stay for patients attending the frailty service is very welcome and we look forward to seeing how the Trust can ensure that the service can be delivered on a sustainable and consistent basis.

We are pleased to see that the work on falls has resulted in a reduction in falls across the Trust over the last 18 months.

### **Audits, enquiries and research**

We note the Trust's ongoing and extensive commitment to national audit, national confidential enquiries and research. We are pleased to see that this participation has resulted in learning and the formulation of actions to improve services and clinical outcomes.

### **Commissioning for Quality and Innovation (CQUIN)**

We commend the Trust on achieving the CQUIN outcome measures and earning 100% of the income associated with this framework.

### **Complaints**

We were interested to note that the number of complaints has reduced over recent years, despite increasing activity, whilst the number of well-founded complaints has marginally increased as a percentage. We acknowledge that this may be because unfounded complaints are being dealt reduced.

We note the themes of the complaints and would be interested in hearing more from the Trust about the complaints they receive and actions they are taking as a result of complaint investigations.

### **Priorities for 2018/19**

We are pleased to see that the following areas will continue to be priorities for 2018/19:

- Falls
- Surviving Sepsis



- Flow
- Frailty

We also welcome the inclusion of patient and staff experience as a new priority for the coming year. We recognise the importance that staff experience has on patient experience and outcomes and, therefore, look forward to the work in this area.

We are particularly pleased to see that the Trust has listened to our request from last year and shown how it plans to monitor and measure the improvements.

Healthwatch North Tyneside  
May 2018



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## Statement on behalf of Healthwatch Northumberland

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The Quality Account was circulated by post on the 24<sup>th</sup> April 2018 to key stakeholders. This formal response was received on the 23rd May 2018.

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Jeremy Rushmer  
Executive Medical Director  
Northumbria Healthcare NHS Foundation Trust  
7-8 Silver Fox Way  
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Newcastle upon Tyne  
NE27 0QJ

23 May 2018

Dear Mr Rushmer

### Draft Quality Account for year ending 31 March 2018

Thank you for the draft quality account of Northumbria Healthcare NHS Foundation Trust and would like to congratulate the Trust on some excellent results. The report gives a lot of performance information which will be useful as reference material for Healthwatch Northumberland (HWN) in the coming year.

We felt that although the document is technical, it is in general, easy to read and understand. We found the glossary to be useful and the report, on the whole, to be clear and concise. We welcome the inclusion of quality improvement beyond the priorities.

We commend the trust on the many positive achievements that have been made and all of the work that has been done to learn lessons from outcomes, the rigour with which monitoring and auditing has taken place and the overall commitment to quality and improving patient outcomes.

We welcome the decision to set the priorities over a sensible 2 year time frame.

We have identified these areas within the 2017 priorities where we believe the Trust has performed well;



## Breathlessness

The patient-centred approach (The Ophelia Project) focusing on what is important to the patient in terms of their care and the 'Hospital at Home' project for those patients who are able to manage their own care at home.

This has clear links to the HWN strategic priority to ensure that "the views, knowledge and experiences of health service users and their carers are listened to and influence developments in health services".

It would be useful in terms of clarity to say why breathlessness is not continuing as a priority for 2018/19

## Abdominal Pain

The improvements in improving the patient pathway are welcomed and the impact of the 'hot clinic' noted.

A key measure for this priority was to measure patient experience monthly. Progress is reported as being "as expected". For completeness and clarity it would be helpful to report the findings of this.

Again, a summation of why this priority is not continuing for 2018/19 could be considered.

## Sepsis

The improvements to the screening processes and 95% target for compliance are welcomed with the latter being backed up by a 'deep dive' if the target is not met.

As two priorities show "worse than expected" progress these should be explained within the progress update

## Flow

Flow, although not called such, is an important issue for people in Northumberland.

Healthwatch Northumberland conducts an annual survey to hear the people of Northumberland's views and experiences of health and social care. This year's survey reached a record 579 people from a wide range of backgrounds and gave Healthwatch a wealth of information about how health and social care services feel from the users' perspective.

One question asked about how easy people found services to use. Forty-three people expanded on their answers about hospital services with a comment. 40% of these were positive comments and 60% negative. A clear theme around hospitals was access to services particularly emergency and specialist services as travel for many people is long and



difficult. Respondents also quoted long waiting times at Northumbria Specialist Emergency Care Hospital across the survey.

Local hospitals (where identified) had many positive quotes around friendly, knowledgeable staff and easy access. Positive responses also indicated that people were happy with the quality of their care once received.

With this in mind we are pleased with the progress made across the Flow priority, in particular the ambulance handover times and the identification of bottlenecks which could lead to sustainable improvements in the future. We welcome the introduction of the Emergency Care and Flow Board as evidence of the Trust's commitment in this area.

### Frailty

We welcome the introduction of the Frailty Assessment Service and understand that progress has been variable due to operational pressures. We hope that a sustained improvement is achieved in 2018/19.

With an ageing population this is and will continue to be a key area of interest to HWN so we are pleased it was addressed and that it continues to be a quality priority for the coming year with a focus on the areas that last year's work identified.

### 2018/19 priorities

We note that three out of the five priorities for 2017/18 have been carried forward with some work from last year becoming part of 'business as usual'. We support this approach because it embeds areas that have been improved into practice and is realistic about the time needed to achieve lasting change.

Our comments on the priorities for 2018/19 are:

### Falls

There is a clear logic for separating this area from frailty and adopting it as a quality priority in its own right

The campaign "Simple fall, think trauma" is an innovative way of ensuring staff recognise and address the wider implications of a fall which should not only improve patient outcomes but also provide staff and patient education and, hopefully reduce hospital stays and admissions.

The target decrease in the number of falls in hospital is very welcome but the inclusion of a measure around the reduction of harm caused by falls makes this more relevant as a measure.



### Patient and staff experience

All of the measures are welcome including the appointment of a Chief Experience Officer and the plans to use the results to drive improvement about what matters to staff will complement the patient experience measures and so improve outcomes.

### Surviving Sepsis

The continuing focus on screening seems logical and to have appropriate rigour.

### Flow

This priority is fundamental to the success of so many other areas of work for the Trust and to patient satisfaction. It is also fundamental to HWN's strategy that "The health care system works for the people of Northumberland" through patients getting the right treatment, at the right time, in the right place.

### Frailty

We welcome the challenge the Trust has set itself and the links it makes to dementia. Services for people with dementia were supported as a priority for HWN through our annual survey and it is an area for focus in 2018/19.

While we recognise that the elderly care strategy forum is primarily for clinicians and practitioners, we see it as a welcome addition and would suggest that the Trust looks to engage with patient and carers too. HWN would be happy to work with the Trust on this.

Overall we considered that the report gives a fair reflection of healthcare service provided by the Trust. We once again congratulate the Trust on its excellent performance over the year.

We look forward to working with Northumbria in the coming year and continuing to build on the positive working relationship we have established.

Yours sincerely



Derry Nugent  
Project Coordinator



# Statement on behalf of North Tyneside and Northumberland Clinical Commissioning Groups

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The Quality Account was circulated by post on the 24<sup>th</sup> April 2018 to key stakeholders. This formal response was received on the 23rd May 2018.



## **Corroborative statement from North Tyneside and Northumberland Clinical Commissioning Groups for the Northumbria Healthcare NHS Foundation Trust's Quality Account 2017/18.**

The CCGs welcome the opportunity to review and comment on the Quality Accounts for Northumbria Healthcare NHS Foundation Trust for 2017/18 and would like to offer the following commentary.

North Tyneside and Northumberland Clinical Commissioning Groups (CCGs) aim to commission safe and effective services that provide a positive experience for patients and carers. Commissioners of health services have a duty to ensure that the services commissioned are of good quality. This responsibility is taken very seriously and considered to be an essential component of the commissioning function.

Throughout 2017/18 the CCGs have continued to work with the Trust through well-established mechanisms to monitor quality and improvement of services such as the Quality Review Group meetings and the Trust Clinical Policy Group, which encourages the transparent monitoring of the Cost Improvement Plan process. The CCGs feel that these meetings are a valuable forum through which both organisations can gain assurance and work collaboratively to understand the quality systems in place within the Trust.

The CCGs recognise the Trust's performance in the delivery of the five quality priorities for 2017/18 and the positive effect that this has had on delivery of safe and effective services. The Trust have performed well against the majority of their 2017/18 quality priorities and have demonstrated strong performance in, for example, the management of abdominal pain and in the early assessment of elderly care patients to ensure that they receive timely treatment by the appropriate specialist service.

The Trust was not, however, able to demonstrate as much progress as they would like against some elements of the 2017/18 priorities. Commissioners recognise the work that has gone into improving the flow of patients through the Emergency Department including improving performance on ambulance handovers in the last quarter of the year and acknowledge that

there is much work still to be done to continue to improve and sustain this position. Commissioners would however have liked to have seen some acknowledgement in the report of the significant challenges that have been faced in areas such as ambulance handover delays across the whole year. Additionally, on page 11 of the report it should be made clear that the admissions avoidance scheme was implemented in Northumberland only.

The disappointing performance in compliance against the Sepsis 6 bundle and in exploring upstream interventions with primary care, community and ambulance Trust colleagues also shows that there remain opportunities for improvement in this crucial area of work. As with performance around patient flow, the commissioners would preferred to have seen more acknowledgement of the performance across the year rather than just when performance has improved. It is positive to see that both sepsis management and patient flow remain a quality priority focus for 2018/19.

We would like to congratulate the Trust on receiving three Patient Experience National Network Awards, including Trust of the Year for the third year in a row and commend the Trust for the continuing success of their patient experience programme, which has demonstrated consistently positive feedback from patients, carers and service users. It is noted that the Trust have identified a quality priority for 2018/19 that will look at measuring staff experience in the context of the established patient experience programme and commissioners look forward to the results arising from this. The CCGs acknowledge the work carried out to increase the Friends & Family Test response rates, although they remain below the national averages, and recognise the Trust's focussed approach on qualitative patient experience measures. In the Data Quality section of the report, it would be beneficial to see what actions the Trust have taken to prepare for the implementation of the General Data Protection Regulations and the management of personal data across the Trust.

The CCGs would also like to commend the Trust on the results achieved in the 2017 NHS Staff Survey, despite the reduction in response rates by staff from 77% to 73%. Whilst the Trust performed better than average across many of the indicators, some results were poorer than in the 2016 survey and the CCGs feel that it is important for the Trust to identify the reasons for this and act to address any causes accordingly. Specifically, the CCGs are keen for the Trust to ensure that the appropriate actions are taken to understand and address why the Trust have placed in the worst 20% of organisations for staff reporting errors, what can be done to address the issues around violence against staff and staff experiencing bullying and harassment and why there was a reduction in staff recommending the Trust as a place to work.

Commissioners would like to congratulate the Trust on the numerous key achievements across the year which are detailed in the report. Specifically the Maternity Service Birth Reflections programme, the use of assistive hearing devices on wards and the partnership with Marie Curie to deliver high quality palliative and end of life care all show a clear dedication to improving experience for patients and learning lessons for improvement.



The CCGs welcome the specific priorities for 2018/19 which are highlighted within the report and consider that they are appropriate areas to target for continued improvement. It is noted that the Trust have continued to focus on a reduced number of safety and quality objectives, targeting inter-related system-wide areas for improvement, such as falls, frailty and flow, which should enable significant gains in quality and safety of services. Commissioners would however like to see the quality account report more reflect the Trusts position in the wider health and social care economy. The report should consider and include strategy for involvement and leadership in the system wide issues that affect not only the Trust but also other healthcare providers, local authorities, commissioners and community services. Similarly, commissioners feel that the report is very focussed on Northumberland with little or no mention of the North Tyneside area.

The CCGs would however like to see some acknowledgement in the report of the Trusts volatile performance against cancer targets, how this is being tackled with a view to improvement and what impact, if any, there has been on quality as a result. Similarly, although the Trusts reported rate of falls is decreasing the overall performance has remained consistently over the national average for the rate of falls per 1000 bed days – as demonstrated in figure 7 of the report. Commissioners would like to see an acknowledgement in the report of this performance and some further assurance on how the Trust intends to improve, including the implementation of the FallSafe bundle across all wards and services. Finally, the information in table 24 refers to C.Difficile performance from 2016/17 rather than from 2017/18 where the Trust breached its yearly trajectory. This should be corrected and performance acknowledged in the narrative.

It is felt overall that the report is well written and is reflective of quality activity and aspirations across the organisation for the forthcoming year. The CCGs look forward to continuing to work in partnership with the Trust to assure the quality of services commissioned in 2018/19.

**Annie Topping**  
**Director of Nursing, Quality & Patient**  
**Safety**  
**NHS Northumberland CCG**  
**May 2017**

**Lesley Young Murphy**  
**Executive Director of Nursing & Chief**  
**Operating Officer**  
**NHS North Tyneside CCG**  
**May 2017**



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## Annex 2: Statement of Directors' Responsibilities for the Quality Report

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The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations to prepare Quality Accounts for each financial year.

NHS Improvement has issued guidance to NHS foundation trust boards on the form and content of annual quality reports (which incorporate the above legal requirements) and on the arrangements that NHS foundation trust boards should put in place to support the data quality for the preparation of the quality report. In preparing the Quality Report, directors are required to take steps to satisfy themselves that:

- the content of the Quality Report meets the requirements set out in the NHS foundation trust annual reporting manual 2017/18 and supporting guidance
- the content of the Quality Report is not inconsistent with internal and external sources of information including:
  - board minutes and papers for the period April 2017 to March 2018
  - papers relating to quality reported to the board over the period April 2017 to March 2018
  - feedback from commissioners dated 23/05/2018
  - feedback from governors dated 23/05/2018
  - feedback from local Healthwatch organisations dated 23/05/2018
  - feedback from Overview and Scrutiny Committee dated 23/05/2018
  - the trust's complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 16/04/2018
  - the 2017 national patient survey
  - the 2017 national staff survey
  - the Head of Internal Audit's annual opinion of the trust's control environment dated 22/05/2018
  - CQC inspection report dated 5/5/2017
- the Quality Report presents a balanced picture of the NHS foundation trust's performance over the period covered
- the performance information reported in the Quality Report is reliable and accurate
- there are proper internal controls over the collection and reporting of the measures of performance included in the Quality Report, and these controls are subject to review to confirm that they are working effectively in practice
- the data underpinning the measures of performance reported in the Quality Report is robust and reliable, conforms to specified data quality standards and prescribed definitions, is subject to appropriate scrutiny and review and
- the Quality Report has been prepared in accordance with NHS Improvement's annual reporting manual and supporting guidance (which incorporates the Quality Accounts regulations) as well as the standards to support data quality for the preparation of the Quality Report.

The directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the Quality Report.

By order of the board

Date: 24<sup>th</sup> May 2018



Chairman

Date: 24<sup>th</sup> May 2018



Chief Executive

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## Annex 3: Glossary of terms

Glossary	
<b>Carbapenems</b>	Antibiotics used for the treatment of infections known or suspected to be caused by multidrug-resistant bacteria.
<b>CCG</b>	Clinical Commissioning Group. CCGs are NHS organisations set up by the Health and Social Care Act 2012 to organise the delivery of NHS services in England. They are clinically led groups that include all of the GP groups in their geographical area. The aim of this is to give GPs and other clinicians the power to influence commissioning decisions for their patients.
<b>CQC</b>	The Care Quality Commission (CQC) is the independent regulator of all health and adult social care in England. The aim being to make sure better care is provided for everyone, whether that's in hospital, in care homes, in people's own homes, or elsewhere.
<b>CQUIN – Commissioning for Quality and Innovation</b>	The CQUIN framework was introduced in April 2009 as a national framework for locally agreed quality improvement schemes. It enables commissioners to reward excellence by linking a proportion of English healthcare provider's income to the achievement of local quality improvement goals.
<b>DATIX</b>	DATIX is an electronic risk management software system which promotes the reporting of incidents by allowing anyone with access to the trust intranet to report directly into the software on easy-to-use-web pages. The system allows incident forms to be completed electronically by all staff.
<b>Elective Operations</b>	Operations which were scheduled and planned as opposed to emergency operations.
<b>Invasive Procedure</b>	A procedure used for diagnosis or for treatment that involves: <ul style="list-style-type: none"> <li>• Making a cut or a hole to gain access to the inside of a patient's body</li> <li>• Gaining access to a body cavity (such as the digestive system, lungs, womb or bladder) without cutting into the body</li> <li>• Using electromagnetic radiation (which includes X-rays, lasers, and ultraviolet light).</li> </ul>
<b>National Reporting and Learning System (NRLS)</b>	The NRLS was established in 2003. The system enables patient safety incident reports to be submitted to a national database. This data is then analysed to identify hazards, risks and opportunities to improve the safety of patient care.
<b>Near miss</b>	An unplanned or uncontrolled event, which did not cause injury to persons or damage to property, but had the potential to do so.
<b>NHS Improvement</b>	Monitor is the independent regulator of NHS trusts.
<b>NHS Safety</b>	The NHS Safety Thermometer is a local improvement tool for

Glossary	
<b>Thermometer</b>	measuring, monitoring and analysing patient harms and “harm free” care. This tool measures four high-volume patient safety issues (pressure ulcers, falls in care, urinary infection (in patients with a catheter) and treatment for venous thromboembolism (Pulmonary embolus or deep vein thrombosis DVT).
<b>Piperacillin and tazobactam</b>	A combination medicine used to treat many different infections caused by bacteria, such as urinary tract infections, bone and joint infections, severe vaginal infections, stomach infections, skin infections, and pneumonia.
<b>Quality Account</b>	Quality Accounts are annual reports to the public from providers of NHS healthcare that detail information about the quality of services they deliver.
<b>Quality Report</b>	This is the same as the Quality Account but includes additional information required by the health care regulator NHS Improvement for foundation trusts.
<b>Root cause analysis</b>	A collective term that describes a wide range of approaches, tools, and techniques used to uncover causes of problems.
<b>Section 75 Agreement</b>	Under Section 75 of the National Health Service Act 2006 and the NHS Bodies and Local Authorities Partnership Arrangements Regulations 2000 SI 617, as amended, certain Local Authorities and NHS bodies are able to enter into partnership arrangements.
<b>Sepsis 6</b>	A set of six tasks including oxygen, cultures, antibiotics, fluids, lactate measurement and urine output monitoring to be instituted within one hour by non-specialist practitioners at the front line.
<b>Sheffield Flow Coaching Roadmap</b>	This is a quality improvement method developed by Sheffield Teaching Hospitals, Royal United Hospitals Bath and South Warwickshire NHS FT, with support from the West of England Academic Health Science Network. It provides a framework to help services improve quality and improve patient flow through our healthcare system.
<b>The Northumbria Way</b>	Northumbria Healthcare NHS Foundation Trust’s approach to quality improvement.

## Annex 4: Abbreviations

Abbreviations	
CAMHS	Child and Adolescent Mental Health Service
CCGs	Clinical Commissioning Group
C.diff	Clostridium difficile
COPD	Chronic Obstructive Pulmonary Disease
CT	Computerised tomography
CQC	Care Quality Commission
CQUIN	Commissioning for Quality and Innovation payment framework
ePR	Electronic prescribing
FCE	Finished consultant episodes
FFT	Friends and family test
FT	Foundation trust
GP	General practitioner
GMC	General Medical Council
HCAI	Healthcare associated infection
HGH	Hexham General Hospital
HRG	Healthcare Resource Group
IBD	Inflammatory bowel disease
IPC	Infection prevention and control
MDT	Multi-disciplinary team
MRI	Magnetic resonance imaging
MRSA	Methicillin-resistant staphylococcus aureus
N/A	Not applicable
NCEPOD	National confidential enquiries into patient outcome and death
NEWS	Northumbria early warning score
NHS	National Health Service
NICE	National Institute for Health and Care Excellence
NSECH	Northumbria Specialist Emergency Care Hospital
NTGH	North Tyneside General Hospital
PALS	Patient Advice and Liaison Service
PEWS	Paediatric Early Warning Score
PCU	Palliative care unit
POAS	Psychiatry of Old Age Service
PROMs	Patient reported outcome measures
SHMI	Summary hospital-level mortality indicator

Abbreviations	
SSI	Surgical site infection
SSKIN	SSKIN is a five step model for pressure ulcer prevention: Surface: make sure patients have the right support; Skin inspection: early inspection means early detection; Keep patients moving; Incontinence/moisture: patients need to be clean and dry; Nutrition/hydration: help patients have the right diet and plenty of fluids
SIs	Serious incidents
VTE	Venous thromboembolism
WGH	Wansbeck General Hospital

## Annex 5: Feedback form

### We would like to hear your views about our Quality Account

Your feedback will give us an opportunity to include the initiatives you want to hear more about. The results of this feedback will contribute to the development of the Quality Account 2018/19. Please fill in the feedback form below, tear it off, and return to us, in the post, at the following FREEPOST address:

Patient Services and Quality Improvement - RTLL-KCYL-EYHL  
Northumbria Healthcare NHS Foundation Trust  
7-8 Silver Fox Way  
Cobalt Business Park  
Newcastle Upon Tyne NE27 0QJ

Or alternatively, you can email us at: [Patient.Services@nhct.nhs.uk](mailto:Patient.Services@nhct.nhs.uk)

**Thank you for your time**



### Feedback form (please tick the answers that are applicable to you)

What best describes you:

Patient ☐      Carer ☐      Member of public ☐      Staff ☐      Other ☐

	Yes all of it	Most of it	None of it
Did you find the Quality Account easy to read?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Did you find the content easy to understand?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Did the content make sense to you?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Did you feel the content was relevant to you?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Would the content encourage you to use our services?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Are there any topics that you would like to see included in next year's Quality Account?

.....

.....

.....

How do you feel we could improve our Quality Account?

.....

.....

.....



Northumbria Healthcare NHS Foundation Trust  
Northumbria House  
Unit 7/8 Cobalt Business Park  
Silverfox Way  
North Tyneside  
NE27 0QJ  
  
Tel: 0344 811 8111

### **Alternative formats**

If you would like a copy of this information in large print, another language, audio tape, BSL or other format please call the contact centre on 0344 811 8111.



# **NORTHUMBRIA HEALTHCARE NHS FOUNDATION TRUST**

**2017-18**

## **ANNUAL ACCOUNTS**

**29-May-18**

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# Northumbria Healthcare NHS Foundation Trust - Annual Accounts 2017-18

## Foreword to the accounts

### Northumbria Healthcare NHS Foundation Trust

These accounts, for the year ended 31 March 2018, have been prepared by Northumbria Healthcare NHS Foundation Trust in accordance with paragraphs 24 & 25 of Schedule 7 within the National Health Service Act 2006 and are presented to parliament pursuant to Schedule 7, paragraph 25 (4) (a) of the National Health Service Act 2006.

Signed

  
Mr Jim Mackey  
Chief Executive

Date 24th May 2018

## **Statement of the Chief Executive's responsibilities as the accounting officer of Northumbria Healthcare NHS Foundation Trust**

The NHS Act 2006 states that the chief executive is the accounting officer of the NHS foundation trust. The relevant responsibilities of the accounting officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the *NHS Foundation Trust Accounting Officer Memorandum* issued by NHS Improvement.

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require Northumbria Healthcare 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 Northumbria Healthcare NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

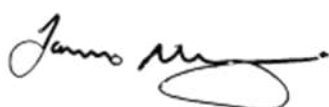
In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Department of Health and Social Care's Group Accounting Manual and in particular to:

- observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the *NHS Foundation Trust Annual Reporting Manual* (and the *Department of Health and Social Care Group Accounting Manual*) have been followed, and disclose and explain any material departures in the financial statements
- ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance and
- prepare the financial statements on a going concern basis.

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

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

Signed



Chief Executive

Date: 24 May 2018

## Northumbria Healthcare NHS Foundation Trust – 2017/18 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 our 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 trust is administered prudently and economically and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in the *NHS Foundation Trust Accounting Officer Memorandum*.

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of our policies, aims and objectives of Northumbria Healthcare 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 the trust throughout the year ended 31 March 2018 and up to the date of approval of the Annual Report and Accounts.

### Capacity to handle risk

#### Risk leadership

The Board of Directors has the overall responsibility for risk management within the trust. Terms of Reference for the Board's assurance-seeking committees also set out the responsibility of key meetings in the oversight of risk management. In addition to the Audit Committee the Trust has an Assurance Committee which reviews Business Unit Risk Registers and associated actions in detail.

The specific responsibilities of each Board member, Business Unit Director, General Manager, Department Head, and Operational Service Manager, are set out in the trust's Risk Management Strategy and Policy.

We have also appointed a Senior Independent Director, in line with the NHS Foundation Trust Code of Governance.

The role of the Senior Independent Director is to be available to Governors and members (including staff) should they have any concerns that they feel unable to raise via normal channels of communication with the Chair, Chief Executive, or any other Board members, or where such communication remains unresolved or would be inappropriate.

#### Risk training

We employ appropriately-qualified staff who specialise in risk management. Risk management awareness and health and safety training is delivered to all new members of staff on the first day of employment and to existing staff through mandatory training programmes. There is also the facility for all staff to undertake further training in health and safety using e-learning. The trust's suite of policies enables staff to understand their specific responsibilities in relation to risk management, depending upon where they work and the nature of their role. All job descriptions include specific reference to requirements regarding risk management, infection control and health and safety.

### The risk and control framework

We have a Risk Management Strategy and Policy which was reviewed by the Board during 2017/18. Risks are identified proactively through risk assessment processes, our quality management system which includes harm review and mortality reviews and reactively through the monitoring of key business objectives, incidents, complaints and claims. These risks are evaluated through the use of a risk assessment matrix and controlled through a risk register system.

### Quality governance

The Board has a dedicated Safety and Quality Committee which is responsible for the oversight of quality governance, including risks to clinical quality, throughout the trust. The Safety and Quality Committee is chaired by a Non-Executive Director and includes within its membership the Chief Executive, Executive Medical Director, Executive Director of Nursing, Executive Director of Systems Strategy and Transformation, Head of Quality and Assurance, Chief Matrons, and Business Unit Directors and Deputy Directors. The Committee routinely receives assurance in relation to the trust's compliance with CQC registration requirements.

In order to operate as a provider of NHS services under licence with the CQC, we must comply with the requirements of NHS Improvement's (NHSI's) Quality Governance Framework. NHSI (previously referred to as Monitor), and the CQC have aligned their definition of a 'well-led' organisation which is reflected in CQC's assessment approach, as well as NHSI's approach to regulatory oversight.

In 2016, the Trust commissioned an independent review of governance arrangements using Monitor's well-led framework, a process which is required at least every three years. There are four domains of the well-led framework which are: strategy and planning; capability and culture; process and structures and measurement. The report identified a number of strengths and good practice within the trust, although there were areas identified for further development and improvement. During Quarter four 2017 – 18, the Trust commissioned an independent follow-up review to begin in April 2018 in order to receive assurance that the action it has taken has been effective.

### Assurance Framework

The Board's Assurance Framework provides the trust with a system to identify and monitor risks to meeting its key strategic objectives. Each risk is mapped to corresponding controls and assurances, both internal and external.

The Board of Directors has a well-established process for ensuring that the content of the Assurance Framework is fit-for-purpose. In addition to quarterly formal reviews of the Assurance Framework at formal meetings, the Board has established an Assurance Committee which is responsible for assuring the Board that the risk culture of the trust is effective. One of the core functions of the Committee is to consider all high risks as identified by Business Units, to assess for their strategic impact, and add to the Board's Assurance Framework, if appropriate.

The highest scoring risks identified via the Assurance Framework during 2017/18, and associated actions, are summarised below:

Major Risks	In-year or future risk?	Clinical Risk	Mitigating Actions
<b>NHS Improvement Single Oversight Framework</b> Significant risks has been highlighted during the year in respect of the following measures which form part of the single oversight framework: <ul style="list-style-type: none"> <li>Failure to achieve A&amp;E four-hour target of 98% (internal) or 95% (national) - The Trust has experienced unprecedented levels of demand in its A&amp;E department.</li> <li>Zero tolerance of hospital acquired Clostridium difficile - Failure to achieve a maximum of 30 hospital acquired clostridium difficile infections.</li> <li>Cancer targets – GP referral to treatment and bowel cancer screening</li> </ul>	In year	Yes	Performance against the four-hour A&E target is closely monitored by the Board, Executive Management Team, and trust-wide Operational Board. An action plan has been developed and is being monitored closely by the Trust-wide Operational Board. The Board receives monthly performance data regarding the number of cases of C-Difficile via its Finance, Investment and Performance Committee and Safety and Quality Committee. Weekly tracking meetings are undertaken to try and ensure that all patients are seen within timeframe.
Ensuring that enough suitably qualified staff are deployed to meet the needs of people using the service	In year and future risk	Yes	The Board receives regular reports regarding staffing levels, vacancy levels and turnover rates within the trust however recruitment of certain staff groups continues to be problematic, with national shortages of some disciplines. Targeted recruitment campaigns together with overseas recruitment continues to be undertaken.
Overall healthcare funding remains a very high risk for the trust, with increased demand for services and demographic changes.	In year and future risk	No	Financial performance is closely monitored by the Board, Executive Management Team and the Finance and Performance Committee.
The Trust has received expert advice on rectification works that are required in some parts of its estate.	In year and future risk	No	Improvement works to address issues raised by external experts has commenced and is being monitored closely by the Executive Management Team and the Board of Directors.
Cyber security remains a high risk for the Trust after the WannaCry attack in May 2017	In year and future risk	Yes	A significant amount of progress has been made to mitigate the risk associated with cyber security. GE Finnamore have been commissioned to support the Trust in this remedial work. Updates on progress are monitored closely by Executive Management Team, Audit Committee, Information Management & Technology Committee, and the Board of Directors.



### Data quality and information governance

There are robust arrangements in place to provide assurance on the quality of performance information. This is known as our data quality standards and these are reported quarterly to the trust's Information Management and Technology Group. The trust is compliant with Level 2 or above against all of the information governance standards. There is an Information Governance Group which reports to the Information, Management and Technology Group. Finally, there is an annual independent review by our Internal Auditors which reviews performance information included as part of the quarterly governance declarations made to the Regulator.

We have a Senior Information Risk Owner ('SIRO'), a dedicated Board member with responsibility for assuring the Board regarding progress against the trust's information governance work programme. The key role of the SIRO, in conjunction with the Information Governance Group, is primarily to ensure:

- Compliance with the information governance toolkit and improvements in relation to managing risks to information
- Organisational compliance with legislative and regulatory requirements relating to handling of information, including compliance with the Data Protection Act (1998) and Freedom of Information Act (2000)
- Any Serious Untoward Incidents within the preceding twelve months, relating to any losses of personal data or breaches of confidentiality
- Implementation of the General Data Protection Regulations (GDPR)
- The direction of information governance work during 2018-19 following the release of the new Data Security and Protection toolkit and how it aligns with the strategic business goals of the trust and outlines the work plan for the coming year.

The Safety and Quality Committee is a Board Committee and is chaired by a Non-Executive Director. This Committee, in conjunction with the Board of Directors, has responsibility for producing the strategic safety and quality vision, strategic goals and an implementation plan by horizon scanning and learning from the best evidence available. The Committee reports to the Board of Directors via a regular report on progress with the strategic objectives and produces the draft annual Quality Account for consideration by the Board.

We have arrangements to monitor compliance with the CQC registration requirements through completion of provider compliance assessments for each of the 16 essential safety and quality standards. Each safety and quality standard has an Executive Director lead and evidence of compliance is provided to the Assurance Committee at quarterly intervals. We are fully compliant with the registration requirements of the CQC and achieved an overall rating of 'Outstanding' following the CQC inspection in November 2015.

Incident reporting is openly encouraged and handled across the trust. We have fully endorsed this principle. All serious untoward incidents and significant learning events are investigated by a senior clinician and manager and reported to the appropriate Business Unit Board to agree on the action plan and monitor implementation.

In addition, the most serious incidents are reviewed by the trust's safety panel process, which provides independent scrutiny of incident investigations and monitoring of the completion of action plans arising from such investigations. All serious incidents are reported to the Board on a monthly basis.

Trust-wide learning is encouraged at all levels of the organisation. The Clinical Policy Group, a monthly meeting attended by a wide range of clinicians, is a key forum for sharing learning and good practice. Sharing the lessons learnt is by cascade via the Clinical Policy Group via the management teams to the ward management team.

We have worked closely with partner organisations to explore, understand, quantify and minimise potential risks which may impact upon other organisations and public stakeholders. Issues identified through the trust's risk management process that impact on partner organisations and public stakeholders will be discussed in the appropriate forum so that action can be agreed.

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.

We have undertaken risk assessments and carbon reduction delivery plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure that this organisation's obligations under the Climate Change Act and the adaptation reporting requirements are complied with.

## Northumbria Healthcare NHS Foundation Trust – 2017/18 Annual Governance Statement

The process to maintain and review the effectiveness of the system of internal control in relation to the Quality Account was fully considered by the Safety and Quality Committee, Audit Committee and subsequently by the Board of Directors. The outcome was that we already have a strong and robust internal audit system to review our process for self-assessment against the CQC standards and this has been in place for five years.

### Information Governance Incidents

There have been five information governance incidents during the year:

In May 2017, there was an incident relating to the alleged inappropriate access to data by a staff member when not in direct care of the patient. The ICO has considered the action we have taken against the employee and considered this as proportionate and are satisfied that appropriate measures were taken.

- In June 2017, there was an incident relating to the alleged inappropriate access to data by a staff member when not in direct care of the patient. The ICO has considered the action we have taken against the employee and considered this as proportionate and are satisfied that appropriate measures were taken.
- In October 2017, there was an incident relating to a member of staff sharing the details of 738 patients in a spreadsheet to a number of GP practices in error. No harm was sustained and the ICO has considered the action we have taken against the employee and the controls in place and considered this as proportionate and are satisfied that appropriate measures were taken.
- In November 2017, there was an incident relating to sensitive patient identifiable materials posted to Facebook by an individual alleged to be the ex-partner of one of the Trusts nursing staff.

The ICO has considered the action we have taken against the employee and considered this as proportionate and are satisfied that appropriate measures were taken.

- In Jan 18, there was an incident relating to the alleged inappropriate access to data by a staff member when not in direct care of the patient. The ICO has been updated on the outcome of the Trust investigations and the Trust is pending the outcome of the ICO decision.

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

We have robust arrangements in place for setting objectives and targets on a strategic and annual basis. These arrangements include ensuring the financial strategy is affordable, scrutiny of cost savings plans to ensure achievement, compliance with terms of authorisation and coordination of individual objectives with corporate objectives as identified in the Annual Plan.

Performance against objectives is monitored and actions identified through a number of channels:

Approval of annual Operational Plan by the Board of Directors

Monthly reporting to the Board's Finance, Investment and Performance Committee (FIP) and Board of Directors on key performance indicators covering finance, activity, patient safety and quality, human resources targets and information, management and technology bi-monthly.

Regular presentations from Business Units to the FIP Committee and Board on each Business Unit's performance against its cost improvement plan and Annual Plan in general.

Monthly review of financial and performance targets by the FIP committee

- Weekly reporting to Executive Management Team meeting on key factors effecting the Trust's financial position and performance
- Periodic performance management of business units by the Executive Management Team covering performance against key objectives.
- Assurance Committee
- Reporting to NHSI.

We also participate in initiatives to ensure value for money for example:

- Subscribes to the NHS Providers benchmarking organisation that provides comparative information analysis on productivity and clinical indicators for high risk specialties
- Participates in top performing national initiatives with the Institute of Innovation and Learning to learn best practice in international sites
- CQC information that identifies key performance indicators and measures these over time to focus attention on areas for improvement.

Value for money is an important component of the internal and external audit plans that provides assurance to the trust of processes that are in place to ensure effective use of resources.

### Statement

We have a standard assessment process for future business plans to ensure value for money and full appraisal processes are employed when considering the effect on the organisation. Procedures are in place to ensure all strategic decisions are considered at Executive and Board level.

The emphasis in internal audit work is providing assurances on internal controls, risk management and governance systems to the Audit Committee and to the Board. Where scope for improvement in terms of value for money was identified during an internal audit review, appropriate recommendations were made and actions were agreed with management for implementation. All internal audit reviews of material financial systems during 2017/18 resulted in substantial or good assurance.

We follow best practice as recommended by the NHS Counter Fraud and Security Management Service and participate in the National Fraud Initiative led by the Audit Commission. Staff are trained in fraud awareness and we actively promote the mechanism for staff to report any concerns about potential fraud or corruption. All concerns are investigated by the local counter fraud and security management specialist and the outcome of all investigations are reported to the Audit Committee.

### Quality Account

The Board of Directors is required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare a Quality Account for each financial year. NHS Improvement (in exercise of their powers conferred on Monitor) has issued guidance to NHS Foundation Boards of Directors on the form and content of annual Quality Accounts which incorporate the above legal requirements in the NHS Foundation Trust Annual Reporting Manual.

The Quality Account represents a balanced view and there are appropriate controls in place to ensure the accuracy of the data. The following provides evidence of the steps in place to provide this assurance:

### Governance and leadership

This is the ninth year of developing Quality Accounts for the trust. We have a quality management system in place based on the Institute of Medicine definition of quality. This quality management system ensures that a balanced scorecard of quality standards and indicators is considered by the Board of Directors. Furthermore, national guidance from the Department of Health Medical Director that Boards of Directors should review all their services over a reasonable period has placed a commitment on Board of Directors to review all services over a three-year period based on five quality domains that are safety, effectiveness, caring, responsive and well led.

### Policies

We have put controls in place to ensure the quality of care provided and accuracy of the data used in the Quality Account. This is not an exhaustive list but key policies include:

- RMP 03 Reporting and management of incidents
- RMP 14 Complaints policy and procedure
- IG104 Records policy
- DQP01 Data quality policy

We have an extensive range of clinical governance policies and these are reviewed at appropriate intervals but no later than three years to ensure our operating policies reflect the best practice.

### Systems and processes

There is a system and process to report the quality indicators for services from Board of Directors to every level in the trust. Each service has a range of national quality indicators and these are extracted from the information centre data source and reported by service line to the Board of Directors at monthly intervals. Any high risk issues (red rated) are considered by the Finance, Investment and Performance Committee and an appropriate action plan agreed.

Furthermore, the clinical audit plan reports on the performance of the national and local clinical audits at quarterly intervals to the Board of Directors' Safety and Quality Committee and includes any key risk areas and associated action plans. The internal and clinical audit plans are also aligned to the Board's Assurance Framework.

## **Northumbria Healthcare NHS Foundation Trust – 2017/18 Annual Governance Statement**

Patient experience results have been developed at service line and services now have at least five years of information on the views of outpatients and inpatients, where appropriate. This year, we have continued to develop our quality panels which provide the Board of Directors with a detailed assessment of the quality, safety and leadership effectiveness for each of the services we offer.

This service line information sits alongside established patient experience data to allow for a comprehensive assessment of quality. These panels rely on a face-to-face assessment as well as analysis of a wide range of information gathered in advance including ward observation.

### **People and skills**

The Quality Account describes the focus on people and skills in the trust. There are three key elements described. Firstly, the outcomes of services to patients are delivered by highly-qualified and skilled individuals. We have robust policies for the recruitment and the development of staff. Secondly, mandatory and statutory training of staff is a key performance indicator and this is also reported to the Board of Directors at regular intervals. Thirdly, results of the 2017 NHS staff survey, against which we achieved a response rate of 73%, show that the majority of our staff would recommend the trust as a place to work or receive treatment, putting Northumbria Healthcare in the top 20 per cent of all NHS organisations nationally in 23 of the 32 elements. Overall, the survey provides some excellent results however we will continue to focus on areas for improvement.

### **Data use and reporting**

Good quality information underpins the effective delivery of patient care and is essential if improvements in quality of care are to be made. Improving data quality, which includes the quality of ethnicity and other equality data, will thus improve patient care and improve value for money.

We have robust procedures to ensure that the quality and accuracy of elective waiting time data reported is as high. There is detailed guidance followed by the analysts each month in producing the elective waiting time data reports for NHS England and the Board.

### **Corporate Governance Statement**

The Board of Directors, as required under NHS Foundation Trust condition 4(8)(b) assures itself of the validity of its Corporate Governance Statement. The Board of Directors reviewed the Corporate Governance Statement every year to ensure that declarations being made can be supported with evidence. It considers the risks and mitigating actions that management provided to support the Statements and determine, both from its own work throughout the year - particularly the testing of the controls set out in the Assurance Framework - and assurances provided from the work of the trust's internal, external auditors and other external audits or reviews, whether the Statements are valid.

### **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 trust that have responsibility for the development and maintenance of the internal control framework. I have drawn on the content of the Quality Account attached to this Annual Report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board of Directors, the Audit Committee and Assurance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Board of Directors, supported by the Audit Committee and Assurance Committee, has routinely reviewed the trust's system of internal control and governance framework together with the trust's integrated approach to achieving compliance with the CQC fundamental standards. The Assurance Framework provides the Board of Directors with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed.

The Audit Committee has provided the Board of Directors with an independent and objective review of internal financial control within the trust by reflecting on the trust financial report to the Board of Directors. There have been no significant controls gaps identified during 2017/18.

The Finance Investment and Performance Committee and Safety and Quality Committee provides the Board of Directors with an integrated clinical governance report at regular intervals and the former committee of the Board of Directors ensures compliance on governance issues are delivered and immediate action is taken should performance not be in line with the target set by the Board of Directors.

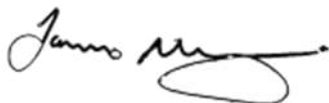
## Northumbria Healthcare NHS Foundation Trust – 2017/18 Annual Governance Statement

Clinical audit is given a high importance in the trust. The annual Clinical Audit Plan is agreed by the Safety and Quality Committee and the Annual Plan reflects the priorities of the Board of Directors and the national best practice, for example, NICE clinical guidelines, national confidential enquiries, high level enquiries and other nationally agreed guidance is taken into account in the context of clinical services provided by the organisation. A quarterly review of progress against the plan is reported to the Safety and Quality Committee and to the Board of Directors via an integrated governance report. Any significant issues that emerge are reported to the Board of Directors and a service improvement plan or trust-wide quality improvement is approved.

Internal audit has reviewed and reported upon control, governance and risk management processes, based on an audit plan approved by the Audit Committee. The work included identifying and evaluating controls and testing their effectiveness, in accordance with NHS Internal audit standards. Where scope for improvement was found, recommendations were made and appropriate action plans agreed with management. The Head of Internal Audit Opinion Statement has been received on the effectiveness of the system of internal control giving substantial assurance.

### Conclusion

The overall opinion is that no significant internal control issues have been identified during 2017/18 and therefore significant assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently.



**Jim Mackey**

**Chief Executive Officer**

**24<sup>th</sup> May 2018**



# Independent auditor's report

## to the Council of Governors of Northumbria Healthcare NHS Foundation Trust

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### 1. Our opinion is unmodified

We have audited the financial statements of Northumbria Healthcare NHS Foundation Trust ("the Trust") for the year ended 31 March 2018 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 Equity, the Group and Trust Statement of Cash Flows, and the related notes, including the accounting policies in note 1.

#### In our opinion:

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

#### Basis for opinion

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

#### Overview

<b>Materiality:</b>	£7.5m (2017: £6.5m)
Group financial statements as a whole	1.4% (2017: 1.2%) of operating income

<b>Coverage</b>	100% (2017:100%) of group operating income
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#### Risks of material misstatement vs 2017

<b>Recurring risks</b>	Valuation of land and buildings and accounting for impairments
------------------------	--





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

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

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

	The risk	Our response
<b>Valuation of land and buildings and accounting for impairments</b> (£185 million; 2016/17: £200 million)  <i>Refer to Annual Report section 28 (Audit Committee Report) and Annual Accounts pages 7 to 9 (accounting policy) and 25 to 27 (financial disclosures).</i>	<b>Subjective valuation</b>  Land and buildings are required to be maintained at up to date estimates of current value in existing use (EUV). For specialised assets where no market value is readily ascertainable, EUV is the depreciated replacement cost of a modern equivalent asset that has the same service potential as the existing property (DRC).  There is significant judgement involved in determining the appropriate basis (EUV or DRC) for each asset according to the degree of specialisation, as well as over the assumptions made in arriving at the valuation. The DRC basis requires an assumption as to whether the replacement asset would be situated on the existing site or, if more appropriate, on an alternative site, with a potentially significant effect on the valuation. Further, replacement cost is decreased if VAT on replacement costs is recoverable.  The Trust owns a fully operational facilities management company which maintains the existing Trust properties and which has and will undertake significant new capital developments on behalf of the Trust. In addition a proportion of the Trust estate is held under PFI arrangements under which VAT would be recoverable on the construction cost of any replacement asset. For all of these reasons assumptions are required as to whether it is appropriate to assume that VAT is recoverable and therefore whether such valuations should be recorded net of VAT.  The Group's external valuers performed physical inspections during November 2017 and indexed this to determine the valuation as at 31 March 2018.  <b>Accounting treatment</b>  Consideration is also required as to whether revaluation gains and impairment losses are processed through other operating income/expense, or recognised in other comprehensive income. This treatment could have significant impact on the reported surplus or deficit for the year.	Our procedures included:  <ul style="list-style-type: none"> <li>— <b>Assessing the valuer's credentials:</b> We assessed the competence, capability, objectivity and independence of the Trust's external valuer and considered the terms of engagement of, and the instructions issued to, the valuer for consistency with the requirements of the NHS Group Accounting Manual;</li> <li>— <b>Methodology choice:</b> We assessed the appropriateness of the valuation bases and assumptions applied by the valuers within the full valuation at 31 March 2018;</li> <li>— <b>Historical comparisons:</b> We considered the Group's history of VAT recovery through its PFI arrangements and commercial subsidiary and critically assessed the consistency of this judgement with the evidence presented;</li> <li>— <b>Data comparisons:</b> We critically assessed, in light of our knowledge of the Group's assets and changes in market conditions, whether any significant movements in values since the last full valuation are appropriate;</li> <li>— <b>Accounting analysis:</b> We re-performed the gain or loss on revaluation for all applicable assets and checked whether the accounting entries are consistent with the NHS Group Accounting Manual;</li> <li>— <b>Assessing transparency:</b> We considered the adequacy of the disclosures about the key judgements and degree of estimation involved in arriving at the valuation and the related sensitivities.</li> </ul> <b>Our results</b>  <ul style="list-style-type: none"> <li>— We found the estimated valuation of land and buildings, and the accounting for impairments, to be acceptable.</li> </ul>



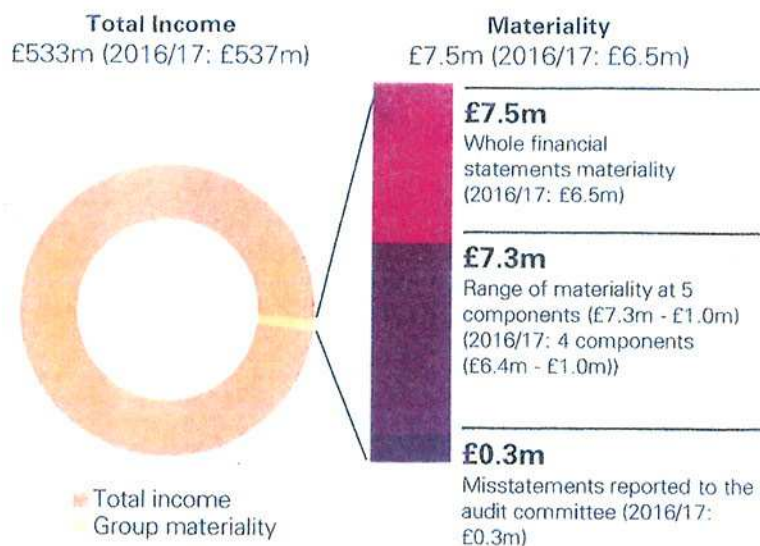
### 3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £7.5 million (2016/17: £6.5 million), determined with reference to a benchmark of total income from operations (of which it represents approximately 1.4% (2016/17: 1.2%)). We consider operating income to be more stable than a surplus related benchmark.

Materiality for the parent Trust's financial statements as a whole was set at £7.3 million (2016/17: £6.4 million), determined with reference to a benchmark of income from operations (of which it represents approximately 1.4% (2016/17: 1.2%)).

We agreed to report to the Audit Committee any corrected and uncorrected identified misstatements exceeding £0.3 million (2016/17: £0.3 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

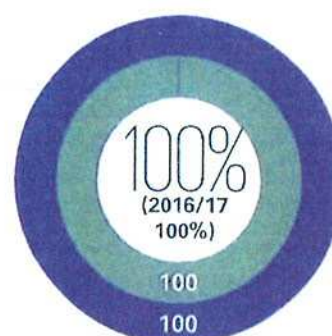
The Group has five (2016/17: four) reporting components and all of them were subject to audits for group reporting purposes performed by the Group audit team at one location in North Tyneside. These audits covered 100% of total Group income, Group deficit and total Group assets (2016/17: 100% of Group income, 100% Group deficit, 100% Group total assets).



Group income



Group surplus



Group total assets





#### 4. **We have nothing to report on going concern**

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

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

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

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

In our opinion the other information included in the Annual Report for the financial year is consistent with the financial statements.

##### **Remuneration report**

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

##### **Corporate governance disclosures**

We are required to report to you if:

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

We have nothing to report in these respects.

#### 6. **Respective responsibilities**

##### **Accounting Officer's responsibilities**

As explained more fully in the statement set out on page 75 of the Annual Report, the Accounting Officer is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention

to dissolve the Group and parent Trust without the transfer of its services to another public sector entity.

##### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities)

#### **REPORT ON OTHER LEGAL AND REGULATORY MATTERS**

##### **We have nothing to report on the statutory reporting matters**

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

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

We have nothing to report in these respects.

##### **We have nothing to report in respect of our work on the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources**

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

We have nothing to report in this respect.

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

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

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

We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources are operating effectively.

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



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

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

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

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

Significant Risk	Description	Work carried out and judgements
<b>Delivery of Cost Improvement Programme (CIP)</b>	<p>The Trust should be able to demonstrate delivery against a CIP at the planned level of improvement and have delivered planned savings.</p> <p>The Trust has a CIP target within the NHSI Annual Plan of £19.5m for 2017/18. The Trust achieved £17.1m and is £2.4m behind the original target.</p> <p>There is therefore a risk that this indicates that the Trust does not have proper arrangements in place to deliver recurrent cost improvements.</p>	<p>Our work included:</p> <ul style="list-style-type: none"> <li>- We held discussions with the Programme Management Office and obtained documentation supporting the Trust's approach to meeting the targets agreed with NHSI;</li> <li>- We viewed evidence of the Trust having planned for the target set by NHSI and assessed why targets had not been achieved.</li> <li>- We considered NHSI's review of the Trust's CIP and their observations in relation to cost improvements.</li> </ul> <p><b>Our findings on this risk area:</b></p> <ul style="list-style-type: none"> <li>- We concluded that the Trust had adequate arrangements in place to plan its finances effectively to support the sustainable delivery of strategic priorities and maintain its statutory functions.</li> </ul>
<b>Management of the Trust's cash position</b>	<p>As at the 31 March 2018, the Group had £30.1m of cash and cash equivalents and external loans of £173.6m. There are financial statement covenants linked to external loans.</p> <p>There is therefore a risk that indicates the Trust is required to have proper arrangements in place for managing working capital, monitoring cash flows and monitoring financial covenant compliance.</p>	<p>Our work included:</p> <ul style="list-style-type: none"> <li>- We assessed the process in place for forecasting and monitoring cash levels and the associated financial controls;</li> <li>- We assessed financial covenant compliance as at 31 March 2018 and forecast compliance for the following financial year;</li> <li>- We made an assessment of the Trust's funding arrangements and consideration of borrowing facilities put in place.</li> </ul> <p><b>Our findings on this risk area:</b></p> <ul style="list-style-type: none"> <li>- We concluded that the Trust had adequate arrangements in place to plan its finances effectively to support the sustainable delivery of strategic priorities and maintain its statutory functions.</li> </ul>

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

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

## **CERTIFICATE OF COMPLETION OF THE AUDIT**

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



**Paul Moran**

**for and on behalf of KPMG LLP (Statutory Auditor)**

*Chartered Accountants*

Quayside House,

110 Quayside,

Newcastle Upon Tyne

NE1 3DX

29 May 2018

# Northumbria Healthcare NHS Foundation Trust - Annual Accounts 2017-18

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Group	Group	Foundation Trust	Foundation Trust
		Year Ending	Year Ending	Year Ending	Year Ending
		31 March	31 March	31 March	31 March
	Note	2018	2017	2018	2017
		£000	£000	£000	£000
Operating income	3	<b>528,407</b>	537,442	<b>516,935</b>	530,638
Operating expenses	4	<b>(517,237)</b>	(512,309)	<b>(510,198)</b>	(504,669)
<b>Total Operating surplus</b>		<b>11,170</b>	25,133	<b>6,737</b>	25,969

<b>Finance Costs</b>					
Finance income	5	<b>82</b>	97	<b>8,079</b>	3,302
Finance expense	6	<b>(10,045)</b>	(9,812)	<b>(13,582)</b>	(13,891)
Finance expense - unwinding of discount on provisions	24	<b>(37)</b>	(37)	<b>(37)</b>	(37)
PDC dividends payable		<b>(1,141)</b>	(933)	<b>(1,141)</b>	(933)
<b>Net Finance Costs</b>		<b>(11,141)</b>	(10,685)	<b>(6,681)</b>	(11,559)

Gains on disposal of assets		<b>7,748</b>	310	<b>7,748</b>	310
Movement in fair value of other investments	35	<b>70</b>	89	<b>0</b>	0
Corporation tax		<b>(4)</b>	0	<b>0</b>	0
<b>Surplus</b>		<b>7,843</b>	14,847	<b>7,804</b>	14,720

<b>Other comprehensive income</b>					
Amounts that will not be reclassified subsequently to income and expenditure including:					
Gains on revaluations	10	<b>0</b>	0	<b>0</b>	0
Impairments and reversal taken to revaluation reserve	10	<b>963</b>	788	<b>963</b>	788
<b>Total comprehensive income for the year</b>		<b>8,806</b>	15,635	<b>8,767</b>	15,508

<b>Note: Allocation of surplus for the year:</b>					
	Note	Group	Group	Foundation Trust	Foundation Trust
		Year Ending	Year Ending	Year Ending	Year Ending
		31 March	31 March	31 March	31 March
		2018	2017	2018	2017
		£000	£000	£000	£000
(a) Deficit for the period attributable to:					
(i) minority interest, and		<b>0</b>	0	<b>0</b>	0
(ii) owners of the parent.		<b>7,843</b>	14,847	<b>7,804</b>	14,720
<b>Total</b>		<b>7,843</b>	14,847	<b>7,804</b>	14,720

<b>(b) Total comprehensive income for the year attributable to:</b>					
(i) minority interest, and		<b>0</b>	0	<b>0</b>	0
(ii) owners of the parent.		<b>8,806</b>	15,635	<b>8,767</b>	15,508
<b>Total</b>		<b>8,806</b>	15,635	<b>8,767</b>	15,508

All income and expenditure is derived from continuing operations.

**Northumbria Healthcare NHS Foundation Trust - Annual Accounts 2017-18**  
**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018 - GROUP AND TRUST**

	Note	Group		Foundation Trust	
		31 March 2018	31 March 2017	31 March 2018	31 March 2017
Non-current assets		£000	£000	£000	£000
Intangible assets	8.1	5,801	3,767	5,801	3,767
Property, plant and equipment	10.1	216,218	237,666	214,633	232,902
Investments - subsidiaries	14	0	0	14,040	14,040
Loans - subsidiaries	14	0	0	78,832	81,006
Other Investments	35	257	601	0	0
Trade and other receivables	16	0	0	0	0
Employee benefits	23	350	510	350	510
<b>Total non-current assets</b>		<b>222,626</b>	<b>242,544</b>	<b>313,656</b>	<b>332,225</b>

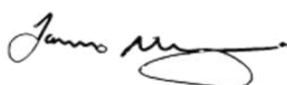
Current assets					
Inventories	15	13,939	13,699	13,384	13,469
Trade and other receivables	16	80,468	61,233	99,122	68,229
Loans - subsidiaries	14	0	0	2,760	2,776
Assets held for sale	12	0	0	0	0
Cash and cash equivalents	26	30,052	35,157	26,412	33,347
<b>Total current assets</b>		<b>124,459</b>	<b>110,089</b>	<b>141,678</b>	<b>117,821</b>

Current Liabilities					
Trade and other payables	18	(69,214)	(60,670)	(90,545)	(68,148)
Interest bearing borrowings	20	(8,214)	(8,465)	(8,214)	(11,679)
Provisions	24	(336)	(380)	(336)	(380)
Other liabilities	19	(2,187)	(9,630)	(2,187)	(9,630)
<b>Total current liabilities</b>		<b>(79,951)</b>	<b>(79,145)</b>	<b>(101,282)</b>	<b>(89,837)</b>
<b>Total assets less current liabilities</b>		<b>267,134</b>	<b>273,488</b>	<b>354,052</b>	<b>360,209</b>

Non-current liabilities					
Trade and other payables	18	(3,230)	(5,488)	(3,230)	(3,834)
Other Liabilities	19	0	(1,001)	0	(1,001)
Interest bearing borrowings	20	(187,270)	(199,465)	(271,601)	(285,214)
Employee benefits	23	0	0	0	0
Provisions	24	(1,328)	(2,549)	(1,328)	(2,549)
<b>Total non-current liabilities</b>		<b>(191,828)</b>	<b>(208,503)</b>	<b>(276,159)</b>	<b>(292,598)</b>
<b>Total assets employed</b>		<b>75,306</b>	<b>64,985</b>	<b>77,893</b>	<b>67,611</b>

Financed by taxpayer's equity					
Public dividend capital		151,475	149,960	151,475	149,960
Revaluation reserve	25	5,367	4,404	5,367	4,404
Charitable fund reserve	35	2,846	2,846	0	0
Other Reserves		(551)	(551)	(551)	(551)
Income and expenditure reserve		(83,831)	(91,674)	(78,398)	(86,202)
<b>Total taxpayer's equity</b>		<b>75,306</b>	<b>64,985</b>	<b>77,893</b>	<b>67,611</b>

The financial statements on pages 1 to 43 were approved by the Board on the 24th May 2018 and signed on its behalf by:



Mr Jim Mackey  
Chief Executive

Dated 24th May 2018



# Northumbria Healthcare NHS Foundation Trust - Annual Accounts 2017-18

## STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

### Changes in Taxpayer's Equity for the year ended 31 March 2018

Group	Public Dividend Capital £000	Revaluation Reserve £000	Income and Expenditure Reserve £000	Charitable Fund Reserve £000	Other Reserve £000	Total £000
Balance as at 31 March 2017	149,960	4,404	(91,674)	2,846	(551)	64,985
PDC received	1,515	0	0	0	0	1,515
Total comprehensive income for the year; retained surplus for the year	0	0	7,843	0	0	7,843
Transfer between reserves	0	0	0	0	0	0
Revaluations - property, plant and equipment	0	963	0	0	0	963
<b>Balance as at 31 March 2018</b>	<b>151,475</b>	<b>5,367</b>	<b>(83,831)</b>	<b>2,846</b>	<b>(551)</b>	<b>75,306</b>

### Changes in Taxpayer's Equity for the year ended 31 March 2017

Group	Public Dividend Capital £000	Revaluation Reserve £000	Income and Expenditure Reserve £000	Charitable Fund Reserve £000	Other Reserve £000	Total £000
Balance as at 31 March 2016	149,960	3,616	(106,186)	2,511	(551)	49,350
PDC received	0	0	0	0	0	0
Total comprehensive income for the year; retained surplus for the year	0	0	14,512	335	0	14,847
Transfer between reserves	0	0	0	0	0	0
Revaluations - property, plant and equipment	0	788	0	0	0	788
Balance as at 31 March 2017	149,960	4,404	(91,674)	2,846	(551)	64,985

### Changes in Taxpayer's Equity for the year ended 31 March 2018

Foundation Trust	Public Dividend Capital £000	Revaluation Reserve £000	Income and Expenditure Reserve £000	Charitable Fund Reserve £000	Other Reserve £000	Total £000
Balance as at 31 March 2017	149,960	4,404	(86,202)	0	(551)	67,611
PDC received	1,515	0	0	0	0	1,515
Total comprehensive income for the year; retained surplus for the year	0	0	7,804	0	0	7,804
Revaluations - property, plant and equipment	0	963	0	0	0	963
<b>Balance as at 31 March 2018</b>	<b>151,475</b>	<b>5,367</b>	<b>(78,398)</b>	<b>0</b>	<b>(551)</b>	<b>77,893</b>

### Changes in Taxpayer's Equity for the year ended 31 March 2017

Foundation Trust	Public Dividend Capital £000	Revaluation Reserve £000	Income and Expenditure Reserve £000	Charitable Fund Reserve £000	Other Reserve £000	Total £000
Balance as at 31 March 2016	149,960	3,616	(100,922)	0	(551)	52,103
PDC received	0	0	0	0	0	0
Total comprehensive income for the year; retained surplus for the year	0	0	14,720	0	0	14,720
Revaluations - property, plant and equipment	0	788	0	0	0	788
Balance as at 31 March 2017	149,960	4,404	(86,202)	0	(551)	67,611

# Northumbria Healthcare NHS Foundation Trust - Annual Accounts 2017-18

## STATEMENT OF CASHFLOWS

Cash flows from operating activities	Note	Group		Foundation Trust	
		Year Ending	Year Ending	Year Ending	Year Ending
		31 March	31 March	31 March	31 March
		2018	2017	2018	2017
		£000	£000	£000	£000
Operating surplus from continuing operations		11,170	25,133	6,737	25,969
<b>Operating surplus</b>		<b>11,170</b>	<b>25,133</b>	<b>6,737</b>	<b>25,969</b>
<b>Non-cash income and expenses</b>					
Depreciation and amortisation		10,318	10,756	10,318	10,756
Impairments		20,310	22,458	20,310	22,458
Increase in trade and other receivables		(18,462)	(16,422)	(30,120)	(18,635)
Increase in inventories		(240)	(1,496)	85	(1,419)
Increase in trade and other payables		10,982	(3,576)	24,797	1,405
(Decrease) / increase in other liabilities		(8,444)	695	(8,444)	695
Unwinding of discount provisions		(37)	(37)	(37)	(37)
Decrease in provisions		(1,265)	(1,221)	(1,265)	(1,221)
Decrease in other financial assets		0	350	0	0
Corporation tax paid		(4)	0	0	0
Other movements in operating cashflows		414	(216)	0	(296)
<b>Net cash generated from operating activities</b>		<b>24,742</b>	<b>36,424</b>	<b>22,381</b>	<b>39,675</b>
<b>Cash flows from investing activities</b>					
Interest received		82	100	8,079	5,385
Investment in a subsidiary / joint venture		0	0	2,190	(3,690)
Purchase of property, plant and equipment and intangible assets		(14,124)	(15,688)	(12,884)	(11,581)
Proceeds from sale of property and equipment		5,348	773	5,348	773
<b>Net cash used in investing activities</b>		<b>(8,694)</b>	<b>(14,815)</b>	<b>2,733</b>	<b>(9,113)</b>
<b>Cash flows from financing activities</b>					
PDC received		1,515	0	1,515	0
PDC dividend paid		(1,861)	(826)	(1,861)	(826)
Loans repaid		(8,016)	(8,005)	(8,016)	(8,005)
Loans received		0	0	0	0
Interest paid on loans		(8,803)	(2,404)	(8,803)	(2,404)
Payment of finance lease obligations - interest		(832)	(952)	(4,369)	(5,031)
Payment of Private Finance Initiative obligations - interest		(1,961)	(1,958)	(1,961)	(1,958)
Additions of finance lease obligations - capital		0	0	(2,727)	0
Payment of finance lease obligations - capital		(1,207)	(384)	(5,839)	(4,312)
Payment of Private Finance Initiative obligations - capital		12	0	12	0
<b>Net cash absorbed from financing activities</b>		<b>(21,153)</b>	<b>(14,529)</b>	<b>(32,049)</b>	<b>(22,536)</b>
Increase in cash and cash equivalents		(5,105)	7,080	(6,935)	8,026
<b>Cash and cash equivalents at 1 April</b>		<b>35,157</b>	<b>28,077</b>	<b>33,347</b>	<b>25,321</b>
<b>Cash and cash equivalents at 31 March</b>	<b>26</b>	<b>30,052</b>	<b>35,157</b>	<b>26,412</b>	<b>33,347</b>

# Northumbria Healthcare NHS Foundation Trust – Annual Accounts 2017-18

## Accounting policies and other information

NHS Improvement, in exercising the statutory functions conferred on Monitor, is responsible for issuing an accounts direction to NHS foundation trusts under the NHS Act 2006. NHS Improvement has directed that the financial statements of NHS foundation trusts shall meet the accounting requirements of the Department of Health Group Accounting Manual (DH GAM) which shall be agreed with the Secretary of State. Consequently, the following financial statements have been prepared in accordance with the DH GAM 2017/18 issued by the Department of Health. The accounting policies contained in that manual follow IFRS and HM Treasury's FReM to the extent that they are meaningful and appropriate to NHS foundation trusts. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

### 1 Accounting Convention

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

### 2 Going Concern Basis

These accounts have been prepared on a going concern basis. This is based on financial projections taking into account the working capital position, agreed 2018/19 contractual income and expenditure plans. The Group had cash and cash equivalents of £30.052m at the year end and generated cash from operations of £24.742m.

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

### 3 Consolidation

The group financial statements consolidate the financial statements of the Trust and entities controlled by the Trust (its subsidiaries) and incorporate its share of the results of wholly and jointly controlled entities and associates using the equity method of accounting. The financial statements of the subsidiaries are prepared for the same reporting year as the Trust.

Subsidiary entities are those over which the Foundation Trust has the power to exercise control or a dominant influence so as to gain economic or other benefits. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate financial statement lines.

Where subsidiaries accounting policies are not aligned with those of the Foundation Trust (including where they report under UK GAAP) these amounts are adjusted during consolidation where differences are material.

All intragroup balances and transactions, including unrealised profits arising from the intragroup transactions, have been eliminated in full. Subsidiaries are consolidated from the date on which control is obtained by the group and cease to be consolidated from the date on which control is no longer held by the group.

Joint ventures are separate entities over which the trust has joint control with one or more parties. The meaning of control is the same as that for subsidiaries. Joint ventures are recognised in the trusts financial statements using the equity method. This investment is initially recognised at a cost.

Northumbria Healthcare Facilities Management Ltd. was incorporated on the 9th October 2012 and is a wholly owned subsidiary of Northumbria Healthcare NHS FT. The primary purpose of the company is the provision of a fully managed healthcare facility, including the design, project management and operation of specific capital schemes. Currently the largest contract is for the management of the site of the Northumbria Specialist Emergency Care Hospital in Cramlington and provision of services.

Northumbria Primary Care Limited was established to provide GPs with professional support in many of the corporate functions that come with running a GP practice. It is a wholly owned subsidiary of Northumbria Healthcare NHS Foundation Trust which started trading on 1 April 2015.

Northumbria Digital Solutions Limited was established to provide information technology services to NHS and other organisations, including Northumbria Healthcare NHS Foundation Trust. It is a wholly owned subsidiary of Northumbria Healthcare NHS Foundation Trust which started trading on 1 July 2017.

Northumbria Healthcare NHS Foundation Trust is the corporate trustee to Northumbria Healthcare NHS Trust Charity NHS charitable fund. The Foundation Trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the Foundation Trust has the power to govern the financial and operating policies of the charitable fund so as to obtain benefits from its activities for itself, its patients and its staff.



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The charitable funds statutory accounts are prepared to 31 March in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on FRS102. On consolidation, necessary adjustments are made to the charity's assets, liabilities and transactions to:

- Recognise and measure them in accordance with the Foundation Trust's accounting policies; and
- Eliminate intra-group transactions, balances gains and losses.

The summary Statement of Financial Activities and Statement of Financial Position of the Charitable Fund are presented in a note (note 35) to the accounts.

When there is a legal restriction on the purpose to which a fund may be put, the fund is classified in the accounts as a restricted fund. Funds where the capital is held to generate income for the charitable purposes and cannot itself be spent are accounted for as endowment funds. Other funds are classified as unrestricted funds. Unrestricted funds which the Trustees have chosen to earmark for set purposes are also classified as designated funds. In all other respects the accounting policies of the Charitable Fund are materially in line with those of the Foundation Trust.

## 4 Income

Income in respect of services provided is recognised when, and to the extent that, performance occurs and is measured at the fair value of the consideration receivable. The main source of income for the Trust is contracts with commissioners in respect of healthcare services.

Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

## 5 Expenditure on Employee Benefits

### *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 financial statements to the extent that employees are permitted to carry-forward leave into the following period.

### *Pension costs*

#### *NHS Pension Scheme*

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions). Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State 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 are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2018, is based on valuation data as 31 March 2016, updated to 31 March 2018 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

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## b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account their recent demographic experience), and to recommend contribution rates payable by employees and employers. The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The next actuarial valuation is to be carried out as at 31 March 2019. This will set the employer contribution rate payable from April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this 'employer cost cap' assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

## *Defined benefit plan – Northumberland County Council Local Government Pension Scheme*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Trust's net obligation in respect of this defined benefit pension plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The liability discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the Trust's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Trust, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan, reductions in future contributions to the plan or on settlement of the plan and takes into account the adverse effect of any minimum funding requirements.

The Trust's defined benefit obligations in respect of this scheme have been indemnified by Northumberland County Council. As a result of this indemnification, the Trust has a right of reimbursement for expenditures required to settle this defined benefit obligation or a commitment to refund any defined benefit surplus. This right does not give rise to a plan asset and is therefore recognised as a separate non-current asset or liability at fair value.

## **6 Expenditure on other goods and services**

### *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.

### *Financing income and expenses*

Net financing costs comprise interest payable and interest receivable on funds invested. Interest income and interest payable is recognised in the statement of Comprehensive Income as it accrues, using the effective interest method.

## **7 Property, Plant and Equipment**

### *Recognition*

Property, Plant and Equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes
- it is probable that future economic benefits will flow to, or service potential be provided to, the Trust
- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably
- the items individually have a cost of at least £5,000 or form a group of assets which individually have a cost of more than £250, collectively have a cost of at least £5,000, 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 form part of the initial setting up cost of a new building or refurbishment of a ward or unit, irrespective of their individual or collective cost.

Where a large asset, for example a building, includes a number of components with significantly different asset lives e.g. plant and equipment, then these components are treated as separate assets and depreciated over their own useful economic lives.

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Land is not depreciated as it is expected to have an infinite life. Buildings have expected lives of between 1 and 36 years, and are depreciated evenly over the life of the buildings.

Equipment is generally depreciated on current cost evenly over the estimated life of the assets on the following basis;

- Short life medical and other equipment – 5 years
- Medium life medical equipment – 10 years
- Long life medical equipment – 15 years
- Short life engineering plant and equipment - 5 years
- Medium life engineering plant and equipment – 10 years
- Long life engineering plant and equipment – 15 years
- Office and IT equipment – 2 to 5 years
- Mainframe-type IT installations – 8 years
- PCs and printers – 2 years
- Furniture – 10 years
- Vehicles – 7 years

Where it is possible individual assets are depreciated on a specific estimate of the assets life.

### *Measurement*

#### *1. Valuation*

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

All land and buildings are measured subsequently at fair value as required by the GAM.

Property, plant and equipment are stated at the lower of replacement cost and recoverable amount. On initial recognition they are measured at cost (for leased assets, fair value) including any costs, such as installation, directly attributable to bringing them into working condition. The carrying values of property, plant and equipment are reviewed for impairment in periods if events or changes in circumstances that indicates the carrying value may not be recoverable. The costs arising from financing the construction of the fixed assets are not capitalised but are charged to the income and expenditure account in the year to which they relate.

All land and buildings are re-valued using professional valuations in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The last asset valuations were undertaken in 2018 as at the prospective valuation date of 31 March 2018. The revaluation undertaken at that date was accounted for on 31 March 2018.

The valuation was carried out by Cushman & Wakefield, qualified valuers (MRICS), using the Modern Equivalent Asset Valuation (MEAV) technique and Depreciated Replacement Cost method for specialised operational property and existing use value for non-specialised operational property. The value of land for existing use purposes is assessed at existing user value. For non-operational properties including surplus land, the valuations are carried out at open market value. Additional alternative open market value figures have only been supplied for operational assets scheduled for imminent closure and subsequent disposal.

Assets in the course of construction are valued at cost and are valued by professional valuers as part of the valuations when they are brought into use.

Residual interests in 'off-Statement of Financial Position' private finance initiative properties are included in assets under construction within property, plant and equipment at the amount of the unitary charge allocated for the acquisition of the residual with an adjustment. The adjustment is the net present value of the change in the fair value of the residual as estimated at the start of the contract and at the Statement of Financial Position date.

Operational equipment is valued at net current replacement cost. Equipment surplus to requirements is valued at net recoverable amount.

#### *2. Subsequent expenditure*

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is added to the asset's carrying value. Where subsequent expenditure is simply restoring the asset to the specification assumed by its economic useful life then the expenditure is charged to operating expenses.

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## 3. Depreciation

Items of property, plant and equipment are depreciated over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated.

## 4. Revaluation gains and losses

Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised in operating income.

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

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

## 5. Impairments

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

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

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

## De-recognition/ reclassification of property, plant and equipment

Assets intended for disposal are reclassified as 'Held for Sale' once all of the following criteria are met:

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
  - the sale must be highly probable i.e.:
    - management are committed to a plan to sell the asset;
    - an active programme has begun to find a buyer and complete the sale;
    - the asset is being actively marketed at a reasonable price;
    - the sale is expected to be completed within 12 months of the date of classification as 'Held for Sale';
- and
- the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'Held for Sale' and instead is retained as an operational asset and the asset's economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

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## *Donated assets, government grant and other grant funded assets*

Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation / grant is credited to the income statement at the same time, unless the donor imposes a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the financial 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.

## **Private Finance Initiative (PFI) transactions**

PFI transactions which meet 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 Trust. In accordance with IAS 17 the underlying assets are recognised as property, plant and equipment at their fair value together with an equivalent financial liability. Subsequently the assets are accounted for as property, plant and equipment and/or intangible assets as appropriate.

The annual contract payments are apportioned between the repayment of the liability, a finance cost and the charges for services. The finance cost is calculated using the implicit interest rate for the scheme.

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

## **8 Intangible assets**

### *Recognition*

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Trust's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the Trust and where the cost of the asset can be measured reliably.

### *Internally generated intangible assets*

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets.

Expenditure on research is not capitalised.

Expenditure on development is capitalised only where all of the following can be demonstrated:

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use;
- the Trust intends to complete the asset and sell or use it;
- the Trust has the ability to sell or use the asset;
- how the intangible asset will generate probable future economic or service delivery benefits e.g. the presence of a market for it or its output, or where it is to be used for internal use, the usefulness of the asset;
- adequate financial, technical and other resources are available to the Trust to complete the development and sell or use the asset; and
- the Trust can measure reliably the expenses attributable to the asset during development.

### *Software*

Software which is integral to the operation of hardware e.g. an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware e.g. application software, is capitalised as an intangible asset.

### *Measurement*

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

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Subsequently intangible assets are measured at fair value. Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in operating expenses, in which case they are recognised in operating income. Decreases in asset values and impairments 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'.

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

### *Amortisation*

Intangible assets are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

## **9 Revenue government and other grants**

Government grants are grants from government bodies other than income from Clinical Commissioning Groups or NHS trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure.

## **10 Inventories**

Inventories are valued at the lower of cost and net realisable value. The cost of all consumable goods is charged to operating expenses at the time of purchase.

## **11 Financial instruments and financial liabilities**

### *Recognition*

Financial assets and financial liabilities which arise from contracts for the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust's normal purchase, sale or usage requirements, are recognised when, and to the extent which, performance occurs i.e. when receipt or delivery of the goods or services is made.

Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described below.

All other financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

### *De-recognition*

All financial assets are de-recognised when the rights to receive cashflows from the assets have expired or the Trust has transferred substantially all of the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

### *Classification and Measurement*

Financial assets are categorised as 'Fair Value through Income and Expenditure', Loans and receivables or 'Available-for-sale financial assets'.

Financial liabilities are classified as 'Fair value through Income and Expenditure' or as 'Other Financial liabilities'.

### *Financial assets and financial liabilities at 'Fair Value through Statement of Comprehensive Income'*

Financial assets and financial liabilities at 'fair value through Statement of Comprehensive Income' are financial assets or financial liabilities held for trading. A financial asset or financial liability is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges.

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## *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets.

The Trust's loans and receivables comprise: current investments, cash and cash equivalents, NHS receivables, accrued income and 'other receivables'.

Loans and receivables are recognised initially at fair value, net of transactions costs, and are measured subsequently at amortised cost, using the effective interest method. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the net carrying amount of the financial asset. Interest on loans and receivables is calculated using the effective interest method and credited to the Statement of Comprehensive Income.

## *Other financial liabilities*

All 'other financial liabilities' are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount of the financial liability.

They are included in current liabilities except for amounts payable more than 12 months after the Statement of Financial Position date, which are classified as long-term liabilities.

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to Finance Costs.

## *Impairment of financial assets*

At the Statement of Financial Position date, the Trust assesses whether any financial assets, other than those held at 'fair value through comprehensive income' are impaired. Financial assets are impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cashflows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the Statement of Comprehensive Income and the carrying amount of the asset is reduced.

## **12 Leases**

### *Finance leases*

Where substantially all risks and rewards of ownership of a leased asset are borne by the NHS Foundation Trust, the asset is recorded as Property, Plant and Equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability.

The asset and liability are recognised at the inception of the lease, and are de-recognised when the liability is discharged, cancelled or expires. The annual rental is split between the repayment of the liability and a finance cost. The annual finance cost is calculated by applying the implicit interest rate to the outstanding liability and is charged to Finance Costs in the Statement of Comprehensive Income.

### *Operating leases*

Other leases are regarded as operating leases and the rentals are charged to operating expenses on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to operating expenses over the life of the lease.

### *Leases of land and buildings*

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately. Following the adoption of a change to IAS 17 leased land is assessed separately to determine if it is a finance or operating lease, depending upon the nature of the lease terms.



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## *Determining whether an arrangement contains a lease*

At inception of an arrangement, the Group determines whether such arrangement is or contains a lease. This will be the case if the following two criteria are met:

- The fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- The arrangement contains a right to use the assets(s).

At inception or on reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of relative fair values. If the Group concludes for a finance lease that it is impractical to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequent the liability is reduced as payments are made and an imputed finance costs on the liability is recognised using the Group's incremental borrowing rate.

## **13 Provisions**

The NHS Foundation Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rate of 0.24%, (2016/17 0.24%) in real terms.

### *Clinical negligence costs risk pooling*

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the NHS Foundation Trust pays an annual contribution to the NHSLA, which, in return, settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the NHS Foundation Trust. For this reason, the total value of clinical negligence provisions carried by the NHSLA on behalf of the NHS Foundation Trust is disclosed in Note 28 but it is not recognised in the NHS Foundation Trust's accounts.

### *Non-clinical negligence costs risk pooling*

The Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Trust pays an annual contribution to the NHS Litigation Authority and in return receives assistance with the costs of claims arising. The annual membership contributions, and any 'excesses' payable in respect of particular claims are charged to operating expenses when the liability arises.

## **14 Contingencies**

Contingent assets (assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in Note 28 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed in Note 28, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

## **15 Public Dividend Capital**

Public Dividend Capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS Trust. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

A charge, reflecting the cost of capital utilised by the NHS Foundation Trust, is payable as PDC. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the NHS Foundation Trust during the value of all liabilities, except for (i) donated assets (ii) average daily cash balances held with the Government Banking Services and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility and iii) any PDC dividend balance receivable or payable. In accordance with the requirements laid



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down by the Department of Health (as the issuer of PDC), the dividend for the year is calculated on the average actual 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.

### 16 Value Added Tax

Most of the activities of the NHS Foundation Trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

### 17 Corporation Tax

The Trust Board has reviewed the commercial activities of the Trust and consideration has been given to the implications of corporation tax. At this stage the Trust Board is satisfied that there are no corporation tax liabilities resulting from non-core activities. The Trust will continue to review commercial services in light of any potential changes in the scope of corporation tax.

Northumbria Healthcare NHS Foundation Trust is a Health Service Body within the meaning of s519A ICTA 1998 and accordingly is exempt from taxation in respect of income and capital gains within categories covered by this. There is the power from the Treasury to disapply the exemption in relation to the specified activities of a Foundation Trust (s519A (3) to (8) ICTA 1988). Accordingly, the Trust is potentially within the scope of Corporation Tax in respect of activities which are not related to, or ancillary to, the provision of healthcare, and where the profits therefrom exceed £50,000 per annum.

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Statement of Financial Position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

The Trust's subsidiaries are subject to corporation tax on commercial activities. Up to 31 March 2018 no material corporation tax or deferred tax assets or liabilities have arisen.

### 18 Foreign exchange

The functional and presentational currency of the Trust is sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate at the date of the transaction.

Where the Trust has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

- monetary items (other than financial instruments measured at 'fair value through income and expenditure') are translated at the spot exchange rate on 31 March;
- non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction; and
- non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the Statement of Financial Position date) are recognised in income or expense in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

## 19 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the NHS Foundation Trust has no beneficial interest in them. However, they are disclosed within note 26 to the accounts in accordance with the requirements of HM Treasury's FREM.

## 20 Accounting Standards, amendments and interpretations in issue but not yet effective or adopted.

The accounting standards, amendments and interpretations have been issued by the IASB and IFRIC which have not been applied to the Trust in these financial statements. The Group is in the process of assessing the impact on the financial statements from the adoption of IFRS 15 and IFRS 16. The adoption of IFRS 9 and IFRIC 22 is not expected to have a material effect on the financial statements;

- IFRS 9 Financial Instruments – Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FREM: early adoption is not therefore permitted.
- IFRS 15 Revenue from Contracts with Customers – Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FREM: early adoption is not therefore permitted.
- IFRS 16 Leases – Application required for accounting periods beginning on or after 1 January 2019, but not yet adopted by the FREM: early adoption is not therefore permitted.
- IFRIC 22 Foreign Currency Translations and Advance Consideration – Application required for accounting periods beginning on or after 1 January 2018.

## 21 IAS 1 – critical accounting judgements or key estimation uncertainties

### *"Critical accounting judgements and key sources of estimation uncertainty and critical judgement"*

In the application of the Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year;

- The Trust has conducted a review of land and buildings, using independent qualified valuers, and revaluations and impairments have been made where required (note 10.1).
- Provisions have been made in line with management's best estimates and in line with IAS 37: *Provisions, Contingent Liabilities and Contingent Assets* (note 24).

The following are the key critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated and Trust financial statements:

- Accounting for arrangements containing a lease and lease classification (note 21)
- The Group provides a number of non-patient care services to other NHS bodies. Each arrangement requires an assessment of whether the Group is acting as an agent or principal based upon an evaluation of the risks and responsibilities. Where the Group works with other bodies on an agency basis the transactions it processes on behalf of the other bodies are not reflected in the Group financial statements.

## 22 Late Payment of Commercial Debt

Legislation is in force which requires Trust's to pay interest to small companies if payment is not made within 30 days (Late payment of Commercial Debts (Interest) Act 1998). The Trust was not required to make any such payment during the year.

## 23 Losses and Special Payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accrual basis, including losses which would have been made good through insurance cover had the NHS Foundation Trust not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

However the losses and special payments note is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses.

## 2 Segmental Reporting

All of the activities of the Trust arise from a single business segment, the provision of healthcare, which is an aggregate of all the individual speciality components therein. Similarly the large majority of the Trust's revenue arises from within the UK Government. The majority of expenses incurred are payroll expenditure on staff involved in the production or support of healthcare activities generally across the Trust, together with the related supplies and overheads needed to establish this production. The business activities which earn and incur these expenses are of one broad nature and therefore on this basis one segment 'Healthcare' is deemed appropriate.

The operating results of the Foundation Trust are reviewed monthly or more frequently by the Trust's chief operating decision maker which is the overall Foundation Trust Board and which includes professional Non-Executive Directors. The Trust Board review the financial position of the trust as a whole, rather than individual components included in the totals, in terms of allocating resources. This process implies a single operating segment of healthcare in its decision making process. The finance report considered monthly by the Trust Board provides summary figures for the whole Trust together with graphical and bar charts relating to different total income activity levels and directorate expense budgets with their cost improvement positions. Likewise only the financial position and cashflow forecasts are considered for the whole Foundation Trust. The Board, as chief operating decision maker, therefore only considers one segment of healthcare in its decision making process.

The single segment of 'Healthcare' has therefore been identified as being consistent with the core principal of IFRS8 which is to enable users of the financial statements to evaluate the nature of financial effects of business activities and economic environments.

# Northumbria Healthcare NHS Foundation Trust - Annual Accounts 2017-18

## 3 Income from Activities

3.1 Income from Activities - by Function	Group		Foundation Trust	
	Year Ending	Year Ending	Year Ending	Year Ending
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000	£000	£000	£000
Elective income	57,730	61,256	57,730	61,256
Non elective income	87,621	87,279	87,621	87,279
Outpatient income	52,195	50,422	52,195	50,422
Other NHS clinical income	130,100	129,402	130,100	129,402
A&E income	21,331	21,783	21,331	21,783
Income for community services	66,753	85,081	66,753	85,081
Private patient & overseas visitors income	132	89	132	89
<b>Total income by function</b>	<b>415,862</b>	<b>435,312</b>	<b>415,862</b>	<b>435,312</b>

The Trust's Terms of Authorisation set out the mandatory goods and services that the Trust is required to provide ('Protected Services'). All income from activities shown above is derived from the provision of protected services.

3.2 Private Patient Income	Year Ending	Year Ending	Year Ending	Year Ending
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000	£000	£000	£000
Private patient income	76	89	76	89
<b>Total patient related income</b>	<b>415,862</b>	<b>435,312</b>	<b>415,862</b>	<b>435,312</b>
<b>Proportion (as a percentage)</b>	<b>0.02%</b>	<b>0.02%</b>	<b>0.02%</b>	<b>0.02%</b>

Under its Terms of Authorisation the Trust must ensure that the proportion of patient related income derived from private patients does not exceed the proportion received as an NHS Trust in the base year, 2002/3, which was 0.09% of related income.

3.3 Income from Activities - by Source	Group		Foundation Trust	
	Year Ending	Year Ending	Year Ending	Year Ending
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000	£000	£000	£000
NHS Foundation Trusts	1,068	1,812	1,068	1,812
NHS Trusts	0	57	0	57
CCGs and NHS England	396,989	398,084	396,989	398,084
NHS Other	340	0	340	0
Local Authorities	10,172	33,724	10,172	33,724
Non NHS : Overseas visitors	56	48	56	48
Non NHS : Private patients	76	89	76	89
NHS Injury Scheme *	768	703	768	703
Non NHS Other	6,393	795	0	795
<b>Total income from activities</b>	<b>415,862</b>	<b>435,312</b>	<b>409,469</b>	<b>435,312</b>

\*NHS Injury Scheme income (formerly known as Road Traffic Act income) is subject to a provision for doubtful debts of 18.5% of claims.

3.4 Other Operating Income	Group		Foundation Trust	
	Year Ending	Year Ending	Year Ending	Year Ending
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000	£000	£000	£000
Research and Development	3,304	3,209	3,304	3,209
Education and training	11,521	12,594	11,521	12,594
NHS charitable funds: income received	1,430	1,669	0	0
Non-patient care services to other bodies	12,847	16,426	12,847	16,426
Sustainability and Transformation Fund income	12,431	15,435	12,431	15,435
Other income	71,012	52,797	67,363	47,662
<b>Total other operating income</b>	<b>112,545</b>	<b>102,130</b>	<b>107,466</b>	<b>95,326</b>

<b>Total Income</b>	<b>528,407</b>	<b>537,442</b>	<b>516,935</b>	<b>530,638</b>
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The main components of non-patient care services to other bodies comprise hosting of the North East Patches Oracle financial information system consortium, hosting the North of Tyne Payroll consortium and provision of staff and services to North Cumbria University Hospitals NHS Trust.

Other income includes amounts in respect of NHS Fleet Solutions and other commercial services, catering services, car parking income and property rentals.

# Northumbria Healthcare NHS Foundation Trust - Annual Accounts 2017-18

## 4 Operating Expenses

4.1 Operating Expenses	Group		Foundation Trust	
	Year Ended	Year Ended	Year Ended	Year Ended
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000	£000	£000	£000
Services from NHS Foundation Trusts	3,758	4,030	3,758	4,030
Services from Other NHS Bodies	0	4,255	0	4,255
Purchase of healthcare from non-NHS bodies	3,609	3,436	3,603	3,436
Executive Directors' costs	1,344	1,315	1,344	1,315
Chair and Non-Executive Directors' costs	180	171	180	171
Staff costs	336,316	327,275	313,873	315,230
Drug costs	28,023	29,029	27,440	28,477
Supplies and services - clinical (excluding drug costs)	40,553	41,993	39,353	41,441
Supplies and services - general	5,967	2,481	2,393	747
Establishment	3,734	6,883	2,446	6,622
Transport	6,213	2,394	5,607	2,361
Premises	31,633	24,862	56,566	35,884
Bad debts provided for / (released unused)	(2,385)	2,148	(2,385)	2,148
Decrease in other provisions	(138)	(516)	(138)	(516)
Change in provisions discount rate	0	142	0	142
Rentals under operating leases	5,757	6,188	5,777	6,188
Depreciation and amortisation	10,318	10,756	10,318	10,756
Fixed asset impairments	20,310	22,458	20,310	22,458
Audit fees - audit services - statutory audit	104	90	60	60
Other auditors remuneration - other assurance services	3	192	3	190
Internal audit costs	277	334	277	334
Clinical negligence	11,620	10,564	11,620	10,564
Legal Fees	525	365	490	365
Professional fees and consultancy costs	2,512	1,413	1,855	1,195
Research, education, training courses and conferences	2,345	2,410	2,231	2,357
Patient Travel	94	40	83	40
Car parking and security	81	113	26	100
Redundancy and termination costs	217	211	217	211
Hospitality	44	13	60	13
Publishing	429	458	404	452
Insurance	469	459	293	325
Losses, ex-gratia and special payments	7	16	5	0
NHS Charitable funds: other resources expended	1,536	1,475	0	0
Other	1,782	4,856	2,129	3,318
<b>Total operating expenses</b>	<b>517,237</b>	<b>512,309</b>	<b>510,198</b>	<b>504,669</b>

The main component of other expenditure is expenses relating to the provision of on-site crèche facilities and costs associated with other income (note 3.4)

## Northumbria Healthcare NHS Foundation Trust -Annual Accounts 2017-18

4.2.1 Operating Lease Rentals	Group		Foundation Trust	
	Year Ending	Year Ending	Year Ending	Year Ending
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Charged to operating expenses during the year;	£000	£000	£000	£000
Land and buildings	1,355	1,356	1,355	1,356
Plant and machinery	4,402	4,832	4,402	4,832
<b>Total operating lease rentals</b>	<b>5,757</b>	<b>6,188</b>	<b>5,757</b>	<b>6,188</b>

4.2.2 Operating Lease Commitments	Group		Foundation Trust	
	Year Ending	Year Ending	Year Ending	Year Ending
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Land and buildings total commitments on leases expiring;	£000	£000	£000	£000
within one year	1,226	1,284	1,226	1,284
between one and five years	4,904	4,904	4,904	4,904
after five years	7,415	8,641	7,415	8,641
<b>Total commitments land and buildings</b>	<b>13,545</b>	<b>14,829</b>	<b>13,545</b>	<b>14,829</b>

Land and building leases comprise of clinical accommodation used for elderly medicine services adjacent to North Tyneside General Hospital and at Morpeth Cottage Hospital.

	Group		Foundation Trust	
	Year Ending	Year Ending	Year Ending	Year Ending
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Plant and machinery total commitments on leases expiring;	£000	£000	£000	£000
within one year	592	757	592	757
between one and five years	4,381	5,132	4,381	5,132
<b>Total commitments plant and machinery</b>	<b>4,973</b>	<b>5,889</b>	<b>4,973</b>	<b>5,889</b>

Operating leases of less than five years refer to leasing agreements entered into for leased vehicles. All such leases are for a period of three years with three equal annual instalments payable. Costs are charged to operating expenses in the year in which payments are made.

4.3 Staff Costs and Numbers	Year Ended		Year Ended	
	31 March 2018		31 March 2017	
4.3.1 Staff Costs (Excluding Non-Executive Directors) - Group	Total	Permanently	Other	Total
	£000	Employed	£000	£000
Salaries and wages	271,297	265,361	5,936	264,026
Social security costs	25,888	25,308	580	25,117
Apprenticeship levy	1,256	1,256	0	0
Employer contributions to NHS pensions	32,321	31,587	734	32,413
Employer contributions to other pension	332	332	0	0
Agency/contract staff	6,619	0	6,619	7,748
Termination costs	217	217	0	211
<b>Total staff costs</b>	<b>337,930</b>	<b>324,061</b>	<b>13,869</b>	<b>329,515</b>

Included in the above is £53,000 of salaries that the group capitalised as tangible fixed assets (2016/17 - £714,000). This relates to staff employed to work on specific capital schemes.

Other staff includes agency staff, staff on secondment from other organisations and medical staff whose contract of employment is with NHS England.

# Northumbria Healthcare NHS Foundation Trust - Annual Accounts 2017-18

## 4.3 Staff Costs and Numbers - continued

4.3.2 Staff costs (excluding Non Executive Directors) - Foundation Trust	Year Ended 31 March 2018	Permanently Employed	Other	Year Ended 31 March 2017
	Total £000	£000	£000	Total £000
Salaries and wages	250,599	239,200	5,936	253,129
Social security costs	24,388	23,808	580	24,457
Employer contributions to NHS pensions	32,425	31,691	734	31,925
Employer contributions to other pension	35	35	0	0
Apprenticeship levy	1,204	1,204	0	0
Agency/contract staff	6,619	0	6,619	7,748
Termination costs	217	217	0	211
<b>Total staff costs</b>	<b>315,487</b>	<b>296,155</b>	<b>13,869</b>	<b>317,470</b>

Included in the above is £53,000 of salaries that the Trust capitalised as tangible fixed assets (2016/17 - £714,000). This relates to staff employed to work on specific capital schemes.

4.3.3 Staff Numbers (Whole Time Equivalents) - Group	Year Ended 31 March 2018	Permanently Employed	Other	Year Ended 31 March 2017
	Total			Total
Medical and dental	650	510	140	637
Administration and estates	1,874	1,874	0	1,808
Healthcare assistants & other support staff	1,877	1,877	0	1,960
Nursing, midwifery & health visiting staff	2,231	2,231	0	2,382
Nursing, midwifery & health visiting learners	43	43	0	40
Scientific, therapeutic and technical staff	1,057	1,057	0	1,087
Healthcare science staff	308	308	0	219
Agency staff	58	0	58	82
<b>Total whole time equivalents</b>	<b>8,098</b>	<b>7,900</b>	<b>198</b>	<b>8,215</b>

4.3.3 Staff Numbers (Whole Time Equivalents) - Foundation Trust	Year Ended 31 March 2018	Permanently Employed	Other	Year Ended 31 March 2017
	Total			Total
Medical and dental	628	488	140	621
Administration and estates	1,726	1,726	0	1,730
Healthcare assistants & other support staff	1,399	1,399	0	1,707
Nursing, midwifery & health visiting staff	2,207	2,207	0	2,367
Nursing, midwifery & health visiting learners	43	43	0	38
Scientific, therapeutic and technical staff	1,045	1,045	0	1,084
Healthcare science staff	307	307	0	214
Agency staff	58	0	58	82
<b>Total whole time equivalents</b>	<b>7,413</b>	<b>7,215</b>	<b>198</b>	<b>7,843</b>

Staff numbers are for the 'whole time equivalent' as opposed to a head count basis i.e. two employees each working half the number of standard hours for a full time employee are classed as one 'whole time equivalent'. The totals are an average of whole time equivalents worked for the reporting period. Other staff includes staff on secondment from other organisations and medical staff whose contract of employment is with NHS England.

4.3.4 Staff Exit Packages - Group and Foundation Trust	Redundancy Payments	Other Departures Agreed	Total
Less than £10,000	0	0	0
Between £10,000 and £25,000	0	0	0
Between £25,001 and £50,000	2	0	2
Between £50,001 and £100,000	0	0	0
Between £100,001 and £150,000	0	0	0
Between £150,001 and £200,000	1	0	1
<b>Total Number of exit packages by type</b>	<b>3</b>	<b>0</b>	<b>3</b>
<b>Total Resource cost £000's</b>	<b>217</b>	<b>0</b>	<b>0</b>

### 4.3.5 Employee Benefits

The Trust incurred no costs in providing employee benefits, other than pensions costs (note 24), in the year ended 31 March 2017 (previous year - Nil).

Group and Foundation Trust	Year Ended		Year Ended	
	31 March 2018		31 March 2017	
	Number	£000	Number	£000
Number of early retirements agreed on the grounds of ill-health	7		8	
Estimated additional liabilities		461		387

The costs of these ill-health retirements will be borne by the NHS Pensions Agency.



## Northumbria Healthcare NHS Foundation Trust - Annual Accounts 2017-18

### 4.3 Staff Costs and Numbers - Group and Foundation Trust

#### 4.3.6 Salary Entitlements of Executive and Non Executive Directors

Executive Directors		Year ended 31 March 2018		Year ended 31 March 2017	
Name	Title	Basic salary (Bands of £5,000)	Benefits in kind (nearest £100)	Basic salary (Bands of £5,000)	Benefits in kind (nearest £100)
David Evans	Chief Executive (From 1 April until 31 October 2017)	140-145	-	210-215	-
Jim Mackey	Chief Executive (From 1 November 2017 )	90-95	15,200	-	-
Paul Dunn	Executive Director of Finance	170-175	3,400	155-160	6,300
Ann Wright	Executive Director of Operations (until 22 September 2017)	165-170	3,300	155-160	6,100
Birju Bartoli	Executive Director of Systems , Strategy & Transformation	170-175	9,600	155-160	8,900
Ann Stringer	Executive Director of Human Resources & Organisational Development	150-155	6,500	145-150	5,800
Daljit Lally	Executive Director of Delivery	90-95	11,600	75-80	4,300
Jeremy Rushmer	Salary - Medical Director	30-35	-	30-35	-
" "	Other Remuneration - payment for clinical duties	190-195	8,300	200-205	6,100
Ellie Monkhouse	Executive Director of Nursing (from 13 November 2017)	50-55	-	-	-
Debbie Reape	Executive Director of Nursing (until 31 October 2017 )	75-80	-	135-140	-

Non-executive Directors					
Alan Richardson	Chairman	50-55	100	50-55	-
Martin Knowles	Non Executive Director	15-20	-	15-20	-
John Marsden	Non Executive Director (1 April to 27 April 2017)	0-5	-	15-20	-
Peter Sanderson	Non Executive Director	10-15	-	15-20	-
Allan Hepple	Non Executive Director	15-20	-	5-10	-
Alison Marshall	Non Executive Director	15-20	-	5-10	-
David Chesser	Non Executive Director (1 April to 31 October 2017)	10-15	-	0-5	-
Malcom Page	Non Executive Director (from 1 April 2017)	10-15	-	-	-
Moira Davison	Non Executive Director (from 1 May 2017)	10-15	-	-	-
Ian McMin	Non Executive Director (from 1 April 2016 to 31 December 2016)	-	-	10-15	-
Ian Swithenbank	Non Executive Director (from 1 April 2016 to 5 September 2016)	-	-	5-10	-
David Thompson	Non Executive Director (from 1 April 2016 to 31 December 2016)	-	-	10-15	-

Other Directors					
Steven Bannister	Director of Estates	130-135	10,600	130-135	11,900
Claire Riley	Director of Communications	125-130	11,300	115-120	4,900
Annie Laverty	Director of Patient Experience	110-115	4,400	100-105	3,900
Mark Thomas	Director of Health Informatics	110-115	3,700	110-115	700

Benefits in kind consist of the taxable benefit of leased cars used for business and private purposes and the taxable benefit of payments made for the reimbursement of business miles made in privately owned vehicles.

The Director of Delivery is a joint role shared between Northumbria Healthcare and Northumberland County Council. The costs included within the Trust's accounts reflect only the Trust's share of the post's total costs. Accordingly the salary shown in the table above is only for payment received in respect of duties at Northumbria Healthcare NHS Foundation Trust.

From 1/4/2017 until 31/10/2017 Jim Mackey was Chief Executive at NHS Improvement on a secondment arrangement agreed between Northumbria Healthcare and NHS Improvement. He remained an employee of Northumbria Healthcare in this time and continued to be remunerated by Northumbria Healthcare. The total annual remuneration paid to him in respect of both parties for the period 1/4/2017 to 31/3/2018, in bands of £5,000, was £260,000-£265,000 (2016/17 £260,000-£265,000). This includes benefits in kind and pension related benefits. The above table therefore only includes remuneration received in the period 1/11/2017 to 31/3/2018 when the secondment to NHS Improvement ended and he returned to Northumbria Healthcare as Chief Executive.

# Northumbria Healthcare NHS Foundation Trust - Annual Accounts 2017-18

## 5 Finance Income

	Group		Foundation Trust	
	Year Ending	Year Ending	Year Ending	Year Ending
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000	£000	£000	£000
Interest on bank accounts	42	45	42	45
Interest on loans and receivables	4	0	8,037	3,257
Other investment income	36	52	0	0
<b>Total finance income</b>	<b>82</b>	<b>97</b>	<b>8,079</b>	<b>3,302</b>

## 6 Finance Cost

6.1 Finance Costs - Interest Expense	Group		Foundation Trust	
	Year Ending	Year Ending	Year Ending	Year Ending
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000	£000	£000	£000
Loan from Foundation Trust Financing Facility	1,876	1,974	1,876	1,974
Other loans	5,376	4,928	5,376	4,928
Finance leases	832	952	4,369	5,031
Finance costs in PFI obligations	1,961	1,958	1,961	1,958
<b>Total finance expenses</b>	<b>10,045</b>	<b>9,812</b>	<b>13,582</b>	<b>13,891</b>

6.2 Impairment of Assets Property, Plant and Equipment	Group		Foundation Trust	
	Year Ending	Year Ending	Year Ending	Year Ending
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000	£000	£000	£000
Net Impairments due to changes in valuation	20,310	22,458	20,310	22,458
<b>Total impairments charged to income</b>	<b>20,310</b>	<b>22,458</b>	<b>20,310</b>	<b>22,458</b>

## 7 Taxation

UK corporation tax	Group		Foundation Trust	
	Year Ending	Year Ending	Year Ending	Year Ending
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000	£000	£000	£000
Current tax payable	4	0	0	0
<b>Total tax payable</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>

Northumbria Healthcare Facilities Management Limited, Northumbria Primary Care Limited and Northumbria Digital Solutions Limited are subject to corporation tax on commercial activities. No material corporation tax or deferred tax arises in the current or prior period.

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## 8 Intangible Non-Current Assets

8.1 Purchased	Group		Foundation Trust	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000	£000	£000	£000
<b>Gross cost at 1 April</b>	<b>7,455</b>	6,502	<b>7,455</b>	6,502
Reclassifications from property, plant and equipment	<b>2,492</b>	439	<b>2,492</b>	439
Additions - purchases	<b>509</b>	514	<b>509</b>	514
<b>Gross cost at 31 March</b>	<b>10,456</b>	7,455	<b>10,456</b>	7,455
<b>Amortisation at 1 April</b>	<b>3,688</b>	2,827	<b>3,688</b>	2,827
Provided during the year	<b>967</b>	861	<b>967</b>	861
<b>Amortisation at 31 March</b>	<b>4,655</b>	3,688	<b>4,655</b>	3,688
<b>Net book value</b>				
Purchased at 1 April	<b>3,767</b>	3,675	<b>3,767</b>	3,675
<b>Total at 1 April</b>	<b>3,767</b>	3,675	<b>3,767</b>	3,675
<b>Net book value</b>				
Purchased at 31 March	<b>5,801</b>	3,767	<b>5,801</b>	3,767
<b>Total at 31 March</b>	<b>5,801</b>	3,767	<b>5,801</b>	3,767

All intangible non-current assets are software licences.

### 8.2 Intangible Non-Current Assets Acquired by Government Grant

None of the Trust's intangible assets were acquired by government grant.

### 8.3 Economic Life of Non-Current Assets

The Trust's intangible assets, software licences, have an expected minimum economic life of five years.

## 9 Surplus Attributable to the Trust

The surplus for the Trust was £7,804,000 (2016/17 surplus of £14,720,000) and is included within the Statement of Comprehensive Income for the Group.

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## 10 Tangible Non-Current Assets

### 10.1 Property Plant and Equipment at the 31 March 2018 Comprise the Following Elements;

Group	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Dwellings £000	Plant & Machinery £000	Transport Equipment £000	Information Technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2017	14,895	364,104	7,947	6,796	66,356	49	17,450	2,852	480,449
Additions - purchased	0	3,114	2,864	1,501	2,074	0	2,436	0	11,989
Additions - donated	0	0	0	0	89	0	0	0	89
Reclassifications	0	4,634	(5,127)	0	32	0	461	0	0
Reclassifications to intangibles	0	0	(2,492)	0	0	0	0	0	(2,492)
Revaluations	0	0	0	(214)	0	0	0	0	(214)
Disposals	(562)	0	0	(1,888)	(52)	0	0	0	(2,502)
<b>Cost or valuation at 31 March 2018</b>	<b>14,333</b>	<b>371,852</b>	<b>3,192</b>	<b>6,195</b>	<b>68,499</b>	<b>49</b>	<b>20,347</b>	<b>2,852</b>	<b>487,319</b>

Accumulated depreciation at 1 April 2017	5,731	173,804	99	5,309	41,882	49	13,511	2,398	242,783
Provided during the year	0	3,661	0	114	4,303	0	1,182	91	9,351
Reversal of impairments	0	(1,527)	0	0	0	0	0	0	(1,527)
Impairments	110	21,941	0	(214)	0	0	0	0	21,837
Revaluation surpluses	0	(1,177)	0	0	0	0	0	0	(1,177)
Disposals	0	0	0	(114)	(52)	0	0	0	(166)
<b>Accumulated depreciation at 31 March 2018</b>	<b>5,841</b>	<b>196,702</b>	<b>99</b>	<b>5,095</b>	<b>46,133</b>	<b>49</b>	<b>14,693</b>	<b>2,489</b>	<b>271,101</b>

<b>Net book value (cost less accumulated depreciation)</b>									
Purchased	8,091	164,715	3,093	0	21,957	0	5,654	319	203,829
Finance Leases	401	3,914	0	1,100	74	0	0	0	5,489
On Balance Sheet PFI contracts	0	6,423	0	0	0	0	0	0	6,423
Donated	0	98	0	0	335	0	0	44	477
<b>Net book value at 31 March 2018</b>	<b>8,492</b>	<b>175,150</b>	<b>3,093</b>	<b>1,100</b>	<b>22,366</b>	<b>0</b>	<b>5,654</b>	<b>363</b>	<b>216,218</b>

The Group and Foundation Trust's land and buildings were revalued at 31 March 2018 by external valuers. Further information is included in note 1, accounting policies. As a result of this revaluation a net amount of £20,310,000 was charged to the expenditure statement (being impairments of £21,837,000 less impairment reversals of £1,527,000). In addition £963,000 was credited to the revaluation reserve. Assets under construction were not included in this revaluation.

### Property plant and equipment at the 31 March 2017 comprised the following elements;

Group	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Dwellings £000	Plant & Machinery £000	Transport Equipment £000	Information Technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2016	14,895	355,685	3,704	6,277	64,267	50	16,332	2,857	464,067
Additions - purchased	0	7,738	6,441	0	2,333	0	552	0	17,064
Additions - donated	0	0	0	0	0	0	0	0	0
Reclassifications	0	681	(2,198)	(1)	519	(1)	1,005	(5)	0
Reclassifications to intangibles	0	0	0	0	0	0	(439)	0	(439)
Revaluations	0	0	0	520	0	0	0	0	520
Disposals	0	0	0	0	(763)	0	0	0	(763)
<b>Cost or valuation at 31 March 2017</b>	<b>14,895</b>	<b>364,104</b>	<b>7,947</b>	<b>6,796</b>	<b>66,356</b>	<b>49</b>	<b>17,450</b>	<b>2,852</b>	<b>480,449</b>

Accumulated depreciation at 1 April 2016	5,731	147,662	99	5,235	37,751	48	12,498	2,307	211,331
Provided during the year	0	3,952	0	74	4,764	1	1,013	91	9,895
Reversal of impairments	0	(6,008)	0	0	0	0	0	0	(6,008)
Impairments	0	28,466	0	0	0	0	0	0	28,466
Revaluation surpluses	0	(268)	0	0	0	0	0	0	(268)
Disposals	0	0	0	0	(633)	0	0	0	(633)
<b>Accumulated depreciation at 31 March 2017</b>	<b>5,731</b>	<b>173,804</b>	<b>99</b>	<b>5,309</b>	<b>41,882</b>	<b>49</b>	<b>13,511</b>	<b>2,398</b>	<b>242,783</b>

<b>Net book value (cost less accumulated depreciation)</b>									
Purchased	8,251	176,764	7,848	0	23,770	0	3,939	421	220,993
Finance Leases	913	5,031	0	1,487	267	0	0	0	7,698
On Balance Sheet PFI contracts	0	8,436	0	0	0	0	0	0	8,436
Donated	0	69	0	0	437	0	0	33	539
<b>Net book value at 31 March 2017</b>	<b>9,164</b>	<b>190,300</b>	<b>7,848</b>	<b>1,487</b>	<b>24,474</b>	<b>0</b>	<b>3,939</b>	<b>454</b>	<b>237,666</b>

The Group and Foundation Trust's land and buildings were revalued at 31 March 2017 by external valuers. Further information is included in note 1, accounting policies. As a result of this revaluation a net amount of £22,458,000 was charged to the expenditure statement (being impairments of £28,466,000 less impairment reversals of £6,008,000). In addition £788,000 was credited to the revaluation reserve. Assets under construction were not included in this revaluation.

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## 10 Tangible Non-Current Assets

### 10.1 Property Plant and Equipment at the 31 March 2018 Comprise the Following Elements;

Foundation Trust	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Dwellings £000	Plant & Machinery £000	Transport Equipment £000	Information Technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2017	14,895	364,104	3,183	6,796	66,356	49	17,450	2,852	475,685
Additions - purchased	0	5,865	2,864	1,501	2,074	0	2,436	0	14,740
Additions - donated	0	0	0	0	89	0	0	0	89
Reclassifications	0	1,142	(1,635)	0	32	0	461	0	0
Reclassifications to intangibles	0	0	(2,492)	0	0	0	0	0	(2,492)
Revaluations	0	0	0	(214)	0	0	0	0	(214)
Disposals	(562)	0	0	(1,888)	(52)	0	0	0	(2,502)
<b>Cost or valuation at 31 March 2018</b>	<b>14,333</b>	<b>371,111</b>	<b>1,920</b>	<b>6,195</b>	<b>68,499</b>	<b>49</b>	<b>20,347</b>	<b>2,852</b>	<b>485,306</b>
Accumulated depreciation at 1 April 2017	5,731	173,804	99	5,309	41,882	49	13,511	2,398	242,783
Provided during the year	0	3,661	0	114	4,303	0	1,182	91	9,351
Reversal of impairments	0	(1,527)	0	0	0	0	0	0	(1,527)
Impairments	110	21,941	0	(214)	0	0	0	0	21,837
Revaluation surpluses	0	(1,177)	0	0	0	0	0	0	(1,177)
Disposals	0	0	0	(114)	(52)	0	0	0	(166)
<b>Accumulated depreciation at 31 March 2018</b>	<b>5,841</b>	<b>196,702</b>	<b>99</b>	<b>5,095</b>	<b>46,133</b>	<b>49</b>	<b>14,693</b>	<b>2,489</b>	<b>271,101</b>
<b>Net book value (cost less accumulated depreciation)</b>									
Purchased	8,091	92,658	1,821	0	15,400	0	5,654	319	123,943
Finance Leases	401	75,230	0	1,100	6,631	0	0	0	83,362
On Balance Sheet PFI contracts	0	6,423	0	0	0	0	0	0	6,423
Donated	0	98	0	0	335	0	0	44	477
<b>Net book value at 31 March 2018</b>	<b>8,492</b>	<b>174,409</b>	<b>1,821</b>	<b>1,100</b>	<b>22,366</b>	<b>0</b>	<b>5,654</b>	<b>363</b>	<b>214,205</b>

The Group and Foundation Trust's land and buildings were revalued at 31 March 2018 by external valuers. Further information is included in note 1, accounting policies. As a result of this revaluation a net amount of £20,310,000 was charged to the expenditure statement (being impairments of £21,837,000 less impairment reversals of £1,527,000). In addition £963,000 was credited to the revaluation reserve. Assets under construction were not included in this revaluation.

### Property plant and equipment at the 31 March 2017 comprised the following elements;

Foundation Trust	Land £000	Buildings excluding dwellings £000	Assets under construction £000	Dwellings £000	Plant & Machinery £000	Transport Equipment £000	Information Technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2016	14,895	355,685	4,338	6,277	63,568	50	16,332	2,857	464,002
Additions - purchased	0	7,738	1,742	0	2,333	0	552	0	12,365
Additions - donated	0	0	0	0	0	0	0	0	0
Reclassifications	0	681	(2,897)	(1)	1,218	(1)	1,005	(5)	0
Reclassifications to intangibles	0	0	0	0	0	0	(439)	0	(439)
Revaluations	0	0	0	520	0	0	0	0	520
Disposals	0	0	0	0	(763)	0	0	0	(763)
<b>Cost or valuation at 31 March 2017</b>	<b>14,895</b>	<b>364,104</b>	<b>3,183</b>	<b>6,796</b>	<b>66,356</b>	<b>49</b>	<b>17,450</b>	<b>2,852</b>	<b>475,685</b>
Accumulated depreciation at 1 April 2016	5,731	147,662	99	5,235	37,751	48	12,498	2,307	211,331
Provided during the year	0	3,952	0	74	4,764	1	1,013	91	9,895
Reversal of impairments	0	(6,008)	0	0	0	0	0	0	(6,008)
Impairments	0	28,466	0	0	0	0	0	0	28,466
Revaluation surpluses	0	(268)	0	0	0	0	0	0	(268)
Disposals	0	0	0	0	(633)	0	0	0	(633)
<b>Accumulated depreciation at 31 March 2017</b>	<b>5,731</b>	<b>173,804</b>	<b>99</b>	<b>5,309</b>	<b>41,882</b>	<b>49</b>	<b>13,511</b>	<b>2,398</b>	<b>242,783</b>
<b>Net book value (cost less accumulated depreciation)</b>									
Purchased	8,251	100,973	3,084	0	16,323	0	3,939	421	132,991
Finance Leases	913	80,822	0	1,487	7,714	0	0	0	90,936
On Balance Sheet PFI contracts	0	8,436	0	0	0	0	0	0	8,436
Donated	0	69	0	0	437	0	0	33	539
<b>Net book value at 31 March 2017</b>	<b>9,164</b>	<b>190,300</b>	<b>3,084</b>	<b>1,487</b>	<b>24,474</b>	<b>0</b>	<b>3,939</b>	<b>454</b>	<b>232,902</b>

The Group and Foundation Trust's land and buildings were revalued at 31 March 2017 by external valuers. Further information is included in note 1, accounting policies. As a result of this revaluation a net amount of £22,458,000 was charged to the expenditure statement (being impairments of £28,466,000 less impairment reversals of £6,008,000). In addition £788,000 was credited to the revaluation reserve. Assets under construction were not included in this revaluation.

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Group and Foundation Trust		
10.2 Assets Held at Open Market Value	31 March 2018 £000	31 March 2017 £000
Land	0	0
Buildings	2,350	2,000
<b>Total open market value</b>	<b>2,350</b>	<b>2,000</b>

At 31 March 2018 the Group and Foundation Trust's land and buildings were independently revalued as described in note Accounting policies section 7. The valuation was prepared in accordance with the terms of the Royal Institution of Chartered Surveyors' Valuation Standards, 6th Edition, insofar as these terms are consistent with requirements of HM Treasury, the National Health Service and NHS Improvement.

The method of valuation is outlined in section 7 of the accounting policies.

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## 11.1 Net Book Value of Assets Held Under Finance Leases

Group	Total £000	Land £000	Dwellings £000	Plant & Machinery £000	Buildings Excluding Dwellings £000	PFI arrangements £000
Cost or valuation at 1 April 2017	38,642	913	2,071	3,702	4,969	26,987
Additions	1,501	0	1,501	0	0	0
Revaluations	(214)	0	(214)	0	0	0
Disposals	(2,400)	(512)	(1,888)	0	0	0
<b>Cost or valuation at 31 March 2018</b>	<b>37,529</b>	<b>401</b>	<b>1,470</b>	<b>3,702</b>	<b>4,969</b>	<b>26,987</b>

Accumulated depreciation at 1 April 2017	22,508	0	584	3,435	(62)	18,551
Provided during the year	732	0	114	193	63	362
Impairments	2,921	0	(214)	0	1,337	1,798
Reversal of Impairments	0	0	0	0	0	0
Revaluation surpluses	(430)	0	0	0	(283)	(147)
Disposals	(114)	0	(114)	0	0	0
<b>Accumulated depreciation at 31 March 2018</b>	<b>25,617</b>	<b>0</b>	<b>370</b>	<b>3,628</b>	<b>1,055</b>	<b>20,564</b>

### Net book value

NBV - Purchased at 1 April 2017	16,134	913	1,487	267	5,031	8,436
<b>NBV total at 1 April 2017</b>	<b>16,134</b>	<b>913</b>	<b>1,487</b>	<b>267</b>	<b>5,031</b>	<b>8,436</b>

### Net book value

NBV - Purchased at 31 March 2018	11,912	401	1,100	74	3,914	6,423
<b>NBV total at 31 March 2018</b>	<b>11,912</b>	<b>401</b>	<b>1,100</b>	<b>74</b>	<b>3,914</b>	<b>6,423</b>

Group	Total £000	Land £000	Dwellings £000	Plant & Machinery £000	Buildings Excluding Dwellings £000	PFI arrangements £000
Cost or valuation at 1 April 2016	35,284	913	1,551	3,702	2,694	26,424
Additions	2,838	0	0	0	2,275	563
Revaluations	520	0	520	0	0	0
Transfers from owned assets	0	0	0	0	0	0
<b>Cost or valuation at 31 March 2017</b>	<b>38,642</b>	<b>913</b>	<b>2,071</b>	<b>3,702</b>	<b>4,969</b>	<b>26,987</b>

Accumulated depreciation at 1 April 2016	20,595	0	510	3,243	7	16,835
Provided during the year	704	0	74	192	33	405
Impairments	1,520	0	0	0	0	1,520
Reversal of Impairments	(43)	0	0	0	0	(43)
Revaluation surpluses	(268)	0	0	0	(102)	(166)
<b>Accumulated depreciation at 31 March 2017</b>	<b>22,508</b>	<b>0</b>	<b>584</b>	<b>3,435</b>	<b>(62)</b>	<b>18,551</b>

### Net book value

NBV - Purchased at 1 April 2016	14,689	913	1,041	459	2,687	9,589
<b>NBV total at 1 April 2016</b>	<b>14,689</b>	<b>913</b>	<b>1,041</b>	<b>459</b>	<b>2,687</b>	<b>9,589</b>

### Net book value

NBV - Purchased at 31 March 2017	16,134	913	1,487	267	5,031	8,436
<b>NBV total at 31 March 2017</b>	<b>16,134</b>	<b>913</b>	<b>1,487</b>	<b>267</b>	<b>5,031</b>	<b>8,436</b>

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## 11.1 Net Book Value of Assets Held Under Finance Leases

Foundation Trust					Dwellings £000	Plant & Machinery £000	Buildings	PFI
	Total	£000	Land	£000			Excluding Dwellings £000	
Cost or valuation at 1 April 2017	132,858			913	2,071	12,083	90,804	26,987
Additions	4,228			0	1,501	0	2,727	0
Revaluations	(214)			0	(214)	0	0	0
Disposals	(2,400)			(512)	(1,888)	0	0	0
Cost or valuation at 31 March 2018	134,472			401	1,470	12,083	93,531	26,987
Accumulated depreciation at 1 April 2017	33,486			0	584	4,369	9,982	18,551
Provided during the year	2,601			0	114	1,083	1,042	362
Impairments	10,167			0	(214)	0	8,583	1,798
Reversal of Impairments	(276)			0	0	0	(276)	0
Revaluation surpluses	(1,177)			0	0	0	(1,030)	(147)
Disposals	(114)			0	(114)	0	0	0
Accumulated depreciation at 31 March 2018	44,687			0	370	5,452	18,301	20,564

Net book value								
NBV - Purchased at 1 April 2017	99,372			913	1,487	7,714	80,822	8,436
<b>NBV total at 1 April 2017</b>	<b>99,372</b>			<b>913</b>	<b>1,487</b>	<b>7,714</b>	<b>80,822</b>	<b>8,436</b>

Net book value								
NBV - Purchased at 31 March 2018	89,785			401	1,100	6,631	75,230	6,423
<b>NBV total at 31 March 2018</b>	<b>89,785</b>			<b>401</b>	<b>1,100</b>	<b>6,631</b>	<b>75,230</b>	<b>6,423</b>

Foundation Trust						Plant &	Buildings	PFI
	Total	£000	Land	£000	Dwellings	Machinery	Excluding	
					£000	£000	Dwellings	
							£000	£000
Cost or valuation at 1 April 2016		129,333		913	1,551	12,083	88,362	26,424
Additions		3,005		0	0	0	2,442	563
Revaluations		520		0	520	0	0	0
Cost or valuation at 31 March 2017		132,858		913	2,071	12,083	90,804	26,987

Accumulated depreciation at 1 April 2016	16,033			0	510	3,243	(4,555)	16,835
Provided during the year	2,782			0	74	1,126	1,177	405
Impairments	18,411			0	0	0	16,891	1,520
Reversal of Impairments	(3,472)			0	0	0	(3,429)	(43)
Revaluation surpluses	(268)			0	0	0	(102)	(166)
<b>Accumulated depreciation at 31 March 2017</b>	<b>33,486</b>			<b>0</b>	<b>584</b>	<b>4,369</b>	<b>9,982</b>	<b>18,551</b>

Net book value								
NBV - Purchased at 1 April 2016	113,300			913	1,041	8,840	92,917	9,589
<b>NBV total at 1 April 2016</b>	<b>113,300</b>			<b>913</b>	<b>1,041</b>	<b>8,840</b>	<b>92,917</b>	<b>9,589</b>

Net book value								
NBV - Purchased at 31 March 2017	99,372			913	1,487	7,714	80,822	8,436
<b>NBV total at 31 March 2017</b>	<b>99,372</b>			<b>913</b>	<b>1,487</b>	<b>7,714</b>	<b>80,822</b>	<b>8,436</b>

## 12 Assets Held for Sale

	Group		Foundation Trust	
	31 March 2018 £000	31 March 2017 £000	31 March 2018 £000	31 March 2017 £000
Land held for sale	0	0	0	0



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### 13 Group Investments

The Trust's principal subsidiary undertakings included in the consolidation at 31 March 2018 are shown below. The accounting dates for the subsidiaries and joint ventures is 31 March.

Name	Country of Incorporation	Beneficial Interest	Principal Activity	Undertaking Type
Northumbria Healthcare Facilities Management Limited	UK	100%	Design, project management and operation of capital schemes	Subsidiary
Northumbria Primary Care Limited	UK	100%	Provision of healthcare services	Subsidiary
Northumbria Primary Care Cost Sharing Group Limited	UK	100%	A cost sharing group	Subsidiary
Community Services North East Limited	UK	50%	Provision of healthcare services	Joint venture
Northumbria Digital Solutions Limited	UK	100%	Provision of computer services	Subsidiary

Northumbria Healthcare Facilities Management Limited was incorporated on the 25th of January 2012 and is a wholly owned subsidiary of Northumbria Healthcare NHS Foundation Trust. The primary purpose of the company is the design, project management and operation of specific capital schemes.

Northumbria Primary Care Limited was incorporated on 1 April 2015. The company was established to provide GPs with professional support in many of the corporate functions that come with running a GP practice. This operates via a cost sharing group.

Northumbria Digital Solutions Limited was incorporated on 22 March 2017 and commenced trading on 1 July 2017. The company was established to provide computer services to NHS and other bodies including Northumbria Healthcare NHS Foundation Trust.

The Trust holds a 50% share in Community Services North East Limited with the remaining investment being fully held by Norprime Limited a subsidiary of Monkseaton Medical Practice.

### 14 Investments in Subsidiary and Joint Venture Operations

Group	Total £000	31 March 2018 £000	31 March 2018 £000	31 March 2018 £000	31 March 2018 £000
Current		Investments in wholly owned subsidiaries	Loans to wholly owned subsidiaries	Investments in jointly controlled entities	Loans to jointly controlled entities
At beginning and end of the year	0	0	0	0	0
<b>Total investment</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Foundation Trust	Total £000	31 March 2018 £000	31 March 2018 £000	31 March 2018 £000	31 March 2018 £000
Non Current		Investments in wholly owned subsidiaries	Loans to wholly owned subsidiaries	Investments in jointly controlled entities	Loans to jointly controlled entities
At beginning of year	97,822	14,040	82,967	0	815
Additions	570	0	0	0	570
Repayment of loan principal	(2,760)	0	(2,760)	0	0
<b>Total investment</b>	<b>95,632</b>	<b>14,040</b>	<b>80,207</b>	<b>0</b>	<b>1,385</b>

Less amounts due within one year	(2,760)	0	(2,760)	0	0
<b>Total Non-current investments</b>	<b>92,872</b>	<b>14,040</b>	<b>77,447</b>	<b>0</b>	<b>1,385</b>

Foundation Trust	Total £000	31 March 2017 £000	31 March 2017 £000	31 March 2017 £000	31 March 2017 £000
Non Current		Investments in wholly owned subsidiaries	Loans to wholly owned subsidiaries	Investments in jointly controlled entities	Loans to jointly controlled entities
At beginning of year	94,132	13,602	80,380	0	150
Transfer	0	0	0	0	0
Additions	4,390	438	3,287	0	665
Repayment of loan principal	(700)	0	(700)	0	0
Write - off	0	0	0	0	0
<b>Total investment</b>	<b>97,822</b>	<b>14,040</b>	<b>82,967</b>	<b>0</b>	<b>815</b>

Less amounts due within one year	(2,776)	0	(2,776)	0	0
<b>Total Non-current investments</b>	<b>95,046</b>	<b>14,040</b>	<b>80,191</b>	<b>0</b>	<b>815</b>

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## 15 Inventories

	Group		Foundation Trust	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000	£000	£000	£000
Theatre inventories	7,549	6,955	7,549	6,955
Drugs and medical gases	2,010	1,910	1,941	1,854
Medical supplies	3,189	3,499	3,189	3,499
Other inventories	1,191	1,335	705	1,161
<b>Total inventories</b>	<b>13,939</b>	<b>13,699</b>	<b>13,384</b>	<b>13,469</b>

## 16 Trade and Other Receivables

16.1 Trade and Other Receivables				
	Group		Foundation Trust	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000	£000	£000	£000
NHS receivables- invoiced	28,936	18,383	28,936	18,383
NHS receivables - accrued	8,139	15,208	8,139	15,208
PDC Receivable	613	0	613	0
Provision for impaired receivables	(833)	(3,218)	(833)	(3,218)
Other receivables - related parties VAT	3,135	1,056	4,417	1,689
Prepayments	5,409	4,314	7,144	7,960
Accrued Income	18,842	16,052	26,159	15,540
Interest receivable	1	3	1	3
Other receivables	16,226	9,435	24,546	12,664
<b>Total current receivables</b>	<b>80,468</b>	<b>61,233</b>	<b>99,122</b>	<b>68,229</b>

### Non-current

Other receivables - employee benefits reimbursement right	0	0	0	0
<b>Total non current receivables</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Total trade and other receivables</b>	<b>80,468</b>	<b>61,233</b>	<b>99,122</b>	<b>68,229</b>
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Non-current receivables comprises the rights of re-imbursement of expenditure required to settle the Trust's defined benefit obligation arising from membership of the Northumberland County Council Local Government Pension Scheme. These defined benefit obligations have been indemnified by Northumberland County Council as part of the agreement for the transfer of the provider business of Northumberland Care Trust and North Tyneside PCT to Northumbria Healthcare NHS Foundation Trust at April 2011. Further details are set out in note 23.

16.2 Provision for Impairment of Receivables				
	Group		Foundation Trust	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000	£000	£000	£000
At beginning of year	3,218	1,499	3,218	1,499
Decrease in provision	(2,385)	2,148	(2,385)	2,148
Amounts utilised	0	(429)	0	(429)
Unused amounts reversed	0	0	0	0
<b>Total Provision for Impaired Receivables</b>	<b>833</b>	<b>3,218</b>	<b>833</b>	<b>3,218</b>

16.3 Age Profile of Impaired Receivables				
	Group		Foundation Trust	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000	£000	£000	£000
Ageing of Impaired Receivables				
Within 30 days	0	0	0	0
30 - 60 days	0	0	0	0
60 - 90 days	0	0	0	0
90 - 180 days	0	0	0	0
Over 180 days	833	3,218	833	3,218
<b>Total impaired receivables</b>	<b>833</b>	<b>3,218</b>	<b>833</b>	<b>3,218</b>

16.4 Ageing of Non-Impaired Debtors Past their Due Date				
	Group		Foundation Trust	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000	£000	£000	£000
Within 30 days	342	0	342	0
30 - 60 days	6,540	4,082	6,540	4,082
60 - 90 days	5,715	2,656	5,715	2,656
90 - 180 days	7,259	2,279	7,259	2,279
Over 180 days	12,257	3,136	12,257	3,136
<b>Total non-impaired past due date</b>	<b>32,113</b>	<b>12,153</b>	<b>32,113</b>	<b>12,153</b>

## 17 Other Assets Investments

No current asset investments were held at 31 March 2018 (31 March 2017 - Nil).

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## 18 Trade and Other Payables

18.1 Payables at the Statement of Financial Position date are made up of:

Current	Group		Foundation Trust	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000	£000	£000	£000
NHS payables	7,013	8,613	7,013	8,613
Amount due to related parties	10,066	10,748	10,092	10,430
Trade payables - capital	0	368	0	368
Accrual - capital	1,086	2,102	379	1,357
Other trade payables	32,924	19,568	47,970	28,078
PDC dividend payable	0	107	0	107
Accruals	18,125	19,164	25,091	19,195
<b>Total current payables</b>	<b>69,214</b>	<b>60,670</b>	<b>90,545</b>	<b>68,148</b>

Non-Current				
Trade payables - capital	0	1,654	0	0
Other payables	2,880	3,324	2,880	3,324
Pensions indemnity liability	350	510	350	510
<b>Total payables due after 1 year</b>	<b>3,230</b>	<b>5,488</b>	<b>3,230</b>	<b>3,834</b>

<b>Total trade and other payables</b>	<b>72,444</b>	<b>66,158</b>	<b>93,775</b>	<b>71,982</b>
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Other payables include; - £32,000 for payments due in future years under arrangements to buy out the liability for 70 early retirements (31 March 2017 - £39,000).

The pensions indemnity liability arises from the indemnity agreement between the Trust and Northumberland County Council in respect of the transfer of employees in April 2011. Full details are included in note 23.

## 19 Other Liabilities

Current	Group		Foundation Trust	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000	£000	£000	£000
Deferred Income	2,187	9,630	2,187	9,630
<b>Total other current liabilities</b>	<b>2,187</b>	<b>9,630</b>	<b>2,187</b>	<b>9,630</b>

Non Current	Group		Foundation Trust	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000	£000	£000	£000
Deferred Income	0	1,001	0	1,001
<b>Total other current liabilities</b>	<b>0</b>	<b>1,001</b>	<b>0</b>	<b>1,001</b>

## 20 Interest bearing borrowings

Current	Group		Foundation Trust	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000	£000	£000	£000
Loans from Foundation Trust Financing Facility	2,624	2,624	2,624	2,624
Other term loan	5,397	5,392	5,397	5,392
Obligations under finance leases	45	449	45	3,663
Obligations under Private Finance Initiative contracts	148	0	148	0
<b>Total current borrowings</b>	<b>8,214</b>	<b>8,465</b>	<b>8,214</b>	<b>11,679</b>

Non Current				
Loans from Foundation Trust Financing Facility	45,240	47,864	45,240	47,864
Other term loan	120,364	125,761	120,364	125,761
Obligations under finance leases	1,423	5,461	85,754	91,210
Obligations under Private Finance Initiative contracts	20,243	20,379	20,243	20,379
<b>Total non current borrowings</b>	<b>187,270</b>	<b>199,465</b>	<b>271,601</b>	<b>285,214</b>

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### 20 Interest bearing borrowings continued

Further details of loans;

Loan and purpose of loan	Amount of Loan	Due after 5 years	Year of Loan	Interest rate
From FTFF for build of Cramlington Emergency Care Hospital	£50,000,000	£33,040,000	2011/12	4.00% fixed
From FTFF for purchase of Northumbria House Cobalt Business Park	£12,600,000	£9,576,000	2013/14	3.34% fixed
From Northumberland County Council for the termination of Hexham PFI contract	£111,200,000	£84,982,000	2013/14	3.98% fixed
From Northumberland County Council for the redevelopment of Berwick Hospital	£25,000,000	£20,000,000	2014/15	3.21% fixed
From Northumberland County Council	£10,000,000	£10,000,000	2015/16	3.50% fixed

All loans are repayable by 50 equal instalments over 25 years with the exception of the £10,000,000 loan from Northumberland County Council. This is a ten year loan with all principal payable on the final date of the term. Interest is payable on all loans at six month intervals.

### 21 Finance Lease Obligations

#### 21.2 Finance Lease Obligations - Group

The Group had the following material finance lease obligations under non-PFI finance lease arrangements;

**1. Staff Residences** - During the current year the Trust allowed the termination of the lease of land and buildings on the Wansbeck and North Tyneside sites. Susequent to the termination a new lease agreement was entered into for the land and buildings on the Wansbeck site only.

**2. PACS** - Radiology and IT equipment with associated network infrastructure - 15 year lease beginning in 2004.

**3. Beds** - Beds and specialised beds for all wards Trustwide under various 15 year leases ending in 2020.

The Group is contracted to make the following payments for these and other non-material finance lease obligations over the total periods of the contracts.

Group	31 March 2018 £000	31 March 2017 £000
	Book Value	
<b>Gross lease liabilities</b>	<b>33,963</b>	<b>11,830</b>
<b>of which liabilities are due:</b>		
- not later than one year;	<b>903</b>	1,347
- later than one year and not later than five years;	<b>3,896</b>	3,564
- later than five years.	<b>29,164</b>	6,919
<b>Net lease liabilities</b>	<b>1,468</b>	<b>5,910</b>
<b>of which liabilities are due:</b>		
- not later than one year;	<b>45</b>	449
- later than one year and not later than five years;	<b>0</b>	1,364
- later than five years.	<b>1,423</b>	4,097

#### 21.3 Finance Lease Obligations - Foundation Trust

The Trust had the following material finance lease obligations under non-PFI finance lease arrangements;

**1. Staff Residences** - Land and Building at Wansbeck General Hospital for a period of 30 years from 29 March 2018.

**2. PACS** - Radiology and IT equipment with associated network infrastructure - 15 year lease beginning in 2004.

**3. Beds** - Beds and specialised beds for all wards Trustwide under various 15 year leases ending in 2020.

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### 4. Emergency Care Hospital Cramlington (ECC)

During 2012 the Trust entered into an agreement with Northumbria Healthcare Facilities Management Limited (NHFML) to design, finance, construct and operate healthcare facilities and provide facility management services with respect to the new Emergency Care Centre. Practical completion was granted on 31 March 2015 and the Emergency Care Centre asset has been reflected in the balance sheet of the Trust since that date together with an associated finance lease creditor payable to Northumbria Healthcare Facilities Management Limited.

The classification and recognition of this asset and liability is based on a detailed assessment of the risks and rewards and economic substance of this 'operated healthcare services' arrangement. This in turn includes an assessment of whether the arrangement is an arrangement containing a lease, whether such a lease is a finance or operating lease, and consideration of the economic substance of this arrangement.

Although the arrangement is not in the legal form of a lease, the Trust concluded that the arrangement contains a lease of the ECC, and it is unlikely that any parties other than the Trust will receive more than an insignificant part of its use. The Trust have concluded that substantially all the risks and rewards incidental to the ownership of this asset have transferred to the Trust under this arrangement. The element of this arrangement is therefore classified as a finance lease.

Foundation Trust	31 March 2018 £000	31 March 2017 £000
	Book Value	
<b>Gross lease liabilities</b>	<b>168,797</b>	<b>141,395</b>
<b>of which liabilities are due:</b>		
- not later than one year;	<b>7,325</b>	7,683
- later than one year and not later than five years;	<b>35,218</b>	28,590
- later than five years.	<b>126,254</b>	105,122
<b>Net lease liabilities</b>	<b>85,799</b>	<b>94,873</b>
<b>of which liabilities are due:</b>		
- not later than one year;	<b>45</b>	3,663
- later than one year and not later than five years;	<b>20,824</b>	15,046
- later than five years.	<b>64,930</b>	76,164

### 22 PFI Obligations - on Statement of Financial Position

The Group and Trust has the following finance lease obligations under PFI arrangements;

**1. Wansbeck Hospital Phase II** - The scheme is for the provision of Maternity, Gynaecology, Outpatients, Day Surgery and Child Health facilities and associated building maintenance.

**2. Rothbury Community Hospital** - The scheme is for the reprovision of a community hospital.

The Group and Trust is contracted to make the following payments for on Statement of Financial Position PFI obligations over the total periods of the contracts;

Group and Foundation Trust	31 March 2018 £000	31 March 2017 £000
<b>Gross PFI obligations (including lifecycle expenditure payments)</b>	<b>49,154</b>	<b>51,892</b>
<b>of which liabilities are due:</b>		
-not later than one year;	<b>2,823</b>	2,738
-later than one year and not later than five years;	<b>11,985</b>	11,697
-later than five years.	<b>34,346</b>	37,457
Lifecycle maintenance expenditure	<b>(9,900)</b>	(10,689)
Finance charges allocated to future periods	<b>(18,863)</b>	(20,824)
<b>Total gross PFI obligations</b>	<b>20,391</b>	<b>20,379</b>
<b>Net PFI liabilities falling Due;</b>		
- not later than one year;	<b>148</b>	0
- later than one year and not later than five years;	<b>3,511</b>	2,541
- later than five years.	<b>16,732</b>	17,838
<b>Total net PFI liabilities</b>	<b>20,391</b>	<b>20,379</b>

Gross PFI liabilities includes £9,990,000 (2016/17 - £10,689,000) in respect of lifecycle maintenance expenditure on the PFI schemes. These are payments to replace components of the hospital infrastructure throughout the course of the PFI agreement.

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## Service charge element of PFI

In addition to the above obligations the Group and Trust is contracted to make following payments over the remaining life of the PFI agreements in respect of the service element of operating the PFI schemes. These payments are expensed in the period in which they are made and are excluded from the gross and net PFI liabilities shown above.

	31 March 2018 £000	31 March 2017 £000
Service charge commitment falling due;		
- not later than one year;	483	488
- later than one year and not later than five years;	2,088	2,032
- later than five years.	5,988	6,527
<b>Total service charge element commitment</b>	<b>8,559</b>	<b>9,047</b>

## PFI Payment obligations

During the next year the Group and Trust is committed to make the following payments for on-Statement of Financial Position PFI obligations in respect of the non-service unitary charge. The amount to be paid in 2016/17 is shown against the period in which the contract expires.

Period when contract expires:	31 March 2018 Total £000	31 March 2018 WGH Phase II £000	31 March 2018 Rothbury £000	31 March 2017 Total £000
- within 1 year;	0	0	0	0
- within 2 to 5 years;	0	0	0	0
- within 15 to 20 years	3,226	2,715	511	3,226
- within 21 to 25 years	0	0	0	0
<b>Total PFI payment obligations</b>	<b>3,226</b>	<b>2,715</b>	<b>511</b>	<b>3,226</b>

## Total Future payments

Total future payments committed in respect of PFI arrangements	31 March 2018 £000	31 March 2017 £000
- not later than one year;	3,306	3,226
- later than one year and not later than five years;	14,073	13,729
- later than five years.	40,334	43,983
<b>Total service charge element commitment</b>	<b>57,713</b>	<b>60,938</b>

Total paid to the PFI operator during the year	31 March 2018 £000	31 March 2017 £000
Interest charge	1,961	1,958
(Accrual) / repayment of finance lease liability	0	(42)
service element	476	461
Revenue lifecycle maintenance expenditure	34	0
Capital lifecycle expenditure	755	770
<b>Total unitary payments made</b>	<b>3,226</b>	<b>3,147</b>

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## 23 Employee Benefits NHS Pension Scheme

As the Trust is unable to identify its share of the underlying scheme assets and liabilities this pension scheme is accounted for as if it were a defined contribution pension scheme and the pension cost for the period represents contributions payable to the scheme. The pension cost of this scheme is £32,341,000 (2016/17 £32,413,000). The latest valuation of the NHS Pensions Scheme was undertaken as at 31 March 2012. This showed a deficit of £10.3 billion. The previous valuation at 31 March 2004 showed a deficit of £3.3 billion.

## Northumberland County Council Local Government Pension Scheme

Non current assets / (liabilities)	Group		Foundation Trust	
	31 March 2018 £000	31 March 2017 £000	31 March 2018 £000	31 March 2017 £000
<b>Employee benefits</b>	<b>350</b>	<b>510</b>	<b>350</b>	<b>510</b>

On 1 April 2011 Northumbria Healthcare NHS Foundation Trust acquired the provider business of Northumberland Care Trust and North Tyneside PCT. As part of this transaction a number of employees transferred to Northumbria Healthcare Foundation Trust ('the Trust') the Trust was admitted as a member of the Northumberland County Council Local Government Pension Scheme.

As part of the agreement for the transfer of this business Northumberland County Council agreed to indemnify the Trust for all future pension costs of the employees transferred, including all future contributions and any terminal value. The effect of this agreement is that the Trust is indemnified by Northumberland County Council against any gains and losses arising through membership of this pension scheme.

Although the Northumberland County Council Pension Scheme is a multi-employer scheme the Trust is able to identify its share of the assets and liabilities of this scheme and therefore is accounting for this scheme as a defined benefit scheme. This results in a non current net pension asset or liability being included in these accounts which is offset by a non current asset or liability representing the right of reimbursement from or to Northumberland County Council under the terms of the Transfer Agreement.

No amounts are included in the Consolidated Statement of Comprehensive Income in respect of this scheme due to the right of reimbursement from Northumberland County Council of all pension pension costs arising from this scheme. Without this reimbursement right there would be a net charge to the income statement of £400,000 (2016/17 £380,000) comprising;

Group and Foundation Trust	31 March 2018 £000	31 March 2017 £000
Current service cost	420	360
Interest cost	590	710
Less: expected return on scheme assets	(610)	(690)
<b>Net charge to income statement</b>	<b>400</b>	<b>380</b>

The information below is in respect of the Group and Trust's share of the assets and liabilities of this scheme;

Group and Foundation Trust	31 March 2018 £000	31 March 2017 £000
Present value of funded defined benefit obligations	(24,350)	(23,690)
Fair value of plan assets	24,700	24,200
Recognised asset for defined benefit obligation	350	510
Right of reimbursement to Northumberland County Council (note 16.1 and 18.1)	(350)	(510)
<b>Net</b>	<b>0</b>	<b>0</b>

Movements in present value of defined benefit obligation	31 March 2018 £000	31 March 2017 £000
At 1 April	(23,690)	(21,180)
Current service cost	(420)	(360)
Interest cost	(590)	(710)
Actuarial gains - demographic assumptions	0	620
Actuarial gains on liabilities - experience	(130)	2,050
Actuarial gains / (losses)	20	(4,560)
Contribution by members	(70)	(80)
Benefits paid	530	530
<b>At 31 March</b>	<b>(24,350)</b>	<b>(23,690)</b>

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Movements in fair value of plan assets	31 March 2018 £000	31 March 2017 £000
At 1 April 2017	24,200	20,280
Expected return on plan assets	610	690
Actuarial (losses) / gains	(120)	3,240
Contribution by employer	470	440
Contribution by members	70	80
Benefits paid	(530)	(530)
<b>As at 31 March 2018</b>	<b>24,700</b>	<b>24,200</b>

The fair value of the plan assets and the return on those assets were as follows;

	31 March 2018 £000	31 March 2017 £000
Equities	16,525	16,262
Government debt	4,446	4,235
Corporate bonds	1,877	1,839
Property	963	944
Other	889	920
<b>As at 31 March 2018</b>	<b>24,700</b>	<b>24,200</b>
<b>Actual return on plan assets</b>	<b>(490)</b>	<b>3,930</b>

The expected rates of return on plan assets are determined by reference to the historical returns, without adjustment, of the portfolio as a whole and not on the sum of the returns on individual asset categories.

Principal actuarial assumptions (expressed as weighted average) at the year end were as follows;

	31 March 2018	31 March 2017
Discount rate	2.60%	2.50%
Future salary increases	3.60%	3.50%
Rate of increase to pensions in payment	2.10%	2.00%
Rate of increase to deferred pensions	2.10%	2.00%
RPI inflation	3.20%	3.10%
CPI inflation	2.10%	2.00%

In valuing the liabilities of the pension fund at 31 March 2018, mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at the Statement of Financial Position date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows;  
Current pensioner aged 65: 22.8 years (male), 24.9 years (female).

### History of plans

The history of plans for the current and prior periods are as follows;

Statement of Financial Position	31 March 2018 £000	31 March 2017 £000
Present value of the defined benefit obligation	24,700	24,200
Fair value of plan assets	(24,350)	(23,690)
<b>Gross surplus</b>	<b>350</b>	<b>510</b>
Right of reimbursement	(350)	(510)
<b>Net surplus / (deficit)</b>	<b>0</b>	<b>0</b>



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## 24 Provisions for Liabilities and Charges

Group and Foundation Trust						
	Pensions relating to 'Other' staff £000	Injury Benefit Allowance £000	Public Liability Claims £000	NEP Termination Costs £000	Total 2018 £000	Total 2017 £000
At 1 April	813	998	241	877	2,929	4,113
Arising during the period	0	0	0	0	0	0
Reversed unused	(100)	0	(38)	0	(138)	(177)
Change in discount rate	0	0	0	0	0	142
Utilised during the period	(121)	(166)	0	(877)	(1,164)	(1,186)
Unwinding of discount	37	0	0	0	37	37
<b>At 31 March</b>	<b>629</b>	<b>832</b>	<b>203</b>	<b>0</b>	<b>1,664</b>	<b>2,929</b>

### Expected timing of cashflows:

Within 1 year	120	166	50	0	336	380
1 - 5 years	509	666	153	0	1,328	2,038
Over 5 years	0	0	0	0	0	511
<b>At 31 March</b>	<b>629</b>	<b>832</b>	<b>203</b>	<b>0</b>	<b>1,664</b>	<b>2,929</b>

The provision for 'pensions relating to other staff' is in respect of staff, other than Directors, who retired prior to 6 March 1995. Repayment is by quarterly instalments to the NHS Pensions Agency.

Payment of injury benefit allowances is made to former employees via the Pensions Agency on the same basis.

Public liability claims are limited in value because the Trust insures against these claims, and clinical negligence claims, by payment to the NHS Litigation Authority. The NHSLA includes in its accounts at 31 March 2018 a provision for £139,654,111 in respect of clinical negligence claims made against the Trust (31 March 2017 - £139,765,135). These amounts are not included in the financial statements.

The Trust is the host organisation for a financial information system consortium, known as North East Patches or 'NEP' and payroll services consortium. The members of the consortiums are various NHS organisations. Due to the re-organisation of NHS services in 2013 a number of organisations withdrew from the consortiums. In addition during the reporting period a number of NHS Trusts also withdrew from the NEP consortium. As a result the Trust has made a provision for the ongoing costs associated with varying various IT contracts used by the consortiums. These costs have been recovered from the withdrawing organisations. The provision was fully utilised as at 31 March 2018 and no additional provision is required.

# Northumbria Healthcare NHS Foundation Trust - Annual Accounts 2017-18

## 25 Revaluation Reserve

Group and Foundation Trust	31 March 2018 £000	32 March 2017 £000
Revaluation reserve at 1 April	4,404	3,616
Revaluations	963	788
<b>Revaluation reserve at 31 March</b>	<b>5,367</b>	<b>4,404</b>

All balances in the revaluation reserve relate to property, plant and equipment. The revaluation reserve does not contain any revaluations in respect of intangible assets.

## 26 Cash and Cash Equivalents

	Group		Foundation Trust	
	31 March 2018 £000	31 March 2017 £000	31 March 2018 £000	32 March 2017 £000
<b>At 1 April</b>	<b>35,157</b>	28,077	<b>33,347</b>	25,321
Net change in year	(5,105)	7,080	(6,935)	8,026
<b>At 31 March</b>	<b>30,052</b>	35,157	<b>26,412</b>	33,347

<b>Analysed as:</b>				
Cash at commercial banks and cash in hand	3,188	1,788	35	65
Cash with the Government Banking Service	26,864	33,369	26,377	33,282
<b>Cash and cash equivalents as in Statement of Financial Position and Statement of Cash Flows</b>	<b>30,052</b>	35,157	<b>26,412</b>	33,347

The Trust held £102,000 cash at bank and in hand at 31 March 2018, (31 March 2017 - £77,000) which relates to monies held by the Trust on behalf of patients. The money is held in a separate bank account and has been excluded from the cash and cash equivalent figure reported in the accounts.

## 27 Future Accounting Period

### 27.1 Events after the Reporting Period

There were no events after the reporting period.

### 27.2 Contractual Capital Commitments

At the date of the Statement of Financial Position the Group was contractually committed to complete seven capital schemes. The value of payments committed to be made for the schemes are £1,038,000.

Capital commitments at 31 March 2017 - £1,467,000.

# Northumbria Healthcare NHS Foundation Trust - Annual Accounts 2017-18

## 28 Contingencies

	31 March 2018 £000	31 March 2017 £000
Total estimate of contingent liabilities against the Group and Foundation Trust	(122)	(105)
<b>Net contingent liability</b>	<b>(122)</b>	<b>(105)</b>

Contingent liabilities at 31 March 2018 are in respect of contingent employer and public liability claims as advised by the NHSLA.

## 29 Related Party Transactions and Balances

Northumbria Healthcare NHS Foundation Trust is a body corporate established by order of the Secretary of State for Health.

During the year none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions with Northumbria Healthcare.

The Department of Health is regarded as a related party. During the year Northumbria Healthcare NHS Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department, namely;

	Income Year Ended 31 March 2018 £000	Expenditure Year Ended 31 March 2018 £000	Receivables Year Ended 31 March 2018 £000	Payables Year Ended 31 March 2018 £000
Northumberland Clinical Commissioning Group	224,167	0	10,076	234
North Tyneside Clinical Commissioning Group	133,173	0	951	0
Cumbria Clinical Commissioning Group	8,243	0	0	0
Newcastle and Gateshead Clinical Commissioning Group	4,826	0	0	0
Other Clinical Commissioning Groups	4,012	0	620	20
NHS England	42,140	0	9,260	0
Health Education England	12,382	0	66	0
The NHS Litigation Authority	0	11,901	73	0
NHS Property Services /CHP	619	4,487	659	2,982
NHS Foundation Trusts	10,074	5,556	10,486	3,512
NHS Trusts	7,400	5	5,283	172
Other NHS organisations	1,157	412	1,116	92
<b>Total NHS organisations</b>	<b>448,193</b>	<b>22,361</b>	<b>38,590</b>	<b>7,012</b>

<b>Other related parties;</b>				
Department of Health	984	0	0	1
HMRC	0	27,148	3,135	5,830
NHS Pensions Agency	0	32,321	0	4,236
Non-English NHS Bodies	638	0	2,091	0
<b>Total other related parties</b>	<b>1,622</b>	<b>59,469</b>	<b>5,226</b>	<b>10,067</b>

Northumberland County Council	30,386	2,939	2,477	0
North Tyneside County Council	2,551	1,120	464	0
Other local authorities	374	15	1,679	0
<b>Total local government</b>	<b>33,311</b>	<b>4,074</b>	<b>4,620</b>	<b>0</b>
<b>Total related parties</b>	<b>483,126</b>	<b>85,904</b>	<b>48,436</b>	<b>17,079</b>

The transactions with Northumberland County Council and North Tyneside Council were for income received in respect of joint enterprises and payments in respect of business rates and community charges.

## 30 Private Finance Initiative Schemes Deemed to be off Statement of Financial Position

The Group and the Trust had no PFI schemes deemed to be 'off the Statement of Financial Position' at 31 March 2018 (31 March 2017 - Nil).

# Northumbria Healthcare NHS Foundation Trust - Annual Accounts 2017-18

## 31 Financial Instruments

IAS 32, Financial Instruments: Recognition and Measurement, requires disclosure of the role that financial instruments have had during the period or changing the risks an entity faces in undertaking its activities. Because of the continuing service provider relationship that the Trust has with local CCGs and the way those CCGs are financed, the NHS Trust is not exposed to the degree of financial risk experienced by business entities. Also financial instruments apply a much more limited role in creating or changing risk than would be typical of the listed companies to which IAS 32 mainly applies. Financial assets and liabilities are primarily generated by day-to-day operational activities and are not held to change the risks facing Foundation Trusts in undertaking their activities.

As allowed by IAS 32, receivables and payables that are due to mature or become payable within twelve months from the date of the Statement of Financial Position have been omitted from the currency profile.

### Credit Risk

Credit risk is the risk of financial loss to the Trust if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Trust's receivables.

### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. Therefore, the maximum Group exposure to credit risk at the Statement of Financial Position was £102,233,000 note 31.2, (2016/17: £91,621,000) being the total of the carrying amount of financial assets.

### Credit Quality of Financial Assets and Impairment Losses

The Trust did not incur any impairment of NHS or trade receivables during the year.

### Liquidity Risk

The Trust's net operating costs are incurred under service agreements with the local Clinical Commissioning Groups, which are financed from resources voted annually by Parliament. The Trust largely finances capital expenditure through internally generated funds and from loans that can be taken out up to agreed borrowing limit. The borrowing limit is based upon a risk rating determined by Monitor, the Independent Regulator for Foundation Trusts, and take into account the Trust's liquidity. The Trust is not therefore exposed to significant liquidity risk.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

### Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Trust's income or the value of its holdings of financial instruments.

### Interest-Rate Risk

The only financial asset which carries risk is cash which is subject to floating rates of interest. It is estimated that a 1% change in interest rates would impact the income statement by £300,000.

The Trust's loans, finance lease obligations and obligations under PFI contracts carry interest at fixed rates. The remainder of financial liabilities carry no interest. There are no financial liabilities which carry a floating rate of interest.

The Trust is not therefore exposed to significant interest rate risk.

### Foreign exchange risk

All financial assets and liabilities are recorded in sterling. Therefore the Trust has no exposure to foreign exchange risks.

## 31.1 Floating and Fixed Rate Financial Instruments

At the date of the Statement of the Financial Position, the interest rate profile of the Trust's interest bearing financial instruments was:

	Group Floating Rate		Foundation Trust Floating Rate	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	£000	£000	£000	£000
Financial assets denominated in £ sterling	30,052	35,157	26,412	33,347
<b>Total gross financial assets at 31 March</b>	<b>30,052</b>	<b>35,157</b>	<b>26,412</b>	<b>33,347</b>

There are no financial asset or liabilities held in currencies other than sterling. The remaining financial assets (as set out in note 31.2) do not carry interest.

31.2 Financial Assets by Category		Group		Foundation Trust	
Assets as per Statement of Financial Position		31 March 2018	31 March 2017	31 March 2018	31 March 2017
		£000	£000	£000	£000
NHS receivables		37,075	33,591	37,075	33,591
Provision for irrecoverable debts		(833)	(3,218)	(833)	(3,218)
Other Investments		257	601	0	0
Loans - subsidiaries		0	0	81,592	83,782
Accrued income		18,842	16,055	26,159	15,543
Other receivables		16,840	9,435	25,160	12,664
Cash at bank and in hand		30,052	35,157	26,412	33,347
<b>Total</b>		<b>102,233</b>	<b>91,621</b>	<b>195,565</b>	<b>175,709</b>

31.3 Financial Liabilities by Category		Group		Foundation Trust	
Liabilities as per Statement of Financial Position		31 March 2018	31 March 2017	31 March 2018	31 March 2017
		£000	£000	£000	£000
Loans from Foundation Trust Financing Facility		47,864	50,488	47,864	50,488
Other loans		125,761	131,153	125,761	131,153
NHS Payables		7,013	8,613	7,013	8,613
Obligations under finance leases		1,468	5,910	85,799	94,873
Obligations under PFI contracts		20,391	20,379	20,391	20,379
Trade and other payables		35,804	22,892	50,850	31,402
Accruals		18,125	19,164	25,091	19,195
Capital creditors and accruals		1,086	4,124	379	1,725
Provisions under contract		1,664	2,929	1,664	2,929
<b>Total</b>		<b>259,176</b>	<b>265,652</b>	<b>364,812</b>	<b>360,757</b>

# Northumbria Healthcare NHS Foundation Trust - Annual Accounts 2017-18

## 31 Financial Instruments (continued)

### 31.4 Fair Values of Financial Instruments

**Trade and other receivables** - The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the date of the Statement of Financial Position if the effect is material.

**Trade and other payables** - The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the Statement of Financial Position date if the effect is material.

**Cash and cash equivalents** - The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest the Statement of Financial Position date.

### 31.5 Fair Values of Financial Assets

Group	31 March 2018	31 March 2018	31 March 2017	31 March 2017
Assets as per Statement of Financial Position	Book Value	Fair Value	Book Value	Fair Value
	£000	£000	£0002	£000
NHS receivables	37,075	37,075	33,591	33,591
Provision for irrecoverable debts	(833)	(833)	(3,218)	(3,218)
Other Investments	257	257	601	601
Accrued income	18,842	18,842	16,055	16,055
Other receivables	16,840	16,840	9,435	9,435
Cash at bank and in hand	30,052	30,052	35,157	35,157
<b>Total financial assets</b>	<b>102,233</b>	<b>102,233</b>	<b>91,621</b>	<b>91,621</b>

Foundation Trust	31 March 2018	31 March 2018	31 March 2017	31 March 2017
Assets as per Statement of Financial Position	Book Value	Fair Value	Book Value	Fair Value
	£000	£000	£000	£000
NHS receivables	37,075	37,075	33,591	33,591
Provision for irrecoverable debts	(833)	(833)	(3,218)	(3,218)
Loans - subsidiaries	81,592	81,592	83,782	83,782
Accrued income	26,159	26,159	15,543	15,543
Other receivables	25,160	25,160	12,664	12,664
Cash at bank and in hand	26,412	26,412	33,347	33,347
<b>Total financial assets</b>	<b>195,565</b>	<b>195,565</b>	<b>175,709</b>	<b>175,709</b>

### 31.6 Fair values of Financial Liabilities

Group	31 March 2018	31 March 2018	31 March 2017	31 March 2017
Liabilities as per Statement of Financial Position	Book Value	Fair Value	Book Value	Fair Value
	£000	£000	£000	£000
Loans from Foundation Trust Financing Facility	47,864	47,864	50,488	50,488
Other loans	125,761	125,761	131,153	131,153
NHS Payables	7,013	7,013	8,613	8,613
Obligations under finance leases	1,468	1,468	5,910	5,910
Obligations under PFI contracts	20,391	20,391	20,379	20,379
Trade and other payables	35,804	35,804	22,892	22,892
Accruals	18,125	18,125	19,164	19,164
Capital creditors and accruals	1,086	1,086	4,124	4,124
Provisions under contract	1,664	1,664	2,929	2,929
<b>Total financial liabilities</b>	<b>259,176</b>	<b>259,176</b>	<b>265,652</b>	<b>265,652</b>

Foundation Trust	31 March 2018	31 March 2018	31 March 2017	31 March 2017
Liabilities as per Statement of Financial Position	Book Value	Fair Value	Book Value	Fair Value
	£000	£000	£000	£000
Loans from Foundation Trust Financing Facility	47,864	47,864	50,488	50,488
Other loans	125,761	125,761	131,153	131,153
NHS Payables	7,013	7,013	8,613	8,613
Obligations under finance leases	85,799	85,799	94,873	94,873
Obligations under PFI contracts	20,391	20,391	20,379	20,379
Trade and other payables	50,850	50,850	31,402	31,402
Accruals	25,091	25,091	19,195	19,195
Capital creditors and accruals	379	379	1,725	1,725
Provisions under contract	1,664	1,664	2,929	2,929
<b>Total financial liabilities</b>	<b>364,812</b>	<b>364,812</b>	<b>360,757</b>	<b>360,757</b>

## Northumbria Healthcare NHS Foundation Trust - Annual Accounts 2017-18

### 32 Losses and Special Payments

Losses and special payments are charged to the relevant headings on a cash basis, including losses which would have been made good through insurance cover had the Trust not been bearing its own risks, with insurance premiums being included as normal revenue expenditure.

Losses	Year Ended 31 March 2018		Year Ended 31 March 2017	
	£	Number	£	Number
Cash Losses	0	0	0	0
Fruitless payments and constructive losses	0	0	0	0
Bad debts and claims abandoned	0	0	63,946	48
Overpayments of salaries	306,561	191	342,861	481
Stores Losses	35,874	12	42,483	12
<b>Total Losses</b>	<b>342,435</b>	<b>203</b>	<b>449,290</b>	<b>541</b>
<b>Special Payments</b>				
Extra contractual payments	0	0	0	0
Extra-statutory and extra-regulatory payments	0	0	0	0
Compensation payments	73,834	27	40,758	8
Special Severance	0	0	0	0
Ex-gratia payments	3,842	1	13,000	1
<b>Total special payments</b>	<b>77,676</b>	<b>28</b>	<b>53,758</b>	<b>9</b>
<b>Total losses and special payments</b>	<b>420,111</b>	<b>231</b>	<b>503,048</b>	<b>550</b>

### 33 Pooled Budgets

The Group and Trust had no pooled budget projects during the twelve months to 31 March 2018 (2016/17- Nil).

### 34 Other Financial Assets

The Group and Trust had no other financial assets at 31 March 2018 (31 March 2017- Nil).

### 35 Charitable Fund Reserve

The Trust is the corporate trustee to Northumbria Healthcare NHS Trust Charitable Fund. The Trust has assessed its relationship to the charitable fund and determined to be a subsidiary, in accordance with IAS 27, because the Trust has the power to govern the financial and operating policies of the charitable fund so as to obtain benefits from its activities for itself, its patients or its staff. Prior to 2013/14, the Treasury has directed that IAS 27 should not be applied to NHS Charities and therefore the FT ARM did not require the Trust to consolidate the charitable fund.

#### Northumbria Healthcare NHS Trust Charity - Summary statement of financial activities;

	Year Ended 31 March 2018 £000	Intra-group eliminations	Year Ended 31 March 2017 £000	Intra-group eliminations
Donated Income	1,430	0	1,669	0
Income from activities for generating funds	0	0	0	0
Investment income	36	0	52	0
<b>Total incoming resources</b>	<b>1,466</b>	<b>0</b>	<b>1,721</b>	<b>0</b>
Charitable expenditure	(1,536)	0	(1,475)	70
Trading expenses	0	0	0	0
<b>Total outgoing resources</b>	<b>(1,536)</b>	<b>0</b>	<b>(1,475)</b>	<b>70</b>
Unrealised gains investments	70	0	89	0
<b>Net outgoing resources</b>	<b>0</b>	<b>0</b>	<b>335</b>	<b>70</b>

#### Northumbria Healthcare NHS Trust Charity - Summary statement of financial position;

	Year Ended 31 March 2018 £000	Intra-group eliminations	Year Ended 31 March 2017 £000	Intra-group eliminations
Investments- Common investment funds	257	0	601	0
Receivables	136	0	491	(414)
Trade and other payables	0	0	0	0
Cash	2,453	0	1,754	0
<b>Total net assets</b>	<b>2,846</b>	<b>0</b>	<b>2,846</b>	<b>(414)</b>
<b>Represented by:</b>				
Unrestricted Funds	1,676	0	1,676	0
Restricted Funds	1,170	0	1,170	0
<b>Total funds</b>	<b>2,846</b>	<b>0</b>	<b>2,846</b>	<b>(414)</b>

The total funds are represented in the group accounts as Charitable Funds Reserve.

An explanation of the distinction between unrestricted and restricted funds is provided in section 3, page 6, of accounting policies.



Paul Moran  
Director  
KPMG LLP  
Quayside House  
110 Quayside  
Newcastle upon Tyne  
NE1 3DX

29 May 2018

Dear Paul

### **QUALITY REPORT 2017/18 - BOARD REPRESENTATION LETTER**

This representation letter is provided in connection with your limited assurance engagement regarding the Quality Report of Northumbria Healthcare NHS Foundation Trust ("the Trust") for the year ended 31 March 2018 for the purpose of forming a conclusion, based on limited assurance procedures, on whether anything has come to your attention that causes you to believe that:

- the Quality Report is not prepared in all material respects in line with the criteria set out in the NHS Improvement publications the *NHS Foundation Trust Annual Reporting Manual 2017/18* and *Detailed requirements for quality reports for foundation trusts 2017/18*;
- the Quality Report is not consistent in all material respects with the sources specified in the NHS Improvement guidance; and
- the indicators in the Quality Report identified as having been the subject of limited assurance in the Quality Report are not reasonably stated in all material respects in accordance with the NHS Improvement *Detailed requirements for quality reports for foundation trusts 2016/17* and the six dimensions of data quality set out in the *Detailed Requirements for external assurance for quality reports for foundation trusts 2016/17* (the Guidance').

The Board confirms that:

- a) The Quality Report has been prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2017/18 and supporting guidance;
- b) The content of the Quality Report is not inconsistent with the internal and external sources of information set out in Section 2.1 of the Guidance;
- c) The Quality Report presents a balanced picture of the NHS foundation trust's performance over the period covered;
- d) The performance information reported in the Quality Report is reliable and accurate;
- e) There are proper internal controls over the collection and reporting of the measures of performance included in the Quality Report, and these controls are subject to review to confirm that they are working effectively in practice;
- f) The data underpinning the measures of performance reported in the Quality Report is robust and reliable, conforms to specified data quality standards and prescribed definitions, is subject to appropriate scrutiny and review; and
- g) The Quality Report has been prepared in accordance with NHS Improvement's annual reporting manual and supporting guidance (which incorporates the Quality Accounts regulations) as well as the standards to support data quality for the preparation of the Quality Report.

This letter was tabled and agreed at the meeting of the Board of Directors on 29 May 2018.



Yours sincerely

A handwritten signature in black ink, appearing to be 'Paul Dunn', with a stylized, flowing script.

Paul Dunn  
Executive Director of Finance, for and on behalf of the Board of Northumbria Healthcare NHS  
Foundation Trust

Paul Moran  
Director  
KPMG LLP  
110 Quayside  
Newcastle upon Tyne  
NE1 3DX

24 May 2018

Dear Paul

This representation letter is provided in connection with your audit of the Group and Trust financial statements of Northumbria Healthcare NHS Foundation Trust ("the Trust"), for the year ended 31 March 2018, for the purpose of expressing an opinion:

- as to whether these financial statements give a true and fair view of the state of the financial position of the Group and Trust as at 31 March 2018 and of the Group and Trust's income and expenditure for the financial year then ended;
- whether the Group and Trust's financial statements have been prepared in accordance with the Department of Health Group Accounting Manual (GAM); and
- whether the Group and Trust's Annual Report has been prepared in accordance with the NHS Improvement Annual Reporting Manual (ARM).

These financial statements comprise the Group and Trust Statement of Financial Position (SOFP), the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Taxpayers Equity and notes, comprising a summary of significant accounting policies and other explanatory notes.

The Board confirms that the representations it makes in this letter are in accordance with the definitions set out in the Appendix to this letter.

The Board confirms that, to the best of its knowledge and belief, having made such inquiries as it considered necessary for the purpose of appropriately informing itself:

#### **Financial statements**

1. The Board has fulfilled its responsibilities for the preparation of financial statements that:
  - i. give a true and fair view of the financial position of the Group and Trust as at 31 March 2018 and of the Group and Trust's income and expenditure for that financial year; and
  - ii. have been prepared in accordance with the GAM 2017/18.

The financial statements have been prepared on a going concern basis.
2. Measurement methods and significant assumptions used by the Board in making accounting estimates, including those measured at fair value, are reasonable.
3. All events subsequent to the date of the financial statements and for which IAS 10 Events after the reporting period requires adjustment or disclosure have been adjusted or disclosed.
4. The effects of uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this representation letter.

#### **Information provided**

5. The Board has provided you with:

- access to all information of which it is aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
  - additional information that you have requested from the Board for the purpose of the audit; and
  - unrestricted access to persons within the Group and Trust from whom you determined it necessary to obtain audit evidence.
6. All transactions have been recorded in the accounting records and are reflected in the financial statements.
7. The Board confirms the following:
- i. The Board has disclosed to you the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud.  
  
Included in the Appendix to this letter are the definition of fraud, including misstatement arising from fraudulent financial reporting and from misappropriation of assets.
  - ii. The Board has disclosed to you all information in relation to:
    - a) Fraud or suspected fraud that it is aware of and that affects the Group and Trust and involves:
      - management;
      - employees who have significant roles in internal control; or
      - others where the fraud could have a material effect on the financial statements; and
    - b) allegations of fraud, or suspected fraud, affecting the Group and Trust's financial statements communicated by employees, former employees, analysts, regulators or others.

In respect of the above, the Board acknowledges its responsibility for such internal control as it determines necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, the Board acknowledges its responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
8. The Board has disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
9. The Board has disclosed to you and has appropriately accounted for and/or disclosed in the financial statements, in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
10. The Board has disclosed to you the identity of the Group and Trust's related parties and all the related party relationships and transactions of which it is aware. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with IAS 24 Related Party Disclosures. Included in the Appendix to this letter are the definitions of both a related party and a related party transaction as we understand them and as defined in IAS 24.
11. The Board confirms that all intra-NHS balances included in the Statement of Financial Position (SOFP) at 31 March 2018 in excess of £100,000 have been disclosed to you and that the Trust has complied with the requirements of the Intra-NHS Agreement of Balances Exercise. The Board confirms that Intra-NHS balances includes all balances with NHS counterparties, regardless of whether these balances are reported within those SOFP classifications formally deemed to be included within the Agreement of Balances exercise.
12. The Board confirms that:

- a) The financial statements disclose all of the key risk factors, assumptions made and uncertainties surrounding the Group and Trust's ability to continue as a going concern as required to provide a true and fair view.
- b) Any uncertainties disclosed are not considered to be material and therefore do not cast significant doubt on the ability of the Group and Trust to continue as a going concern.
13. On the basis of the process established by the Board and having made appropriate enquiries, the Board is satisfied that the actuarial assumptions underlying the valuation of defined benefit obligations are consistent with its knowledge of the business and are in accordance with the requirements of IAS 19 (revised) Employee Benefits. The Board further confirms that:
- a) all significant retirement benefits, including any arrangements that are:
- statutory, contractual or implicit in the employer's actions;
  - arise in the UK and the Republic of Ireland or overseas;
  - funded or unfunded; and
  - approved or unapproved,
- have been identified and properly accounted for; and
- a) all plan amendments, curtailments and settlements have been identified and properly accounted for.
14. The Trust is required to consolidate any NHS charitable funds which are determined to be subsidiaries of the Trust. The decision on whether to consolidate is dependent upon the financial materiality and governance arrangements of the charitable funds. The Board confirms that, having considered these factors, it is satisfied that the charitable funds should/should not be consolidated.
15. The Board provides the following specific representations as follows:
- a) The property impairments have been appropriately considered and reflected in the financial statements in accordance with the requirements of IAS 16: Property, Plant and Equipment and the GAM. In particular the impairment to NSECH of £28.6m which is still in dispute with Lend Lease has not been resolved and is based on all available information at the date of approval of the financial statements and the date of approval of our audit reports
- b) All contract income variations have been contractually agreed and are appropriately reflected in the financial statements.
- c) The value of the pension liability acquired on 1 April 2011 upon the Transfer of Community Services is appropriately reflected in accordance with IFRS, the GAM and the terms of the transfer documentation.
- d) It is appropriate for the Trust and Group to only disclose one operating segment in line with the definition set out in IFRS 8 and the GAM.

This letter was tabled and agreed at the meeting of the Board of Directors on 24 May 2018.

Yours sincerely



Paul Dunn  
Executive Director of Finance, for and on behalf of the Board of Northumbria Healthcare NHS  
Foundation Trust

## Appendix to the Board Representation Letter: Uncorrected audit differences

The following uncorrected audit differences have been presented as part of the Audit Report to those charged with governance and are considered by management to be immaterial to the Group and Trust's financial statements:

Unadjusted audit differences (£000)				
No.	Detail	SOCI Dr/(cr)	SOFP Dr/(cr)	Comments
1	Provision for impaired receivables Operating Expenses	- (633)	633 -	Being the reduction in the bad debt provision following further analysis by management.
2	Operating Income Accrued Income Fixed assets (impairment) Operating Expenses (impairment)	5,974 - - (5,974)	- (5,974) 5,974 -	Being the judgemental reversal of the NSECH warranty debtor in respect of items that have been agreed with Lend Lease and resulting reversal of impairment.
Total		(633)	633	

## **Appendix to the Board Representation Letter: Definitions**

### **Financial Statements**

IAS 1.10 states that a complete set of financial statements comprises:

- a statement of financial position as at the end of the period;
- a statement of comprehensive income for the period;
- a statement of changes in equity for the period;
- a statement of cash flows for the period;
- notes, comprising a summary of significant accounting policies and other explanatory information;
- comparative information in respect of the previous period; and
- a statement of financial position as at the beginning of the earliest comparative period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.

### **Material Matters**

Certain representations in this letter are described as being limited to matters that are material.

IAS 1.7 and IAS 8.5 state that:

“Material omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.”

### **Fraud**

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

### **Error**

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- a) was available when financial statements for those periods were authorised for issue; and
- b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

### **Management**

For the purposes of this letter, references to “management” should be read as “management and, where appropriate, those charged with governance”.

## **Related parties**

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the “reporting entity”).

- a) A person or a close member of that person’s family is related to a reporting entity if that person:
  - i. has control or joint control over the reporting entity;
  - ii. has significant influence over the reporting entity; or
  - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions applies:
  - i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - iii. Both entities are joint ventures of the same third party.
  - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - vi. The entity is controlled, or jointly controlled by a person identified in (a).
  - vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

## **Related party transaction**

A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.





