NHS

South Tyneside and Sunderland

NHS Foundation Trust

ANNUAL REPORT & ACCOUNTS

2020/21

SOUTH TYNESIDE & SUNDERLAND NHS FOUNDATION TRUST

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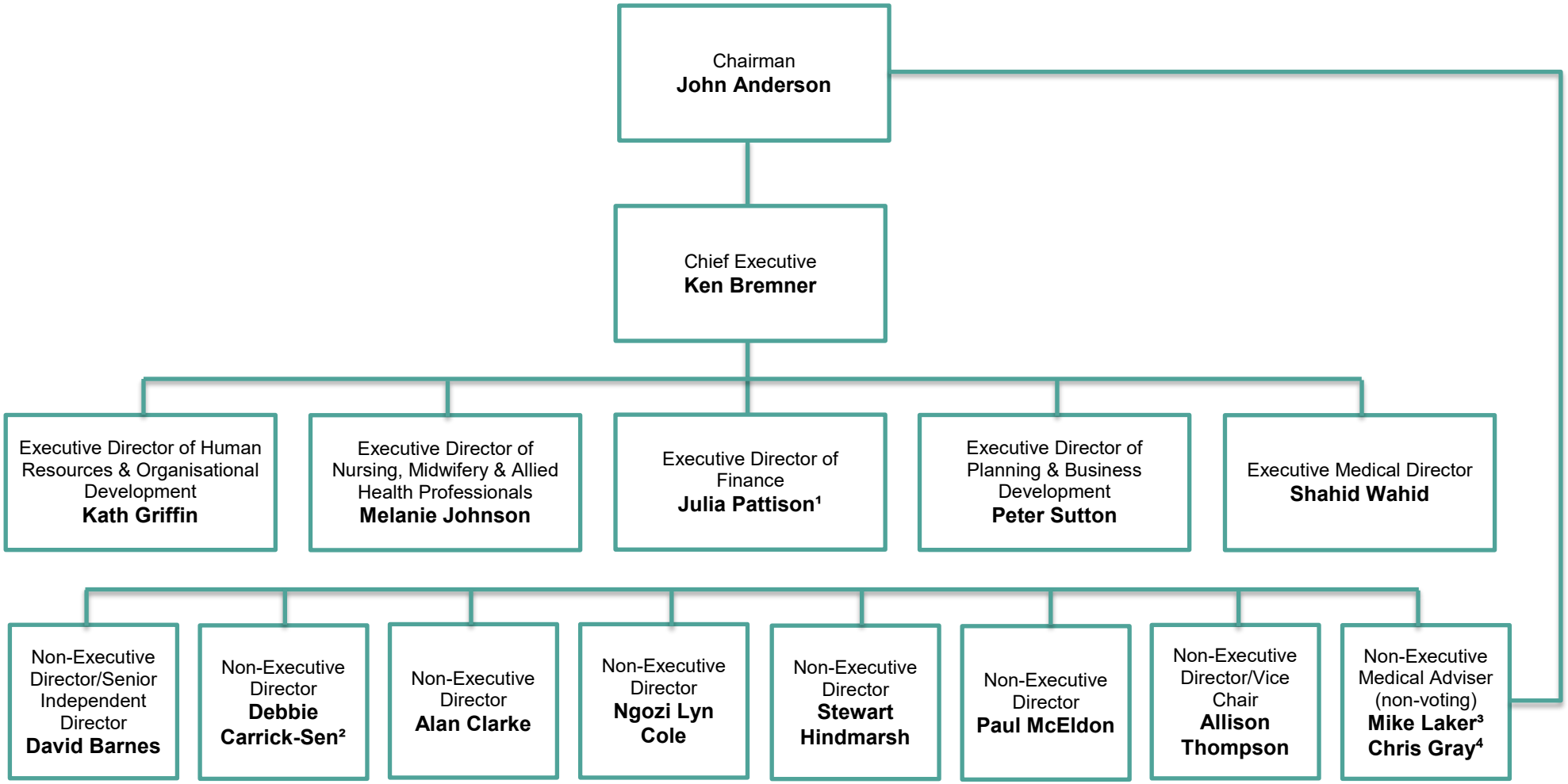
Schedule 7, paragraph 25(4) (a)
of the National Health Service Act 2006

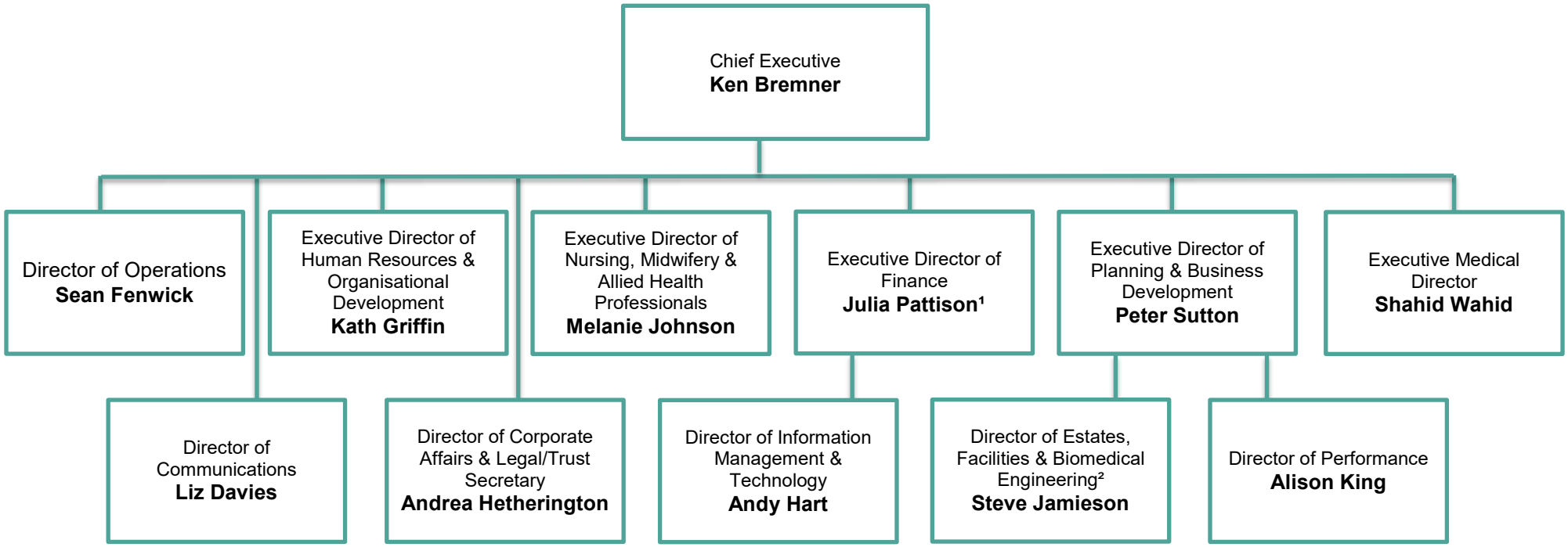
Contents

BOARD OF DIRECTORS 2020/21



[1] To 31 March 2021 – Relevant statements within this report have been signed by Hayley Wardle, Executive Director of Finance with effect from 1 April 2021
[2] From 5 October 2020
[3] To 31 August 2020
[4] From 1 February 2021

EXECUTIVE TEAM 2020/21



[1] To 31 March 2021 – Relevant statements within this report have been signed by Hayley Wardle, Executive Director of Finance with effect from 1 April 2021
[2] South Tyneside sites and services only

PERFORMANCE REPORT

OVERVIEW OF PERFORMANCE

YEAR AT A GLANCE	2019/20	2020/21
Inpatients	75,084	67,682*
Day Cases	71,788	48,741*
Outpatients (Consultant led – New & Review)	468,601	392,182*
Nurse Led/Allied Health Professional/Midwife Activity	150,208	119,983*
A&E Attendances	243,915	182,117*
Income	£598.559m	£646.934m
Surplus/(Deficit)	£2.35m	£8.996m
Average Staff Employed (Headcount)	8,256	8,439

* Activity numbers declined during 2020/21 as a consequence of the COVID-19 pandemic and in particular due to the national directive to pause non-urgent elective admissions.

CHAIRMAN'S STATEMENT 2020/21

It is my pleasure to present the second annual report for South Tyneside and Sunderland NHS Foundation Trust.

The phrase we have used and heard over the last few months in particular is "it's been a year like no other" and I have to agree that there is no other way to describe 2020/21; not only for South Tyneside and Sunderland NHS Foundation Trust, but the whole of health and social care (as well as many other sectors) and for us all personally in the way the COVID-19 pandemic has significantly limited our contact with family and friends.

One of the main aims of an Annual Report is to describe what has or has not been achieved over the preceding 12 months. The report, for the second year, has been streamlined in light of the pressures caused by the COVID-19 pandemic and following guidance set out by NHS England/Improvement.

2020/21, as you would expect, saw our teams delivering the organisation's response to COVID-19 but I hope when you read this report you will see that our staff worked hard to continue to deliver as many other services as possible. Patients with urgent and emergency care needs continued to be seen; as did those with suspected or confirmed cancer; over 3,700 babies were safely delivered and our teams adapted to virtual consultation where necessary in order to continue to safely 'see' their patients.

I mentioned in my statement last year how proud I was of the Trust and our staff and this last year has only reinforced this; I have been amazed and extremely grateful at the way in which our staff have coped. Of course it has been challenging and tough, but by working together they have provided care and comfort throughout. I would therefore like to take this opportunity to say "thank you" to each and every member of staff, many of whom volunteered to work outside their immediate department or completely change their role to provide help and support where it was needed; I know this example of true team spirit was greatly appreciated by their colleagues. We worked differently and in ways many of us could not have foreseen with some staff working from home – but still providing vital services – and we met virtually. I and the whole Board do not underestimate the challenges that have been faced by our staff, the understandable anxiety felt by many, and the stresses this has placed on individuals and teams.

Our Council of Governors were not able to meet in person during the year given the national restrictions, and following guidance from NHS England/Improvement, however we have continued to meet virtually. Governors were regularly updated throughout the year, particularly around the organisation's response to the pandemic, and their continued support throughout was greatly appreciated. I would like to particularly mention and thank Terry Haram, Louise Thompson and Jennie Musgrave who all stepped down as governors during the year. I was extremely saddened to hear of the death of Councillor Geoff Walker in January, who was Sunderland City Council's governor representative and was passionate about the health of the City. In addition, at the time of writing we have just been informed of the death of Alan Cormack, the Trust's Lead Governor. Alan was a great asset to our Council of Governors and had also been a governor in the former South Tyneside NHS Foundation Trust. His calm and thoughtful contribution to discussion and debate was greatly appreciated and his input was particularly helpful when our two former organisations were progressing with the merger to form South Tyneside and Sunderland NHS Foundation Trust. He never

lost sight of the fact that he represented the people of South Tyneside and always did his best to ensure their voice was heard.

I must also take this opportunity to thank our Board of Directors and in particular my fellow Non-Executive Directors who give so much of their time to ensure we have robust systems in place to gain assurance about the quality and safety of the services we provide. I would like to particularly mention Mike Laker who stepped down from his role as Non-Executive Medical Advisor in September; Mike had worked as part of the former City Hospitals Sunderland NHS Foundation Trust's Board and whilst his role was non-voting, he provided critical medical challenge and was a source of support for his fellow Non-Executive Directors. I was however delighted when Professor Chris Gray joined the Board and took on this role in February this year. We also welcomed Professor Debbie Carrick-Sen to the Board as Non-Executive Director in October and she has already proven to be a good appointment and I know will work well with other members of the Board.

My final thanks must go to Ken Bremner, Chief Executive. He has shown exceptional leadership throughout a "year like no other" for which I am extremely grateful and I know he will continue to ensure the organisation moves forward, not only in terms of recovery from the pandemic, but in the services provided, the quality of care given, and the development and wellbeing of our staff.

JOHN N ANDERSON QAEP CBE
Chairman

CHIEF EXECUTIVE'S STATEMENT 2020/21

I can't quite believe that I'm watching snow falling whilst writing this report at Easter 2021 – but it's been a unique year and one that will live long in the memory. I'm sure that you – like myself – are wondering where the last 12 months have gone; such has been the pace of change and the focus of all our attentions.

In March 2020 our world changed beyond recognition. Many of us have never had the experience of a pandemic and a year ago we couldn't have even begun to imagine what was subsequently going to face us in 2020/21.

From that initial lockdown, the Trust like all others, had to effectively close to elective/planned care and concentrate on ensuring emergency care and cancer patients continued to receive timely and high quality care, alongside the growing number of COVID-19 cases. Given the rapidly escalating numbers of patients – particularly those requiring intensive care and support – we had to start to organise our wards, departments, staffing, equipment and facilities to focus on this fast developing situation. We immediately instigated a 'Command and Control' framework across the Trust to ensure we had a structure that delivered control, communications (so important in these situations) and speed of decision making when required. The Trust's structure – Gold (myself), Silver (chaired by Peter Sutton) and Bronze (various senior leaders/managers) served us well and ensured we were able to meet the various challenges head on. All hospital Chief Executives were meeting daily by this point to ensure the overall health system could cope and that no single organisation was overwhelmed particularly in intensive care. This was a great example of collaboration between organisations within the North East and North Cumbria. We even had the opportunity to create, in very rapid time, a new Nightingale Hospital at Washington, which Newcastle upon Tyne Hospitals NHS Foundation Trust took the lead in bringing to life. Thank goodness we never had to use the Nightingale Hospital in earnest – there was no agreed staffing model that could support it without diluting further pressurised staffing levels already existing in virtually every Foundation Trust across the region, and most clinical staff agreed it was best to use existing facilities and manpower to the fullest extent first before considering the Nightingale. One of the lessons we must surely learn from this episode is that this sort of capacity/contingency needs to be available in advance of when it's needed not whilst we are in the middle of a pandemic.

Of course it's easy with hindsight to comment on what went well and what didn't, but this was an unprecedented situation and we, like the rest of the NHS, were having to react to events as they unfolded. Personal protective equipment (PPE) is a good case in point. Nationally the push-based supply chain didn't really work as we had expected initially and it was difficult to plan too far ahead and yet be able to assure staff that we could provide appropriate levels of protection for dealing with COVID-19 patients. It took some time for this to settle down, yet I'm proud to say we never once ran out of PPE and I believe we did all we reasonably could to ensure safe patient care was provided and our staff were protected. Indeed we were able to help out three other Foundation Trusts in the North East who were running short of PPE and equipment. Some of the numbers on PPE are quite staggering. We used almost 6m plastic aprons, just short of 15m individual gloves, 182,000 gowns, nearly 20,000 bottles/cartons of alcohol gel/soaps and 4.3m surgical masks by the end of March 2021. At our peak we were using 1,600 litres of oxygen per minute at Sunderland Royal Hospital and 700 litres per minute at South Tyneside District Hospital and even this, whilst nowhere near our full capacity, has highlighted some improvements we need to make to our infrastructure to ensure sufficient oxygen is always available.

When Phase 2 started in September 2020 we were a little better prepared. But the impact of this phase was felt more deeply and widely across both our hospitals and community services and the initial promising start we had made with our elective/planned care recovery inevitably slowed down and changed too. Some services had moved away from face to face into a virtual world – which patients appreciated as it did not mean endless visits to hospital and car parking worries! Many staff were now working from home (where justified) and nearly all meetings were virtual too, including Board and Council of Governor meetings. As we moved into the autumn and then winter it became obvious that this second phase was going to be more prolonged and impactful on patients and staff than that in Phase 1. Our COVID-19 numbers back this up. In Phase 1 (March to end of August) we admitted 854 COVID-19 positive patients and in Phase 2 (September to March 2021) we saw 2,392 patients admitted with COVID-19.

Unfortunately the organisation also saw a high number of patient deaths – in total now approaching 1,000 since the start and we also felt the pain of losing members of our own Trust family. Fiona Anderson was a community staff nurse within our Sunderland West team at Grindon Lane Primary Care Centre and she sadly lost her life in April 2020 after testing positive for COVID-19. In addition, Keith Dunnington also sadly died; Keith, whilst not a substantive employee of the Trust, was a member of the NHS family and had worked as a bank/agency nurse at South Tyneside District Hospital, as well as other hospitals in the region. I know both these deaths were felt by everyone in the Trust but in particular those colleagues who knew Fiona and Keith and had worked with them over the years. Our sympathies go to both their families. They will not be forgotten. I will return to our staff towards the end of this statement.

In amongst all this there have still been quite a few other positive examples of South Tyneside and Sunderland NHS Foundation Trust (STSFT) in action. I mentioned briefly in last year's report the 'Good' outcome we received from the Care Quality Commission (CQC) on our first comprehensive inspection as a new Foundation Trust. Our community services were rated 'Outstanding' and our acute services 'Good'. I would highlight the many areas of outstanding practice which include end of life care services at St Benedict's Hospice in Ryhope and our Community Sexual Health Services. This result came at the end of a period of major organisational change with the Trust merger in April 2019, clinical transformation of some acute hospital services in August 2019 (Path to Excellence Phase 1), introduction of Meditech at South Tyneside (October 2019) and dealing with a very busy winter as well. The CQC themselves commented that all "this had been achieved whilst going through a merger which was a significant achievement".

I sincerely hope that we can improve this rating from the CQC further, learning from our 'outstanding' community services to create an 'outstanding' Foundation Trust for the future.

All our main hospital sites now use the Meditech electronic patient record, but Sunderland Royal Hospital (SRH) in particular has had the benefit of using it for over 20 years now. During 2019/20 SRH had successfully achieved Level 6 status from HIMSS (Healthcare Information Management and Systems Society) and as a result set about planning to achieve the highest level (Level 7) as soon as possible. I was delighted therefore to learn that in December 2020 SRH was officially crowned as one of the most digitally advanced organisations in the whole NHS and the only acute hospital in England to be awarded Level 7 from HIMSS. We now join an elite few organisations around the world to achieve this accolade and to demonstrate how we use technology to improve patient safety and the overall quality of clinical care. Right

now we are virtually paper-free. Our aim now is the same Level 7 status for South Tyneside District Hospital (STDH).

Performance-wise it's obviously not been a 'normal' year and many of our traditional performance metrics have either been postponed or just simply monitored. Comparisons with the previous year's performance on the main indicators held up very well compared to other Trusts both locally and nationally. We were in the upper quartile for most metrics. Despite the drop off in numbers relating to the pandemic we still managed to improve A&E performance against the 4 hour standard (92.7%) compared to last year, kept referral to treatment times (RTT) relatively high (78.6 %), and cancer (62 day waits) significantly better than last year (84.67%). However diagnostic tests (less than 6 weeks) deteriorated with 37.48% waiting over 6 weeks (with echocardiography being the main issue). Three out of the 4 Improving access to Psychological Therapy (IAPT) measures were comfortably achieved – to the great credit of our IAPT teams who have yet again performed strongly.

It has been a strange year for the Trust's finances too. A commitment made by our Prime Minister and Chancellor of the Exchequer to provide the NHS with sufficient funds to cope with COVID-19 was met – and not having that to worry about definitely helped the Trust focus on providing safe, high quality care to our patients whilst also protecting our staff at the same time. The year-end position shows a surplus of £8.996m which the Trust will carry forward into the next year.

The year-end cash position is as strong as it's ever been which may help with our investment plans in subsequent years. The Trust's new Executive Director of Finance, Hayley Wardle, will say more in detail about our finances later in this Annual Report.

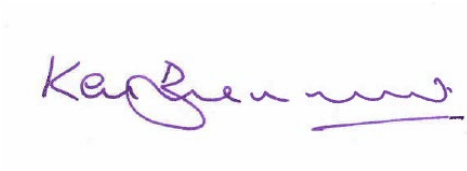
Late in the year we had the 'pleasure' of another visit from the CQC – this time focussing on infection prevention and control, which included an unannounced visit to some wards at SRH and our Integrated Care Assessment and Rehabilitation Unit (ICAR) at Houghton le Spring. The draft report has just landed and I'll be able to say more in next year's Annual Report.

I was delighted to see major progress this year on our approach to Health and Wellbeing – notably all our sites becoming smoke-free from April 2020. The agreement of a Health and Wellbeing Strategy will help shape our future role in this critical area for patients and staff alike. Our new psychological support service for staff in particular – now with added importance due to the effects of the pandemic – should come on stream early in 2021/22. I hope to report more on that in future reports.

Lastly, a word about staff. This year has been one of the most difficult and challenging years ever for staff, many of whom themselves have been affected by COVID-19, and if not them their families and loved ones. At one time we had over 4% of our workforce affected and away from work with medical exemptions. Many of these were nurses and midwives and despite the hugely improved recruitment of registered nurses over this last year or so (vacancy rate now only 2.5%) we still felt the impact of their absence. Despite this, our staff have risen to the challenge of the pandemic magnificently – demonstrating true public service just at the time the whole country really needed them. It is no wonder that the NHS is such a much loved and fundamental part of our society. I really have been proud to lead the organisation and see and hear the amazing things you all do – all day and all night, every day of the year, in our hospitals and community services. I am pleased that we were able to say a small "thank you" with an extra day's holiday and the little packages we sent to all staff at the end of the year, and the additional payment for every single member of staff.

As usual, we said “goodbye” to a number of staff this year who have retired after many years of loyal and excellent service. There are too many to name here but I will mention just a few who I’ve had the opportunity to personally say “goodbye” and “thank you”. Peter Webb – Chaplain at Sunderland since 1986; Mike Cox – Head of Clinical Engineering at South Tyneside; Maria Lynn – Paediatric Ward Manager at Sunderland; and Denise and Paul Johnson – Matron and Nurse Consultant at Sunderland Eye Infirmary. For those I haven’t mentioned then can I add my thanks and wish you all well for a long, happy and healthy retirement. Lastly, Julia Pattison our Executive Director of Finance retired at the end of March. I have known Julia since the early 1990s and I was delighted that she became our Director of Finance in 2008 and she has helped see us through some difficult and challenging times. She’s been an excellent Executive Director (and Deputy Chief Executive for many years) and will be a big miss to me and the whole top team but deserves a well-earned retirement and more time to pursue her many hobbies.

As usual my thanks must also go to our Chairman, John Anderson, who has once again steered the Board, our governors, non-executives, myself and the executive team through the year of the pandemic. He has led us with distinction. To my fellow executives – including our latest recruit, Hayley Wardle as Executive Director of Finance – a big “thank you” for what you have personally delivered this last year. None of us know what’s round the corner but I sincerely hope it’s not another year like 2020/21. We will all remember it forever – the good and the bad.



KEN BREMNER
Chief Executive **Date: 17 June 2021**

A BRIEF PROFILE OF THE ORGANISATION

South Tyneside and Sunderland NHS Foundation Trust (STSFT) was formed on 1 April 2019 following the merger of City Hospitals Sunderland NHS Foundation Trust and South Tyneside NHS Foundation Trust.

The Trust provides acute and community healthcare services to a core population of over 430,000 people living in and around the borough of South Tyneside and the City of Sunderland, as well as thousands of people from Durham who regularly use our services. We also provide a number of community and other services to people in Gateshead as well as a range of specialist services accessed by patients across the whole of the North East and beyond, serving a population of almost 1m people.

We are very proud to employ over 8,000 highly committed staff (headcount) who excel every day in delivering outstanding, compassionate care to people within our hospitals, in their own homes and from our multiple community venues and outreach services. Prior to the merger, since 2016, our two former Trusts worked in close collaboration as part of a strategic alliance.

Our Principal Clinical Activities

Acute

- Acute medicine
- Adult emergency medicine
- Anaesthetics
- Chronic heart failure service
- Delirium and dementia outreach team
- Diabetes and endocrinology
- Diagnostics
- Elderly care
- Endoscopy
- Epilepsy service
- Frailty service
- Gastrointestinal surgery
- General surgery
- General medicine
- Gastroenterology
- Infectious diseases
- Critical care / intensive care
- Intermediate care / interface team
- Multiple sclerosis service
- Nutrition and dietetics
- Occupational therapy
- Obstetrics and gynaecology
- Oncology
- Orthogeriatric service
- Paediatrics
- Paediatric emergency medicine
- Perioperative risk evaluation and preparation clinic (PREP)
- Pharmacy
- Physiotherapy
- Psychology services
- Radiology (CT, MRI, X-Ray)
- Respiratory medicine
- Rheumatology
- Same day emergency care
- Sexual health
- Specialist palliative care
- Stroke medicine
- Trauma and orthopaedics
- Urgent care services

Community

- Community dental
- Community learning disability
- Community dermatology
- Community matrons
- Community midwifery
- Continence services
- Community therapy services
- District nursing
- Family planning
- Health visiting
- Intermediate care and rehabilitation
- Home assessment / home care support
- Palliative care
- Podiatry
- Psychological therapies
- Recovery at home
- School nursing
- Sexual health
- Speech and language therapy

Specialist

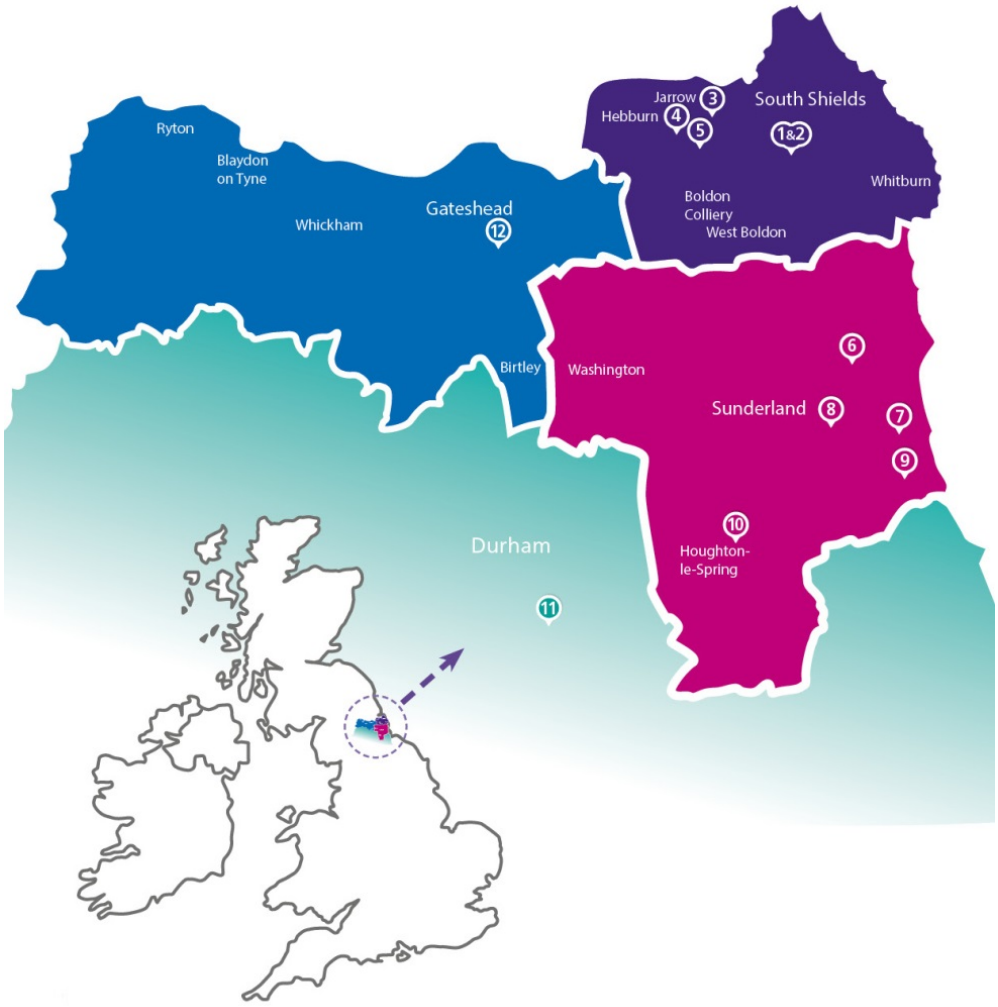
- Audiology
- Bariatric surgery
- Cardiology
- Ear, nose and throat
- Haematology
- Head and neck cancer
- Neonatal
- Neurology
- Ophthalmology
- Oral surgery
- Orthodontics
- Renal medicine
- Spinal service
- Urology
- Vascular

These services are arranged into seven clinical divisions plus the departments of the Trust's corporate functions:

- Division of Clinical Support
- Division of Community Services
- Division of Family Care
- Division of Medicine
- Division of Theatres and Critical Care
- Division of Surgery
- Division of Urgent and Emergency Care
- Corporate Functions

Our Geographical Footprint

1. South Tyneside District Hospital
2. Haven Court
3. Palmer Community Hospital
4. Clarendon
5. Elmville Unit, Monkton Hall
6. Sunderland Royal Hospital
7. Sunderland Eye Infirmary
8. Sunderland Children's Centre
9. St Benedict's Hospice
10. Intermediate Care and Rehabilitation Unit
11. Durham Treatment Centre
12. Gateshead Equipment Service



The Trust has around 1,021 acute beds, an annual income of c£646.9m and fixed assets of £230.78m.

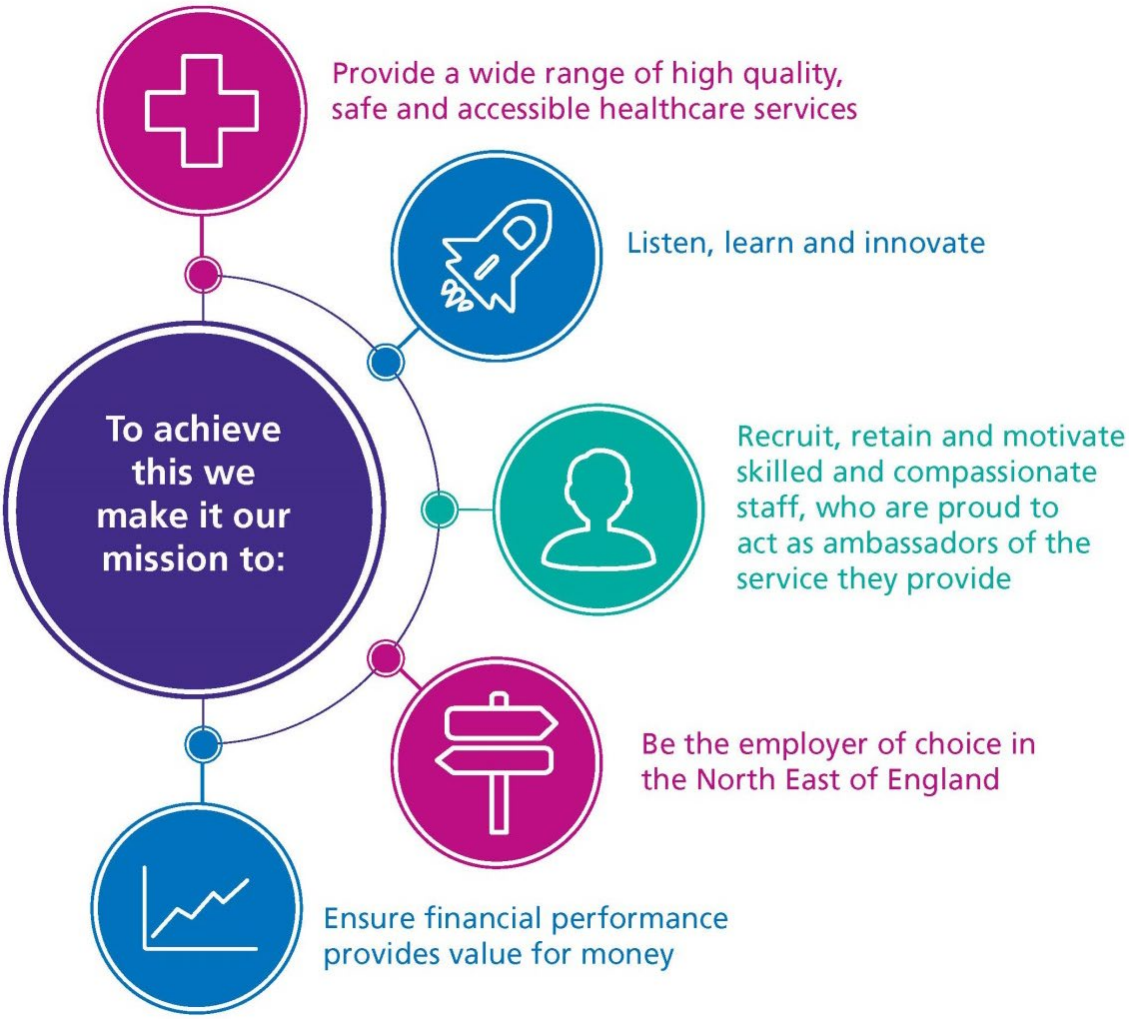
KEY AIMS AND OBJECTIVES

VISION

The Trust's vision is:

> **To deliver nationally recognised, high quality, cost effective, sustainable healthcare for the people we serve, with staff who are proud to recommend our services.**

To achieve this vision, we make it our mission to:



To support and achieve our vision we have a set of values which underpin everything we do as well as a range of strategies:

Supporting the delivery of the strategies and the objectives within, the Trust has a robust planning framework in place which describes the **objectives** of the Trust, the specific **goals** that need to be achieved, the **strategies** that will be adopted and the **measurements** that will be in place to track progress. The Objectives, Goals, Strategies and Measurements (OGSM) framework is used across the Trust to ensure all plans are aligned to deliver the organisation's key objectives.

STRATEGIC DIRECTION

The Trust's strategic aims builds on the strengths and ambitions of the two legacy organisations and is aligned to supporting the delivery of the NHS long term plan. Understandably, the Trust's response to the COVID pandemic was a significant focus during 2020/21, but throughout the year we continued to work on, and deliver, the ambitions set out in our various strategies.

Centre of Excellence

The Trust already has a number of specialist services such as bariatric surgery; ear nose and throat; oral and maxillofacial surgery; urology; ophthalmology and nephrology which operate on a regional/sub regional basis and where part of the services are commissioned by the North of England Specialised Commissioning Group and part by the local clinical commissioning groups (CCGs). The Trust's ambition to be recognised as a centre of excellence supports the local CCGs to demonstrate that they are delivering a key element of their plan to have specialised services concentrated in centres of excellence relevant to the locality.

In March 2021, the Trust unveiled plans to build an iconic new eye hospital in the centre of Sunderland as part of the City's ambitious Riverside Sunderland masterplan.

Artist's impression

Sunderland Eye Infirmary is one of a very few specialist standalone eye hospitals in the whole country and the region's only dedicated centre for ophthalmology care. It is home to the Regional Cataract Treatment Centre and widely regarded across the NHS, both regionally and nationally, as a centre of excellence for eye services, caring for patients from across the North East, Cumbria and beyond.

Artist's impression

All clinical services currently provided from Sunderland Eye Infirmary will transfer to the new state-of-the-art facility to be delivered from a new modern, purpose-built environment in a much more accessible city-centre location.

As part of our plans, the Trust is also keen to continue expanding specialist ophthalmology services in the community through its satellite hubs across South Tyneside, Sunderland and Durham, including the introduction of a new clinic at Cleadon Park Primary Care in South Shields.

Information Technology and Global Digital Exemplar

In September 2016, the former City Hospitals Sunderland NHS Foundation Trust initiated a significant IT project as part of the NHS Global Digital Exemplar (GDE) programme. This would result in the expedited deployment of the MEDITECH electronic patient record solution (and associated technologies), resulting in Sunderland Royal Hospital being 'paper free at the point of care'. This programme was subsequently followed by the former South Tyneside NHS Foundation Trust being appointed as Sunderland's GDE Fast Follower during February 2018.

Since then, both the predecessor organisations, and STSFT, have invested significantly in the project, with extensive clinical leadership and engagement, resulting in the deployment of state of the art clinical IT solutions, with associated benefits.

NHS England, NHS Digital and NHSX have constantly monitored delivery, with the Trust being RAG rated 'green' throughout.

This successful delivery was confirmed for both Sunderland and South Tyneside sites during 2020/21:

- Sunderland Royal Hospital was confirmed as the very first of the original sixteen GDE sites to achieve the objectives of the GDE programme;
- Sunderland Royal Hospital was only the second organisation to be independently assessed by the Healthcare Information Management Systems Society (HIMSS) with regards to its GDE outcomes, and achieve its highest accolade, ***HIMSS Level 7*** accreditation. Sunderland Royal Hospital joins a very small and select group of international hospitals to achieve this rigorous standard, demonstrating that Sunderland Royal Hospital is indeed truly 'paper free at the point of care', with numerous associated benefits to patient safety, care and outcomes, along with organisational efficiency improvements; and

- South Tyneside District Hospital is now fully live with MEDITECH EPR, and is enjoying the numerous benefits of this IT solution. With a single acute EPR database in use across all Trust facilities, this means all of our staff have 24/7 'real time' access to accurate clinical information pertaining our patients. The Trust is due to shortly embark on its HIMSS accreditation for South Tyneside District Hospital on this basis.

These significant outcomes independently demonstrate that the Trust is indeed a Global Digital Exemplar, and on this basis is gaining an international reputation for the effective adoption and use of clinical information systems, and the benefits to be realised through such modernisation.

Community Services

In South Tyneside, we continued to support the integration of services and are actively involved in the development and refinement of 'health pathways'. Our clinical teams are working in partnership with local GPs to assist with the care and management of patients within South Tyneside.

'Health Pathways' are accessible to GPs during clinical consultations with patients and provide an up-to-date, step-by-step resource for the management of numerous clinical conditions. Each pathway includes information on self-care, social prescribing, available third sector support and referral processes to specialist services appropriate to the individual pathway.

Alliancing in South Tyneside

In South Tyneside, the CCG, Local Authority, Cumbria, Northumberland, Tyne and Wear NHSFT and other partners have continued to work through an alliancing approach to system working, which involves collaboration in planning and decision-making across commissioners and providers. The fundamental principles include the concept of all organisations within a system either succeeding together or failing together.

Within this approach, decisions are made on a 'best for patient, best for system' basis, encouraging joint ownership and reduced silo working. An Alliance Leadership Team oversees some of the key work programmes within the borough. This operates within parameters of high-trust and low-bureaucracy and tries to move the points of decision-making as close to the patient as possible, encouraging front-line staff to develop their own solutions.

During 2020/21, understandably, the various alliances supported the system's response to the COVID-19 pandemic, including:

- partners working together to deliver the vaccination programme;
- implementing a 'discharge to recover' pathway;
- development and implementation of oximetry at home pathways;
- development and opening of 'long COVID' clinics; and
- support to care homes.

All Together Better (ATB) Sunderland

In April 2019, ATB Sunderland formally came into operation as an 'alliance' of providers (including GPs in their role as providers) and commissioners working together to join-up community health and care services across Sunderland with the aim of improving health outcomes for people living across the City. The Trust is a key partner within ATB which has continued to strengthen over the last 12 months with greater integration of services across organisational boundaries and improvements to the way care is delivered for the people of Sunderland.

Throughout most of 2020/21, along with the rest of the NHS and care system, the main focus of ATB has been to support the COVID-19 pandemic. Some of the key achievements during this unprecedented time which ATB has helped to support include:

- the work in our COVID 'hot hubs', Urgent Treatment Centre, extended GP access services and the Recovery at Home service has provided a positive and proactive support to patients in the community with COVID-19;
- having the biggest uptake of flu vaccinations ever in Sunderland, especially the number of vaccinations provided via a collective effort to those over the age of 65 in the City;
- the work undertaken in our community integrated teams to keep people safe, well and at home; and
- the significant efforts of colleagues in our Integrated Discharge Service to ensure the flow of patients no longer needing hospital care is maintained.

During 2020/21, ATB reviewed and re-set priorities in light of the need to support the pandemic response and, in spite of all the challenges the year brought, a number of key successes were achieved, including:

- the development of a virtual ward in the community which has included the use of new assistive technology such as Luscii monitoring equipment and oximetry at home pathways;
- development and opening of 'long COVID' clinics;
- the development of a social prescribing model for Sunderland;
- greater dietetic support to care homes; and
- recovery at home GP home visiting service.

The Wider Health Economy – Integrated Care Systems (ICS) and Integrated Care Partnerships (ICP)

Throughout 2020/21, the North East and Cumbria ICS continued to develop and also support the region's response to COVID-19. The ambitions for the ICS are outlined overleaf and the Trust will take an active role in their delivery.

The recently published White Paper highlighted the national direction of travel to develop Integrated Care Systems and strong place-based provider collaboration provides a platform for the Trust to continue to evolve its journey as an integrated care provider for health and care services.

Our ambition

By working with local communities, our partner organisations and our amazing health and care staff, our ambition is to significantly improve health outcomes for people who live in our region and create a health and care system which is fit for the future. To do this, we have agreed six shared priorities:

1. Improve population health and prevent ill health

by increasing public awareness on living healthy and well, developing screening to better prevent, detect and manage the biggest causes of premature death and continuing to reduce tobacco and alcohol consumption.

2. Improve the quality and sustainability of local health services

by working together across organisational boundaries and with our frontline clinical teams to develop future services models which ensure all patients have fair access to safe, effective, high-quality care and the best possible clinical outcomes.

3. Improve how we use technology

to ensure that we are running efficient and effective services for the benefit of our staff and patients. This includes transforming the way we deliver traditional outpatient care by helping people to make appointments, manage prescriptions and view health records online to reduce unnecessary visits to hospital or other services.

4. Improve the health, wellbeing and sustainability of our workforce

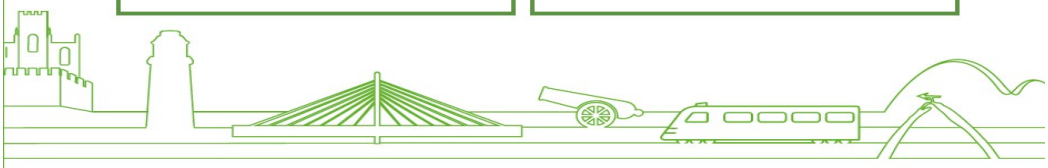
by making our region a great place to work and ensuring staff have the skills and support they need, whilst developing how we collectively recruit, retain and train our staff to work differently and more flexibly in the future.

5. Improve access to and standards of care for people with learning disabilities

so that more people can live in the community, with the right support close to home and receive the best possible health outcomes.

6. Improve access to and standards of mental health care

by breaking down the barriers between physical and mental health services, supporting people with severe and enduring mental illness and improving the emotional wellbeing and mental health of children and young people.



To support the delivery of these ambitions at a more local level there are 4 Integrated Care Partnerships (ICPs) covering the North East and Cumbria, as outlined overleaf:

We, along with other stakeholders and colleagues from Durham, are now working in a more integrated way to deliver the ambitions highlighted previously and there will be more to report on in 2021/22 as the work progresses.

Continuous Improvement

The Trust has developed a Lean Continuous Improvement Strategy which outlines our approach to the implementation of a lean continuous improvement philosophy. The goals and objectives of the strategy are:

- to do things right, first time, every time;
- to ensure continuous improvement programmes and projects are clearly linked and aligned to the Trust's vision and priorities identified within our annual planning cycle ensuring quality and performance measures are met;
- to utilise a programme management approach to ensure new organisational capacity is delivered and benefits realised;
- to continue to build organisational capacity and capability in lean and programme management methodology across corporate and clinical services; and
- to support a culture where sharing of best practice and learning from each other is the norm.

During 2020/21, a number of new improvement initiatives were supported by the Trust's Kaizen Promotion Office (KPO) and implemented at speed to support the organisation's response to COVID-19, as well as supporting general improvements to patient services. These include:

Post-COVID Assessment and Management Service – The Trust was nationally mandated to provide a post-COVID multidisciplinary team clinic and working as part of the wider system in the region, we set up the Post-COVID Assessment and Management Service which opened up to referrals on 8 March 2021. The service offers patients one appointment at which their key clinicians will be present to oversee their complex needs as opposed to the patient having to attend multiple clinics at different times. This gives the patient a bespoke service which is sensitive to their needs.

Home First Project – working together to get patients home – During the COVID-19 pandemic the team worked with wards to implement new national discharge pathways to ensure patients were discharged to the right place in a timely way and with appropriate support. This was done on the principle that once patients no longer needed acute hospital care, being at home or in a community setting was the best place for them to continue their recovery. Our ward teams have adapted to working with a new Integrated Discharge Team and have supported the timely discharge of patients by completing 'Red 2 Green' assessments, reviewing patients' 'right to reside' codes, and identifying when the patient is medically optimized with a correct discharge pathway. Using the 'Red 2 Green' concept helps identify wasted time in a patient's journey by highlighting any delays from a patient's perspective and proactive work is then undertaken with members of the multidisciplinary team to unblock any issues in real time. Under these new ways of working, we have seen social, community and secondary care teams come together to ensure effective patient flow and reduced length of stays. Without this new initiative and closer working, the Trust would have experienced far greater difficulty in being able to respond to the increase in unplanned admissions as a result of the COVID-19 pandemic.

Discharge to Assess – In March 2020, the government published the *COVID-19 Hospital Discharge Service Requirements* which outlined the expectations of all system partners to support prompt discharges from hospital. The KPO supported focussed pieces of work which included mapping pathways which ultimately led to the implementation of a Trusted Transfer Referral document to ensure the transfer of patient information from the ward to community, thereby facilitating safe discharge. A Single Point of Access function in the community was also developed to ensure discharge was timely and safe as well as the introduction of a Trusted Assessor role who is empowered to make decisions about social care placements on behalf of care homes, irrespective of their employing organisation.

Sunderland Integrated Musculoskeletal Service (SIMS) – A project recently commenced in the SIMS which aimed to improve 'did not attend' (DNA) rates, ensuring that wasted appointments were minimised and patients were seen in a timely manner. Further, the ambition was to rationalise unnecessary administrative processes through the use of digital solutions. Text messaging had also been introduced to invite patients to contact the service to arrange their appointment at a time that was convenient for them. This is working well and has already had an impact on the number of letters sent out by the service. Work continues with the aim to implement text reminders which will help to reduce the DNA rates even further for the service.

BrainOMix Stroke Detection Project – The KPO team worked with other colleagues from radiology, IT and the operational teams in order to support the roll out of BrainOMix. BrainOMix software went 'live' in March 2021 and is part of a co-ordinated regional response to stroke identification and treatment. This software was originally intended to be trialled prior to COVID-19 to help stroke thrombolysis and thrombectomy pathways, however the impetus has changed as it is seen as a mechanism to not only enhance patient care, but speed up decision making and enable a better utilisation of resource to support system pressures. The e-Stroke Suite includes a number of software products that facilitate fast and consistent treatment decisions by medical professionals who can review results anywhere, in less than one minute.

Alcohol Care Teams – The Trust was selected to receive funding as an early implementer of an Alcohol Care Team (ACT) and as a result an alcohol working group was established to review current service provision for patients presenting with alcohol dependence via acute admissions. The review looked at the current pathways; assessed any issues arising from the current ways of working; assessed links to community services; reviewed current activity data and reviewed the ACT Service Descriptor; and discussed potential resources, funding and training required. As a result of this work an ACT will be put in place in 2021/22 that will ensure a patient with alcohol dependence receives comprehensive and joined up care from a secondary, primary and social care perspective.

RISK MANAGEMENT

Financial Risks

Key financial risks during 2020/21 included:

- managing costs within a block income arrangement;
- managing the impact of the COVID-19 pandemic response;
- managing cash flow;
- managing stock obsolescence as a result of paused elective work;
- financially supporting key suppliers in line with the NHS Procurement Policy Note – *Supplier relief due to COVID-19* as issued by the Cabinet Office; and
- in the latter months of the year, managing the recovery from the COVID-19 pandemic.

Non-financial Risks

Directors' Approach to Risk Management

This includes:

- working with commissioners to plan service redesign and service capacity requirements including identifying all implications financial and non-financial;
- managing the levels of actual activity and the costs associated in specialties with capacity constraints; and
- managing activities that would impact upon the delivery of the Trust's overarching approach to improving the quality of services provided to patients.

The Board of Directors is responsible for ensuring that the Trust's system of internal control and risk management is sound and for reviewing the effectiveness of those systems.

The Trust has processes for identifying, evaluating and managing the significant risks faced by the organisation. These processes cover all material controls, including financial, clinical, operational and compliance controls and risk management systems. These processes have been in place for the whole of 2020/21.

One of the key milestones in the Trust's Risk Management Strategy is to achieve progressive compliance with national general and maternity NHS Resolution risk management standards. The Trust has updated the previously approved Risk Management Strategy with the aim of continuing to robustly mitigate and manage risks. At the same time the Trust has worked closely with NHS Resolution to better understand the drivers for the growth in referrals and put in place actions to minimise clinical risk which has culminated in minimal changes in the premiums from the prior year.

The Board of Directors has approved an assurance framework that meets national guidance which is managed by the Governance Committee. The framework is subject to annual review and approval by the Board of Directors. The framework is based on the Trust's strategic objectives and contains an analysis of the principal risks to achieving those objectives. It is underpinned by the detailed risks and associated actions set out in the Trust's risk register. During 2020/21 the Trust continued to report the key risks to the Board of Directors. This maintains visibility for the whole Board on an ongoing basis.

Each of the key objectives has been assigned a Board lead and the framework is utilised to ensure that the necessary planning and risk management processes are in place to deliver the annual plan and provide assurance that all key risks to compliance with the Trust licence have been appropriately identified and addressed.

YEAR END POSITION

Excluding the impact of the consolidation of Charitable Funds, South Tyneside and Sunderland NHS Foundation Trust has reported an operational surplus position of £8.99m for the financial year 2020/21. The Trust delivered cost improvements of £2.6m by the year end. The delivery of cost improvement targets was closely monitored in year by the Finance and Performance Committee, a committee of the Board of Directors.

For 2020/21, as a result of the COVID-19 pandemic, the Trust was not required to sign legally binding contracts for its core services; instead the government mandated an interim 'national contract' which committed to providing all NHS providers a guaranteed minimum level of income reflective of cost base. Additional funding was then made available to cover the extra costs of responding to the coronavirus emergency.

GOING CONCERN

As an NHS Foundation Trust, the directors are required to make an assessment as at the balance sheet date as to whether the Trust remains a going concern.

In carrying out its assessment, the directors have taken into account the statement published by NHS England and NHS Improvement on 27 May 2020 (https://improvement.nhs.uk/documents/6615/Statement_to_support_forecasting.pdf). This states that "the financial statements of all NHS providers and CCGs will be prepared on a going concern basis unless there are exceptional circumstances where the entity is being or is likely to be wound up without the provision of its services transferring to another entity in the public sector." It also states that "providers can therefore continue to expect NHS funding to flow at similar levels to that previously provided where services are reasonably still expected to be commissioned."

These accounts have therefore been prepared on a going concern basis, in accordance with the definition as set out in section 4 of the DHSC Group Accounting Manual (GAM) which outlines the interpretation of IAS1 'Presentation of Financial Statements' as "the anticipated continuation of the provision of a service in the future, as evidenced by the inclusion of financial provision for that service in published documents".

The directors have considered whether there are any local or national policy decisions that are likely to affect the continued funding and provision of services by the Trust. The Trust is a member of the North East and North Cumbria Integrated Care System (NENC ICS) which is comprised of all the statutory healthcare organisations and clinical commissioning groups in the North East and North Cumbria Region and provides health and social care services to over 3.2 million people. No circumstances have been identified causing the directors to doubt the continued provision of NHS services

The actions taken by the NHS to respond to the COVID-19 pandemic included the suspension in March of operational planning for 2020/21. Contract negotiations and financial plans for the 2020/21 financial year were not concluded and an interim financial framework, with simplified contracting and funding arrangements, was introduced for the period April 2020 - July 2020. As a result of this modification income from Commissioners was largely based on nationally calculated block payments which improved liquidity and cash flow during the year. Additional costs due to the pandemic were supported on an actual cost reimbursement basis for the first half the year and on an advance block payment basis for the second half of the year.

For 2021/22 the current financial funding arrangements will remain in place but only for the first half of the year.

The financial framework that will apply beyond September 2021 is not yet clear. The directors have made a number of assumptions regarding the second half of the year which underpin the annual financial plan for 2021/22. Directors have considered a range of scenarios, including a downside scenario, to understand the impact of different funding arrangements and funding levels may have. These scenarios have considered cash flows for a period of 12 months from the date of approval of the annual accounts therefore our going concern assessment is made up to 30/06/2022. In each of these scenarios the Trust is in a positive cash position at the end of the review period. These assumptions and plans have been approved by Trust Board.

In April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement (NHSE&I) announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue loans as at 31 March 2020 were extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow their repayment.

A total of 12 individual revenue support loans amounting to £22.129m were converted to PDC during 2020/21.

The directors have also considered the financial governance framework that operates within the Trust and its flexibility and preparedness to respond to financial challenge.

Taking into account these planning scenarios and the robust financial framework and governance structures in place within the Trust, the directors have a reasonable expectation that the NHS Foundation Trust will have 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 2020/21 accounts, following the definition of going concern in the public sector adopted by HM Treasury's Financial Reporting Manual.

KEN BREMNER
Chief Executive **Date: 17 June 2021**

PERFORMANCE ANALYSIS

NON-FINANCIAL PERFORMANCE

Performance Against Key Targets 2020/21

2020/21 was exceptional in relation to performance due to the impact of the worldwide COVID-19 pandemic, which significantly affected NHS service delivery and patient behaviour throughout the entire year. In particular, there was a detrimental impact upon our elective based performance standards, such as referral to treatment and diagnostic waits as the national directive was to pause non-urgent services for a period of time. Our A&E performance however, improved as demand reduced and we were able to treat patients in a timely manner in our Emergency Departments. Overall, despite the unprecedented challenges faced in the year, the Trust has continued to perform well in comparison to the regional and national benchmarks. Performance against the national operational and quality requirements is shown in the following table:

Indicator	Last Year 2019/20	Target 2020/21	2020/21	Variance	Year[1]
Operational Performance Measures					
A&E: Maximum waiting time of four hours from arrival to admission / transfer / discharge	83.08%	≥95.00%	92.68%	-2.32%	🔴
Referral to Treatment waits % incomplete pathways waiting less than 18 weeks[2]	91.88%	≥92.00%	78.63%	-13.37%	🔴
All Cancer 62 day urgent referral to treatment wait	77.45%	≥85.00%	84.67%	-0.33%	🟠
Diagnostic Test waiting times[2]	1.23%	<1.00%	38.48%	37.48%	🔴
Improving Access to Psychological Therapies – patients moving to recovery	53.44%	≥50.00%	57.49%	7.49%	🟢
Improving Access to Psychological Therapies – patients seen within 6 weeks	98.61%	≥75.00%	99.01%	24.01%	🟢
Improving Access to Psychological Therapies – patients seen within 18 weeks	99.63%	≥95.00%	99.94%	4.94%	🟢
National Operational Standards					
Cancelled operations not rescheduled within 28 days	77	0	205	205	🔴
All Cancer Two Week Wait	94.26%	≥93.00%	94.57%	1.57%	🟢
31 day standard for cancer diagnosis to first definitive treatment	98.53%	≥96.00%	99.46%	3.46%	🟢
31 day standard for subsequent cancer treatments - surgery	97.68%	≥94.00%	96.86%	2.86%	🟢
31 day standard for subsequent cancer treatments - anti cancer drug regimens	99.84%	≥98.00%	99.67%	1.67%	🟢
62 day wait for first treatment following referral from an NHS Cancer Screening Service[3]	96.30%	≥90.00%	80.00%	-10.00%	🔴
Mixed sex accommodation breach	10	0	0	0	🟢

Indicator	Last Year 2019/20	Target 2020/21	2020/21	Variance	Year[1]
National Quality Requirements					
RTT waits over 52 weeks for incomplete pathways[4]	0	0	523	523	🔴
Ambulance Handover Delays 30-60 minutes	3,757	0	2,691	2,691	🔴
Ambulance Handover Delays 60+ minutes	1,398	0	216	216	🔴
Trolley waits in A&E not longer than 12 hours	0	0	0	0	🟢
No urgent operation should be cancelled for a second time	0	0	0	0	🟢
VTE risk assessment for inpatient admissions	97.11%	≥95.00%	97.84%	2.84%	🟢

[1] Rated as amber if performance is close to target i.e. within 2 percentage points or 5 individual cases.

[2] Excludes non-English commissioners as per NHS England published statistics.

[3] Indicator subject to very low volumes ≤20 patients.

[4] This represents the number of patients waiting beyond 52 weeks at year end (31 March 2021)

Accident and Emergency (A&E)

During 2020/21 the Trust received 24.4% fewer patients through our Emergency Departments compared to 2019/20 as a result of the COVID-19 pandemic and following previous year-on-year increases in demand for our services. There was generally more bed capacity at our main hospital sites facilitating improved patient flow as well as staffing levels which were largely better matched to the reduced level of demand. As a result of this, performance generally improved although there were, understandably also times of significant surge and staffing pressures associated with the pandemic which had a detrimental impact upon performance. Ultimately however, performance improved significantly from 2019/20 to 92.7%, although this was below the national standard of 95% of patients spending a maximum of 4 hours in the A&E departments. Performance has also been consistently better than the regional and national averages throughout the year and the Trust tended to perform in the upper-middle quartile of Trusts nationally.

The reduction in demand also resulted in a decrease in patients arriving by ambulance compared to 2019/20, but only by 5.6%, as acutely urgent and emergency patients continued to be seen throughout the pandemic. There was however a significant reduction of 43.6% in ambulance handover delays of over 30 minutes compared to 2019/20.

The Trust continues to work with our local partners as part of the South Tyneside and Sunderland Local A&E Delivery Board (LAEDB) to provide system leadership and focus to improve access to urgent and emergency care services. In Sunderland an alliance of partner organisations (All Together Better) has developed a programme of service transformation to improve access to urgent and emergency care services to support delivery of the 4 hour standard.

Referral to Treatment Time – 18 weeks (RTT)

The Trust failed to achieve the national standard of at least 92% of patients waiting less than 18 weeks for treatment from referral throughout the year. Unfortunately COVID-19 had a profound affect upon this national standard, with a large proportion of patients' treatment being delayed as a result and waiting times increasing. In line with the national directive, the Trust's elective programme was reduced throughout the year to varying levels depending on surge, in order to enable the organisation to cope with the volume of patients who had or were suspected to have COVID-19. Understandably a significant proportion of the Trust's bed and staffing capacity was dedicated to treating COVID-19 patients throughout. Consequently elective treatments had to be clinically prioritised according to new national rules and whilst those most in need continued to be treated (ie cancer and urgent cases) many patients did unfortunately wait for routine care.

One of the positive benefits of the pandemic was the increased use of digital solutions to see and treat patients where it was felt to be clinically appropriate to do so. The use of telephone and video appointments meant some patients continued to have their clinical care managed without visiting our hospital sites. Many patients also chose to delay their treatment during times of elevated risk due to concerns they may have had about COVID-19.

Ultimately we saw waiting times increase and the number of patients who were waiting longer than 18 weeks for treatment rose rapidly from around 3,600 at the end of February 2020 (pre-pandemic) to over 9,800 at the end of July 2020, although this reduced to around 5,000 in March 2021 as routine activity recommenced. Whilst this is an extraordinary position it is consistent with the increases regionally and nationally. Referrals from GPs were also much lower than usual, leading to reduced waiting list volumes. The resulting impact of reduced referrals and fewer treatments meant that performance deteriorated compared to 2019/20 to 78.6% overall. Nevertheless, the Trust consistently performed above the regional and national averages, generally performing amongst the top Trusts in the country.

The Trust had no patients waiting over 52 weeks from referral to treatment during 2019/20, however unfortunately due to the pause in routine care during the pandemic 523 patients waited longer than 52 weeks during 2020/21. Whilst this is a significant increase, it is significantly less than projected, which means that the Trust was able to treat more patients than expected, despite the more recent COVID-19 surge during winter.

Recovery work streams are in place to plan the Trust's recovery towards 2019/20 activity levels and more routine patients to be seen whose treatment was delayed during the pandemic, which also forms part of the organisation's annual planning process.

Cancer Waiting Times

The Trust continued to achieve the national waiting time standards for the majority of cancer targets. The only standards that were not met were for patients treated within 62 days after being referred from their GP and patients treated within 62 days after being referred from NHS screening programmes.

During the pandemic, cancer diagnosis and treatment continued but some patients chose to delay their treatment and during the initial surge some patients' treatment was delayed based upon a clinical decision that it was safe to do so as the risk of COVID-19 outweighed the benefit of treatment. Cancer referrals were also generally lower than usual; again, mainly during times of COVID surge; the Trust saw a 14% reduction in referrals for suspected cancer. Consequently there was generally more capacity to see, diagnose and treat patients who

could, and wanted, to remain on active treatment. One of the national planning priorities for the year ahead is to ensure referrals increase back to pre-pandemic levels to ensure timely access and diagnosis of cancer.

Whilst the Trust was fractionally below the national 85% target for the 62 day waiting time indicator, this represented an improvement from 2019/20 and our performance has been consistently better than the regional and national averages.

The 62 day screening indicator performance was adversely affected by COVID-19 as a consequence of the national screening programmes being paused during the first COVID-19 surge. This indicator is also subject to very low volumes.

The Trust has continued to work towards delivering the new 28 day faster diagnosis standard, which means that patients with suspected cancer will either be informed they do not have cancer or receive a cancer diagnosis within 28 days of referral. Due to COVID-19 it was decided nationally that the indicator would remain in shadow form. Nevertheless, performance within the Trust improved from around 50-60% at the beginning of the year to around 65% towards the end of the year. The NHS planning guidance stipulates that this standard will be formally implemented from Quarter 3 2021/22, with an initial target of 75%. The Trust will continue to work towards improving cancer pathways as part of the recovery work streams. Achievement of this standard would also improve performance against the 62 day waiting time standard.

Diagnostic Waiting Times

Similar to RTT, performance in relation to diagnostic waiting times deteriorated during the COVID-19 pandemic for essentially the same reasons; patients' diagnostic tests have been put on hold, aside from those tests which are clinically urgent, and demand has reduced. The Trust consequently failed to achieve the 1% national standard for patients waiting over 6 weeks for their diagnostic test throughout the year, with performance increasing from 1.6% in February 2020 to over 50% in Quarter 1, settling to around 40% in Quarter 4.

Again, like RTT we saw regional and national performance decline at a similar rate and the Trust generally performed better than the national average during the pandemic, although we were behind the regional average.

Recovery work streams also incorporate plans to increase activity for the 15 key diagnostic tests and these are largely on track. However, there have been challenges in terms of capacity and significant backlogs to overcome for echocardiography and neurophysiology tests, as well as ongoing capacity and demand challenges for MRI and CT scans. Plans are in place to reduce waiting times in these test areas.

Approach to Measuring Performance – What and How We Measure

Performance against targets such as waiting times for consultant-led treatment, cancer, diagnostic procedures and time in A&E are taken into consideration by NHS Improvement, the regulator of Trusts, as part of its regular assessment process, to determine any support required. NHS Improvement also reviews performance against other areas such as quality of care, finance and use of resources. Trusts are segmented into four categories based on the level of support required in order to meet required standards from 1 (maximum autonomy/no support) to 4 (special measures/mandated support). No formal segmentation took place during 2020/21 and the Trust remains in segment 2 where it had been placed in 2019/20.

The Trust measures performance across a wide range of indicators including:

- national indicators, operational performance measures, national operational standards and national quality requirements – these are set by NHS Improvement and the Department of Health and Social Care;
- local quality requirements – agreed with commissioners and included in our contract; and
- internal indicators – these are agreed as part of our annual planning process and key performance indicators are developed to measure progress against delivery of our corporate objectives.

To support performance monitoring, management and improvement, a performance framework is in place to ensure issues are identified early and acted upon to prevent failure of key standards where possible. This includes:

- monthly reporting of key performance indicators by directorate and specialty to the Executive Committee, Finance and Performance Committee and Board of Directors;
- regular corporate and operational management reports to monitor progress against delivery of key standards;
- monthly meetings with directorate managers and representatives from the Contracting and Performance teams to identify trends and areas of concern in time to plan ahead and agree action plans; and
- quality and contracting review meetings with the local Clinical Commissioning Groups.

Clinical Review of Access Standards

The NHS Long Term plan published in January 2019 included a review of clinical standards to support new service models and improved outcomes, specifically around mental health, cancer, urgent and emergency care and elective care. The current access standards have been in place for a number of years and have contributed to driving improvements in care and outcomes however the review will ensure access standards continue to ensure the sickest and most urgent patients are given priority, are easy to understand for patients and the public and are practically achievable. The national programme was delayed during the year due to the pandemic. A consultation on the proposed suite of urgent and emergency care indicators was published in Quarter 3 and the Trust provided a response. The proposed suite of system-wide indicators would replace the current A&E 4 hour waiting time standard. The outcome of the consultation is awaited. In addition, further information on the elective and cancer standards is expected shortly. The Trust will implement any new standards once approved nationally.

Equality of Service Delivery

The Trust has the reduction of health inequalities as the primary goal of its Health and Wellbeing Strategy and chairs a place-based Health Inequalities Group which includes representation from key partners. This group is focussed around reducing health inequalities in our patient population.

A range of activities is being undertaken including improving the completeness and utility of our data with regards ethnicity and deprivation to enable a better understanding of potential inequalities in access, experience and outcome.

The Trust is also committed to an intelligence led approach to developing clinical pathways, for example with the introduction of navigator roles to provide enhanced support in a range of areas including cancer and alcohol services. This has already demonstrated a positive impact on inequalities in attendance.

A health inequalities performance report is being developed and regular updates to the Board around our progress on equality of service delivery are provided.

Whilst the North East region may not be one of the most culturally diverse areas in England, we do have over 20 different languages spoken by members of the community and we have staff from over 50 nationalities. Consequently, the Trust places considerable emphasis on equality and diversity and public and staff engagement activities to ensure that our services are accessible to all communities. We are working with partners to review demographic monitoring to identify where we are underrepresented in our involvement and engagement activities. This work is being undertaken through the Patient Engagement Sub Group.

We have demonstrated how we have due regard to the aims of the public sector equality duty through the revision of our Equality Objectives to ensure they are reflective of the local population and we have an inclusion action plan to support implementation of the objectives. Further information on the Equality Objectives can be found on page 86.

We have developed our website content to improve information about engagement and how people can get involved in our work as part of the accessibility requirements.

We also provided free training to community groups on Equality Diversity and Inclusion.

The North East and Cumbria Learning Disability Network and the Access to Acute (A2A) Network launched the Learning Disability Diamond Standard pathways for acute hospitals in July 2020. The Trust's Learning Disability Liaison Nurses and the Learning Disability Quality Improvement Group are reviewing and agreeing how the Trust will adopt and implement the standards to ensure that people with learning disability receive equitable and the highest quality of healthcare and health outcomes to enable them to lead fulfilling, long and healthy lives.

Interpreting and Translation Services

Interpreting and translation services within the organisation is provided by Everyday Language Solutions (ELS) and in April 2020 their service provision was extended to include services delivered in South Tyneside as well as Sunderland thereby ensuring a consistent approach across the whole organisation.

In March 2020, prior to lockdown, ELS visited wards and departments which were likely to utilise their services to deliver information packs. ELS also attended a meeting with the local deaf community to inform them of the changes to provision and how they could further support them. As a consequence of the pandemic, ELS adapted its services to meet the changing needs of the Trust.

During 2020/21, 4,837 requests for interpreting and translation services were made, 191 of which were made to the provider's emergency out of hour's team; 99.46% of requests were able to be fulfilled. During this period the top ten languages requested by the Trust were:

- Bengali
- Arabic
- Polish
- British Sign Language
- Kurdish
- Cantonese
- Farsi
- Punjabi
- Mandarin
- Urdu

Future Focus

The Equality, Diversity and Inclusion Team is working in collaboration with the Consultant in Public Health to look at areas of correlation that complement their work plans and reduce risk of duplication. This includes equality and deprivation data collection, patient engagement and a multi-agency approach to increasing opportunities for patients and members of the community to influence the work of the Trust and our partners.

We recognise that we can only make improvements if we work collaboratively with partners particularly those in the third sector who already have well established networks and engagement forums within the community.

We will provide training to our staff to make sure pathways and services are designed to include patient and public engagement from the start and that public voices are able to influence developments at meaningful stages. We will improve accessibility and hold staff training on producing easy read and plain English documents. We will work with Stonewall and Employer's Network for Equality and Inclusion to ensure inclusive language and engagement practices are embedded within the Trust.

Social, Community, Anti-Bribery and Human Rights

Providing best value and ensuring that decisions are taken transparently and clearly are key principles of the NHS Constitution and as such the Trust recognises the importance of ensuring its services are delivered in an honest and ethical manner.

A Counter Fraud, Bribery and Corruption Policy is in place and was reviewed in 2020/21 with an updated version being published in October 2020. The aims of the policy are to:

- to ensure the Trust has robust counter fraud procedures in place in accordance with Service Condition 24.1 of the NHS Standard Contract and the Bribery Act 2010;
- to provide an explanation of fraud for staff and a guide to reporting concerns;
- to inform those working for the Trust of their responsibility to prevent fraud, bribery and corruption;
- to detail the roles and responsibilities of key staff and departments;
- to provide a framework for responding to suspicions of fraud, bribery and corruption; and
- to detail the potential outcomes where fraud, bribery and corruption are suspected.

The policy provides advice and guidance whilst promoting a climate and environment of openness where staff feel able to raise concerns sensibly and responsibly. Information for staff from our Local Counter Fraud Specialists is regularly shared via the Trust's intranet and staff bulletin.

In addition, the Trust's Standards for Business Conduct Policy aims to ensure that all staff employed by, and acting on behalf of, the organisation observe and comply with all applicable legislation and regulations and undertake ethical business practices, acting with high standards of business integrity at all times. All Trust staff are responsible for declaring relevant and material commercial/business interests and any offers of gifts, hospitality or sponsorship to the value of £25 and over must be declared as and when they occur, whether accepted or declined. Staff are asked to discuss any declarations of interest with their line managers so actions can be agreed to mitigate any risk to both the individual and the organisation. In addition, Trust staff at Agenda for Change Band 7 and above, 'decision making staff' and those senior members of staff on local Trust terms and conditions must complete an annual return (including nil returns) in this regard.

As an organisation, we are committed to promoting human rights and providing equality of opportunity not only in our employment practices but also in the way we provide and deliver services. To ensure that this commitment is put into practice we adopt positive measures which will seek to remove barriers to equal opportunity and eliminate unfair and unlawful direct and indirect discrimination. All policies within the Trust are subject to an Equality Impact Assessment which ensures that as an organisation we give due regard and consideration of the effects that our policies will have on people who share a protected characteristic. Further information in relation to activities undertaken by the organisation to increase awareness of equality, diversity and inclusion can be found on page 85 to 93.

Environmental Performance

The Trust is acutely aware of the impact on the environment as a result of delivering the services provided to the local population. We place significant importance on reducing this impact as much as we can and have therefore developed both a Sustainable Development Strategy and a Sustainable Development Management Plan.

FINANCIAL PERFORMANCE

Context

This year has seen a period of unprecedented change as a result of the impact of the COVID-19 pandemic. This is most apparent in the manner in which services have had to be delivered to patients but less obvious in the unique and novel ways in which NHS organisations have been funded to do so.

At the start of the year the Prime Minister and the Chancellor of the Exchequer committed to providing the necessary funds to the NHS to meet the needs of the pandemic. This was achieved by the mandated suspension of the operational planning process for 2020/21 including the cessation of local contracting mechanisms. In its place a national contract was set for the first six months of the year which provided a guaranteed minimum level of income reflecting each organisation's cost base. A national top-up payment was then granted to providers on a monthly retrospective basis to reflect the difference between actual costs incurred and income received. This allowed the Trust to record a breakeven financial position for the first six months of the year.

As we progressed through the financial year the initial, or 'emergency', funding arrangements were modified to account for both the ongoing nature of the pandemic and the provision of support to the initial steps towards recovery. The financial regime for the second half of the year maintained the process of nationally calculated 'block' contracts but introduced a prospective funding model for COVID-19 costs and removed the automatic 'top-up' mechanism. Importantly, and in a change to previous process, funding allocations were devolved to Integrated Care Partnerships (ICPs) with the subsequent distribution to constituent organisations being a matter for local determination.

Overview

In line with the financial regime for October 2020 to March 2021 the Trust submitted a plan of £8.58m deficit. The full value of the deficit related to a forecast under recovery of income against expected expenditure in specific areas not covered by the block contract arrangements (such as catering; research and development; and education and training).

To deliver the £8.58m deficit the Trust needed to deliver £2.70m of cost improvement plans (CIPs).

During the latter part of the financial year a number of additional funding decisions were made by both NHS England and Improvement and the Department of Health and Social Care. The most significant of these decisions was the commitment to provide funding equal to the forecast deficit gap which effectively restated the plan to a breakeven position.

As part of delivering the financial position, the Trust delivered cost improvements of £2.60m against a target of £2.70m.

As in previous years, there are a number of technical adjustments within the accounts. These include the impact of impairments and charities. These all need to be removed in order to assess the underlying operational position as reported to the Board of Directors and NHS England and Improvement throughout the year. The Group position includes the charitable funds and all subsidiary companies. The reported position all year excludes the charities.

	Group exc charities £000
Accounts – Surplus for the Year	**9,501**
Technical adjustments – Revaluation costs	2,548
Technical adjustments – Impact of donated consumables*	(2,852)
Technical adjustments – Other	(201)
Accounts – Surplus for the Year	**8,996**

*Technical Adjustments – Impact of consumables donated to the Trust to support the COVID-19 pandemic such as personal protective equipment (PPE) which was provided by other Department of Health and Social Care bodies.

The surplus position of £8.99m against plan represents a favourable variance to the plan submitted mid-year of £8.58m deficit. The key reasons for this variance include:

- operating income was £52m higher than planned;
- operating expenses were £35m higher than plan; and
- PDC dividend and finance costs were £1.5m lower than plan.

This was in the main due to funding decisions made after submission of the mid-year plan and the volatility of the COVID-19 pandemic resulting in second and third 'peaks' of the pandemic which were not reflected as part of the plan.

The following sections will provide further information regarding the financial position for the year.

Subsidiaries

CHoICE Limited – City Hospitals Independent Commercial Enterprises Limited (CHoICE Ltd) was a wholly owned subsidiary of City Hospitals Sunderland NHS Foundation Trust, operational since 2014. From the end of 2016/17, CHoICE took on responsibility for the management and operation of all estates services and the majority of facilities services previously managed directly by the Trust. The subsidiary initially managed outpatient pharmacy services but from 1 February 2017, CHoICE took on a wider responsibility with over 300 estates and facilities staff being transferred to the company under the TUPE regulations. In December 2017, the procurement team within the legacy Trust was also transferred to CHoICE under TUPE regulations and from 1 April 2018, the provision of services previously provided by G4S. From October 2019, CHoICE also took responsibility for providing a procurement service to South Tyneside-based services, with procurement staff being TUPE transferred to the company. Given the material scale of the turnover of the company, the accounts are consolidated into the main NHS Foundation Trust's accounts as a wholly owned subsidiary of the Trust.

Subsidiaries – STFT Holdings – STFT Holdings Limited is a wholly owned subsidiary of the Trust and holds the main contract with South Tyneside Council for the provision of an Integrated Care Services Hub (Haven Court). Haven Court is a purpose built and innovatively designed community resource for older people in South Tyneside which is located on the north eastern boundary of the South Tyneside District Hospital site. South Tyneside Integrated Care Limited (STICL) is a wholly owned subsidiary of STFT Holdings Limited and is contracted by STFT Holdings Limited as a CQC approved organisation to deliver care services within Haven Court.

Income and Contracts Overview

As part of the arrangements previously described to support the pandemic response the income position looked and indeed felt very different to a 'normal' year.

The Trust was already operating a number of block contracts with main commissioners such as NHS Sunderland Clinical Commissioning Group (CCG) NHS South Tyneside CCG and NHS County Durham CCG so the transfer to nationally mandated blocks was perhaps easier than if a fundamental move from standard 'payment by results' (PbR) had occurred.

Over and above the 'block' contracts that the Trust received, additional funding was provided to NHS organisations to enable the costs of the pandemic response to be met.

The Trust benefitted from £29.19m of 'Top Up and COVID-19 Reimbursement funding'. This included the one-off costs of delivering services during the COVID-19 pandemic as well as staff testing and vaccination programmes which were successfully rolled out through the year. The 'Top-Up' funding also allowed for the provision of free staff car parking for the full year. Furthermore the Department of Health and Social Care donated consumables to the value of £14.09m to support staff and patients during the pandemic. This is included as income within the Trust accounts as the items were provided 'free of charge'.

Expenditure Overview

The changing nature of healthcare delivery during the pandemic and the complexities involved in the funding position has had a significant impact on the composition of annual expenditure.

Staff costs were impacted in a number of ways during the year. Providing delivery of safe services within the constraints of additional infection and prevention controls added extra costs and this, combined with increased staff sickness and absence due to quarantine or isolation, meant the Trust needed to increase its reliance on both bank and agency staff. In recognition of this the 'agency caps' on expenditure were relaxed however rigour within particularly high spending areas has continued across the Trust. Agency costs for the year amounted to £15.39m which is an increase of £4.27m from the previous year and equates to 3.6% of the Trust's pay bill.

As a further consequence of the pandemic it was recognised that due to the exceptional circumstances facing staff many were unable to utilise their full annual leave entitlement. The Trust made a decision to support the wellbeing of staff and therefore allowed for a carry forward of that unused leave at the end of the year. This carry forward will inevitably incur additional cost to the Trust as and when it is taken during 2021/22 due specifically to the need to provide backfill into clinical areas. The costs of this were included within the Trust financial position at the year end. The Trust was not alone in facing this situation and importantly it was latterly recognised as a national matter of significance by NHS England resulting in cash funding being made available to organisations in the final months of the financial year to meet these specific promises made to staff.

During the first half of the financial year all provider organisations were asked to stand down all but the most urgent elective work. This changed the pattern of spend on our consumable items with a reduction of approximately £7.50m on clinical supplies when compared to the previous year. As elective procedures began to recover in number and pace in the latter half of the year we saw these costs return to a more 'normal' level.

Cost Reduction Plans

The cost improvement plan (CIP) included within the mid-year plan was £2.70m. Given the pressures in-year, the target was not achieved in full however the Trust did achieve £2.60m, a marginal shortfall against the mid-year plan target.

Capital Funding

Capital investment in 2020/21 was funded from internally generated funds and additional public dividend capital (PDC) and charitable donations. The total spend for the year was £20.27m. This included £5.43m in relation to COVID-19 expenditure. Information technology spend of £3.21m linked to the Global Digital Exemplar (GDE) programme and provider digitisation which utilised funds from the Health System Led Investment fund (HSLI). A further spend of £6.48m related to a variety of backlog and routine maintenance and equipment totalling £5.15m.

The Department of Health and Social Care announced in April 2020 that it would be converting all existing NHS interim support loans into PDC. A total of 12 individual loans amounting to £22.13m were converted to PDC in 2020/21.

Cash Flow Management

The cash balances at the year-end were £71.89m, ahead of the plan of £17.95m by £53.94m. This is mainly due to the better than anticipated year-end financial position, a lower number of debtors and receipt of additional income at the end of the year.

Looking Forward

The forthcoming 2021/22 financial year will continue to be materially different from other years due to the ongoing impact of the COVID-19 pandemic. At the point of writing this review the Trust has seen a steady decrease in COVID-19 patient numbers and both local and national restrictions are starting to be relaxed due to such a successful vaccination programme. This easing brings with it a sense of hope but also a feeling of caution as we emerge from 'Command and Control' response mode and enter that of the recovery phase. Clearly any re-emergence of the virus to peak pandemic levels during the period in which the Trust is maximising efforts to recover operationally will have significant cost consequences. The financial regime for the first half of 2021/22 continues to be completely different to a normal year with a rollover of 2020/21 funding agreements in place until at least the end of September 2021. From a cost management perspective the expectation of delivering cost improvement plans has again been minimised whilst the focus moves to operational recovery from the pandemic, however with no certainty over the funding regime for the second half of the financial year there remains a significant level of unease at the quantum of the financial settlement yet to be agreed with HM Treasury and the level of inherent efficiencies organisations may face as a result.

Financial Risks 2021/22

Given the ongoing nature of the pandemic and the uncertainty of future prevalence rates, there remains significant uncertainty around the degree of financial risk facing the Trust. The speed at which services are able to switch from 'response' to 'recovery' will influence the level and timing of future spending patterns. Notwithstanding the substantial challenges which lie ahead, both operationally and financially, real opportunities exist of which we must not lose sight. The pandemic has allowed for new and innovative ways of delivering healthcare to patients to really be tested. The benefits of areas such as the use of technology for both staff and patients must not be lost as we transition to a new 'normal'.

Outside the direct implications of the pandemic, systemic changes within the Health and Social Care landscape, as outlined by the Department of Health and Social Care's Policy Paper '*Integration and innovation: working together to improve health and social care for all*' will certainly have implications for the Trust. Not least the formation of Integrated Care Systems (ICSs) as statutory bodies will carry with it both risk and benefit for the short, medium and longer term.

At the point of writing this review the financial governance arrangements for the first six months of 2021/22 have been confirmed allowing the Trust to plan its services and spend accordingly. However there is currently no confirmation of the financial regime or funding arrangements which will be put in place for the wider NHS from October 2021 onwards. This presents a uniquely difficult situation in that many financial commitments may need to be made without certainty over funding availability for half of the financial year.

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 NHS Foundation Trust's normal purchase, sale or usage requirements, are recognised when, and to the extent to which, performance occurs, eg 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.

All other financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

Credit risk is the possibility that other parties might fail to pay amounts due to the Trust. Credit risk arises from deposits with banks as well as credit exposures to the Trust's commissioners and other debtors. Surplus operating cash is only invested with the National Loans Fund. The Foundation Trust's cash assets are held with Lloyds and the Government Banking Service (GBS) only. The Foundation Trust's net operating costs are incurred largely under annual contracts with local Clinical Commissioning Groups, which are financed from resources voted annually by Parliament.

Related Party Transactions

The Trust has a system in place to identify all new related party transactions. As NHS Foundation Trusts and NHS Trusts have common control through the Secretary of State, there is an assumption that government departments and agencies of government departments are related parties. The Department of Health and Social Care is regarded as a related party.

During the 2020/21 financial year the Trust had a significant number of material transactions with the Department and with other entities for which the Department is regarded as the parent Department. In addition there are other transactions with other government bodies with the most material being the University of Newcastle for the funding of medical education.

NHS bodies are summarised as:

Care Quality Commission
County Durham and Darlington NHS Foundation Trust
Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust
Department of Health and Social Care
Gateshead Health NHS Foundation Trust
Health Education England
NHS Blood and Transplant Service
NHS Business Services Authority
NHS County Durham Clinical Commissioning Group
NHS England
NHS Improvement
NHS Resolution
NHS Newcastle Gateshead Clinical Commissioning Group
NHS North of England Commissioning Support Unit
NHS North Tyneside Clinical Commissioning Group
NHS Northumberland Clinical Commissioning Group
NHS Pension Scheme
NHS Property Services
NHS South Tyneside Clinical Commissioning Group
NHS Sunderland Clinical Commissioning Group
North East Ambulance Service NHS Foundation Trust
North Tees and Hartlepool NHS Foundation Trust
Northumbria Healthcare NHS Foundation Trust
Prescription Pricing Authority
The Newcastle Upon Tyne Hospitals NHS Foundation Trust

Financial Performance

For the financial year 2020/21 key headline financial indicators are as follows:

- the year ended with an operating surplus (excluding charitable funds) of £8.99m;
- the year ended with Group cash balances of £71.89m; and
- capital investment of £20.27m.

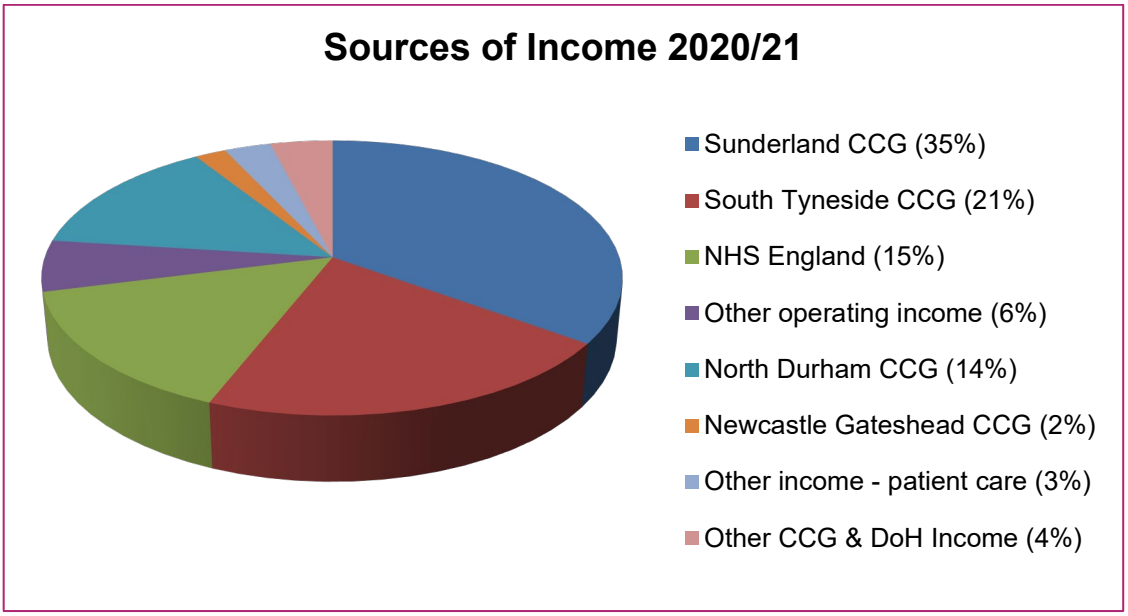
Financial Headlines

2020/21	Group Position £ Million	Charitable Funds £ Million	Group Position w/o Charities £ Million
Operating Income	646.93	1.30	645.63
Operating Expenses	(630.74)	(0.41)	(630.33)
Financing Costs – including Dividends paid	(5.71)	0.08	(5.79)
Surplus before Fixed Asset Revaluation	**10.48**	**0.97**	**9.51**
Adjustments inc Impairments	**(0.03)**	**0.49**	**(0.52)**
Operational Surplus	**10.45**	**1.46**	**8.99**

Capital Expenditure	20.27

Total Fixed Assets	230.78

All income totalled £646.934m. A breakdown of the key sources is shown below:

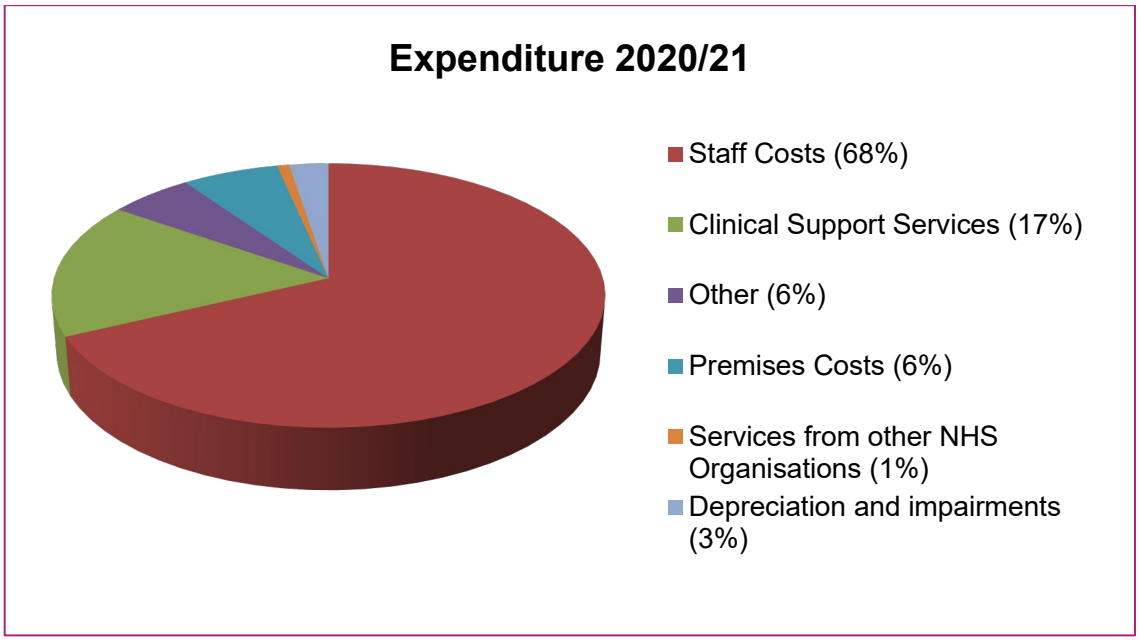


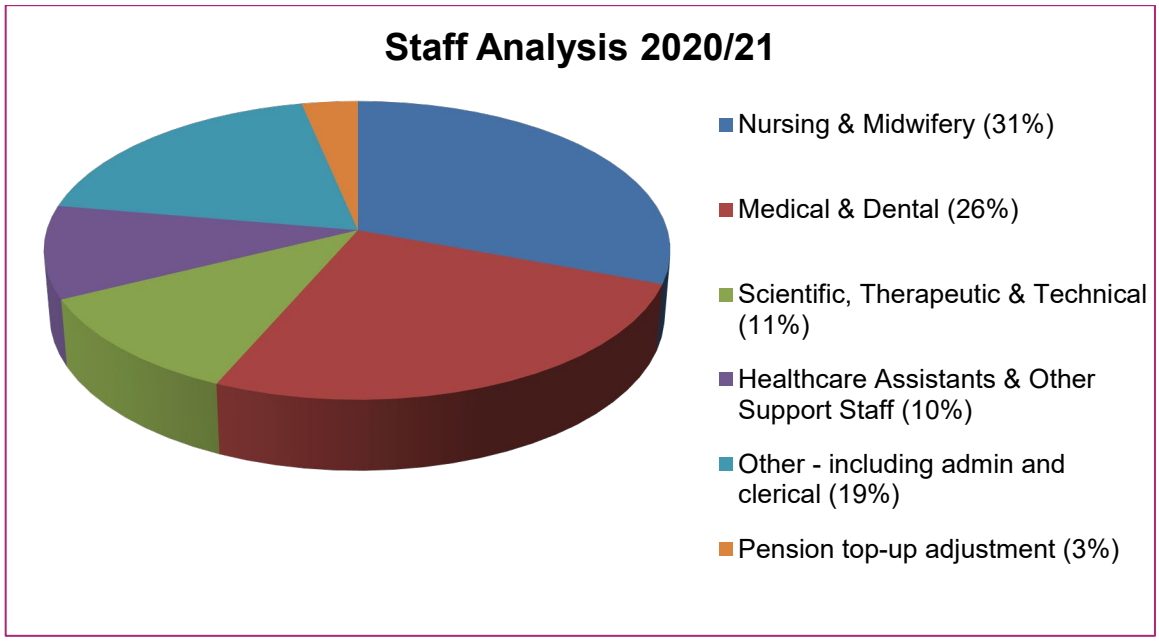
Expenditure

All expenditure amounted to £630.745m.

The majority of expenditure (68%) related to staff costs at £428.923m.

Full details of directors' remuneration can be found in the Remuneration Report from page 70.





Planned Investment Activity

Capital expenditure in 2020/21 totalled £20.27m with investment in premises, medical equipment and information technology.

	£ Million
Premises (including backlog maintenance)	11.91
IT systems (majority on the Global Digital Exemplar programme)	3.21
Medical equipment	5.15

The value of the Group's fixed assets, both tangible and intangible, at the end of 2020/21 was £230.78m.

Charitable Funds

For the 2020/21 financial year, the South Tyneside Trust General Charitable Fund and the City Hospitals Sunderland NHS Foundation Trust Charitable Fund merged their respective Charity Commission registrations to form the South Tyneside and Sunderland NHS Trust Charitable Fund (registered number 1052366)

The Trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the Trust is exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with the charitable fund and has the ability to affect those returns and other benefits through its power over the fund.

The Trust is required to consolidate any material charitable funds which it determines to be subsidiaries.

As at 31 March 2020, the value of the funds for the South Tyneside Trust General Charitable Fund and the City Hospitals Sunderland NHS Foundation Trust Charitable Fund legacy funds was £1,328k and £4,337k respectively. As at 31 March 2021 the value of the merged South Tyneside and Sunderland NHS Trust Charitable Fund is estimated as £7,128k. This represents an estimated net increase in value of £1,463k.

The Board of Directors acts as the Corporate Trustee for all 'Funds Held on Trust' which are registered with the Charities Commission as a single charity. The Trust continues to receive donations from a wide variety of benefactors for which it is extremely grateful, and continues to utilise these funds for the benefit of both patients and staff in accordance with the terms of the donation. The Charitable Funds Committee represents the Corporate Trustee in the day to day management of the funds.

HAYLEY WARDLE
Executive Director of Finance **Date: 17 June 2021**

ACCOUNTABILITY REPORT

DIRECTORS' REPORT

The Companies Act 2006 requires the organisation to set out in this report a fair review of the business of the Trust during the financial year ended 31 March 2021 including an analysis of the position of the Trust at the end of the financial year and a description of the principal risks and uncertainties facing the Trust.

Board of Directors

Board Purpose

The Board of Directors provides leadership of the Trust within a framework of prudent and effective controls, enabling risk to be assessed and managed. It determines the strategic direction of the Trust and reviews and monitors operating, financial and risk performance. A formal schedule of matters reserved to the Board includes:

- defining the values, strategic aims and objectives of the Trust;
- approval of the Trust's Annual Plan;
- adoption of policies and standards on financial and non-financial risks; and
- approval of significant transactions, mergers, acquisitions, separations or dissolutions.

The Executive Committee of the Trust is responsible to the Board for:

- delivering the strategy;
- overall performance of the Trust; and
- and managing the day to day business of the Trust.

Board Composition

The Board of Directors has a balance of skills and experience to undertake the business of the Trust. As at 31 March 2021, the Board of Directors, excluding the Chairman, has a majority of Non-Executive Directors. The Non-Executive Directors are drawn from diverse backgrounds (including clinical) and bring a broad range of views and experience to Trust deliberations. The Non-Executive Directors bring independent judgement on issues of strategy development, performance management, risk and quality through their contribution to Board and committee meetings. The Board has concluded that each of the Non-Executive Directors is independent in character and judgement, in accordance with the criteria set out in the NHS Foundation Trust Code of Governance.

The Board has appointed an independent Non-Executive Director, Mrs Allison Thompson, to be Vice Chair, and Mr David Barnes to be the Senior Independent Director in accordance with the provisions of the NHS Foundation Trust Code of Governance. It is for the Council of Governors at a general meeting to appoint or remove the Chairman and other Non-Executive Directors. Removal of a Non-Executive Director requires the approval of three-quarters of the members of the Council of Governors. A term of office for the Trust Chairman and Non-Executive Directors is three years. Terms of office for the Chairman and Non-Executive Directors appointed from 1 April 2019 will come to an end on 31 March 2022. Terms can be renewed for a further three years subject to approval by the Council of Governors. Any term beyond six years (ie two terms) can be made in exceptional circumstances and would be subject to an annual re-appointment process (approved by the Council of Governors). During 2020/21 an appointment was made to a vacant Non-Executive Director position and more information regarding the process can be found on page 119.

Board of Directors 2020/21

John N Anderson QAEP CBE
Chairman
Term of Office: 1 April 2019 to 31 March 2022

Mr Anderson sold his main business (Mill Garage Group) in 1993 and has since devoted his time to public/private partnerships. He is Executive Chairman of Milltech Training Ltd, a company that assists young people into work through apprenticeships and also Chairman of the North East Business and Innovation Centre. Mr Anderson was Chairman of City Hospitals Sunderland NHS Foundation Trust prior to merger with South Tyneside NHS Foundation Trust to form South Tyneside and Sunderland NHS Foundation Trust.

Committee Member: Board of Directors; General Purposes Committee.

David Barnes
Non-Executive Director/Senior Independent Director
Term of Office: 1 April 2019 to 31 March 2022

Mr Barnes is a Chartered Accountant and retired Non-Executive Chairman of TTR Barnes Ltd based in Sunderland. He was a Trustee and Audit Chair of United Learning, a national group of schools and academies until his retirement on 31 March 2013. He was previously a Non-Executive Director of Sunderland Teaching Primary Care Trust and until April 2019 he was Chair of AuditOne, a provider of internal audit, counter fraud and advisory services to the public sector in the North of England. Mr Barnes was a Non-Executive Director of City Hospitals Sunderland NHS Foundation Trust prior to merger with South Tyneside NHS Foundation Trust to form South Tyneside and Sunderland NHS Foundation Trust. Mr Barnes was appointed Senior Independent Director in November 2019.

C*ommittee Member:* Board of Directors; General Purposes Committee; Audit Committee; Charitable Funds Committee; Competitive Tendering Committee; Finance and Performance Committee.
Non-Executive Director Champion: Counter fraud; procurement.

Debbie Carrick-Sen
Non-Executive Director
Term of Office: 5 October 2020 to 30 September 2023

Ms Carrick-Sen is a nurse and midwife with over 40 years of clinical experience. She has extensive experience in service and workforce transformation, leadership and education and research. She is also a Non-Executive Director at the River Tees Multiple Academy Trust, which is an alternative education provider for children in Middlesbrough and Gateshead. She is an Emeritus Professor of Nursing and Midwifery at the University of Birmingham and was previously a Florence Nightingale Foundation Professor of Nursing and Midwifery. Her research interests include mental health and wellbeing. Debbie previously worked at Newcastle Hospitals NHS Foundation Trust and Newcastle University.

C*ommittee Member:* Board of Directors; General Purposes Committee; Patient, Carer and Public Experience Committee; Workforce Committee.
Non-Executive Champion: Falls prevention; maternity and gynaecology; food (including safety and nutrition).

Alan Clarke CBE
Non-Executive Director
Term of Office: 1 April 2019 to 31 March 2022

Mr Clarke has had a long career in local government, working for South Tyneside and Newcastle City Councils before becoming Assistant Chief Executive at Sunderland City Council in 1995 and Chief Executive of Northumberland County Council in 2000. Mr Clarke was Chief Executive of One Northeast from 2003 to 2012 and was awarded a CBE in 2011 for services to regeneration in the North East. He was a Non-Executive Director of South Tyneside NHS Foundation Trust prior to merger with City Hospitals Sunderland NHS Foundation Trust to form South Tyneside and Sunderland NHS Foundation Trust.

C*ommittee Member:* Board of Directors; General Purposes Committee; Audit Committee; Finance and Performance Committee; IM&T Committee; Strategy Committee.
Non-Executive Director Champion: Data security; IM&T.

Ngozi Lyn Cole
Non-Executive Director
Term of Office: 1 April 2019 to 31 March 2022

Mrs Cole has extensive experience at director level of delivering high impact strategic change programmes working with large, multi-site and multi-functional teams. She is Deputy Chair of the Appointments Committee for the General Pharmaceutical Council and was named in the 2016 'New View 50' list as one of the most influential BAME people working in the public sector. Mrs Cole was a Non-Executive Director of South Tyneside NHS Foundation Trust prior to merger with City Hospitals to form South Tyneside and Sunderland NHS Foundation Trust. She was also previously a member of the EY Foundation until February 2020.

C*ommittee Member:* Board of Directors; General Purposes Committee; Charitable Funds Committee; Competitive Tendering Committee; Governance Committee; Policy Committee.
Non-Executive Director Champion: Dementia; end of life care; equality and diversity; wellbeing; m*aintaining high professional standards (doctors).*

Stewart Hindmarsh
Non-Executive Director
Term of Office: 1 April 2019 to 31 March 2022

Mr Hindmarsh is Chairman and Managing Director of SHA Advertising and Marketing in Sunderland. He is also Chairman and Managing Director of The Cedars Nursery Ltd, Chairman and Managing Director of A&R Healthy Living and Grainger CD, Chairman and Director of JG Windows, and Managing Director of Cedar Grove Developments. He was a Non-Executive Director of City Hospitals Sunderland NHS Foundation Trust prior to merger with South Tyneside NHS Foundation Trust to form South Tyneside and Sunderland NHS Foundation Trust.

Committee Member: Board of Directors; General Purposes Committee; Patient, Carer, Public Engagement Committee; Remuneration Committee; Strategy Committee; Workforce Committee.
Non-Executive Director Champion: Freedom to Speak Up; children and young people; safeguarding; Guardian of Safe Working; research and innovation; maintaining high professional standards (doctors).

Paul McEldon
Non-Executive Director
Term of Office: 1 April 2019 to 31 March 2022

Mr McEldon is a Chartered Accountant and has been Chief Executive of the North East of England BIC Ltd since 2001. He is a governor of Education Partnership North East which incorporates Sunderland College, Northumberland College and Hartlepool Sixth Form. He was previously a Non-Executive Director for Northumberland, Tyne and Wear NHS Foundation Trust until July 2017 and Non-Executive Director of City Hospitals Sunderland NHS Foundation Trust prior to merger with South Tyneside NHS Foundation Trust to form South Tyneside and Sunderland NHS Foundation Trust.

Committee Member: Board of Directors; General Purposes Committee; Audit Committee; Governance Committee; Policy Committee; Remuneration Committee.
Non-Executive Director Champion: Emergency planning; health and safety; security management.

Allison Thompson
Non-Executive Director/Vice Chair
Term of Office: 1 April 2019 to 31 March 2022

Mrs Thompson built her career on solid, business, commercial and marketing foundations over a 24 year period and latterly held executive positions as Chief Operating Officer and Human Resources Director. Mrs Thompson has a track record of significant commercial and restructuring success throughout her career. She was a Non-Executive Director of South Tyneside NHS Foundation Trust prior to merger with City Hospitals Sunderland NHS Foundation Trust to form South Tyneside and Sunderland NHS Foundation Trust. Mrs Thompson was appointed Vice Chair in November 2019 and is also the Chair of STFT Holdings Ltd, a subsidiary company of the Trust.

Committee Member: Board of Directors; General Purposes Committee; Finance and Performance Committee; Governance Committee; Patient, Carer, Public Experience Committee; Remuneration Committee; Workforce Committee.
Non-Executive Director Champion: Clinical governance systems for doctors (including revalidation and management of concerns); infection prevention and control; learning from deaths; resuscitation.

Mike Laker
Non-Executive Medical Advisor (non-voting)
Appointed: April 2019
Left:August 2020

Dr Laker was Medical Director at Newcastle Hospitals NHS Foundation Trust from 1998 until 2006. He was also an adviser in patient safety for the North East Strategic Health Authority until 2010. He was lead clinician in the Independent Case Note Reviews at the Mid-Staffordshire NHS Trust. Dr Laker was Non-Executive Medical Advisor (non-voting) of City Hospitals Sunderland NHS Foundation Trust prior to merger with South Tyneside NHS Foundation Trust to form South Tyneside and Sunderland NHS Foundation Trust.

Committee Member: Board of Directors; General Purposes Committee.

Chris Gray
Non-Executive Medical Advisor (non-voting)
Appointed: 1 February 2021 to 31 January 2024

Professor Gray joined the Trust having retired from his role as Senior Clinical Lead for the North East and Cumbria Integrated Care System. He has held a number of senior clinical leadership roles including Medical Director for System Improvement and Professional Standards with NHS England and Improvement (North East and Yorkshire) and was Executive Medical Director to County Durham and Darlington NHS Foundation Trust. His employment history includes senior clinical academic roles at Newcastle (Professor of Clinical Geriatrics) and Edinburgh University (senior lecturer) and as a practising NHS consultant physician (stroke, general and elderly medicine) in Sunderland, Gateshead and Edinburgh. He was Undergraduate Clinical Sub Dean to Newcastle University, Director of Medical Education at City Hospitals Sunderland and Postgraduate Dean to the Northern Deanery.

Committee Member: Board of Directors; General Purposes Committee.

Ken Bremner MBE
Chief Executive

Mr Bremner is a qualified accountant and started working in Sunderland in 1988 becoming Finance Director in 1994. In 2004 he was appointed the Chief Executive of City Hospitals Sunderland NHS Foundation Trust and in 2016 also Chief Executive of South Tyneside NHS Foundation Trust. Mr Bremner chairs the Sunderland Partnership Board and is a member of the SAFC Foundation of Light Audit Committee and the North East and North Cumbria Academic Health Sciences Network. He was awarded an MBE in 2018 for services to NHS Leadership and is also an Honorary Fellow of the University of Sunderland.

Committee Member: Board of Directors; General Purposes Committee; Remuneration Committee (for Executive Directors only); Finance and Performance Committee; Strategy Committee.

Kath Griffin
Executive Director of Human Resources and Organisational Development

Ms Griffin joined City Hospitals Sunderland NHS Foundation Trust in 2003 and in May 2016 her role was extended to also include South Tyneside NHS Foundation Trust. Prior to joining the NHS, Ms Griffin spent 20 years working in a variety of roles, primarily HR, in Scotland and England firstly with the Post Office Group before moving onto Social Services in Sunderland. Ms Griffin is also a shareholder representative on the Board of CHoICE, a wholly owned subsidiary of the Trust.

Committee Member: Board of Directors; General Purposes Committee; Remuneration Committee; Workforce Committee.

Melanie Johnson
Executive Director of Nursing, Midwifery and Allied Health Professionals

Ms Johnson is a registered nurse who has worked in the NHS since 1985 and joined City Hospitals Sunderland NHS Foundation Trust in January 2016 and her role was extended to include South Tyneside NHS Foundation Trust in November 2016. She has held a variety of clinical and management posts in London and Leeds and was Director of Nursing in Newcastle and Edinburgh. Ms Johnson is a Visiting Professor at the University of Sunderland and is also a director of South Tyneside Integrated Care Ltd which is a subsidiary company of STFT Holdings Ltd, a subsidiary of the Trust.

Committee Member: Board of Directors; General Purposes Committee; Governance Committee; Policy Committee; Patient, Carer and Public Experience Committee; Workforce Committee.

Julia Pattison
Executive Director of Finance

Mrs Pattison is a qualified accountant and has worked in the NHS since 1989. She joined City Hospitals Sunderland NHS Trust in May 2006 as Head of Finance and Contracting previously working as Head of Finance and Service Level Agreements at North of Tyne Commissioning Consortium. Mrs Pattison became Director of Finance in July 2008 and her role was extended to include South Tyneside NHS Foundation Trust in November 2016. Mrs Pattison was also a shareholder representative on the Board of CHoICE, a wholly owned subsidiary of the Trust. Mrs Pattison retired 31 March 2021.

Committee Member: Board of Directors; General Purposes Committee; Audit Committee; Charitable Funds Committee; Governance Committee; Competitive Tendering Committee; Finance and Performance Committee; IM&T Committee; Strategy Committee; Workforce Committee.

Peter Sutton
Executive Director of Planning and Business Development

Mr Sutton has worked in the NHS since 1995. He joined City Hospitals Sunderland NHS Foundation Trust in 1999 and previously held the post of Director of Service Transformation working on behalf of NHS South of Tyne and Wear, South Tyneside NHSFT and Gateshead NHSFT. Mr Sutton became Director of Planning and Business Development in September 2013 and his role was extended to include South Tyneside NHS Foundation Trust in November 2016. Mr Sutton is also a director of STFT Holdings Ltd, a subsidiary company of the Trust and South Tyneside Integrated Care Ltd, a subsidiary company of STFT Holdings Ltd.

Committee Member: Board of Directors; General Purposes Committee; Finance and Performance Committee; Strategy Committee.

Dr Shahid Wahid
Executive Medical Director

Dr Wahid was a medical student at Newcastle Medical School from 1990 and then worked in a number of training posts in the North East from 1995 as a junior doctor before joining South Tyneside NHS Foundation Trust in October 2003 as Consultant Physician with an interest in Diabetes, Endocrinology and Acute Medicine. He was the Clinical Lead in Emergency Care before being appointed as Medical Director in December 2015 and was appointed as Medical Director for South Tyneside and Sunderland NHS Foundation Trust in April 2019. He has held various regional and national roles such as Training Programme Director Diabetes and Endocrinology, Royal College of Physicians Regional Specialty Advisor, Advisor for the Emergency Care Intensive Support Team, Editor for the regional newsletter ENDODIABOLOGY and Secretary for the Northern Endocrine Regional Research and Audit Group.

Committee Member:
Board of Directors; General Purposes Committee; Governance Committee; IM&T Committee; Strategy Committee; Workforce Committee.

Board Evaluation

Evaluation of the Executive and Non-Executive Directors was undertaken during the year in relation to performance for the previous year. As part of this process, the Chairman undertook appraisals with each of the Non-Executive Directors and the Chief Executive and the Senior Independent Director undertook the appraisal of the Chairman with input from the Lead Governor on behalf of the Council of Governors. The Chief Executive carried out formal appraisals of each of the Executive Directors. Evaluation for performance in relation to 2020/21 will be undertaken in 2021/22.

Effectiveness of the Board and its associated committees is reviewed as part of the annual Terms of Reference review. This was undertaken in the summer of 2020 with updated Terms of Reference approved at the individual committees prior to being formally ratified by the Board in November 2020.

In March 2021, a review of the Chairman and Non-Executive Director appraisal process was commenced and this will be implemented in May 2021 following approval by the Council of Governors. Alongside this, a committee effectiveness survey has also been undertaken, the results of which will feed into appraisals of the relevant directors as well as the annual review of Terms of Reference for the Board and its associated committees.

All directors, both executive and non-executive, meet the requirements of the 'Fit and Proper Persons Test' as described in the Trust's Provider Licence. No directors, including the Chairman and Chief Executive, have any significant interests or commitments which may conflict with their management responsibilities.

Meetings of the Board of Directors and Committees

As a consequence of the COVID-19 pandemic, all meetings of the Board of Directors and its associated committees were conducted virtually during 2020/21. Anyone wishing to observe meetings held in public were able to do so by contacting the Trust Secretary in order to receive a link and the relevant joining instructions.

Board of Directors		Number of Meetings	Actual attendance
John Anderson	Chairman	5	5
David Barnes	Non-Executive Director	5	5
Ken Bremner	Chief Executive	5	5
Debbie Carrick-Sen	Non-Executive Director (from October 2020)	2	2
Alan Clarke	Non-Executive Director	5	5
Ngozi Lyn Cole	Non-Executive Director	5	5
Chris Gray	Non-Executive Medical Advisor (from February 2021)	0	0
Kath Griffin	Executive Director of HR & Organisational Development	5	5
Stewart Hindmarsh	Non-Executive Director	5	5
Melanie Johnson	Executive Director of Nursing, Midwifery & AHPs	5	5
Mike Laker	Non-Executive Director (to September 2020)	3	2
Paul McEldon	Non-Executive Director	5	4
Julia Pattison	Executive Director of Finance	5	2
Peter Sutton	Executive Director of Planning & Business Development	5	4
Allison Thompson	Non-Executive Director/Vice Chair	5	5
Shahid Wahid	Executive Medical Director	5	4

General Purposes Committee		Number of Meetings	Actual attendance
John Anderson	Chairman	4	4
David Barnes	Non-Executive Director	4	4
Ken Bremner	Chief Executive	4	4
Debbie Carrick-Sen	Non-Executive Director (from October 2020)	2	2
Alan Clarke	Non-Executive Director	4	4
Ngozi Lyn Cole	Non-Executive Director	4	3
Chris Gray	Non-Executive Medical Advisor (from February 2021)	1	0
Kath Griffin	Executive Director of HR & Organisational Development	4	4
Stewart Hindmarsh	Non-Executive Director	4	4
Melanie Johnson	Executive Director of Nursing, Midwifery & AHPs	4	4
Mike Laker	Non-Executive Director (to September 2020)	2	2
Paul McEldon	Non-Executive Director	4	4
Julia Pattison	Executive Director of Finance	4	4
Peter Sutton	Executive Director of Planning & Business Development	4	3
Allison Thompson	Non-Executive Director/Vice Chair	4	4
Shahid Wahid	Executive Medical Director	4	4

In addition to the formal Board and General Purposes Committee meetings, a number of workshops were held virtually throughout the year.

Board member attendance at committees can be found in the following tables. Attendance by other senior leaders who are not members of the Board are not included in these tables.

Appointments and Remuneration Committee		Number of Meetings	Actual attendance
Ken Bremner	Chief Executive	2	2
Kath Griffin	Executive Director of HR & Organisational Development	2	2
Stewart Hindmarsh	Non-Executive Director	2	2
Paul McEldon	Non-Executive Director	2	2
Allison Thompson	Non-Executive Director/Vice Chair (Chair of committee)	2	2
Audit Committee		**Number of Meetings**	**Actual attendance**
David Barnes	Non-Executive Director	5	5
Alan Clarke	Non-Executive Director	5	5
Paul McEldon	Non-Executive Director (chair of committee)	5	5
Julia Pattison	Executive Director of Finance	5	4
Charitable Funds Committee		**Number of Meetings**	**Actual attendance**
David Barnes	Non-Executive Director	5	4
Ngozi Lyn Cole	Non-Executive Director (Chair of committee)	5	5
Melanie Johnson	Executive Director of Nursing, Midwifery and AHPs	5	4
Julia Pattison	Executive Director of Finance	5	4
Competitive Tendering Committee		**Number of Meetings**	**Actual attendance**
David Barnes	Non-Executive Director (Chair of committee)	10	10
Ngozi Lyn Cole	Non-Executive Director	10	6
Julia Pattison	Executive Director of Finance	10	6
Finance and Performance		**Number of Meetings**	**Actual attendance**
David Barnes	Non-Executive Director (Chair of committee)	11	11
Ken Bremner	Chief Executive	11	7
Alan Clarke	Non-Executive Director	11	10
Julia Pattison	Executive Director of Finance	11	8
Peter Sutton	Executive Director of Planning & Business Development	11	9
Allison Thompson	Non-Executive Director/Vice Chair	11	10

Governance Committee		Number of Meetings	Actual attendance
Ngozi Lyn Cole	Non-Executive Director	11	11
Melanie Johnson	Executive Director of Nursing, Midwifery & AHPs	11	11
Paul McEldon	Non-Executive Director	11	11
Julia Pattison	Executive Director of Finance	11	9
Allison Thompson	Non-Executive Director/Vice Chair (Chair of committee)	11	10
Shahid Wahid	Executive Medical Director	11	11
Patient Carer and Public Experience Committee		**Number of Meetings**	**Actual attendance**
Debbie Carrick-Sen	Non-Executive Director (from October 2020)	2	2
Stewart Hindmarsh	Non-Executive Director (Chair of committee)	4	4
Melanie Johnson	Executive Director of Nursing, Midwifery & AHPs	4	4
Allison Thompson	Non-Executive Director/Vice Chair	4	4
Policy Committee		**Number of Meetings**	**Actual attendance**
Ngozi Lyn Cole	Non-Executive Director (Chair of committee)	5	3
Melanie Johnson	Executive Director of Nursing, Midwifery & AHPs	5	2
Paul McEldon	Non-Executive Director	5	5
Strategy Committee		**Number of Meetings**	**Actual attendance**
Ken Bremner	Chief Executive	3	2
Alan Clarke	Non-Executive Director (Chair of committee)	3	3
Stewart Hindmarsh	Non-Executive Director	3	3
Julia Pattison	Executive Director of Finance	3	3
Peter Sutton	Executive Director of Planning & Business Development	3	3
Workforce Committee		**Number of Meetings**	**Actual attendance**
Debbie Carrick-Sen	Non-Executive Director (from October 2020)	3	3
Kath Griffin	Executive Director of HR & Organisational Development	6	4
Stewart Hindmarsh	Non-Executive Director (Chair of committee)	6	6
Melanie Johnson	Executive Director of Nursing, Midwifery & AHPs	6	1
Allison Thompson	Non-Executive Director/Vice Chair	6	6
Shahid Wahid	Executive Medical Director	6	6

Audit Committee

The Audit Committee has primary responsibility for monitoring the integrity of the financial statements; assisting the Board in its oversight of risk management and the effectiveness of internal control; oversight of compliance with corporate governance standards; and matters relating to the external and internal audit functions.

The committee is comprised of three independent Non-Executive Directors. Other attendees during the course of the year included the Executive Director of Finance, the Director of Corporate Affairs and Legal/Trust Secretary, the Head of Financial Services and representatives from the Trust's internal and external auditors and counter fraud specialists.

For the 2020/21 financial year, the external auditors of the Trust were Ernst and Young (EY) who were appointed by the predecessor organisations' Council of Governors with effect from April 2019 for a period of one year with a possible extension for a further year. In March 2020 the Council of Governors for South Tyneside and Sunderland NHS Foundation Trust approved an extension to the contract. The value of the contract was £86,055 per annum for the financial and quality audits.

Internal audit services were provided by AuditOne as part of Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust. The arrangements are run as a consortium contract with all members having formal voting rights in relation to the running of the service.

The Audit Committee works with the Finance and Performance Committee to ensure overall probity around financial resources within the Trust. The Finance and Performance Committee includes some members of the Audit Committee. The Chair of the Audit Committee, the Finance and Performance Committee and the Governance Committee discuss areas of joint work and ensure a common understanding and overview by Board members in the management of risk. Membership of the Audit Committee and the Finance and Performance Committee includes the Chair of the Governance Committee which strengthens the assurance process around risk management throughout the organisation.

As well as the standard progress reports received from the internal and external audit providers, the local counter fraud specialist and the Trust's financial team, significant issues considered by the Audit Committee during the year included:

- the Trust's Board Assurance Framework;
- findings of the Trust's involvement in a nationally funded RTT diagnostic patient tracking list validation exercise;
- COVID-19 recovery standing financial instructions;
- aged debt review; and
- losses and special payments quarterly reports.

An Annual Report on the business of the Audit Committee is also submitted to the Board of Directors each year.

Charitable Funds Committee

The Board of Directors acts as the Corporate Trustee for all 'funds held on trust' which are registered with the Charities Commission as a single charity. The Trust continues to receive donations from a wide variety of benefactors for which it is extremely grateful, and continues to utilise these funds for the benefit of both patients and staff in accordance with the terms of the donation. The Charitable Funds Committee represents the Corporate Trustee in the day to day management of the funds.

The committee membership consists of two Non-Executive Directors, the Executive Directors of Finance and Nursing, Midwifery and AHPs and two public governors. The Director of Corporate Affairs and Legal/Trust Secretary and the Head of Financial Services are also in attendance at meetings of the committee.

Throughout 2020/21 the committee continued to meet virtually and considered and approved a number of proposals to spend charitable funds. During the year the organisation, like many other NHS bodies, received increased donations from the general public in response to the COVID-19 pandemic. We were also extremely grateful to receive additional charitable donations via NHS Charities as a result of the significant contribution made by Sir Captain Tom Moore and many other members of the public.

The committee reviewed in detail the Charitable Accounts relating to funds held on Trust for the 2019/20 financial year for the City Hospitals Sunderland NHS Foundation Trust Charitable Fund (registered number 1052366) and the South Tyneside Trust General Charitable Fund (registered number 1059500).

With effect from 1 April 2020 the two charities of the Trust's predecessor organisations merged to form South Tyneside and Sunderland NHS Foundation Trust Charitable Funds (charity number 1052366) and the accounts for the financial year 2020/21 will be considered by the

committee in 2021/22 in advance of submission to the Charities Commission. As a consequence of the merger of the two predecessor charities, the committee undertook a detailed review of acceptable spend areas in relation to charitable donations.

External Audit

There were no non-audit services purchased during 2020/21.

The Audit Committee reviews the independence of the external auditors and considers any material non-audit services to ensure that independence is maintained.

The directors confirm that so far as they are aware, there is no relevant audit information of which the Trust's auditors are unaware and that each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Trust's auditors are aware of that information.

Fraud

The Trust receives a dedicated local counter fraud specialist service from AuditOne. A comprehensive counter fraud work plan has been developed which is subject to continuous review in order that it reflects the changes in the fraud risk profile of the Trust. Progress against this work plan, along with any recommendations from the local counter fraud specialists, is monitored by the Audit Committee. As previously noted on page 37 the Trust's Counter Fraud, Bribery and Corruption Policy was reviewed in 2020/21 with an updated version being published in October 2020.

Other Income

The accounts provide detailed disclosures in relation to 'other income' where 'other income' in the notes to the Accounts is significant. (Significant items are listed in Note 3 to the Accounts).

Register of Interests

A Register of Interests for the Board of Directors is maintained by the Trust Secretary. Board members are asked to declare interests on appointment and the register is reviewed annually. In addition, at the start of each meeting, members are required to declare any interest that may affect the papers considered. The register is available for inspection by members of the public via application to the Trust Secretary or through Trust's website (https://www.stsft.nhs.uk/about-us/corporate-information/reports-and-publications).

Political Donations

The Trust made no political donations in 2020/21.

Better Payment Practice Code

The Government's better payment practice code requires public sector bodies to pay all trade creditors within 30 days. The performance of the Trust in 2020/21 against the target of 95% of invoices by value and number is shown overleaf.

	Number	Value £'000
Non-NHS payables		
Total bills paid in the year	68,661	137,102
Total bills paid within target	56,249	99,076
Percentage of bills paid within target	**81.9%**	**72.3%**
NHS payables		
Total bills paid in the year	2,307	94,493
Total bills paid within target	1,356	63,359
Percentage of bills paid within target	**58.8%**	**67.1%**
Total		
Total bills paid in the year	**70,968**	**231,595**
Total bills paid within target	**57,605**	**162,435**
Percentage of bills paid within target	**81.2%**	**70.1%**

There has been an overall improvement compared to the prior year reflecting the refinements made to the upgraded financial ledger and improvements to the administration process. Late payment fees amounted to £10k compared to £14k in the previous year.

Responsibilities of the Directors for the Preparation of the Annual Report and Financial Statements

The directors consider that this annual report and the financial statements, taken as a whole, are fair, balanced and understandable; and have been prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2020/21.

This report and financial statements provides the information necessary for patients, regulators and other stakeholders to assess the Trust's performance, business model and strategy.

These documents were approved by the Audit Committee prior to formal ratification by the Board of Directors.

Key Constraints on Trust Activities

NHS Improvement (NHSI), the Care Quality Commission (CQC), nor any other regulatory body have not placed any restrictions on the activities of the Trust.

Disclosures Relating to the Well-Led Framework

The CQC carried out its first comprehensive well-led inspection of the new Trust in January 2020, which included reviewing the Trust's core services against the CQC's key questions and key lines of enquiry:

- Is the organisation **safe**?
- Is the organisation **effective**?
- Is the organisation **caring**?
- Is the organisation **responsive**?
- Is the organisation **well led**?

The Trust did not undertake a self-assessment against the NHSI Well Led requirements during 2020/21 given the above inspection which led to an overall rating of 'Good' and in particular a rating of 'Good' in the well-led domain. The full report can be found on the CQC's website (https://www.cqc.org.uk/provider/R0B)

The Trust confirms that there are no material inconsistencies between:

- the Annual Governance Statement (page 104);
- the Corporate Governance Statement (accessible via the Trust's website) and the Annual Report; and
- reports arising from Care Quality Commission planned and responsive reviews of the Trust and any subsequence action plans.

Arrangements for Monitoring Improvements

Quality Governance

It is vitally important that the Board ensures that governance arrangements remain fit for purpose. Good governance is essential in addressing the challenges the Trust faces and the Board must ensure it has oversight of quality of care, operational and financial matters and is able to assure itself that services are well-led. The Board achieves this through detailed discussion at a range of formal committees of the Board of Directors. The Trust has an independent assurance function which reports directly to the Governance Committee.

Details of how the Board ensures arrangements are in place are identified within the:

- performance report;
- quality report; and the
- annual governance statement.

The Trust monitors improvements in the quality of care through the application of the Quality Strategy, with a monthly quality report which details performance and improvements in patient safety and experience metrics, comparing against local and national targets where applicable. A full report is available within the separate Annual Quality Report; as a consequence of the impact of the *COVID-19* pandemic, Foundation Trusts are not required to include the Annual Quality Report within this annual report however a summary of key priorities and achievements against the Trust's quality and safety priorities for the year 2020/21 are included below and overleaf. The full Annual Quality Report will be published on the Trust's website once approved by the Board of Directors.

Reduce the incidence of healthcare developed pressure ulcers by 25%

There has been a significant reduction in those cases where omissions in care have been identified, with five identified in Q1, three in Q2, three in Q3 and five in Q4. Additional process measures are utilised to identify themes and trends to inform learning and improvement.

Minimise the incidence of significant harm (moderate and above harm) from patient falls in our care, such that we maintain our position in falls rate (per 1000 bed days)

The Trust's rate of patient falls resulting in moderate or above harm was 0.04 at the end of Q4 2020/21, which has remained consistently lower than the national rate (0.19). Data is presented to the Trust's Falls Steering Group to review trends and themes that arise from falls to learn lessons and drive improvements.

Achieve at least 90% compliance of nutritional screening on admission to hospital

There has been an overall consistent achievement in the compliance rate of completed nutritional screening on admission throughout 2020/21, with compliance over 90% in all months except April 2020 due to operational pressures linked to the pandemic.

Provide a safe, secure, clean and comfortable environment for our patients and their carers/families by monitoring hand hygiene compliance and infection rates

Local hand hygiene audits were paused during Q1 and Q2, however once reinstated in November 2020, a year to date compliance rate of 99.10% was observed. Healthcare-associated infections (HCAIs) are investigated, with action plans to resolve future recurrence.

Improve the recognition and management of deteriorating patients by accurate and timely recording of Early Warning Scores for all patients

National Early Warning Score (NEWS2) - At the end of Q4, the accuracy of the NEWS2 was 100%. There was evidence of escalation in response to NEWS2 triggers in 98.3% of cases; however improvement remains necessary in the timeliness of recording observations/NEWS2 at the required frequency (79.47%).

Newborn Early Warning Trigger and Track (NEWTT) - The NEWTT is a Newborn Early Warning system used within newborn and maternity services across the United Kingdom. An audit carried out in Q2 showed that NEWTT scores were 100% compliant in three out of four areas. The timing of interventions/monitoring was 58% but this may be attributed to the limitations of the electronic recording system as Meditech (V6) records the time of entry but not the time of intervention. Babies are being appropriately escalated by midwifery staff.

Paediatric Early Warning Score (PEWS) - A sample audit was conducted in Q1 which reviewed the accuracy of completion and calculation of PEWS score (90%), timeliness of repeat observations within the identified monitoring plan (70%) and appropriateness of escalation (if this was clinically required = 90%).

Improve the recognition and management of deteriorating patients by a 5% year-on-year reduction in the number of preventable cardiac arrests

The Trust continued to collect cardiac arrest data, submitting to the National Cardiac Arrest Audit (NCAA). The latest available data, up to the end of Q3 shows that the number of actual cardiac arrests was lower throughout 2020/21 compared to the improvement trajectory. NCCA data is presented and discussed at the Trust's Deterioration Recognition and Resuscitation Group (DRRG), where it oversees an improvement plan to improve compliance and monitor the actions associated with this plan.

Improve the recognition and management of deteriorating patients by ensuring high quality timely communication, decision making and recording in relation to decisions about cardiopulmonary resuscitation (CPR)

It is essential to identify patients for whom cardiopulmonary arrest represents the terminal event in their illness and for whom CPR will fail and/or is inappropriate. It may then be appropriate to consider making a do not attempt CPR (DNACPR) decision to enable the person to die with dignity. The correct process for these decisions is critically important to prevent inappropriate, undignified, futile and/or unwanted attempts at CPR which may cause significant distress to patients and their families. The latest available data reflects up to Q3, whereby compliance of the five domains was as follows:

- consistent 100% compliance for recording the DNACPR decision;
- documentation of appropriate clinical reasons for DNACPR above 95% compliance each month;
- performance for evidence of discussion with the team showed a decrease in Q3; however above 89% throughout;
- performance for evidence of discussion with patients or family was at least 96.5% each month; and

- number of DNACPR decisions that were countersigned/approved by Senior Responsible Clinician within 14 hours had declined to 58%. Of those not completed within 14 hours, the majority (40%) were either countersigned before discharge or countersigned within 24 hours (20%).

Achieve at least 90% compliance with recording of fluid input and output

A revised audit tool was rolled out in Q3 and development work is underway to capture compliance from the Trust's data launchpad. Results are discussed at the Trust's Nutrition and Hydration Steering Group which has developed an improvement plan to support achievement of this quality priority.

Improve medicines management by ensuring that medicines reconciliation is achieved for 95% of patients within 24 hours of admission to our hospitals

This self-reported metric in Model Hospital System (2019) for medicines reconciliation has national median performance at 71%, peer performance of 58%, and only three Trusts declaring performance over 90%. The targets are locally set. At the end of Q4, 71% of medicines were reconciled within 24 hours. Using the NICE exemplar methodology (which allows for collection until 5pm on the day following admission) the Q4 performance was 79%. At the point of discharge the figure for medicines reconciliation by a pharmacy professional was 96%. Data is monitored by the Medicines Safety Group.

Improve medicines management by reducing the incident of missed doses of medicine by 50%

Improvement work has been limited due to the pandemic however it has focussed on two wards where a greater understanding of the factors which prevent medicines being administered has informed the plan for improvement. The next phase of the improvement work has commenced, focussing on the wards with the highest incidence of medicines prescribed but not administered. It is encouraging to note that in the last 12 months there has been some sustained reduction overall in medicines prescribed but not administered, from a median of 20.1% (April 2020) to 18.4% (March 2021) and it is expected that significant improvement will be achieved in the coming months as learning from recent tests of change are implemented more widely. Missed dose rate where reasonable clinical exclusions cannot be applied shows that there has been a significant increase in medicines not administered during 2020/2021 when compared to the improvement target baseline from 2018/19, however it is recognised that the clinical pressures associated with the pandemic surge will have had an impact.

Improve the outcomes for patients with serious infection by ensuring timely identification and treatment of sepsis

Data available to date (up to the end of Q3) shows that 51.7% of patients admitted as an emergency had antibiotics administered within one hour of initial suspicion of sepsis. For emergency admissions, 90% of patients received their antibiotics within 3 hours.

Patients presenting with COVID-19 infection complications feature in data this quarter. Patients managed appropriately with oxygen and steroids but did not require antimicrobial therapy in ED at that time, were rightly diagnosed with 'sepsis' and were likely to have reduced impact of performance against the target.

Although the inpatients screened for sepsis audit process has been paused at this time, alternative assurance has been provided through inpatient screening rates. During December 98.27% of patients were screened for sepsis as inpatients.

Sepsis assessment and antibiotic administration performance data are routinely discussed at the Trust Sepsis Group with key clinical staff present to commit to improvement and change.

Care Quality Commission (CQC)

South Tyneside and Sunderland NHS Foundation Trust is required to register with the CQC and its current registration status is in full, with no conditions. Activities that the Trust is registered to carry or provide out are:

- accommodation for persons who require nursing or personal care;
- assessment and care of patients under the Mental Health Act;
- diagnostic and screening procedures;
- family planning services;
- maternity and midwifery services;
- surgical procedures;
- termination of pregnancies; and
- treatment of disease, disorder or injury.

As previously reported, the CQC carried out its first comprehensive well-led inspection of the new Trust in January 2020. An action plan was produced from the recommendations within the report, with progress monitored and updated to the Corporate Management Team and Governance Committee on a bi-monthly basis.

Since the start of the pandemic, the CQC paused routine inspections and focused activity only in response to risk. The Trust had an unannounced inspection in March 2021 particularly in relation to infection prevention and control, with the final report published in April 2021. The CQC did not rate the Trust at this inspection and all previous ratings remain the same, however feedback provided at the time was positive with no issues identified.

Assurance Programme

The Assurance function within the Trust provides an independent test of our compliance against regulatory and evidence-based standards. Due to the pandemic, assurance audits were put on hold but a range of audits relating to COVID-19 were conducted, including a review of adherence to social distancing (of staff and patients), an observation of the environment, risk assessments and use of personal protective equipment (PPE).

A revised CQC Assurance Programme will commence in 2021, which encompasses a comprehensive list of key topics relating to patient safety, quality and experience. The revised programme will be objective and analytical in its review of evidence to ensure effective critical appraisal and reporting of assurance. The programme will have a systematic approach to reviewing a broad range of priorities, as well as responding to emerging issues. This will emulate the CQC's Transitional Monitoring Approach methodology, through the review of information from a wide range of sources to seek assurance and compliance in the areas identified. Where additional assurance is needed, a targeted improvement plan will be agreed and progress monitored.

In addition to this, the CQC publishes its 'Insight' report bi-monthly. This contains a wide range of information from data sources available nationally and indicates improvement or deterioration trends in each of the key lines of enquiry, which the CQC then use to focus its enquiries and inspections. Summaries of the Insight reports are presented to the Governance Committee.

Serious Incident Monitoring

Progress of the Trust's serious incident management targets agreed with the CCGs is monitored, including the Trust's performance relating to number of serious incidents and never events declared on the national reporting system within two workings days of decision, compliance of submitting initial review reports within the relevant timeframe and the number of investigations completed within the 60-day deadline. Action plans are agreed for each serious incident or never event, with completion of the action plan monitored by the CCGs to ensure lessons are learned to prevent the risk of future reoccurrence.

Complaints Handling

The Trust strives at all times to provide high quality treatment and care for our patients, however we recognise there may be occasions when things go wrong and patients or their relatives/carers may not be entirely satisfied with the level of service they have received. The Trust welcomes complaints and feedback about the services we provide and views these positively as a valuable contribution to the development of better quality healthcare by assisting us to improve services. The Trust is therefore fully committed to identifying any lessons learned from complaints so that services may be improved.

The Trust has an established complaints handling policy in line with the Department of Health and Social Care Complaints Procedure (DoHSC, 2018). This policy confirms the Trust system to offer patients (or their nominated representative) the opportunity to have their concerns formally investigated and to receive a comprehensive written response from the Chief Executive or an appropriate individual in his absence.

Our Concerns and Complaints Policy is based on the principles of Good Complaints Handling published by the Parliamentary and Health Service Ombudsman (PHSO, 2009) whose key principles are as follows:

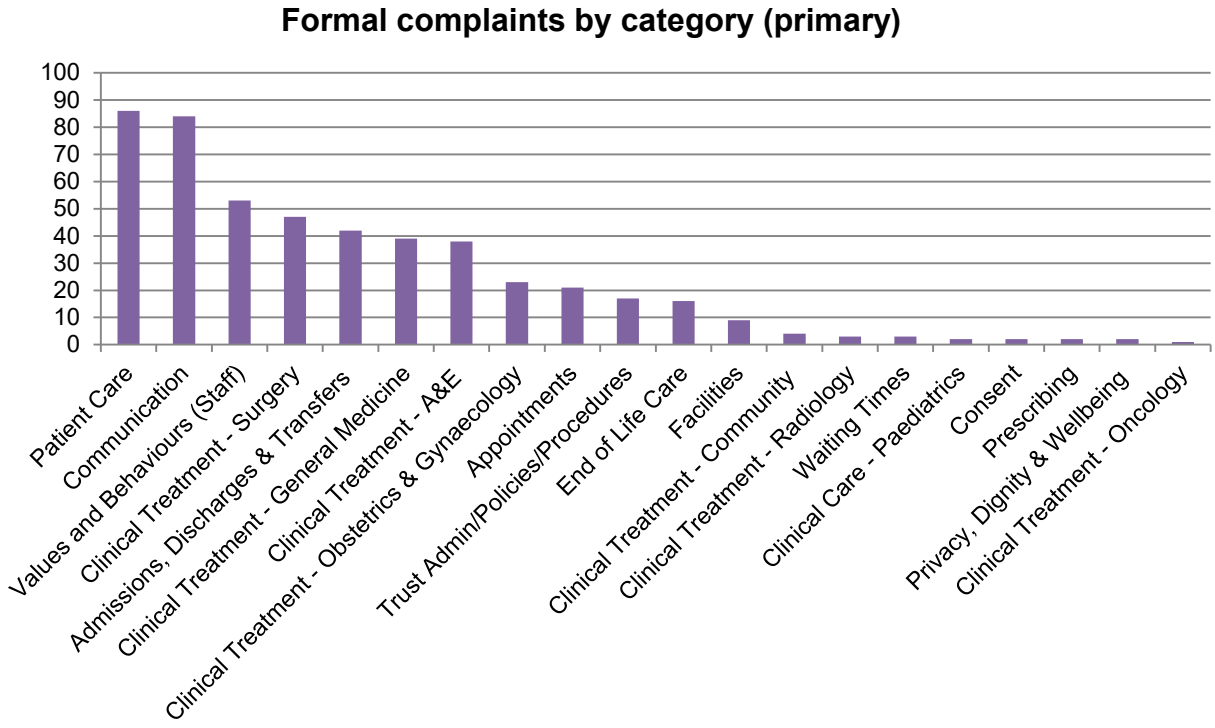
- getting it right;
- being customer focused;
- being open and accountable;
- acting fairly and proportionately;
- putting things right; and
- seeking continuous improvement.

Our aim is, for all complainants to receive early contact by telephone to agree the issues to be investigated, expected outcome, response time and response format. Complainants are also given information about the Independent Complaints Advocacy, who can support them in making a complaint if required. While current regulations stipulate a maximum timescale of six months to respond to a complaint the Trust aims to respond wherever possible within 40 working days from receipt of a complaint. We do recognise however, that this is not always possible particularly where a complaint is complex involving other organisations or is subject to coronial investigation. In these circumstances additional time will be negotiated and a new timescale agreed with the complainant to allow a thorough and comprehensive investigation to be undertaken.

From 1 April 2020 to 31 March 2021, the Trust received a total of 494 formal complaints from patients or their representatives, an average of 41 per month. There was a reduced number of complaints in Q1 and 2, attributable to the pandemic and the reduction of patients and visitors attending hospital.

Categories of Complaints

The majority of complaints received raise more than one single issue. However, the main reasons cited in complaints in 2020/21 is illustrated in the chart below. The most common complaint categories related to: patient care (86), communication (84) and values and behaviours of staff (53).



Complaints Investigation

Formal complaints are allocated to the appropriate directorate or department lead and a comprehensive investigation is commissioned. Investigating officers are usually Quality and Risk Facilitators or department managers, but responsibility for the investigation and associated actions remains with the Directorate Manager, or equivalent, and other key staff.

The Chief Executive, or an appropriate individual in his absence, provides a formal written response to the complainant who is given the opportunity, should they wish, to contact the Directorate Manager to discuss any outstanding concerns. If complainants remain dissatisfied, they are offered the opportunity to attend a formal meeting with relevant staff members to have an open discussion in an attempt to provide further clarification and resolve any outstanding concerns.

Following investigation, a judgement is made as to whether the concerns raised in a complaint have been validated. Of the complaints responded to in 2020/21:

- 67 (12%) were upheld;
- 206 (38%) were partially upheld;
- 17 (3%) were partially upheld with recommendations; and
- 248 (46%) were not upheld.

Parliamentary and Health Service Ombudsman

If a complainant feels that their complaint has not been fully resolved or adequately addressed they have the right to ask the Parliamentary and Health Service Ombudsman (PHSO) to carry out an investigation of their concerns. When a complainant contacts the PHSO there is an additional stage which is introduced whereby the PHSO reviews the case using information provided by the Trust. The PHSO will then inform the Trust of its decision to formally investigate the case or alternatively take no further action.

During 2020/21, a total of 12 complainants referred their complaints to the PHSO. The pandemic impacted upon the PHSO decisions to investigate and the resulting investigations as the PHSO reduced their service provision.

Learning from Complaints

To provide assurance that the Trust is learning from experience, a quarterly complaints report is presented to the Patient, Carer and Public Experience Committee (PCPEC), a formal committee of the Board. We continue to encourage feedback either positive or negative so we can ensure that when things go wrong, or are not as they should be, lessons can be learned.

Complaints data is also included in the Trust's Quality Report which is presented monthly to the Clinical Governance Steering Group, Governance Committee and the Board of Directors, along with other key patient safety and quality data to identify and monitor trends, and ensure action is taken to reduce the risk of recurrence and ensure learning. This information Is also presented quarterly to the Council of Governors. A Complaints Annual Report is also presented to the Board of Directors.

The Complaints Team is working closely with the Equality, Diversity and Inclusion Team to develop standardised equality monitoring collection and to look at actions that need implementing in relation to equality, diversity and inclusion, including staff training, support in accessing interpreting and translation services etc.

Consultation and Involvement

Patient, Carer and Public Experience Committee (PCPEC)

The Trust continues to develop the work of the PCPEC. The committee is chaired by a Non-Executive Director and has governor, Healthwatch and carer representation. Key responsibilities are to ensure patient, carer and public involvement is integral to the Trust's overall strategy and to ensure the Trust takes account of the NHS Constitution in its decisions and actions – in particular the rights and pledges to which patients, carers, the public and staff are entitled.

The committee also monitors the outcomes and resulting actions from national surveys such as the inpatient survey, maternity services survey, and the cancer patient experience survey. These provide valuable feedback from patients on how services are being delivered but more importantly, how they can be improved.

The impact of the pandemic has resulted in the suspension of visiting to protect the safety of our patients, staff and members of the public. Although this has been challenging, positive initiatives have included facilitating virtual visiting and letters via email. Each ward was provided with an iPad to support virtual visiting which allowed loved ones to stay connected and continues to be very popular with positive feedback from patients, families and staff.

Patient Experience Feedback

We use a number of methods to collect authentic and insightful feedback of care from patients, families and carers who use our services; this feedback is used to improve services and monitor standards of care.

All in-patients are offered the opportunity to complete a patient experience survey – 'Your Experience Matters to Us' – which includes the nationally set Friends and Family Test questions. Most patients will be able to complete the survey independently but family members and carers are also invited to complete a survey or offer help and support. All participating areas receive individual reports, including transcriptions of any free text comments.

The Patient Engagement Team has worked closely with the Equality, Diversity and Inclusion Lead to develop equality monitoring questions for the Friends and Family Test in order to monitor customer satisfaction scores broken down by protected characteristics. Unfortunately, the formal collection of the Friends and Family Test was paused during 2020/21 and the requirement to collect and report on patient data was paused for the majority of 2020/21.

The Trust has used the opportunity to review technology and software options available to enhance the collection of patient experience data. An electronic solution will complement the current paper based process of continuous collection of patient experience data. The notion of this multi-channel methodology would be to increase the opportunity for patients to leave feedback at any point in their NHS journey.

The use of technology and software solutions will assist in measuring patient and carer experience. This in turn will allow the patient experience team to create an appropriate infrastructure to analyse patient experience information and support clinical teams to make improvements to enhance the patient experience. It is also possible to leave feedback via the Trust's website and patients can use a QR code to access the relevant website page should they wish.

During the pandemic lead nurses visited wards to personally speak to patients about their experiences. This process helped to identify and quickly address any concerns raised by patients and family members leading to resolution of the situation in the majority of cases.

The results from the National Adult Inpatient Survey 2019 were published in July 2020 by the Care Quality Commission (CQC). The sample of patients surveyed were 16 years or older and had spent one night in hospital. It is important to note that this is the first survey for South Tyneside and Sunderland NHS Foundation Trust following its formation therefore comparisons with previous years' surveys cannot be made.

Results include:

- 60 questions/responses (95%) were 'about the same' rating;
- 3 questions/responses (5%) highlighted as 'better'; and
- there were no questions/responses in the 'worse' category.

The results of the National Adult Inpatient Survey indicate that overall the patient experience was good and there is significant evidence to show that patients were treated with dignity and respect by staff looking after them and that their overall experience of the care they received during their stay was good.

An action plan to support improvement has been developed and results of the survey have been disseminated to the directorate management teams for them to develop local action plans and focus on specific areas for improvement.

Significant partnerships/alliances to facilitate the delivery of improved patient care

The Young Peoples Group (YPG) provides feedback on hospital services in and around South Tyneside and Sunderland and contributes to decisions about their future. They have been involved in a number of projects including evaluating the website of MATRIX which is a drug and alcohol service for young people in the local area.

The YPG members also worked collaboratively with the Youth Drug and Alcohol Project team (YDAP) which is a Sunderland based service for young people and Sunderland City Council to produce a leaflet for all young people presenting to the Trust with alcohol and drug concerns.

The group is currently producing a video on the health of young people during the COVID-19; the video addresses the physical and mental health issues raised by young people within the local area and provides information to support young people. The YPG makes sure the voices of children and young people are heard throughout the Trust and aims to make a difference to those accessing hospital and health services.

Development of services involving other agencies

At the start of the COVID-19 pandemic the decision was taken to temporarily withdraw the use of volunteers within the organisation. The organisation had to act decisively in order to protect the safety of our volunteers, patients and staff. Hospital radio however has continued to support our patients offering bedside entertainment throughout the pandemic.

During this period, the Trust used the opportunity to review the volunteer service and roles with a view to the introduction of new roles in the future. These will include dining champion volunteers and activity volunteers within the care of the elderly wards. Recruitment of volunteers has now recommenced with a plan for the new volunteers to start in post once restrictions have eased.

Other patient and public involvement activities

The Carers' Passport initiative recognises the stress and vulnerability experienced by those who require carer support as well as their carers. The aim is to provide some comfort and reinforce that we are thinking of families and/or carers' needs as well as the needs of their loved one. The passports are intended to provide practical help for carers whilst they are supporting a family member, partner, friend or neighbour during their hospital stay.

Meetings Held in Public

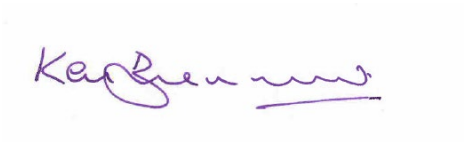
Meetings of the Board of Directors and the Council of Governors are all held in public. As a consequence of the COVID-19 pandemic, all meetings were conducted online. Anyone wishing to observe public meetings were able to do so by contacting the Trust Secretary in order to receive a link to the joining instructions. Details of relevant meetings are advertised through the Trust's website and in key areas within the organisation.

Significant Partnerships

We have continued to work closely with local health economy partners as part of the Central Integrated Care Partnership as well as the wider North East and Cumbria Integrated Care System (more information on this work can be found on pages 23 to 25). We have also continued to work closely with our main local authority partners, Sunderland City Council and South Tyneside Council; Healthwatch groups; and the Carers' Centres to ensure services are accessible and meet the needs of the local population.

The strength of these working relationships has been evident throughout the COVID-19 pandemic when organisations have worked extremely well together to ensure a cohesive, successful and supportive response to the pandemic not only within our local populations of South Tyneside and Sunderland, but across the whole North East and Cumbria region.

Our links with our local universities has also continued and we were delighted to welcome a number of nursing and medical students who joined the Trust as paid staff members towards the end of their studies so they could support the response to the pandemic.



KEN BREMNER
Chief Executive **Date: 17 June 2021**

REMUNERATION REPORT

Annual Statement on Remuneration

The Appointments and Remuneration Committee is a standing committee of the Board of Directors responsible for determining the appointments process, remuneration and other terms and conditions of service for the Chief Executive and Executive Directors as well as other designated directors, taking into account national guidance, performance and benchmarking with peer organisations.

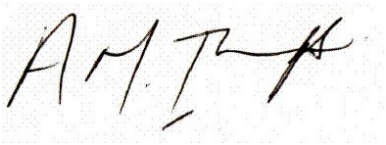
The remuneration report is divided into the following parts:

- Senior Managers' Remuneration Policy; and
- Annual Report on Remuneration

During 2020/21 the Remuneration Committee met and considered the following:

- the performance of the Chief Executive and Executive Directors and potential performance related bonuses linked to achievement of personal objectives;
- national guidance on Very Senior Managers' Pay;
- terms and conditions of the Chief Executive and Executive Directors;
- director succession planning;
- implications of NHS pensions reform and the McCloud judgement; and
- review of Terms of Reference.

The recommendations from the committee were subsequently approved by the remaining Non-Executive Directors and the Chairman.



ALLISON THOMPSON
Vice Chair/Non-Executive Director
(Chair of Appointments and Remuneration Committee)

Senior Managers' Remuneration Policy

The following table sets out the senior managers' remuneration policy of the Trust:

Component	Specific to	Strategic link	Maximum possible	Description
Salary	Directors/Very Senior Managers	To attract and retain suitably qualified individuals to lead and direct the Trust's activities.	Dependent on salary scale; mindful of the need to attract and retain suitable individuals; subject to periodic bench-marking.	Locally determined salary, benchmarked against peers.
Performance bonus	Directors	To attract and retain suitably qualified individuals to lead and direct the Trust's activities.	10% Executive Directors and other designated directors	Potential to attract a performance bonus subject to the achievement of key outcomes and the approval of the Appointments and Remuneration Committee.
Lease car scheme	Directors/Very Senior Managers	To attract and retain suitably qualified individuals to lead and direct the Trust's activities.	Determined by role/ contract	Provision of lease car or cash equivalent, up to the maximum amount determined by role/contract.
Pension	All staff	To attract and retain suitably qualified individuals to lead and direct the Trust's activities.	In line with available pension scheme, ie NHS Pension Scheme and NEST.	Pension schemes with set contribution rates.

In determining the remuneration levels, a range of benchmarking evidence is used including:

- NHS-wide governance, ie Pay and Contractual Arrangements for NHS Chief Executives and directors;
- local comparisons from other Trusts (where information is shared);
- posts advertised; and
- annual remuneration survey undertaken by NHS Providers.

To enable the Trust to recruit and retain staff of the highest calibre, salaries are normally linked to the upper quartile of the benchmarks.

There were two directors whose salaries were above the £150,000 threshold used in the Civil Service. These reflect:

- salaries being competitive compared to peers in similar sized Trusts; and
- a clinical PA and a national clinical excellence award.

The Chief Executive and Executive Directors are on permanent contracts with notice periods ranging from 3-6 months.

Performance of the Chief Executive and the Executive Directors against a defined set of objectives is reviewed at least annually. The performance appraisal of the Chief Executive is undertaken by the Chairman with the performance appraisal of the Executive Directors being undertaken by the Chief Executive.

Remuneration and pension benefits in relation to Board members are detailed in the table on page 77. Accounting policies for pensions and other retirement benefits are set out in Note 1.8 to the accounts. No compensation for loss of office paid or receivable has been made under the terms of an approved Compensation Scheme. This is the only audited part of the remuneration report.

The Chairman agrees objectives with each Non-Executive Director and a formal appraisal is undertaken annually. The Senior Independent Director and the Lead Governor have a role in the assessment and appraisal of the Chairman on an annual basis.

The key components of the remuneration package for the Chief Executive and Directors include:

- salary and fees;
- all taxable benefits; and
- annual performance based bonuses where applicable.

Some terms are specific to individual senior managers, which are assessed on a case by case basis such as:

- lease cars; and
- on-call arrangements.

For the vast majority of staff, salaries are determined in line with the Agenda for Change scheme. Notice periods are standard within the Trust depending on the level of the role:

Agenda for Change Band	Notice Period
Bands 1 – 4	1 month
Bands 5 – 7	2 months
Bands 8+	3 months

Annual Report on Remuneration

The Trust's Appointments and Remuneration Committee is chaired by the Vice Chair of the Trust and details of membership of the committee and attendance at the meetings are identified on page 55.

The Chief Executive is not part of the deliberation in relation to his performance or remuneration but joins the committee after this has taken place to support the discussion in relation to the other directors. The Executive Director of Human Resources and Organisational Development attends in an advisory capacity.

Recommendations of the committee are formally ratified by the remaining Non-Executive Directors and the Chairman of the Trust.

The committee agrees the remuneration, allowances and other terms and conditions of office of the Chief Executive, Executive Directors and other designated directors, ensuring they are fairly rewarded for their individual and collective contribution to the organisation, having proper regard to the organisation's circumstances and performance and to the provisions of any national arrangements or guidance where appropriate.

The Appointments and Remuneration Committee had previously agreed at its meeting in July 2019 that a 2% pay award for the Chief Executive and Executive Directors should be payable for 2020/21. However, subsequent guidance was issued by NHS England/Improvement recommending a consolidated pay increase in 2020/21 of 1.03% for all Very Senior Managers and therefore the Committee at its meeting in November 2020 agreed to adhere to this and amended the decision made in July 2019 and awarded a 1.03% increase in 2020/21. This excluded the Medical Director/those on consultant contracts.

The performance targets and relevant weighting (where applicable), together with actual performance, are identified in the table below and on the following pages. As performance is measured through an annual appraisal following the end of the financial year, the objectives and performance outlined in these tables relate to 2019/20, the Trust's first year following merger.

The Council of Governors decides on the remuneration and terms and conditions of the office of the Non-Executive Directors. Recommendations are made to the Council of Governors by the Governors' Nominations, Appointments and Remuneration Committee which is a sub-committee of the Council of Governors with a specific remit in relation to the appointment and remuneration of the Chair and Non-Executive Directors, as well as the approval of appointment of the Chief Executive. The Council of Governors, in line with best practice and NHSI guidance, will market test the pay levels and other terms and conditions. More information on the Governors' Nominations, Appointments and Remuneration Committee can be found on page 119.

Performance related elements of remuneration were awarded to the Chief Executive and Executive Director of Finance; a maximum of 6 % of salary was set in relation to achievement of the 2019/20 objectives. The performance targets reflect the strategic objectives of the organisation.

Chief Executive

Objectives 2019/20		Weighting %	RAG
CQC Review (comprehensive) - Secure at least a 'Good' rating		40	
Financials	• Meet/exceed agreed control total • Meet/exceed agreed cash plan (statutory accounts/annual report)	15 15	
Corporate	• Deliver agreed GDE (SRH) • Deliver Phase 1 MEDITECH at South Tyneside • Deliver Phase 1 P2E - Paediatrics/Obstetrics & Gynaecology/Stroke	10 10 10	
The Committee agreed to award 6% on the basis of objectives achieved.			

Executive Director of Finance

Objectives 2019/21	Weighting %	RAG
Deliver the PTIP requirement of the merger associated with areas of responsibility.	5	
Manage 2019/20 clinical income contracts to minimise financial and other risks for the Trust.	5	
Prepare for the 2020/21 contracting round, maximising organisational engagement to minimise organisational risk.	10	
Deliver the financial Control Total for the Trust.	25	
Deliver a robust approach to the management of cash to minimise the need for working capital loans in year.	10	
Support Capital Development Steering Group to manage the financial aspects of the capital programme in a volatile financial environment.	5	
Work with colleagues to implement the agreed long term financial recovery plan (FRP) across Sunderland and South Tyneside.	10	
Support the developing ICS / and 'central' ICP.	N/A	
Work with the PMO to ensure delivery of Trust wide CIP requirements.	10	
Deliver a single Board Assurance Framework for the new Trust and ensure improved Committee oversight.	5	
Oversee the Internal Audit Programme and ensure delivery of a 'good' Head of Internal Audit Opinion.	5	
Review the requirements of the National Procurement Strategy and deliver a Procurement Strategy for the Trusts.	5	
Deliver mandatory departmental requirements.	5	
The Committee agreed to award 6% on the basis of objectives achieved.		

Performance related elements of remuneration were awarded to the Executive Medical Director, Executive Director of Nursing, Midwifery and AHPs, Executive Director of Human Resources and Organisational Development and the Executive Director of Planning and Business Development; a maximum of 3.5% of salary was set in relation to achievement of the 2019/20 objectives. The performance targets reflect the strategic objectives of the organisation.

The performance targets and relevant weighting (where applicable) together with actual performance are identified in the following tables:

Executive Director of Nursing, Midwifery and AHPs

Objectives 2019/20	Weighting %	RAG
Ensure the Trust provides safe nurse staffing to deliver safe and effective person centred care.	25	
Improve the quality and safety of patient care.	25	
Prepare the organisation for CQC inspections post-merger.	20	
Maintain and improve safeguarding processes across the Trust	10	
Further develop research and innovation within the Trust and externally via Alliance arrangements.	10	
Lead and manage self and own team in line with Trust Vision, Values and Objectives.	10	
The Committee agreed to award 3.5% on the basis of objectives achieved.		

Executive Medical Director

Objectives 2019/20	Weighting %	RAG
Implement and embed medical workforce assurance with Board reporting.	10	
Provide Medical Revalidation.	10	
Reduce unnecessary harm by enhancing clinical governance.	20	
Reduce unnecessary harm by reducing HCAIs and avoidable VTE disease.	10	
Improve quality of medical training.	10	
Ensure safe, sustainable and cost effective acute care.	10	
Increase effectiveness and efficiency of Medical Directorate.	10	
Appraisal and mandatory training compliance for assurance.	5	
Implement Phase 1 Path to Excellence and prepare Phase 2 Pre-Consultation Business Case	5	
Deliver the assurance programme.	5	
Support cultural integration of all teams in STSFT.	5	
The Committee agreed to award 3.5% on the basis of objectives achieved.		

Executive Director of Human Resources and Organisational Development

Objectives 2019/20	Weighting %	RAG
Implement new Appraisal Policy for non-medical staff.	10	
Further develop Leadership and Talent Management Strategy.	25	
Support Medical Director and Director of Nursing to improve recruitment and retention of the medical and nursing workforces.	10	
Maintain our status as 'Gold' Award Holder under the Employer's Recognition Scheme.	10	
Raise the profile of Trust Commitment to Equality, Diversity and Human Rights.	25	
Secure Trade union partnership agreement.	5	
Deliver flu vaccine programme.	10	
Deliver mandatory corporate targets for the HR&OD directorate	5	
The Committee agreed to award 3.5% on the basis of objectives achieved.		

Executive Director of Planning and Business Development

Objectives 2019/20	Weighting %	RAG
Achievement against the £19m NHSI CRP target.	20	
Achievement against the additional £2m stretch CRP.	10	
Introduce a more robust approach to planning – including capacity and demand.	15	
All aspects of annual planning requirements (organisation, ICP) to be submitted on time, where possible aligned to LHE/ICP and commissioners and accepted by NHSI.	5	
As Chair of CDSG ensure the Trust's capital programme is managed within budget.	5	
Ensure the Trust has robust plans in place in relation to EU Exit (particularly for a 'no deal' scenario).	15	
Help shape the ATBA so it delivers on LHE FRP.	10	
Support the clinical lead on the LHE prevention work stream.	5	
Merger evaluation in line with FBC.	5	
Secure UTC contract for STSFT.	5	
Through 'specialist and elective' work stream deliver on Trust commitment to bring 'care closer to home', with a particular focus on services in STDH.	5	
The Committee agreed to award 3.5% on the basis of objectives achieved.		

Salary and Pension Entitlements of Senior Managers – 2020/21 (AUDITED)

	Salary (bands of £5000)	Expense payments (taxable)* (nearest £100)	Performance pay and bonuses (bands of £5000)	Long-term Performance pay and bonuses (bands of £5000)	All pension-related benefits** (bands of £2,500)	Total Remuneration (bands of £5,000) £000
	£000	£000	£000	£000	£000	£000
K W BREMNER Chief Executive	265-270	13.2	10-15	0	0	290-295
S WAHID*** Executive Medical Director	180-185	7.0	0-5	0	55-57.5	250-255
J PATTISON Executive Director of Finance	145-150	7.0	5-10	0	0	165-170
P SUTTON Executive Director of Planning & Business Development	145-150	7.0	5-10	0	32.5-35	190-195
K GRIFFIN Executive Director of Human Resources & Organisational Development	145-150	7.0	5-10	0	30-32.5	185-190
M JOHNSON Executive Director of Nursing, Midwifery & Allied Health Professionals	150-155	7.0	5-10	0	0	165-170
J N ANDERSON Chairman	55-60	0	0	0	0	55-60
A M THOMPSON Vice Chair	20-25	0	0	0	0	20-25
S HINDMARSH Non-Executive Director	15-20	0	0	0	0	15-20
P MCELDON Non-Executive Director	15-20	0	0	0	0	15-20
D BARNES Non-Executive Director/Senior Independent Director	15-20	0	0	0	0	15-20
A CLARKE Non-Executive Director	15-20	0	0	0	0	15-20
N E L COLE Non-Executive Director	15-20	0	0	0	0	15-20
D CARRICK-SEN Non-Executive Director (From 05 10 20)	5-10	0	0	0	0	5-10
C GRAY Non-Executive Medical Advisor – non-voting (From 01 02 21)	0-5	0	0	0	0	0-5
M LAKER Non-Executive Medical Advisor - non-voting (Left 30 09 20)	0-5	0	0	0	0	0-5

* All benefits in kind relate to either lease cars provided under the Trust's Lease Car Scheme or car allowances.

** Pension related benefits represent the annual increase in pension entitlement determined in accordance with the 'HMRC method', they do not represent payments made to senior managers in the year. The annual increase will vary from manager to manager depending upon the number of years accrued pension they have, any pensionable pay increases received in the year and the rate of inflation. Where there is a decrease in the benefits in the year this is recorded as "Nil" in the table above. In accordance with guidance received from NHS Pensions the inflation figures used over the two years were 1.7% (2020/21) and 2.4% (2019/20).

*** Remuneration details for Dr S Wahid, Medical Director includes payment for clinical work between £10k-£15k per annum.

Salary and Pension Entitlements of Senior Managers – 2019/20 (AUDITED)

	Salary (bands of £5000)	Expense payments (taxable)* (nearest £100)	Performance pay and bonuses (bands of £5000)	Long-term Performance pay and bonuses (bands of £5000)	All pension-related benefits** (bands of £2,500)	Total Remuneration (bands of £5,000)
	£000	£000	£000	£000	£000	£000
K W BREMNER Chief Executive	260-265	13.2	25-30	0	0	295-300
S WAHID*** Executive Medical Director	175-180	7.0	0-5	0	32.5-35	220-225
J PATTISON Executive Director of Finance	160-165	7.0	15-20	0	0	185-190
P SUTTON Executive Director of Planning & Business Development	145-150	7.0	5-10	0	60-62.5	220-225
K GRIFFIN Executive Director of Human Resources & Organisational Development	140-145	7.0	5-10	0	62.5-65	215-220
M JOHNSON Executive Director of Nursing, Midwifery & Allied Health Professionals	130-135	7.0	5-10	0	0	140-145
J N ANDERSON Chairman	60-65	0	0	0	0	60-65
A M THOMPSON Vice Chair	20-25	0	0	0	0	20-25
S HINDMARSH Non-Executive Director	15-20	0	0	0	0	15-20
P MCELDON Non-Executive Director	15-20	0	0	0	0	15-20
D BARNES Non-Executive Director/ Senior Independent Director	15-20	0	0	0	0	15-20
A CLARKE Non-Executive Director	15-20	0	0	0	0	15-20
N E L COLE Non-Executive Director	15-20	0	0	0	0	15-20
M LAKER Non-Executive Medical Advisor (non-voting)	10-15	0	0	0	0	10-15

* All benefits in kind relate to either lease cars provided under the Trust's Lease Car Scheme or car allowances.

** Pension related benefits represent the annual increase in pension entitlement determined in accordance with the 'HMRC method', they do not represent payments made to senior managers in the year. The annual increase will vary from manager to manager depending upon the number of years accrued pension they have, any pensionable pay increases received in the year and the rate of inflation. Where there is a decrease in the benefits in the year this is recorded as "Nil" in the table above. In accordance with guidance received from NHS Pensions the inflation figures used over the two years were 2.4% (2019/20) and 3% (2018/19).

*** Remuneration details for Dr S Wahid, Medical Director includes payment for clinical work between £10k-£15k per annum.

Pension Entitlements of Senior Managers – 2020/21 (Audited)

	Real increase in pension at pension age (bands of £2500)	Real increase in pension lump sum at pension age (bands of £2500)	Total accrued pension at pension age at 31 March 2021 (bands of £5000)	Lump sum at pension age related to accrued pension as at 31 March 2021 (bands of £5000)	Cash equivalent transfer value at 1 April 2020 (nearest £1000)	Real increase in cash equivalent transfer Value (nearest £1000)	Cash equivalent transfer value at 31 March 2021 (nearest £1000)	Employer's contribution to stakeholder pension
	£000	£000	£000	£000	£000	£000	£000	£000
KW BREMNER Chief Executive	0	87.5-88.0	85-90	370-375	2,319	0	0	0
S WAHID Executive Medical Director	2.5-5.0	2.5-5.0	50-55	105-110	825	50	910	0
J PATTISON Executive Director of Finance	0	0	0	0	0	0	0	0
P SUTTON Executive Director of Planning & Business Development	2.5-5.0	0	45-50	100-105	723	26	781	0
K GRIFFIN Executive Director of Human Resources & Organisational Development	2.5-5.0	0	50-55	115-120	1,020	36	1,095	0
M JOHNSON Executive Director of Nursing, Midwifery & Allied Health Professionals	0	0	0	0	0	0	0	0

As Non-Executive Director members do not receive pensionable remuneration, there are no entries in respect of pensions for Non-Executive Director members.

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

Real Increase in CETV - This reflects the increase in 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.

The following information is not disclosed in the table above as the Trust has been unable to obtain the relevant data from the NHS Pensions Agency:

- Cash Equivalent Transfer Value at 31 March 2021 for KW Bremner, Chief Executive (KW Bremner left the scheme in February 2021)
- Total accrued pension, lump sum at pension age and cash equivalent transfer value for J Pattison, Executive Director of Finance at 31 March 2021 and 31 March 2020 (J Pattison left the scheme in 2018)
- Employers contribution to stakeholder pension scheme for M Johnson, Executive Director of Nursing, Midwifery & Allied Health Professionals (M Johnson left the scheme in October 2019)

This is because the Trust has been informed by the NHS Pension Agency that the information cannot be provided for members who are no longer paying contributions.

Fair Pay Multiple (Audited)

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 South Tyneside and Sunderland NHS Foundation Trust in the financial year 2020/21 was £290-295k (in 2019/20 this was £295-300k). This was 9.55 times (9.88 times in 2019/20) the median remuneration of the workforce, which was £30,615 in 2020/21 (2019/20 £30,114).

	2019/20	2020/21
Band of highest paid director's total remuneration (£'000)	295-300	290-295
Median total remuneration (£)	30,114	30,615
Ratio	9.88	9.55

In 2020/21, zero employees received remuneration in excess of the highest paid director. Remuneration ranged from £10k-£295k

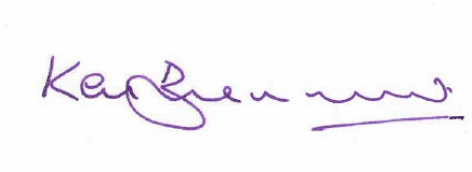
Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

The main reason for a change in the ratio, a decrease of 0.33, is that the salary of the highest paid director has decreased whilst the median remuneration has marginally increased.

Directors' and Governors' Expenses

	Headcount	Number receiving expenses	£
Executive and Non-Executive Directors	16	4	775
Governors	26	1	34

Expenses claimed include mileage and parking fees where they have been booked and paid for personally by the director or governor.



KEN BREMNER
Chief Executive

Date: 17 June 2021

STAFFING REPORT (AUDITED)

Workforce Numbers and Staffing Costs

The table below shows an analysis of staff costs at the end of March 2021. The workforce numbers identified within the staff groups are average staff numbers and these include those members of staff not directly employed by the organisation, such as junior doctors employed by the Lead Employer Trust and bank/agency staff.

GROUP*						
	FULL TIME EQUIVALENT (FTE)			Cost (£000s)		
Staff Group	Fixed Term/Temp	Permanent	Total	Fixed Term/Temp	Permanent	Total
Medical and Dental[1]	337	577	914	34,264	80,430	**114,695**
Administration and Estates	26	2,189	2,215	2,207	81,147	**83,354**
Healthcare Assistants and other support staff	138	1,375	1,513	5,208	39,446	**44,654**
Nursing, Midwifery and health visiting staff	153	2,697	2,850	7,842	128,820	**136,663**
Scientific, therapeutic and technical staff[2]	16	994	1,010	1,252	48,450	**49,702**
Total	**670**	**7,832**	**8,502**	**50,774**	**378,294**	**429,068**
FOUNDATION TRUST						
	FTE			Cost (£000s)		
Staff Group	Fixed Term/Temp	Permanent	Total	Fixed Term/Temp	Permanent	Total
Medical and Dental[1]	337	577	914	34,264	80,430	**114,695**
Administration and Estates	26	1,651	1,677	980	64,196	**65,176**
Healthcare Assistants and other support staff[2]	124	1,340	1,464	4,773	38,590	**43,363**
Nursing, Midwifery and health visiting staff	153	2,685	2,838	7,814	128,475	**136,289**
Scientific, therapeutic and technical staff[2]	16	976	992	1,252	47,999	**49,251**
Total	**656**	**7,229**	**7,885**	**49,084**	**359,689**	**408,773**

* Group includes City Hospitals Sunderland Commercial Enterprises Ltd (CHoICE Ltd), South Tyneside Integrated Care Ltd and South Tyneside and Sunderland NHS Foundation Trust.
[1] Includes junior doctors employed by the Lead Employer Trust (LET).
Costs are broken down in to salaries and wages, social security costs and pension costs within note 5 of the accounts.

Workforce Analysis

Further analysis of our workforce can be found in tables on the following pages. These tables use staff group categories as defined by the NHS Digital Occupational Code Manual and are an analysis of average staff numbers for 2020/21. The number of staff differs from those in the table above as the following tables show the number of staff who are employed directly by the organisation. The tables provide a breakdown of staff by gender as well as those employed on a permanent basis by the organisation. The Trust's staff turnover rate for the period was 11.04%; more information in relation to turnover can be found on the NHS Digital website.
(https://digital.nhs.uk/data-and-information/publications/statistical/nhs-workforce-statistics)

GROUP			
Staff Group	Female	Male	Total
Additional Professional Scientific and Technical	302.00	99.67	401.68
Additional Clinical Services	1277.31	175.87	1453.18
Administrative and Clerical	1163.72	270.43	1434.15
Allied Health Professionals	387.80	89.46	477.26
Estates and Ancillary	361.19	336.42	697.61
Healthcare Scientists	49.33	36.33	85.66
Medical and Dental	193.72	373.09	566.81
Nursing and Midwifery Registered	2549.77	233.05	2782.82
Students	32.60	3.00	35.60
Total (FTE)	**6317.45**	**1617.33**	**7934.78**
FOUNDATION TRUST			
Staff Group	Female	Male	Total
Additional Professional Scientific and Technical	355.94	43.73	399.68
Additional Clinical Services	1318.14	78.10	1396.24
Administrative and Clerical	1283.79	66.50	1350.29
Allied Health Professionals	469.97	7.29	477.26
Estates and Ancillary	269.88	6.40	276.28
Healthcare Scientists	76.66	3.00	79.66
Medical and Dental	399.61	167.20	566.81
Nursing and Midwifery Registered	2647.53	125.49	2773.02
Students	12.00	23.60	35.60
Total (FTE)	**6833.53**	**521.32**	**7354.85**

GROUP			
Staff Group	Female	Male	Total
Director*	5.13	6.00	11.13
Senior Manager	204.22	73.28	280.13
Employees	6108.10	1538.05	7643.52
Total (FTE)	**6317.45**	**1617.33**	**7934.78**
FOUNDATION TRUST			
Staff Group	Female	Male	Total
Director*	5.13	6.00	11.13
Senior Manager	204.22	73.28	280.13
Employees	5,783.36	1,282.86	7,063.58
Total (FTE)	**5,992.71**	**1,362.14**	**7,354.85**

*Executive Team Directors (both Executive Directors and Directors – excluding Non-Executive Directors)

GROUP			
Staff Group	Permanent	Other	Total
Additional Professional Scientific and Technical	357.94	43.73	401.68
Additional Clinical Services	1374.33	78.85	1453.18
Administrative and Clerical	1360.17	73.98	1434.15
Allied Health Professionals	469.97	7.29	477.26
Estates and Ancillary	678.59	19.03	697.61
Healthcare Scientists	82.66	3.00	85.66
Medical and Dental	399.61	167.20	566.81
Nursing and Midwifery Registered	2657.33	125.49	2782.82
Students	12.00	23.60	35.60
Total (FTE)	**7392.61**	**542.17**	**7934.78**
FOUNDATION TRUST			
Staff Group	Permanent	Other	Total
Additional Professional Scientific and Technical	355.94	43.73	399.68
Additional Clinical Services	1318.14	78.10	1396.24
Administrative and Clerical	1283.79	66.50	1350.29
Allied Health Professionals	469.97	7.29	477.26
Estates and Ancillary	269.88	6.40	276.28
Healthcare Scientists	76.66	3.00	79.66
Medical and Dental	399.61	167.20	566.81
Nursing and Midwifery Registered	2647.53	125.49	2773.02
Students	12.00	23.60	35.60
Total (FTE)	**6833.53**	**521.32**	**7354.85**

Sickness Absence Data

The Trust routinely monitors sickness absence data at Executive Committee, Workforce Committee and the Board of Directors and it is also monitored at division/department level. The sickness absence rate for the period 1 April 2020 to 31 March 2021 was 5.19%. Further data relating to the Trust's sickness absence can be found on the NHS Digital website at https://digital.nhs.uk/data-and-information/publications/statistical/nhs-sickness-absence-rates

The Role of the Trust as a Local Employer

South Tyneside and Sunderland NHS Foundation Trust offers excellent employment opportunities to new and existing staff. We aim to be a model employer and are constantly working hard to further develop links with local strategic partners, educational and voluntary organisations across South Tyneside, Sunderland and surrounding areas as well as looking for ways to engage with communities and improve the working lives of our staff. We pride ourselves on offering good working conditions, job security, lifelong learning, fair pay, an excellent range of benefits, staff involvement and a balance between work and personal life.

Staff Engagement and Involvement

Staff engagement remains absolutely critical for the organisation and this has been demonstrated over the year by the utilisation of virtual mechanisms to enable positive staff engagement to continue and flourish.

The Trust's vision and values recognise that meaningful, two way dialogue with staff at all levels in the organisation is key to ensuring that we deliver the highest quality of care for patients and improve the work experience for all of our staff.

By engaging and communicating clearly and regularly with staff, the Trust aims to maintain and improve staff morale, especially during periods of change. Engagement happens when our staff feel their work is meaningful and valued and when they are engaged in activities that support a common purpose, one which demonstrates care and quality for patients and colleagues alike.

Engagement is done in a number of ways, including involving staff in decision making, giving staff freedom to voice ideas and encouraging them to perform well through regular feedback, all culminating in an annual appraisal which supports their personal and professional development.

The NHS Staff Survey provides an opportunity for us to survey staff in a consistent and systematic way, making it possible to build up a picture of staff experience and to compare and monitor change over time. Feedback from our staff is a vital part of staff engagement and is crucial in being able to improve their experience so in turn they are able to provide improved patient care. More detail regarding the findings of the 2019 Staff Survey can be found on pages 95 to 97.

We know the importance of staff being kept informed and involved in the developments at the Trust. We are committed to engaging will all staff to achieve a common awareness of issues and matters affecting the organisation and involving employees in decision making where appropriate.

We have a new trade union recognition agreement with a wide range of organisations including the Royal College of Nursing, British Medical Association, UNISON and Unite with mechanisms for consultation and negotiation with trade union representatives through regular Joint Partnership Forum (JPF) meetings.

During 2020/21, the JPF was involved in regular discussions regarding a number of key human resource policies and workforce initiatives. During the COVID-19 pandemic, members of the Trust's senior leadership team met every two weeks with JPF officials to consult and inform on the changing workforce landscape as a direct result of the pandemic.

Formal mechanisms to ensure staff are informed and involved include:

- new starter induction;
- subject specific newsletters and weekly communication bulletin circulated via email as well as being published on the Trust's intranet;
- a communication bulletin relating to all matters COVID-19 circulated via email and published on the Trust's intranet. The frequency of this communication varied throughout the pandemic, initially (in April 2020) being circulated between three and five times a week but then decreasing in frequency as the Trust established systems and processes in relation to managing COVID-19 and as the patient numbers decreased;

- a weekly video update from members of the Executive Management Team informing and updating staff on key issues relating to COVID-19 and recovery;
- regularly updated intranet and internet sites, providing information on a range of subjects including Trust policies, procedures and guidelines and giving staff the latest news on key Trust issues, local directorate/departmental news and the wider NHS news;
- monthly team briefing following Executive Committee meetings to cascade key strategic messages including regular updates on finance, performance and quality issues across the Trust but more importantly to encourage feedback;
- the Chief Executive held a number of regular forums, virtually, with senior medical staff, senior managers, key nursing staff and allied health professional staff;
- Facebook live events with the Chief Executive available for all staff to join;
- Facebook live events with the Medical Director and the Path to Excellence Programme Manager to outline the restart of the Path to Excellence Programme;
- clinicians contributing to policy and clinical practice guidelines by actively engaging in various national and local clinical networks across a range of specialities; and
- the development of a number of staff networks (BAME, LGBT+ and Positive Health).

Equality, Diversity and Inclusion

Everyday inclusion remains a top priority for the Trust and inclusion has been brought to the forefront nationally and locally given the impact of COVID-19 on some of our diverse communities. We are working with staff, service users, carers and partner organisations to realise a vision for personal, fair and diverse health and care services, where everyone is included and our Trust values are brought to life. We have continued to make further progress towards making our services and employment practices more inclusive over the last 12 months. Our inclusion journey aims to offer protection to those protected characteristics outlined in the Equality Act 2010, namely age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; and sexual orientation.

Some examples include:

- reviewing and refining our equality objectives;
- building our Equality, Diversity and Inclusion Team;
- developing our three staff networks;
- trained all staff on equalities issues through mandatory training;
- established meaningful relationships internally and externally for the benefit of staff and patients;
- raised awareness of inclusion dates and activities;
- promoted NHS rainbow badges; and
- supported our workforce throughout the pandemic.

Equality Objectives

The Trust's equality objectives for 2019-2022 distinguish between those related to corporate, staff and patients during the 3-year period and the objectives are noted below.

Equality Objective 1 – To improve services for patients who have access and communication needs by ensuring processes are in place to provide information in a variety of formats that meet the needs of patients and/or carer, in particular those with a disability, impairment or sensory loss.

Equality Objective 2 – To improve the development offer to staff in relation to equality, diversity and inclusion.

Equality Objective 3 – Ensure that the Trust Senior Management Team actively leads and promotes equality, diversity and inclusion through role modelling of behaviours and empowering all staff to challenge bad behaviours at all levels.

Equality Objective 4 – To improve staff engagement and satisfaction rates using the staff survey and other data sources available to us.

Equality Objective 5 – Increase diversity across our workforce including at Executive Committee and Board level.

We review our objectives on a regular basis, revising them where necessary or updating actions required for effective implementation. The fifth equality objective was implemented following a review of our workforce ethnicity data in 2020 which identified areas of further development in relation to the diversity of our workforce. The Executive team is committed to improving diversity across the workforce and the commitment is demonstrated within the equality objectives.

Equality, Diversity and Inclusion Team

The Trust has committed to inclusion through the development of the Equality, Diversity and Inclusion (EDI) team which sits under the Director of Human Resources and Organisational Development. Colleagues across the organisation are able to contact the EDI team directly if they have any concerns and the team gives assurance to the Board based on the following frameworks:

- The Equality Act 2010;
- Human Rights Act;
- Workforce Race Equality Standard;
- Gender Pay Gap;
- Accessible Information Standards;
- Equality Delivery System 2 (EDS2);
- Sexual Orientation Monitoring Standards;
- Disability Confident Standards;
- Workforce Disability Equality Standard; and
- NHS People Plan

Equality, Diversity and Inclusion Group

The EDI Group continues to provide proactive support, evidence-based feedback and guidance. The group reports progress and assurance on equality, diversity and inclusion to the Board via the Workforce Committee and Patient, Carer, Public Experience Committee. The group receives updates from the staff network chairs and the LGBT+ network chair delivered an allyship session to the group.

Training

The Trust is in the process of developing HR skills training which will include recruitment and selection advice to increase fairness and equality in recruitment; unconscious bias training; inclusion and cultural awareness; and guidance to staff on how to ensure their experience, skills and knowledge are captured on job applications to maximise the potential for success at the short-listing stage. All reasonable steps should be made to maintain confidentiality in managing staff particularly in relation to protected characteristic including trans, disability etc and training and support will be given to managers.

The Trust is committed to supporting staff with disabilities and raising awareness amongst all employees of the moral, social and legal obligations to make reasonable adjustments for disabled employees in accordance with employment legislation.

We routinely provide equality, diversity and human rights training which is mandatory for all our staff with enhanced training being available as appropriate to individual roles.

Recruitment and Retention

The Trust is committed to addressing workforce inequality to create the opportunity for fairness for all. We are also committed to supporting all staff and recognise that staff with disabilities (temporary or permanent), or those who may be developing a disability, may require additional support to enable them to remain in the workplace.

The Trust is a Disability Confident employer and has made a commitment to not only abide by the essential actions, but wherever operationally possible, to go beyond any statutory legal requirement to support staff who develop a disability to stay in the workplace. As a Disability Confident Employer, the Trust is committed to:

- provide a reasonable level of support/assistance and adjustment wherever necessary to help people get the most out of their time as an employee;
- actively look to attract, recruit and retain disabled people;
- provide a fully inclusive and accessible recruitment process;
- offer an interview to all disabled people who meet the minimum criteria for the role which they are applying;
- demonstrate flexibility when assessing applicants so disabled people have the best opportunity to demonstrate they can do the job for which they have applied;
- demonstrate inclusive and accessible recruitment;
- communicating vacancies;
- offering an interview to disabled people;
- providing reasonable adjustments; and
- supporting existing employees.

We continue to promote the Disability Confident status and share useful resources for staff. Disability Confident status is awarded to 2022 and as part of our aspirations will look to develop to Leader status.

As an NHS employer of choice, and as good practice, the Trust will make reasonable adjustments for any staff that have a disability as defined by the Equality Act 2010.

The Trust promotes the Access to Work government scheme which supports workplace adjustments for disabled staff so they can fulfil their role. All recruitment information includes the 'two tick' symbol to ensure all prospective employees are aware of the support that is available for the recruitment process and as an employee. When applying for a job within the organisation, applicants will be asked if they have a disability. This part of the application form is confidential and is not shared with the recruiting manager. If an applicant declares a disability and meets the person specification for a job they will be guaranteed an interview. We encourage applicants to disclose any disabilities so we can provide the best possible support for their application.

In the next year, a focus will also be placed on improving outcomes for staff with a protected characteristic wishing to develop or train, building on the work identified within the Workforce Race Equality Standard (WRES) report and action plan. We will also look to undertake work to secure Disability Confident Leader status.

LGBT+ Training

Following requests from staff for information and guidance on how they can support LGBT+ patients, the Trust secured attendance for some staff to attend LGBT+ basic awareness training. This training proved to be successful and Trust is committed to rolling out further sessions.

Multicultural Issues in Medicine

A session on multicultural issues in medicine was held in December 2020 where Phillipa Poole, EDI Lead and Remi Omole, Chaplain, were invited to speak on the influence of cultural background on patient needs and expectations and the range of biological, psychological and social factors that can influence presentation and management in patients.

Board and Governor Race Equality Sessions

In October 2020 a Board Development Session was held with a focus on inclusion and race equality. The Board heard from Ngozi Lyn Cole, a fellow Non-Executive Director and the Board's equality champion, who talked about her personal experiences of racism but also her hopes for the future and the need for allyship.

An incident report from a racial investigation where a member of staff was threatened in a racially motivated incident was also shared with the Board and they discussed the impact on that individual but also the wider team and the need to reinforce the messages to staff to report and challenge unacceptable behaviour. Finally, the Board heard from Nick Flanagan, LGBT+ Staff Network Chair, and Dr Saeed Ahmed, BAME Staff Network Chair.

A separate development session was held for governors with a focus on inclusion and race equality. The governors were able to hear Medical Director, Shaz Wahid's blog, 'Collecting White Feathers', which had been made available to staff on the Trust's intranet. The blog detailed pinnacle moments in Dr Wahid's life when faced with racism and discrimination. The blog encouraged all to challenge discrimination and to challenge incivility.

NHS Employers Partners Programme

In 2020 the Trust was accepted onto the NHS Employers Partners Programme. The programme in 2020/21 saw the Trust, along with 63 other organisations, build upon work that had already taken place to shape a more inclusive work culture. The programme is closely aligned to the Equality Delivery System (EDS2), NHS Long Term Plan and Interim People Plan.

NHS Employers
DIVERSITY AND INCLUSION PARTNERS

Civility

Throughout 2020/21 the Trust promoted and worked on a civility implementation project. Civility is about promoting a culture of being respectful, kind and compassionate especially in challenging times. This work will be further developed in 2021/2022.

Staff Networks

Three staff network groups were successfully developed in 2020/21 along with a dedicated intranet page holding numerous resources for staff to access.

Each network group continues to develop membership and build momentum. Members of the Board and Executive team are highly visible in their support for the staff networks and have attended network meetings.

Black, Asian and Minority Ethnic (BAME) Staff Network

Six BAME staff network group meetings were held in 2020/21. In addition a peer support group is being developed to run alongside the network group for staff to share individual experiences and receive support and signposting advice from staff who may have similar concerns with regards to race, discrimination etc. The group has established a broadcast WhatsApp group to keep in touch and share information, best practice and informal conversations/networking. The Chair of the BAME Staff Network participated in regional and national BAME meetings with the Head of People Team at NHS England.

Lesbian, Gay, Bisexual and Trans Plus (LGBT+) Staff Network Group

The LGBT+ Staff network group met four times in 2020/21. The group values and celebrates diversity with passion and plays an important role in training and development for staff to enable conversations about gender, sexual orientation and hate crimes. The network is developing a support pack for new members who wish to join and be signposted to services. The group has also established a WhatsApp group to keep in touch and share information, best practice and informal conversations/networking.

Positive Health Staff Network

The Positive Health staff network met four times in 2020/21. It remains committed to the employment and career development of people with disabilities, working towards Disability Confident Leader status. The Positive Health network will play a crucial role in this work and help make improvements across the Trust in terms of access, reasonable adjustments and training. The EDI Team continues to raise awareness with staff via communications to promote the group and to encourage staff to attend.

Supporting Our BAME Workforce

There was clear evidence that COVID-19 does not affect all population groups equally and in particular ethnicity appears to impact on risks and outcomes. Therefore as an organisation, we recognised that it was important to offer support and guidance to our BAME workforce.

The Trust contacted all staff whose ethnicity was recorded on ESR to encourage them to undertake a risk assessment of their role with their line manager or to contact the Occupational Health team. The Medical Director attended the BAME staff network sessions to provide the most up to date information to staff on COVID-19, to hear concerns and to offer regular updates about the vaccine roll out. Members of the BAME staff network also shared their positive experiences of receiving vaccines via social media and the Trust's EDI champion, Ngozi Lyn Cole, shared her experience via a video message; she was very keen to reassure everyone about the safety of the vaccine and to encourage colleagues to take up the offer of vaccination

The Trust supported 10 new overseas nurses to be registered with primary care services and supported those new members of staff in being vaccinated by giving reassurance and information to allay any fears they may have had.

The Trust will ensure that lessons learned and best practice that has been developed in response to COVID-19; will be reflected within inclusion reports and action plans.

NHS Rainbow Badges

Since the relaunch of the NHS Rainbow badges at the Inclusion Conference in February 2020 further pledges have been made by Trust staff and 2000 pledges have now been made. We continue to use Trust communications and social media to raise awareness of the importance of inclusion and in September 2020 we published our celebration video on social media which showcased some of the fantastic pledges staff have made. To ensure the pledges made by individual staff members were intrinsic to our Trust's values and vision, the pledge template incorporates our behavioural compact. In 2020, the CQC positively noted the Rainbow Badge Pledges within their comprehensive inspection report.

Pride

Sunderland Pride and Northern Pride 2020 were cancelled due to the COVID-19 pandemic however the Trust took part in online celebrations.

To celebrate #nhsvirtualpride in June 2020, STSFT teams were asked to share photos of themselves dressed up from Pride parades gone by or share a picture of the team celebrating Pride this year (in line with social distance and COVID-19 guidance). These images were shared on the Trust's social media channels and within Trust communications.

Workforce Race Equality Standard (WRES)

The Trust submitted the report and monitoring form to NHS England/Improvement for the WRES by the required deadline of 31 August 2020 and the action plan was approved by the Board of Directors in September 2020. The action plan is published on the Trust's website (https://www.stsft.nhs.uk/about-us/equality-diversity-and-inclusion). The 2020 WRES Report is based on the results the 2019 Staff Survey and ESR data from 1 April 2019 to 31 March 2020. Findings include:

- 8,367 members of staff were employed during the period covered by the WRES Report;
- 10.4% of staff declared they were from a BAME background (the average percentage across the South Tyneside and Sunderland population is 4.35 % based on 2011 census data);
- 5.2% of staff had not declared their ethnicity in ESR; and
- 84.4% of staff declared they were from a White background.

Workforce Disability Equality Standard (WDES)

The Trust submitted its report and monitoring form to NHS England/Improvement and the action plan was approved at Board in September 2020. The action plan is published on the Trust's website (https://www.stsft.nhs.uk/about-us/equality-diversity-and-inclusion).

The 2020 WDES Report is based on the results the 2019 Staff Survey and ESR data from 1 April 2019 to 31 March 2020. ESR data shows that:

- 8,367 members of staff were employed during the period covered by the WDES Report;
- 2% of our workforce (147) have declared themselves as disabled (the average percentage across the South Tyneside and Sunderland population is 23.35 % based on 2011 census data);
- 47% (3967) of the workforce have not declared their disability status;
- a figure below 1.00 indicates that disabled staff are more likely than non-disabled staff to be appointed from shortlisting. At STSFT, non-disabled candidates are 1.04 times more likely than disabled staff to be appointed from shortlisting;
- the relative likelihood of disabled staff compared to non-disabled staff entering the formal capability process as measured by entry into the formal capability procedure is 1.46. A figure above 1.00 indicates that disabled staff are more likely than non-disabled staff to enter the formal capability process; and
- the Board of Directors does not have any members who are disabled.

Trust Policies

As an organisation, we are committed to promoting human rights and providing equality of opportunity not only in our employment practices but also in the way we provide and deliver services. To ensure that this commitment is put into practice we adopt positive measures which will seek to remove barriers to equal opportunity and eliminate unfair and unlawful direct and indirect discrimination. All policies within the Trust are subject to an Equality Impact Assessment which ensures that as an organisation we give due regard and consideration of the effects that our policies will have on people who share a protected characteristic. Work is underway to review the assessment template and to look at a collaborative approach assessing health inequalities. In 2020/21 the following policies supported the Trust's strategic inclusion plans:

Attendance Management Policy – This policy was updated and implemented in 2020/21 and takes a work-focussed approach to help minimise the impact of ill health on an employee's attendance. Being ill or injured does not always prevent an employee from getting to, or undertaking some, work. A work-focused approach involves early intervention to enable any help and support to be identified and greater emphasis on the manager and employee working together to remove barriers to work.

The principles underpinning this policy are:

- attendance will be managed fairly and effectively in a clear and transparent way – generally, being in work is good for physical and mental health and wellbeing;
- the Trust is committed to promoting a culture where employees feel valued, supported and committed to the Trust and their colleagues;
- the authenticity of absence due to health reasons will not be questioned rather the level of attendance at work which are deemed unsatisfactory;

- attendance discussions will focus on what the employee can do rather than what they cannot, enabling them wherever possible to remain at work instead of taking sickness absence;
- adjustments to an employee's role, temporary alternative duties or permanent redeployment will be considered where possible;
- dismissal on the grounds of unsatisfactory attendance or ill health will only be considered as a last resort in accordance with this policy; and
- managers should adopt a flexible and proactive approach, that supports disabled employees who need to take leave for reasons relating to their disability.

Bullying and Harassment (Dignity And Respect At Work) Policy – This policy supports the Trust's values and behaviour compact. It seeks to enable people to recognise and challenge inappropriate behaviour and promotes a range of support that is intended to enable concerns be addressed effectively and without fear of victimisation. All complaints of inappropriate behaviour will be taken seriously and handled promptly, sensitively and confidentially. The Trust will not tolerate acts of discrimination, harassment, bullying or victimisation.

The policy applies to all staff, and also volunteers, contractors, agency workers, all students and individuals employed by other/external organisations, working on and off Trust premises and engaged to work in the Trust. This policy also applies to work related social events and its purpose is to:

- provide guidance to all staff about their responsibilities towards each other in the workplace and therefore aims to prevent bullying and harassment occurring;
- provide guidance to managers about their responsibility to provide a safe and healthy working environment, free from discrimination and victimisation;
- provide a process of challenging unacceptable behaviour through an informal and formal resolution procedure, timely, sensitively and confidentially; and
- promote fair treatment and good working relationships and therefore be able to provide the best care to patients through improved team working and staff morale.

Future Plans

The EDI team will continue to work with our Organisational Development team to ensure equality, diversity and inclusion is included as part of staff/manager health and wellbeing conversations and support is given to our workforce to broaden the learning and development opportunities in relation to cultural awareness, practical skills training for staff. In addition, the Trust is considering becoming a Stonewall Champion and also a member of the Employer's Network for Equality and Inclusion in 2021/2022.

Occupational Health

The Occupational Health and Wellbeing Team continued to provide essential services to staff including pre-employment screening and immunisations to advice on sickness absence throughout 2020/21.

The team became an integral part of the Trust's response to the COVID-19 pandemic. It quickly put into place a 24 hour, seven day a week COVID advice telephone line for staff to use if they had symptoms of COVID-19 or where they could register a health condition in relation to shielding/protected status. Colleagues from other areas of the organisation were redeployed to help support the provision of this advice line. As the pandemic continued the

function of the advice line expanded to include arranging the testing of staff and their household members as well as subsequently relaying results of those tests. The team also provided risk assessments for staff who were returning to work after shielding.

As schools and childcare providers closed in lockdown, and support from others ceased due to national restrictions, those with queries were supported by the Care Coordinator who provided advice and guidance for staff and their families, for all carer needs from childcare to caring for parents or partners.

Mental health support to staff was extremely important in 2020/21 and the team welcomed an additional health advisor who provided support and training for managers; mindfulness sessions; and advice and guidance; as well as linking with the Staff Psychological Support Service.

Staff can access physiotherapy via self-referral and are offered a range tools to improve musculoskeletal issues from advice and self-help leaflets, telephone consultations to face to face assessment treatment and rehabilitation. A 'COVID-19 Road to Recovery' rehabilitation programme was put in place and the occupational health physiotherapists provided advice and guidance for those who had become deconditioned due to being inactive because of COVID-19 – either due to having to shield at home or because they had experienced COVID-19 symptoms.

The Trust's seasonal flu campaign commenced as usual in October, however, due to COVID-19 and restrictions in place to ensure social distancing, the campaign delivery strategy focused on local vaccinators in wards and departments providing vaccines to staff in their area rather than other ways of reaching out to staff which have been used in the past. The team also supported the COVID vaccination campaign that was put in place in the organisation which resulted in a large number of staff taking up the offer of a COVID vaccination.

Throughout the pandemic the moving and handling trainers continued to provide essential face to face practical training at staff induction to ensure new members of staff had the necessary skills and knowledge in relation to moving and handling so they could provide care to patients with reduced risk of injury to either themselves or their patients.

The Occupational Health Wellbeing Team continued to provide wellbeing services to staff on request with manager and one to one support on a range of wellbeing topics. In line with Government guidance the Staff Health and Fitness Centre at Sunderland Royal Hospital was closed to members, however virtual fitness classes were commenced with various workouts delivered via the Trust's staff Facebook page.

Health and Safety

The Health and Safety Team continued to provide significant and focussed support to ensure compliance with the risk assessment agenda throughout the year.

The primary focus for the team throughout 2020/21 was in relation to the COVID-19 pandemic where they played a pivotal role. The team provided advice, guidance and support in relation to the assessment of social distancing, room occupancy and layout, and other risk assessments within the organisation, whilst also signposting staff to other colleagues where appropriate to ensure correct advice was provided.

There were 17 incidents reported to the Health and Safety Executive in 2020/21 under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR). This represents a decrease of 23% from 2019/20 and consisted of 15 reportable incidents, one dangerous occurrence and one non-staff reportable incident.

The total number of health and safety related incidents reported through the Trust's incident reporting system is shown in the following table:

Health & Safety Incidents							
2019/20				2020/21			
No Harm	Minor Harm	Moderate Harm	Total	No Harm	Minor Harm	Moderate Harm	Total
366 (46%)	396 (52%)	15 (3%)	766	174 (35%)	306 (62%)	13 (3%)	493

Analysis of the incidents showed no significant on-going trend with the exception of a continuing concern relating to needle-stick injuries.

Of the 49 workplace assessment referrals undertaken by the Health and Safety Team, 17 assessments required specific health and safety support following self-referrals and referrals from managers with the remainder being passed on to the Occupational Health and Ergonomics Teams for specialist clinical advice. The reports and associated recommendations have benefitted teams and individuals by identifying actions required to improve the working environment and workplace interaction.

The Health and Safety Group, which has active participation from staff side colleagues, meets on a bi-monthly basis and successfully provides a decision making forum for all health and safety issues, providing Board assurance through the Corporate Governance Steering Group. It incorporates reports from other specialist teams within the Trust including Occupational Health, Ergonomics and Wellbeing, Security, Environmental Management, Fire Safety, Infection Prevention and Control, and Estates and Facilities.

Countering Fraud and Corruption

The Trust's revised Counter Fraud and Corruption Policy was published in October 2020 and provides a framework to staff in relation to the detection and investigation of fraud, bribery and corruption. The policy provides advice and guidance whilst promoting a climate and environment of openness where staff feel able to raise concerns sensibly and responsibly. Information for staff from our Local Counter Fraud Specialists is regularly shared via the Trust's intranet and staff bulletin. In addition, the Trust's Standards for Business Conduct Policy aims to ensure that all staff employed by, and acting on behalf of, the organisation observe and comply with all applicable legislation and regulations and undertake ethical business practices, acting with high standards of business integrity at all times.

NHS Staff Survey

Each year, the NHS Staff Survey provides the Trust an opportunity to survey our staff in a consistent and systematic way, making it possible to build up a picture of their experience and to compare and monitor change over time.

Feedback from staff is a vital part of engagement and is crucial in helping to enhance their experience of working for the Trust, so that in turn they have the support and resources they need to deliver excellent patient care.

The results are grouped to give scores against 10 indicators which are based on a score out of 10 for certain questions with the indicator score being the average of those.

The response rate by Trust staff for the 2020 survey was 49% (2019: 47%). Scores for each indicator, together with that of the survey benchmarking group, are presented in the following table:

	2020/21		2019/20	
	Trust	Benchmarking Group	Trust*	Benchmarking Group
Equality, diversity and inclusion	9.2	9.1	9.3	9.2
Health and wellbeing	6.0	6.1	5.9	6.0
Immediate managers	6.7	6.8	6.8	6.9
Morale	6.2	6.2	6.1	6.2
Quality of care	7.6	7.5	7.6	7.5
Safe environment – bullying and harassment	8.2	8.1	8.3	8.2
Safe environment – violence	9.4	9.5	9.5	9.5
Safety culture	6.8	6.8	6.8	6.8
Staff engagement	6.9	7.0	6.9	7.1
Team working	6.3	6.5	6.5	6.7

The overall response rate of 49% is 2% higher than the combined response rate of the two former organisations in 2019 of 47%. There is no change in the overall staff engagement score which is 6.9.

In relation to the 10 ‘key themes’ the NHSE Summary Benchmarking report indicates that the Trust’s results are:

Above average	Key Theme
	Equality, diversity and inclusion
	Quality of care
	Safe environment – bullying and harassment

Average	Key Theme
	Morale
	Safety culture

Below average	Key Theme
	Health and wellbeing
	Immediate managers
	Safe environment – violence
	Staff engagement
	Team working

Future Focus

The results from both the 2019 and 2020 surveys will continue to feed into a number of our Trust-wide action plans for 2020/21 – including:

- human resources;
- organisation and learning development; and
- workforce development plans.

Plans include engaging further with staff to understand more about their experience of working for the Trust and how we can provide further support to enable them to continue to want to work for the Trust and ensure we are able to provide the best possible care for patients – no matter their role.

Work is continuing around leadership and talent management and the Medical Director and Education Team have started to review the learning and development support for our doctors in training as well as our consultant medical staff.

Following the review and pilot of our appraisal process the new policy, process and training was launched in early February 2020. This will enable a clear, consistent and fair approach to appraisal in order to maximise the effectiveness and potential of all our employees so that we successfully deliver our vision and achieve our strategic objectives.

Trade Union Facility Time Disclosures

Trade union facility time is the provision of paid and unpaid time off from an employee's normal job role to undertake trade union duties and activities as a trade union representative. There is a statutory entitlement to reasonable paid time off for undertaking union duties.

Number of employees who were relevant union officials during 2020/21	Full-time equivalent employee number
60	55.31
Percentage of time spent on trade union facility time by employees who were relevant union officials during 2020/21	**Number of employees**
0%	9
1 – 50%	47
51% - 99%	2
100%	2
Pay bill spent on paying employees who were relevant union officials for facility time during 2020/21	
Total cost of facility time	£109,597
Total pay bill	£408,773,000
Percentage of the total pay bill spent on facility time	0.026%
Hours spent (as a percentage of total paid facility hours) by employees who were relevant union officials during 2019/20 on paid trade union activities	
Time spent on trade union activities as a percentage of total paid facility time hours	100%

Expenditure on Consultancy

During 2020/21, the Trust incurred £467k in consultancy fees.

High Paid Off-payroll Engagements

The Trust has issued guidance to all staff to ensure that payments are not made gross to any individuals who should be classed as employees. This note provides details of the criteria used by HMRC to determine employment status. Any proposal to make gross payments to an individual, on the basis of self-employment, must be assessed against this checklist and then submitted to the Executive Director of Finance and Executive Director of Human Resources and Organisational Development for approval before reaching any agreement with an individual.

The Trust uses NHS Professionals to administer the recruitment, through agencies, of temporary medical staff and process a payroll on behalf of the Trust to make payments to them, making the necessary checks as required.

The Trust is required to disclose in the following tables any high paid off-payroll worker engagements. All members of the Board, including Non-Executive Directors, are paid through payroll.

Number of Highly-paid off-payroll worker engagements as at 31 March 2021 earning £245 per day or greater	
Number of existing engagements as of 31 March 2021	0
Of which...	
Number that have existed for less than one year at time of reporting	0
Number that have existed for between one and two years at time of reporting	0
Number that have existed for between two and three years at time of reporting	0
Number that have existed for between three and four years at time of reporting	0
Number that have existed for four or more years at time of reporting	0

All highly-paid off-payroll workers engaged at any point during the year ended 31 March 2021 earning £245 per day or greater	
Number of off-payroll workers engaged during the year ended 31 March 2021	0
Of which:	
Not subject to off-payroll legislation *	0
Subject to off-payroll legislation and determined as in-scope of IR35 *	0
Subject to off-payroll legislation and determined as out-of-scope of IR35 *	0
Engagements reassessed for compliance or assurance purposes during the year	0
Of which: number of engagements that saw a change to IR35 status following review	0

* A worker that provides their services through their own limited company or another type of intermediary to the client will be subject to off-payroll legislation and the Trust must undertake an assessment to determine whether that worker is in-scope of Intermediaries legislation (IR35) or out-of-scope for tax purposes.

For any off-payroll engagements of Board members, and/or, senior officials with significant financial responsibility, between 1 April 2020 and 31 March 2021	
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.	16

Exit Packages

One staff exit package agreed in 2020/21 was subject to external audit amounting to £76,000 as follows:

Exit package cost band	Number of compulsory redundancies	Number of other departures	Total number of exit packages by cost band
<£10,000		55	55
£10,000 - £25,000			
£25,001 - £50,000		1	1
£50,001 - £100,000	1		1
£100,001 - £150,000			
Total by Type	**1**	**56**	**57**
Total resource cost	**84,000**	**190,000**	**274,000**

Non-Compulsory Departure Payments

	2020/21	
	Number of Agreements	Total Value of Agreements
Voluntary redundancies including early retirement contractual costs	0	0
Contractual payments in lieu of notice	56	£190,000
Non-contractual payments requiring HMT approval	0	0
Total	**56**	**£190,000**

Gender Pay Gap

April 2017 saw the introduction of the Government's Gender Pay Gap Information Regulations' setting out the requirement for employers with a headcount of 250 or more staff to publish their gender pay gap data on an annual basis.

As part of the NHS, the organisation uses the national job evaluation framework for Agenda for Change to determine appropriate pay bandings for the vast majority of staff. This provides a clear and consistent process for paying employees equally for the same or equivalent work. Each grade has a set of pay points for annual progression. The longer the period of time someone has been employed in a particular grade, the higher their salary is likely to be, irrespective of their gender.

It should be noted that gender pay gap reporting is different to equal pay, which deals with the pay differences between men and women who carry out the same jobs, similar jobs or work of equal value.

The Trust's gender pay gap report and action plans are published on the Trust's website (www.stsft.nhs.uk/about-us/corporate-information/gender-pay-gap-information). Further information regarding the regulation can also be found on the Cabinet Office website (https://gender-pay-gap.service.gov.uk).

STATEMENT OF COMPLIANCE WITH THE NHS FOUNDATION TRUST CODE OF GOVERNANCE

The Board of Directors and the Council of Governors of the Trust are committed to the principles of good corporate governance as detailed in the NHS Foundation Trust Code of Governance.

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

The Board of Directors ensures compliance with this Code through the arrangements in place for ensuring its governance structures, policies and processes are kept under review. The Board reviewed its compliance with the Code in 2020/21 and these arrangements are set out in a number of Trust documents including:

- the Constitution of the Trust;
- Standing Orders and Standing Financial Instructions;
- Schemes of Delegation and matters reserved for the Board or the Council of Governors;
- Terms of Reference for the Board of Directors, the Council of Governors and associated committees;
- annual declarations of interest;
- annual governance statement;
- contracts of employment and staff behavioural compact/framework;
- Board and Council of Governor meeting agendas, papers and minutes;
- Quality Report;
- Annual Report;
- Clinical Audit Plan and Annual Report; and
- annual report to the Board of Directors on compliance with the Code.

Compliance against some elements of the Code of Governance can also be evidenced from the following external documents:

- Care Quality Commission Well-led Review; and
- NHS Improvement's Use of Resources.

In June 2017 NHS Improvement and the CQC published guidance for providers on an updated framework for leadership and governance developmental reviews. The guidance sets out how providers should carry out, every three to five years, developmental reviews of their leadership and governance using the framework as part of their own continuous improvement. The Trust has not undertaken a review in the last 12 months given the predecessor organisations were subject to rigorous scrutiny as part of the merger application process and the Trust was subject to a CQC comprehensive inspection in January 2020, which resulted in an overall rating of 'Good', including a rating of 'Good' for the well-led element of that inspection.

NHS OVERSIGHT FRAMEWORK

The NHS England and NHS Improvement's NHS 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; and
- leadership and improvement capability.

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

South Tyneside and Sunderland NHS Foundation Trust has been placed in segment 2.

The segmentation information is the Trust's position as at 31 March 2021. Current segmentation for NHS Trusts and Foundation Trusts is published on the NHS England website (https://www.england.nhs.uk/financial-accounting-and-reporting/single-oversight-framework-segmentation/).

STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTING OFFICER OF SOUTH TYNESIDE AND SUNDERLAND NHS FOUNDATION TRUST

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

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

In preparing the accounts and overseeing the use of public funds, the accounting officer is required to comply with the requirements of the Department of Health and Social Care 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;
- confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS Foundation Trust's performance, business model and strategy; and
- prepare the financial statements on a going concern basis and disclose any material uncertainties over going concern.

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

As far as I am aware, there is no relevant audit information of which the Foundation Trust's auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

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

KEN BREMNER
Chief Executive **Date: 17 June 2021**

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the NHS Foundation Trust's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

I am also responsible for ensuring that the NHS Foundation Trust is administered prudently and economically and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in the *NHS Foundation Trust Accounting Officer Memorandum*.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of South Tyneside and Sunderland NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in South Tyneside and Sunderland NHS Foundation Trust for the year ended 31 March 2021 and up to the date of approval of the annual report and accounts.

Capacity to Handle Risk

The Trust is committed to a risk management strategy which minimises risks to patients, staff, the public and other stakeholders through a common framework of internal control, based on an ongoing risk management process.

The strategy identifies the key principles, milestones and operational policies governing the management of all types of risk faced by the organisation. This strategy is subject to regular review.

The Audit Committee meets regularly. It is well represented by Non-Executive Directors and the Trust's External Auditors with the Executive Director of Finance and Director of Corporate Affairs and Legal/Trust Secretary also in attendance. The Committee ensures scrutiny, monitoring and discussion. The Finance and Performance Committee reports to the Board and includes reporting on internal cost improvement programmes. Finance reports are presented in a format consistent with those submitted to NHS Improvement. The Governance Committee leads the work of the Clinical Governance Steering Group and Corporate Governance Steering Group. The Board receives appropriate, timely information and reports from the Governance Committee via a monthly Quality Report enabling adequate and appropriate assessment of risk and management of performance.
As part of the ongoing process of review, the Trust's top risks (previously adopted by the Board) were scrutinised to ensure that they properly reflected the risks which were identified in the departmental Risk Registers. During the year the Board formally approved the Board Assurance Framework (BAF) including risk assessments against each area on the framework.

The Trust's risk management programme comprises:

- a single incident reporting process for all risks and hazards identified by systematic risk assessment, risk management review and adverse incidents reporting. The system has been upgraded and improved with training provided to managers who use the system;
- the system allows for real time assessment of all risks and mitigating actions;
- common grading framework and risk register/risk action planning process applied to all types of risk across the organisation;
- comprehensive programme of multi-level risk management training for all new and existing staff;
- ongoing monitoring and review of both internal and external risk management performance indicators at all levels across the organisation; and
- a communication strategy which ensures appropriate levels of communication and consultation with both internal and external stakeholders.

The Risk and Control Framework

The Trust's Board Assurance Framework (BAF):

- identifies the principal objectives of the Trust and the principal risks to achieving them;
- sets out the controls to manage these risks;
- documents assurances about the effectiveness of the operation of the controls; and
- identifies to the Board where there are significant control weaknesses and/or lack of assurance.

These high level objectives and the principal risks to achieving them are underpinned by the detailed risks and associated actions set out in the Trust's risk register. Responsibility for the overall framework lies with the Board of Directors. The Board uses the framework to ensure that the necessary planning and risk management processes are in place to provide assurance that all key risks to compliance with licence requirements have been appropriately identified and addressed. The Trust includes risk ratings on the Board Assurance Framework and progress to monitor the actions to mitigate the individual risks is reviewed by the responsible committee during the year.

The use of a common grading structure for incidents and risks ensures that relative risks and priorities are assessed consistently across all directorates and departments. No risk is treated as acceptable unless the existing situation complies with relevant guidance and legislation (e.g. control of infection, health and safety, Standing Financial Instructions).

The establishment of a dedicated risk management team and programme of risk management training, including use of the intranet, ensures that the strategy is co-ordinated across the whole organisation and progress is reported effectively to the Board, Governance Committee and other relevant Board committees.

The Trust's assurance framework incorporates the need to achieve compliance with the Care Quality Commission's requirements. This is assessed in-year by the Clinical Governance Steering Group and the Corporate Governance Steering Group reviewing in detail compliance against the relevant standards.

The assurance framework is based on the Trust's strategic objectives and an analysis of the principal risks to the Trust achieving those objectives. The key controls, which have been put in place to manage the risks, have been documented and the sources of assurance for individual controls have been identified. The main sources of assurance are those relating to internal management controls, the work of internal audit, clinical audit and external audit, and external assessments by outside bodies such as the Care Quality Commission, NHS Resolution and the Health and Safety Executive.

The involvement of external stakeholders in the Trust's risk management programme is a key element of the Trust's Risk Management Strategy. This involves timely communication and consultation with external stakeholders in respect of all relevant issues as they arise.

This process applies in particular to the involvement of external stakeholders in patient safety and the need to co-ordinate how risks are managed across all agencies, including the Medicines and Healthcare Products Regulatory Agency, Local Authority Adult and Children's Services, the Coroner, other emergency services, representative patient groups and local clinical commissioning groups.

Key risks facing the Trust during 2020/21 included:

- managing the operational pressures and patient safety impact of the ongoing COVID-19 pandemic including the risk of potential shortages in protective personal equipment (PPE) availability of equipment and potential delays to patient treatment;
- managing infection rate targets including MRSA and the c-difficile targets alongside hospital acquired COVID-19 outbreaks;
- managing the cash requirements of the Trust;
- uncertainty surrounding the financial framework and national changes to funding streams implemented as a response to the COVID-19 pandemic;
- implications of the Brexit transition; and
- maintaining the standards required by the Care Quality Commission to maintain compliance with licence requirements;

The Trust has considered the requirements of FT condition 4 relating to governance arrangements and in particular the principal risks of complying with the condition. These risks may include lack of clarity and effectiveness of governance structures; unclear reporting lines/accountabilities between the Board, its committees and the executive leadership team; delay and ineffective scrutiny and oversight by the Board as a result of inaccurate and delayed information for Board and committee decision-making; and insufficient capability at Board level to provide effective leadership and challenge.

The Trust has a robust process in place to ensure all executive and non-executive directors are able to discharge their functions effectively with clear governance structures. In addition all committees have Terms of Reference which are reviewed annually to ensure they remain effective.

The Board committees include the Audit Committee, Charitable Funds Committee, Competitive Tendering Committee, Executive Committee, Finance and Performance Committee, Governance Committee, Appointments and Remuneration Committee, Patient Carer Public Experience Committee (PCPEC), Policy Committee, Strategy Committee and Workforce Committee. Each has a distinct role around governance or performance management and provides opportunities for Board members at executive and non-executive level to review in detail the key risks for the organisation and actions being taken to mitigate

these risks. The PCPEC and Charitable Funds Committee includes governor representative membership to support better understanding of these risks from a patient perspective. Minutes from all committees are presented to the Board during the year. The Board receives monthly information relating to progress on performance, finance and quality metrics, a monthly Safe Nursing, Midwife and AHP Staffing Report, and a quarterly workforce report, with actions to address any areas of concern.

A Quality Report provides a visual approach to the management of quality metrics. The report is a standing monthly report at the Executive Committee, Governance Committee and Board of Directors and also includes at least one patient story demonstrating Trust performance at individual patient level. The report also includes the work of the Mortality Review Panel which undertakes a review of deaths to better analyse the quality of care prior to expected death and whether there are any improvements required in clinical or organisational care. The process is consistent across the Northern region and has been recognised as good practice. In addition, the Board receives a quarterly Learning from Deaths (Mortality) dashboard which is also published on the Trust website.

The Quality Report is the first formal item on the Board of Directors agenda recognising the importance placed on quality governance. The report focuses on clinical effectiveness, patient experience, patient safety, risk management and assurance, drawing upon the work of relevant committees and groups including the Governance Committee, the PCPEC, Clinical Governance Steering Group and the Mortality Review Panel, and includes feedback from independent external benchmarking, audit or other sources of information about the Trust's performance.

The Executive Committee, Finance and Performance Committee and the Board of Directors receive a monthly performance report detailing the performance against national, local and CQUIN indicators. The report identifies areas of concern and the lead Director highlights action undertaken to manage the area of concern.

The Trust has in place a system for performance and objective setting as well as personal development planning to ensure individuals are equipped to carry out their role within the organisation effectively.

The Trust has focused on a number of short, medium and long term workforce measures to ensure that the workforce numbers and skills are at the right level required and has taken account of the requirements detailed within the NHS Improvement document '*Developing Workforce Safeguards'*.

The Trust has:

- expanded student placement numbers for some key professions including adult nursing, medical and physiotherapy in order to train more professionals for the local healthcare system;
- increased the numbers of students it hosts from existing programmes at the University of Sunderland and supported new, complementary programmes to achieve registration, such as the fast track Masters programme in Nursing for existing graduates, and the online Nursing degree at the University of Sunderland;
- offered placements to students from the Masters degree in Dietetics at Northumbria University, which has created a local supply of Dietitians;
- run a "Get Into Nursing" programme across 2020/21 where the Trust collaborated with the University of Sunderland to recruit people who had the academic requirements to gain

a University degree place, but who lacked any healthcare experience, and give them 6 months paid employment as a Healthcare Assistant, before they commenced at University; and

- continued to utilise the Trust's Apprenticeship Levy Funds to create career pathways in several professions, including developing existing Registered Professionals to be Advanced Clinical Practitioners, training Healthcare Support Workers to be Registered Nurses, and Theatre Support Workers to be Operating Department Practitioners. A career pathway has also been created using apprenticeships to develop support workers into Assistant Practitioners (APs) in Radiology, and develop APs into Radiographers.

Workforce development initiatives are discussed and agreed at the Trust's Workforce Committee, which is chaired by a Non-Executive Director. New roles are formally evaluated to ensure they are beneficial to patient experience and safety.

The Trust has a system of 6 monthly workforce reviews with all of its nursing and midwifery teams to ensure staffing establishments remain adequate for the levels of patient activity which are being delivered, and to provide assurance in relation to safe staffing to the Executive Director of Nursing, Midwifery and Allied Health Professionals, the Executive team and the wider Board of Directors. The staffing reviews consider staffing numbers versus planned establishment, alongside other information such as patient acuity levels, patient experience feedback, bank usage, and reported incidents, to ensure staffing is at a safe level for the patient activity levels for the area. Where changes are required, funded staffing establishments are changed to reflect revised patient care needs. The COVID-19 pandemic presented a significant challenge across the NHS in terms of the suspension of business as usual. In responding to the pandemic the Trust was able to quickly reconfigure inpatient capacity which resulted in the major redeployment of staff across most areas of patient facing service. Consequently some workforce reviews were delayed to allow for the variation in service provision and will now be conducted throughout the summer of 2021.

The Trust uses e-rostering systems to ensure it deploys available staff effectively in each clinical area. The rostering systems plan shifts for all clinical staff to match patient needs, ensuring that staff working patterns are aligned with patient activity requirements. The use of NHS Professionals has strengthened the Trust's ability to fill rota gaps by service or area and target resource accordingly. The Trust has reviewed payment rates in-year to minimise nursing gaps.

The Trust has a group consisting of executive director membership which makes decisions as to which training should be mandated for all staff, and which should be compulsory for staff in certain roles. This is then measured through the electronic staff record (ESR) system, with quarterly reports to the Trust's Board on compliance.

Longer term, the Trust has been working with partners to consider changes to clinical service configurations to improve quality of care and patient outcomes whilst utilising the skills of staff to best support this. The programme, Path to Excellence, is led by the local clinical commissioning groups in South Tyneside and Sunderland, where service leaders, in consultation with staff and service users, have reviewed groups of clinical services across South Tyneside and Sunderland to identify better ways of working together to achieve improved patient outcomes.

The first phase of Path to Excellence concentrated on three services, stroke services, maternity and women's health, and emergency and urgent paediatric services. This identified ways of configuring services across South Tyneside and Sunderland and was successfully implemented in 2019/20.

A second phase of Path to Excellence is now underway covering acute medicine and emergency care, acute surgery, theatres and critical care, elective (planned) care and specialist services plus clinical support services. Options for service models in these areas are being explored and consultation on the surgical elements is anticipated to take place towards the end of the summer 2021 at the earliest, subject to demonstrating capital availability. Quality Impact Assessments have, and will continue to be, undertaken throughout the service review process.

The annual planning process involves all corporate functions. The workforce figures are aligned between financial and ESR information and reflect current and projected workforce numbers across the Trust, linked to current and projected service changes. The formal planning process for 2020/21 was paused as a result of the national COVID-19 response, however the Trust continued with its internal planning mechanisms enabling the Board of Directors to approve financial budgets at its May 2020 meeting.

The role of Freedom to Speak up Guardian is undertaken by the Director of Corporate Affairs and Legal/Trust Secretary, with six monthly updates on activities being provided to Executive Committee, Workforce Committee and the Board of Directors.

The Corporate Governance Statement is presented to the Board of Directors for formal sign-off each year and is published on the Trust's website. The Board considers the proposed submission and associated evidence ahead of approval and subsequent publication.

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

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

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments into the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with.

The Foundation Trust has undertaken risk assessments and has a sustainable development management plan in place which takes account of UK Climate Projections 2018 (UKCP18). The Trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

In the latter weeks of the 2019/20 financial year, the Trust established a formal 'Gold' 'Silver' and 'Bronze' command and control structure. This structure continued for the full duration of 2020/21 with the Silver command chaired by the Executive Director of Planning and

Development and included key directors and other senior managers as part of the Emergency Planning Framework for the Trust. This structure was specifically established to oversee the management of the COVID-19 pandemic impacts for the Trust and also to feed into the regional and national planning requirements. Amendments to the SFIs were approved by the Audit Committee to ensure robust financial governance. The amendments were reviewed by Audit Committee periodically and remained in place for the full year to support the exceptional and ongoing nature of the pandemic.

Review of Economy, Efficiency and Effectiveness of the Use of Resources

The Trust's strategic planning and performance management arrangements ensure that all directorates are fully engaged in the continuous review of business objectives and performance.

The Trust uses an Objectives, Goals, Strategies and Measures (OGSM) framework as its strategic planning tool to provide a cascade process for the Trust's priorities and ensure optimal alignment of Trust resources to deliver its priorities.

Key elements of the Trust's arrangements for ensuring value for money in the delivery of its services are:

- an annual OGSM planning process, which sets out priorities for the coming business year and reflects the requirements of and feedback from, our major commissioners and stakeholders;
- performance management through regular reporting against the key deliverables set out in the corporate, directorate and departmental OGSMs and against national and local targets; and
- the achievement of efficiency savings through the Trust's cost improvement programmes with regular review by the Trust's Finance and Performance Committee.

Given the continuing implications of the COVID-19 pandemic, alongside the national 'pause' on planning the OGSM was not revisited in detail in the year.

The focus on cost reduction has also been affected by the pandemic from both an internal and external perspective.

Changes to the financial regime and specifically the funding methods introduced at the start of 2020/21 included a 'breakeven top up' mechanism for the first 6 months of the year if costs incurred were in excess of income received. This essentially removed the immediate requirement for the delivery of financial efficiencies. This enabled the Trust to fully focus on the response to the pandemic and subsequently the plan for recovery. The latter half of the financial year saw the continuation of the revised funding mechanisms but the breakeven top up provision ceased. Notwithstanding this, the requirement for efficiencies was maintained at a minimum level and allowed staff from within the Programme Management Group to be redeployed to support the COVID-19 response, vaccination programme and subsequently the recovery agenda.

Nonetheless, the Finance and Performance Committee has maintained overview and scrutiny of the specific efficiency programmes which did continue despite the pandemic and did so in consideration of both the in-year and temporary financial arrangements but also in line with the underlying financial position of the Trust.

The Executive Committee, the Board of Directors and Council of Governors are actively involved in the business planning and performance management processes established by the Trust and in maintaining strong links with stakeholders.

During 2020/21 the Trust has:

- temporarily flexed the Trust standing financial instructions to ensure the control framework supported the COVID-19 response;
- delivered a surplus position for the Trust'; and
- delivered a capital programme significantly in excess of planned spend, utilising national funding initiatives, linked to the response and recovery of the pandemic.

Additional assurance in respect of the Trust's arrangements for ensuring economy, efficiency and effectiveness in the use of resources is provided to the Board of Directors through the conduct of regular reviews undertaken by Internal Audit and by External Audit work undertaken in accordance with the Audit Code.

As part of reviewing the financial sustainability of the organisation, the Trust has continued to work closely with partners within the Integrated Care Partnership (ICP – Sunderland, South Tyneside and Durham) but also across the wider ICS area, to assess joint opportunities to reduce cost but maintain quality of services that we provide. The Trust built on these fundamental relationships to facilitate and implement the revised financial framework for 2020/21 which saw funding allocations issued at ICP level with local distribution to individual organisations determined by the ICP itself. Working with commissioners and providers within the ICP the Trust was able to agree a Memorandum of Understanding to govern the principles on which funding allocations would be made.

The Finance and Performance Committee, Executive Committee and the Board of Directors monitored the national financial changes to mitigate financial risk for the Trust.

Information Governance

The risk to data security is being managed and controlled through the monthly Information Governance Group, with quarterly updates to Corporate Governance Steering Group.

The Data Security and Protection Toolkit (DSPT) is an online self-assessment tool that allows organisations to measure their performance against the National Data Guardian's 10 data security standards.

As a result of the COVID-19 pandemic, the timescale to complete and submit the DSPT for the 2020/21 year was extended to the 30 June 2021. The Trust is currently undertaking a full review of performance against the DSPT requirements on this basis; this is subject to review and satisfactory outcome via AuditOne, the Trust's external auditors. A report demonstrating the DSPT outcome for 2020/21 will be submitted to Executive Committee and Strategy Committee prior to final submission.

The Trust reported one information governance breach to the Information Commissioner's Office (ICO) during 2020/21. This pertained to a letter containing identifiable and sensitive information which was attached to an internal email but was accidentally copied to a member of the public. Confirmation was obtained that the email was subsequently deleted, and the affected individual was informed by the Trust. On 9 June 2021 the ICO wrote to the Trust

and confirmed no action would be taken in relation to the reported breach and that the incident was closed.

Data Quality and Governance

Over the past year, the Clinical Governance Steering Group has reviewed progress against a range of quality issues on a regular basis. This group, the data previously reported and external reports (e.g. national clinical audits, peer reviews etc.) have shaped our clinical quality improvement plans. The group has also reviewed trends and themes in relation to incidents, complaints and litigation and used the data to inform quality improvement of services.

The Clinical Governance Steering Group, as our key group for the monitoring of clinical quality, provides reports to the Governance Committee which in turn is a committee of the Board. The Governance Committee receives these reports which provide assurance or highlight any risks to quality. The Corporate Governance Steering Group in parallel to the Clinical Governance Steering Group reports to the Governance Committee on any non-clinical risks or quality issues, eg in facilities. In turn, risks to quality identified through these mechanisms, are escalated through to the Board.

Quality Report metrics are also regularly reported throughout the year to the Board of Directors and Executive Committee. These indicators are all reported (along with a number of other metrics) as part of the Trust's Quality Report.

Most of the data used for these metrics is extracted directly from the Trust clinical information system (Meditech). Where applicable, the system has been designed to conform to national data standards so that when the data is extracted it is already in a format consistent with national requirements and coding standards. The data is coded according to the NHS Data Model and Dictionary, which means that any performance indicators based upon this data can be easily prescribed and that the Trust is able to provide data that is both consistent nationally, and fit for purpose.

Internally, standard operating procedures are used consistently by staff involved in the production of the Trust's performance against national, local and internal indicators. This ensures the process meets the required quality standards and that everyone uses a consistent method to produce an output. Wherever possible, our processes are fully, or at least partially, automated to make certain that the relevant criteria are used without fail. This also minimises the inherent risk of human error.

Data quality and completeness checks are built into processes to flag any erroneous data items or any other causes for concern, usually as part of the automated process. In addition, further quality assurance checks are performed on the final process outputs to confirm that the performance or activity levels are comparable with previous activity or expected positions. Where applicable, our performance against key indicators is also evaluated against available benchmarking data or peer group information to help understand at the earliest opportunity whether or not the Trust is likely to be an outlier, which in itself may prompt further investigation.

A rolling programme of data quality audits is in place in relation to referral to treatment time indicators to ensure reporting is in line with national guidance and data quality issues are highlighted and acted upon. This is in addition to an annual training programme on waiting list and pathway management with key staff groups and regular data quality reports which are already in place.

The Trust has also actively participated fully in the *Getting it Right First Time* (GIRFT) programme which is designed to improve the quality of care within the NHS by reducing unwarranted variations. Four GIRFT visits were undertaken during the year in the specialties of anaesthetics, renal medicine, endocrinology and elderly care.

For most of the data, specific criteria and standards have to be used to calculate performance which is based on national data definitions where appropriate. To further ensure accuracy the report has been reviewed by two separate internal departments, Clinical Governance and Performance Management, both of which are satisfied with the accuracy of the information reported.

In summary, a substantial proportion of the data that would ordinarily be reported in the Quality Report has been previously reported to Board of Directors, Governance Committee, Clinical Governance Steering Group and Executive Committee throughout 2020/21.

Review of Effectiveness

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

The Board and its committees have a key role in maintaining and reviewing the effectiveness of the system of internal control.

The Executive Committee and Board of Directors have received regular reports on the development of the Trust's risk management framework, in particular through the work of the Governance Committee. The Governance Committee receives reports from the Clinical Governance Steering Group and Corporate Governance Steering Group and coordinates the implementation of action plans through the Trust's risk register mechanism.

The Governance Committee has received regular reports on sources of external assurance including evidence from the CQC, national reviews and other independent evidence.

The Finance and Performance Committee has played an important scrutiny role and helped to ensure that efficiency plans are maximised by robust challenge and escalation of key issues to the Board.

The outcome of internal audit reviews have been considered throughout the year through regular reports to the Audit Committee. The Board of Directors receives and considers the minutes of the Audit Committee where necessary. The Head of Internal Audit provides a separate update to me as Accounting Officer of the work undertaken during the year and despite the challenges in delivering the full audit programme due to the COVID-19 pandemic planning, the work undertaken was sufficiently comprehensive to provide a 'good' rating within the Head of Internal Audit opinion.

Conclusion

My review confirms that no significant internal control issues have been identified.

KEN BREMNER
Chief Executive **Date: 17 June 2021**

COUNCIL OF GOVERNORS

The matters reserved to the Council of Governors are:

- to hold the Non-Executive Directors, individually and collectively, to account for the performance of the Board of Directors;
- to represent the interests of members of the Trust, and the public as a whole;
- to appoint, re-appoint or remove the Chairman and other Non-Executive Directors of the Trust and decide the remuneration and allowances thereof;
- to appoint, re-appoint or remove the Trust's auditor;
- to be presented with the Trust's Annual Report and Accounts;
- to approve an appointment by the Chairman and Non-Executive Directors of the Chief Executive;
- to give the views of the Council of Governors to directors for the purpose of preparing the Trust's Annual Plan;
- to approve significant transactions or approve an application by the Trust to enter into a merger, acquisition, separation or dissolution;
- to decide whether the Trust's non-NHS work would significantly interfere with its principal purpose; and
- to approve amendments, with the Board of Directors, to the Trust's Constitution.

These items are discussed at public meetings and are supported by a Governor Development Programme as well as specific governor groups reporting back to the full Council.

The Council of Governors and Board of Directors communicate principally through the Chairman of the Trust, with support from the Trust Secretary. The Chief Executive is invited to every meeting of the Council of Governors with both Executive and Non-Executive Directors invited to attend as appropriate to the matters under discussion. Executive Directors and other senior managers participate in the induction and on-going training programmes for governors. The Board of Directors present the Annual Accounts, Annual Report and Auditor's Report to the Council of Governors and members at the Annual Members' Meeting, usually held in September each year.

Composition of the Council of Governors

Constituency	Number of governors - 26
Public – South Tyneside	6
Public – Sunderland	6
Public – Durham	1
Public – Gateshead	1
Public – Rest of North East and Cumbria	1
Staff – Clinical Acute	2
Staff – Clinical Community	1
Staff – Non-Clinical	2
Staff – Medical and Dental	1
Plus – stakeholder representatives from South Tyneside Council, Sunderland City Council, University of Sunderland Medical School, Newcastle University Medical School and a nominated governor representing the Clinical Commissioning Groups	

Governor Elections

The Trust's public and staff governors were elected in July 2019 for terms of two or three years in line with the constitution, at which point they are eligible for re-election if they so wish. No elections were held during 2020/21.

A full copy of the constitution is available on request from the Trust Secretary or is available on the Trust's website.

Council of Governors		
Public Governor Constituencies	**Governor**	**Term of Office**
South Tyneside	Alan Cormack	To 30 June 2021
	Terry Haram[1]	To 30 June 2021
	Bashir Malik	To 30 June 2022
	Allyson Stewart	To 30 June 2022
	Nigel Thomas	To 30 June 2021
	Karen White	To 30 June 2022
Sunderland	Ross Blenkinsop	To 30 June 2021
	Anita Hagon	To 30 June 2021
	Kathleen Marley	To 30 June 2021
	Pauline Palmer	To 30 June 2022
	Narendra Ray	To 30 June 2022
	Angela Thompson	To 30 June 2022
Durham	Tony Foster	To 30 June 2021
Gateshead	Sara Cochrane	To 30 June 2022
Rest of North East and Cumbria	Louise Thompson[2]	To 30 June 2022
Staff Governor Class	**Governor**	
Staff Clinical Acute	Simon Ayre	To 30 June 2021
	Lindsey Downey	To 30 June 2022
Staff Clinical Community	Mark Tull	To 30 June 2021
Staff Non-Clinical	Bev Frankland	To 30 June 2022
	Jennie Musgrave[3]	To 30 June 2021
Staff Medical and Dental	Shahid Junejo	To 30 June 2022
Appointed Governors	**Governor**	
South Tyneside Council	Councillor Joyce Welsh	
Sunderland City Council	Councillor Geoff Walker[4]	
Sunderland Medical School	Professor Scott Wilkes	
Newcastle Medical School	Dr Kenny McKeegan	
Clinical Commissioning Groups	Pat Harle	

[1] Stood down 16 January 2021
[2] Stood down 23 September 2020
[3] Stood down 5 January 2021
[4] Sadly died February 2021

Lead Governor

The Trust's lead governor, Mr Alan Cormack, was appointed in July 2019 for a period of one year and, following approval from fellow governors, he was re-appointed for the remainder of his term of office. Sadly, at the time of writing this report, we have been informed of the Alan's sad passing and Allyson Stewart has taken on the role of Interim Lead Governor until a formal process is able to be undertaken amongst the governors in July (following conclusion of governor elections which commenced on 1 April 2021).

Governor Involvement

Governors must exercise leadership, enterprise, integrity and balanced judgement in the discharge of their role and functions within the Trust. The Council of Governors has developed a good working relationship with the Chairman, Trust Secretary and the Board of Directors, through the forums of governors' meetings, working groups, sub-groups and other opportunities for involvement. Governors are provided with information and resources to enable them to engage in a challenging and constructive dialogue with the Board on the business and planning of the Trust.

Due to the COVID-19 pandemic and the requirement to adhere to government guidelines in relation to travel and social distancing, as well as supporting the Trust's endeavours to reduce footfall within Trust premises and clinical areas, governors were unfortunately not able to be involved in many of their usual activities.

Areas of involvement included:

- non-executive director appointment;
- representation on Charitable Funds Committee, Patient Carer and Public Experience Committee, End of Life Group, Organ Donation Group, Clinical and Corporate Governance Steering Groups, and Equality, Diversity and Inclusion Group; and
- commenting upon the Trust's Quality Report.

Discussions regarding the Trust's annual plan for 2020/21 was held with governors in February 2020. At the time of writing, given the delayed publication of the annual planning guidance, governors had not had the opportunity to provide input in the Trust's plan for the year ahead.

During the year, governors were kept informed as to the Trust's response to the COVID-19 pandemic by receiving verbal updates at meetings from the Chief Executive in addition to receiving a copy of staff COVID-19 bulletins and videos which were released a number of times each week.

A governor workshop and development programme is in place which helps our governors to support the development and delivery of our organisational strategies going forward. These sessions help governors understand the key challenges facing the Trust and wider health sector, now and in future years, as well as providing the opportunity to learn of the actions being taken by the Board to address these challenges and explore opportunities for ensuring a sustainable future. Specific Council of Governor development sessions during 2020/21 were held to discuss:

- COVID-19 and operational recovery;
- the findings of the Trust's comprehensive inspection by the Care Quality Commission;
- equality, diversity and inclusion;
- organ donation;
- the Path to Excellence programme of clinical service reviews; and
- the Eye Hospital development.

Meetings of the Council of Governors

The Council of Governors meeting is usually held in public four times a year. However, due to the COVID-19 pandemic, the meeting scheduled for May 2020 was cancelled. Virtual attendance at the Council of Governors' meetings in 2020/21 was as follows:

		Council of Governor meetings		Governor Development Workshops	
		Number	Actual attendance	Number	Actual attendance
John Anderson	Chairman	3	3	5	5
Andrea Hetherington	Trust Secretary	3	3	5	5
Public Constituency					
Alan Cormack	South Tyneside	3	3	5	3
Terry Haram[1]	South Tyneside	2	0	3	3
Bashir Malik	South Tyneside	3	2	5	3
Allyson Stewart	South Tyneside	3	3	5	5
Nigel Thomas	South Tyneside	3	3	5	4
Karen White	South Tyneside	3	2	5	3
Ross Blenkinsop	Sunderland	3	2	5	3
Anita Hagon	Sunderland	3	3	5	4
Kathleen Marley	Sunderland	3	3	5	5
Pauline Palmer	Sunderland	3	3	5	4
Narendra Ray	Sunderland	3	2	5	2
Angela Thompson	Sunderland	3	3	5	3
Sara Cochrane	Gateshead	3	2	5	5
Tony Foster	Durham	3	3	5	5
Louise Thompson[2]	Rest of North East and Cumbria	1	1	3	0
Staff Classes					
Simon Ayre	Clinical Acute	3	1	5	0
Lindsey Downey	Clinical Acute	3	3	5	3
Mark Tull	Clinical Community	3	2	5	1
Bev Frankland	Non-clinical	3	3	5	3
Jennie Musgrave[3]	Non-clinical	2	1	3	2
Shahid Junejo	Medical and Dental	3	2	5	4
Appointed Governors					
Pat Harle	Representing the CCGs	3	1	5	3
Dr Kenny McKeegan	Newcastle University Medical School	3	0	5	0
Cllr Dr Geoff Walker[4]	Sunderland Council	2	1	4	1
Cllr Joyce Welsh	South Tyneside Council	3	1	5	6
Prof Scott Wilkes	University of Sunderland Medical School	3	0	5	1

[1] Stood down 16 January 2021 [2] Stood down 23 September 2020
[3] Stood down 5 January 2021 [4] Sadly died February 2021

The following directors have attended Council of Governor meetings or development workshops	
Ken Bremner	Chief Executive
Kath Griffin	Executive Director of Human Resources and Organisational Development
Melanie Johnson	Executive Director of Nursing, Midwifery and AHPs
Julia Pattison	Executive Director of Finance
Peter Sutton	Executive Director of Planning and Business Development

Shaz Wahid	Executive Medical Director
David Barnes	Non-Executive Director
Debbie Carrick-Sen	Non-Executive Director
Alan Clarke	Non-Executive Director
Ngozi Lyn Cole	Non-Executive Director
Stewart Hindmarsh	Non-Executive Director
Paul McEldon	Non-Executive Director
Allison Thompson	Non-Executive Director/Vice Chair

The Council of Governors delegates some of its powers to committees or groups of governors and these matters are set out within the Trust's Constitution.

Council of Governors' Evaluation Survey

Evaluating the effectiveness of the Council of Governors on a regular basis is essential to understanding how effectively it is operating. It also helps to identify areas for future development such as information gaps or training needs. This is not only good practice but it is also a principle of the Foundation Trust Code of Governance.

In February 2021, governors were invited to provide their views through the completion of an online survey. Sixteen governors took the time to complete the survey and the findings were presented at a meeting of the Council of Governors in March 2021.

Overall, the majority of the results from the survey were positive, with most responses falling into the strongly agree/agree categories.

Areas of very positive responses include:

- governors having a clear understanding of their roles and responsibilities;
- meetings of the Council of Governors focus on relevant issues with sufficient time for full discussion;
- the Trust provides appropriate opportunities for developing governors' knowledge; and
- governors receiving effective support.

In addition, positive comments around support and information received during COVID-19 were received from governors who felt they were kept informed with regards to the Trust's response to the pandemic.

Actions being progressed as a result of the survey include:

- revision of timescales for circulation of papers in advance of meetings;
- further input from governors in relation to areas of interest for discussion at workshops and development sessions;
- a dedicated governor bulletin; and
- a review of how governor input into groups is identified.

Governors' Nominations, Appointments and Remuneration Committee

The Governors' Nomination, Appointments and Remuneration Committee is a formal Committee of the Council of Governors established in accordance with the Trust's Constitution and the NHS Foundation Trust Code of Governance, for the purpose of carrying out the duties of governors with respect to the appointment, re-appointment, removal, remuneration and other terms of service of the Chairman and Non-Executive Directors and approval of the appointment of the Chief Executive.

Membership consists of governors selected from the full Council and the committee is chaired by the Chairman of the Trust (when dealing with matters relating to Non-Executive Directors) and the Senior Independent Director (when dealing with matters relating to the Chairman). The Chief Executive and Trust Secretary also attend meetings of the committee in an advisory capacity. Recommendations of the committee are submitted to the full Council of Governors for ratification.

In February 2020 a recruitment process was commenced to fill a Non-Executive Director position which had been vacant since September 2019. It was agreed that to complement the skills and experience of other Non-Executive Directors, applications from individuals with experience of working as a senior clinician would be welcomed. It was agreed that unless there were insufficient candidates meeting the person specification, there were be no need to seek support from an external recruitment agency/search consultancy. The recruitment process was therefore managed within the Trust and the post was advertised on the NHS Jobs website with a good response. Unfortunately, as a consequence of the COVID-19 pandemic, members of the Governors' Nominations, Appointments and Remuneration Committee agreed with a recommendation to postpone the interviews for a period of time, however in July 2020 it was agreed to progress with virtual interviews and these were held in August 2020. The panel comprised of four governor members of the Governors' Nominations, Appointments and Remuneration Committee and the Chairman, supported by the Chief Executive and Trust Secretary. Following the interviews a recommendation from the Governors' Nominations, Appointments and Remuneration Committee was approved by the Council of Governors on 18 August 2020 to appoint Debbie Carrick-Sen for an initial term of three years.

Register of Interests

A Register of Interests for the Council of Governors is maintained by the Trust Secretary. All governors are asked to declare interests on appointment and the register is reviewed annually. In addition, at the start of each meeting members are required to declare any interests that may affect the papers considered. The register is available for inspection by members of the public via application to the Trust Secretary or by visiting the Trust's website.

MEMBERSHIP

Each NHS Foundation Trust has its own governance structure. The governance structure starts with the Trust's membership who elect the Council of Governors who in turn hold the Non-Executive Directors to account for their leadership and management of the Trust.

The Trust's membership is made up of public and staff members. The Public Constituency consists of people over the age of 16, living within the boundaries of the North East and Cumbria. Staff members are recruited automatically on joining the Trust on a substantive contract, after 12 months employment on a temporary contract, and staff although not directly employed by the Trust, but who exercise functions for the Trust.

The Trust's membership numbers at the end of March 2021 are shown in the table below:

Public Constituency	2020/21
At year start (01 04 20)	14,000
New members	44
Members leaving	170
At year end (31 03 21)	13,874
Staff constituency	
At year start (01 04 20)	8,448
New members	1,064
Members leaving	988
At year end (31 03 21)	8,557

The Trust's membership has decreased slightly during 2020/21, largely as a result of regular data cleansing to ensure the information held is up to date. This exercise routinely removes members who have either sadly passed away or who have moved out of the area and therefore no longer eligible.

Analysis of public membership

Public constituency	Number of members
Age (years)	
0-16	0
17-21	28
22+	11,914
Ethnicity	
White	10,369
Mixed	56
Asian or Asian British	438
Black or Black British	133
Other	96
Socio-economic groupings*	
AB	2,691
C1	3,692
C2	3,231
DE	4,255
Gender analysis	
Male	4,597
Female	8,263
The analysis section of this report excludes: - 1932 public members with no dates of birth, 2782 members with no stated ethnicity and 1014 members with no gender	

Public constituency	Number of members

* Socio-economic data has been completed using profiling techniques (eg postcode) or other recognised methods

Definitions:
AB - Higher managerial, administrative, professional intermediate managerial, administrative, professional
C1 - Supervisory, clerical, junior managerial
C2 - Skilled manual workers
DE - Semi-skilled and unskilled manual workers, casual labourers, pensioners, unemployed

Annual Members' Meeting

This meeting is held annually in the autumn. All members are invited to attend to hear about the Trust's performance during the year and receive the Annual Report and Accounts. In September 2020, the meeting was held virtually due to the COVID-19 pandemic.

Membership Engagement Strategy

The Trust aims to build a representative membership base to support public accountability and local engagement. It is recognised that a well-informed, motivated and engaged membership help organisations to be more responsive with an improved understanding of the needs of its patients and local communities. Therefore it is vital to create a membership that matches the demographic mix of our catchment area and to create a vibrant membership programme to support successful long term engagement with members.

The Council of Governors has developed a strategy for achieving a representative membership, firstly focusing on those methods which have proven successful in the past, although we are always keen to explore new ways in which we could increase our membership base.

The strategy aims to:

- maintain and build membership numbers to represent the population the Trust serves;
- effectively engage and communicate with members; and
- raise awareness of the role of a member and Governors.

Members of the Council of Governors assist in membership recruitment by raising awareness of the role of the governor and membership in their local communities. The benefits of membership are also advertised in public areas of the Trust as well as on the Trust's website.

Members also have the opportunity to attend the Council of Governors and Board of Director meetings held in public to receive information about service developments and Trust performance.

Due to the COVID-19 pandemic it was not possible to take forward a number of engagement and member recruitment activities due to local and national restrictions. The Trust will be exploring opportunities for online membership engagement activities in 2021/22 to supplement any public activities that may be possible once restrictions are lifted.

Contacting the Trust and Becoming a Member

Existing members who wish to communicate with governors and/or directors can do this via the Trust Secretary using the details below.

Anyone interested in becoming a member of the Foundation Trust can do so by either using the contact details below or by completing an application form which is available on the Trust's website; this can be accessed using the web address below or by simply scanning the QR code below.

Trust Secretary
South Tyneside and Sunderland NHS Foundation Trust
Trust Headquarters
Sunderland Royal Hospital
Kayll Road
Sunderland
SR4 7TP

stsft.membershipoffice@nhs.net

www.stsft.nhs.uk

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF GOVERNORS OF SOUTH TYNESIDE AND SUNDERLAND NHS FOUNDATION TRUST

Opinion

We have audited the financial statements of South Tyneside and Sunderland NHS Foundation Trust for the year ended 31 March 2021 which comprise the Trust and Group's Statement of Comprehensive Income, the Trust and Group Statement of Financial Position, the Trust and Group Statement of Changes in Taxpayers' Equity, the Trust and Group Statement of Cash Flows, and the related notes 1 to 26, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2020/21 HM Treasury's Financial Reporting Manual (the 2020/21 FReM) to the extent that they are meaningful and appropriate to NHS foundation trusts.

In our opinion the financial statements:

- give a true and fair view of the financial position of South Tyneside and Sunderland NHS Foundation Trust and Group's affairs as at 31 March 2021 and of its income and expenditure and income for the year then ended; and
- have been prepared properly in accordance with the Department of Health and Social Care's Group Accounting Manual 2020/21 and the directions under paragraphs 24 and 25 of Schedule 7 of the National Health Service Act 2006 (as amended by the Health and Social Care Act 2012).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Foundation Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01 and we have fulfilled our other ethical responsibilities in accordance with these requirements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Foundation Trust's ability to continue as a going concern up to the end of June 2022 from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Foundation Trust's ability to continue as a going concern.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Code of Audit Practice issued by the NAO

Basis for qualification on the Remuneration Report

The Remuneration Report set out on pages 70 to 82, does not disclose the cash equivalent transfer value at 31 March 2021 for the Chief Executive; the total accrued lump sum, lump sum at pension age and cash equivalent transfer value at 31 March 2020 and 31 March 2021 for the Executive Director of Finance; and employers contribution to stakeholders pension for the Executive Director of Nursing, Midwifery & Allied Health Professionals. This is because the Trust has been informed by the NHS Pension Agency that the information cannot be provided for members who are no longer paying contributions.

Qualified opinion on the Remuneration Report

Except for the reasons set out in the basis for qualification on the Remuneration Report, in our opinion the part of the Remuneration Report subject to audit has been prepared properly in accordance with requirements of the Foundation Trust Annual Reporting Manual 2020/21.

Opinion on the Staff Report
In our opinion the part of the Staff Report subject to audit has been prepared properly in accordance with requirements of the Foundation Trust Annual Reporting Manual 2020/21.

Opinion on Other Information
In our opinion, the Other Information for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

The Code of Audit Practice requires us to report to you if:

- We issue a report in the public interest under schedule 10(3) of the National Health Service Act 2006;
- We refer the matter to the regulator under schedule 10(6) of the National Health Service Act 2006 because we have reason to believe that the Trust, or a director or officer of the Trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency;
- We are not satisfied that the Trust has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources;

- we have been unable to satisfy ourselves that the Annual Governance Statement, and other information published with the financial statements meets the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2020/21 and is not misleading or inconsistent with other information forthcoming from the audit; or
- we have been unable to satisfy ourselves that proper practices have been observed in the compilation of the financial statements.

We have nothing to report in respect of these matters.

The NHS Foundation Trust Annual Reporting Manual 2020/21 requires us to report to you if in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the NHS Foundation Trust acquired in the course of performing our audit; or
- otherwise misleading.

We have nothing to report in respect of these matters.

Responsibilities of Accounting Officer

As explained more fully in the Statement of Chief Executive's Responsibilities as the Accounting Officer of South Tyneside and Sunderland NHS Foundation Trust set out on page 102 and 103, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Accounting Officer is responsible for assessing the 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 the Council of Governors intend to cease operations, or have no realistic alternative but to do so.

As explained in the statement of the Statement of Chief Executive's Responsibilities as the Accounting Officer of South Tyneside and Sunderland NHS Foundation Trust, as the Accounting Officer of the Trust, the Chief Executive is responsible for the arrangements to secure economy, efficiency and effectiveness in the use of the Trust's resources.

Auditor's responsibility for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Trust and determined that the most significant are the National Health Service Act 2006 (as amended by the Health and Social Care Act 2012), as well as relevant employment laws of the

United Kingdom. In addition, the Trust has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection and health & safety.

- We understood how South Tyneside and Sunderland NHS Foundation Trust is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, internal audit and those charged with governance and obtaining and reviewing documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our review of the Trust's board minutes, through enquiry of employees to verify Trust policies, and through the inspection of employee handbooks and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.
- We assessed the susceptibility of the Trust's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified manipulation of reported financial performance (through inappropriate capitalisation of revenue expenditure and over statement of accruals, provisions and payables) and management override of controls] to be our fraud risks.
- To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested a sample of the Trust's capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine.
- To address our fraud risk of overstatement of accruals, provisions and payables we selected a sample of transactions for testing to check that criteria for recognition of a liability had been met and the estimate of the value was supportable with reference to underlying evidence.
- To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately.

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

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in April 2021, as to whether the Foundation Trust had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Foundation Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Foundation Trust had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

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

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed our procedures on the Foundation Trust's value for money arrangements for the year ended 31 March 2021. We are satisfied that this work does not have a material effect on the financial statements. We will report the outcome of our work on the Foundation Trust's arrangements in our commentary on those arrangements within the Auditor's Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements Chapter 5 of Part 2 of the National Health Service Act 2006.and the Code of Audit Practice issued by the National Audit Office on behalf of the Comptroller and Auditor General (C&AG).

Use of our report

This report is made solely to the Council of Governors of South Tyneside and Sunderland NHS Foundation Trust in accordance with Schedule 10 of the National Health Service Act 2006 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, for our audit work, for this report, or for the opinions we have formed.

Maria Grindley
for and on behalf of Ernst & Young LLP
Reading
18 June 2021

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF GOVERNORS OF SOUTH TYNESIDE AND SUNDERLAND NHS FOUNDATION TRUST

Issue of audit opinion on the financial statements

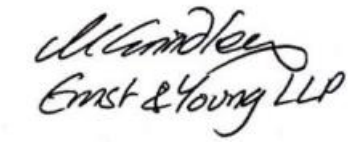
In our audit report for the year ended 31 March 2021 issued on 18 June 2021 we reported that, in our opinion, the financial statements:

- gave a true and fair view of the financial position of South Tyneside and Sunderland NHS Foundation Trust as at 31 March 2021 and of its income and expenditure for the year then ended;
- gave a true and fair view of the financial position of the Group as at 31 March 2021 and of its expenditure and income for the year then ended; and
- had been prepared properly in accordance with the Department for Health and Social Care's Group Accounting Manual 2020/21 and the directions under paragraphs 24 and 25 of Schedule 7 of the National Health Service Act 2006 (as amended by the Health and Social Care Act 2012).

Certificate

In our report dated 18 June 2021, we explained that we could not formally conclude the audit on that date until we had completed our procedures on the Foundation Trust's value for money arrangements for the year ended 31 March 2021. We have now completed our procedures and no matters have come to our attention that would have resulted in a different opinion on the financial statements or additional exception reporting on significant weaknesses in the Foundation Trust's value for money arrangements.

We certify that we have completed the audit of the accounts of South Tyneside and Sunderland NHS Foundation Trust in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice issued by the National Audit Office on behalf of the Comptroller and Auditor General.



Maria Grindley
For and on behalf of Ernst & Young LLP
Reading
5 July 2021

FOREWORD TO THE FINANCIAL STATEMENTS

SOUTH TYNESIDE AND SUNDERLAND NHS FOUNDATION TRUST

These financial statements for the year ended 31 March 2021 have been prepared by the South Tyneside and Sunderland NHS Foundation Trust under Schedule 7 of the National Health Service Act 2006, paragraphs 24 and 25 and in accordance with directions given by Monitor, the sector regulator for health services in England.

Ken Bremner
Chief Executive
17 June 2021

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Note	Group 2020/21 £000	Trust 2020/21 £000	Group 2019/20 £000	Trust 2019/20 £000
Operating income	3.1	646,934	645,169	598,559	598,524
Operating expenses	4	(630,745)	(633,637)	(605,938)	(609,810)
Operating deficit surplus/(deficit)		**16,189**	**11,532**	**(7,379)**	**(11,286)**
Finance costs					
Finance income	6	98	838	320	1,267
Finance costs	7.1	(1,667)	(1,825)	(2,216)	(2,390)
PDC dividends payable		(3,517)	(3,517)	(4,301)	(4,301)
Net finance costs		**(5,086)**	**(4,504)**	**(6,197)**	**(5,424)**
Losses on disposals of assets	9.5	0	0	(11)	(11)
Corporation Tax expense		(623)	0	(380)	0
SURPLUS/(DEFICIT) FOR THE YEAR BEFORE ABSORPTION		**10,480**	**7,028**	**(13,967)**	**(16,721)**
Gains from transfers by absorption - transferred to STSFT	SOCTE	0	0	160,990	157,255
Gains from transfers by absorption - transferred to charitable funds	SOCTE	0	0	6,045	0
SURPLUS FOR THE YEAR		**10,480**	**7,028**	**153,068**	**140,534**
Other comprehensive income:					
Will not be reclassified to income and expenditure:					
Impairments		(6,686)	(6,686)	(12,687)	(12,685)
Revaluations	9.1	3,170	3,155	18,783	18,642
Losses on revaluation of investments	9.1	484	0	(261)	0
Other recognised gains and losses		0	0	(195)	0
Initial recognition of Local Government Pension Scheme liability				(847)	0
Other reserve movements		25	0	213	(71)
Remeasurements of net defined benefit scheme liability		(396)	0	148	0
Other comprehensive income		**(3,403)**	**(3,531)**	**5,154**	**5,886**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**7,077**	**3,497**	**158,222**	**146,420**

The notes on pages 135 to 187 form part of these financial statements.

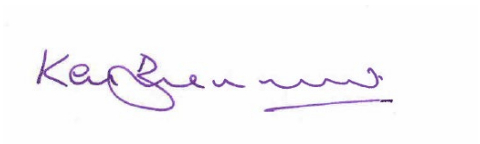
On 1 April 2019 South Tyneside and Sunderland NHS Foundation Trust was formed through a merger between City Hospitals Sunderland NHS Foundation Trust and South Tyneside Foundation Trust. At this date all functions transferred to South Tyneside and Sunderland NHS Foundation Trust. The merger was a statutory merger under section 56 of the National Health Service Act 2006 and has been accounted for as a Transfer by Absorption in line with accounting policy 1.13.

South Tyneside and Sunderland NHS Foundation Trust operates as a Group, within the Group there are three active Limited Companies and one NHS Charity.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Note	Group 2020/21 £000	Trust 2020/21 £000	Group 2019/20 £000	Trust 2019/20 £000
NON-CURRENT ASSETS					
Intangible assets	8	9,311	9,309	10,078	10,076
Property, plant and equipment	9	221,465	220,495	220,271	219,245
Investment in subsidiary	10	0	11,893	0	11,893
Long term debt with subsidiary	10	0	7,471	0	11,153
Loan to subsidiary	10	0	797	0	1,008
Investment in charitable funds	11	3,713	0	3,262	0
Trade and other receivables	13	326	326	598	997
Total non-current assets		**234,815**	**250,291**	**234,209**	**254,372**
CURRENT ASSETS					
Inventories	12	11,606	9,093	9,484	7,077
Trade and other receivables	13	18,061	14,274	42,852	41,596
Loan to subsidiary	10	0	211	0	211
Current debt with subsidiary	10	0	3,682	0	3,884
Non current assets held for sale		0	0	0	0
Cash and cash equivalents	20	71,886	61,279	33,396	27,604
Total current assets		**101,553**	**88,539**	**85,732**	**80,372**
CURRENT LIABILITIES					
Finance lease	16	(94)	(875)	(119)	(880)
Trade and other payables	14.1	(69,529)	(65,296)	(67,185)	(67,312)
Borrowings	16	(5,610)	(5,610)	(29,196)	(29,196)
Provisions for liabilities and charges	17	(2,068)	(2,068)	(435)	(436)
Other liabilities	15	(2,619)	(5,791)	(3,940)	(7,112)
Total current liabilities		**(79,920)**	**(79,640)**	**(100,875)**	**(104,936)**
NON-CURRENT LIABILITIES					
Finance lease	16	(785)	(4,896)	(910)	(5,801)
Borrowings	16	(46,261)	(46,261)	(51,480)	(51,480)
Provisions for liabilities and charges	17	(795)	(795)	(752)	(751)
LGPS Liability	19	(1,317)	0	(847)	0
Other liabilities	15	0	(15,329)	0	(18,501)
Total non-current liabilities		**(49,158)**	**(67,281)**	**(53,989)**	**(76,533)**
TOTAL ASSETS EMPLOYED		**207,290**	**191,909**	**165,077**	**153,275**
TAXPAYERS' EQUITY					
Public dividend capital	SOCTE	185,555	185,555	150,419	150,419
Revaluation reserve	SOCTE/7.2	59,675	57,561	63,166	61,092
Other reserves	SOCTE	0	0	148	0
Income and expenditure reserve	SOCTE	(45,068)	(51,207)	(54,321)	(58,236)
Charitable fund reserve	SOCTE	7,128	0	5,665	0
TOTAL TAXPAYERS' EQUITY		**207,290**	**191,909**	**165,077**	**153,275**

The financial statements on pages 130 to 187 were approved and authorised for issue by the Board of Directors on 14 June 2021 and signed on their behalf by:



Ken Bremner
Chief Executive
Date: 17 June 2021

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2021

		Group					
	Note	Total £000	Public dividend capital £000	Revaluation reserve £000	Other Reserves £000	Charitable Fund Reserve £000	Income and expenditure reserve £000
Opening balance on 1 April 2020	SOCI	**165,077**	150,419	63,166	148	5,665	(54,321)
Surplus for the year - excluding transfer by absorption	SOCI	**10,964**	0	0	0	1,946	9,018
Impairments	7.2	**(6,686)**	0	(6,686)	0	0	0
Revaluations gains and losses - property, plant and equipment	9.1	**3,170**	0	3,170	0	0	0
Revaluations gains and losses - Investments	9.1	**0**	0	0	0	0	0
Public dividend capital received		**35,136**	35,136	0	0	0	0
Remeasurement of defined benefit pension liability	19	**(396)**	0	0	(148)	0	(248)
Other reserve movements		**25**	0	25	0	(483)	483
Taxpayers' equity at 31 March 2021	SOFP	**207,290**	**185,555**	**59,675**	**0**	**7,128**	**(45,068)**

		Trust			
	Note	Total £000	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000
Opening balance on 1 April 2020	SOCI	**153,275**	150,419	61,092	(58,236)
Surplus for the year - excluding transfer by absorption	SOCI	**7,028**			7,028
Impairments	7.2	**(6,686)**		(6,686)	
Revaluations gains and losses - property, plant and equipment	9.1	**3,155**		3,155	
Public dividend capital received		**35,136**	35,136		
Taxpayers' equity at 31 March 2021	SOFP	**191,908**	**185,555**	**57,561**	**(51,208)**

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2020

		Group					
	Note	Total £000	Public dividend capital £000	Revaluation reserve £000	Other Reserves £000	Charitable Fund Reserve £000	Income and expenditure reserve £000
Opening transfers by absorption on 1 April 2019	SOCI	**167,035**	0	0	0	6,045	160,990
Transfers by absorption: transfer between reserves - Trusts		**0**	143,564	57,512	0	0	(201,076)
Transfers by absorption: transfer between reserves - Charitable Funds		**0**	0	0	0	0	0
Taxpayers' equity at 1 April 2019		**167,035**	**143,564**	**57,512**	**0**	**6,045**	**(40,086)**
Surplus for the year - excluding transfer by absorption	SOCI	**(13,967)**	0	0	0	20	(13,987)
Initial recognition of Local Government Pension Scheme liability		**(847)**					(847)
Adjustment to brought forward balance		**(194)**		(194)	0	0	0
Impairments	7.2	**(12,687)**	0	(12,687)	0	0	0
Revaluations gains and losses - property, plant and equipment	9.1	**18,783**	0	18,783	0	0	0
Revaluations gains and losses - Investments	9.1	**(261)**	0	0	0	0	(261)
Transfer to retained earnings on disposal of assets		**0**	0	(248)	0	0	248
Public dividend capital received		**6,855**	6,855	0	0	0	0
Remeasurement of defined benefit pension liability	19	**148**	0	0	148	0	0
Other reserve movements		**212**	0	0	0	(400)	612
Taxpayers' equity at 31 March 2020	SOFP	**165,077**	**150,419**	**63,166**	**148**	**5,665**	**(54,321)**

		Trust			
	Note	Total £000	Public dividend capital £000	Revaluation reserve £000	Income and expenditure reserve £000
Opening transfers by absorption on 1 April 2019	SOCI	**157,255**	0	0	157,255
Transfers by absorption: transfer between reserves - Trusts		**0**	143,564	55,451	(199,015)
Taxpayers' equity at 1 April 2019		**157,255**	**143,564**	**55,451**	**(41,760)**
Surplus for the year - excluding transfer by absorption	SOCI	**(16,721)**	0	0	(16,721)
Impairments	7.2	**(12,685)**	0	(12,685)	0
Revaluations gains and losses - property, plant and equipment	9.1	**18,642**	0	18,642	0
Transfer to retained earnings on disposal of assets		**0**	0	(249)	249
Public dividend capital received		**6,855**	6,855	0	0
Other reserve movements		**(71)**	0	(67)	(4)
Taxpayers' equity at 31 March 2020	SOFP	**153,275**	**150,419**	**61,092**	**(58,236)**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Note	Group 2020/21 £000	Trust 2020/21 £000	Group 2019/20 £000	Trust 2019/20 £000
Cash flows from operating activities					
Operating deficit	SOCI	16,189	11,532	(7,379)	(11,286)
Operating deficit		**16,189**	**11,532**	**(7,379)**	**(11,286)**
Non-cash income and expense:					
Depreciation and amortisation	4.1	13,778	13,688	12,876	12,779
Impairments	4.1	2,548	2,578	16,927	16,973
Non-cash donations credited to income	3.1	(240)	(723)	0	(738)
LGPS pension movement		74	0	68	0
Decrease in trade and other receivables	13.1	26,412	29,349	1,215	3,585
Decrease in other assets		0	0	0	(1,219)
Increase in inventories	12.1	(2,122)	(2,016)	(1,161)	(881)
Increase(decrease) in trade and other payables	14.1	470	(3,363)	5,411	7,124
Increase/(decrease) in other liabilities		(1,321)	(4,493)	672	(2,500)
Increase in provisions	17	1,680	1,680	(52)	(52)
Corporation tax paid		(654)	0	(841)	0
Movements in Charitable funds working capital		28	0	(307)	0
Other movements in operating cash flows		63	0	559	0
Net cash flows used in operations		**56,905**	**48,232**	**27,988**	**23,785**
Cash flows used in investing activities					
Interest received	6	11	838	222	1,267
Purchase of intangible assets	8.1	(726)	(726)	(3,473)	(3,473)
Purchase of property, plant and equipment	9.1	(17,219)	(17,998)	(15,502)	(14,976)
Sales of property, plant and equipment		4	4	375	368
Movement in Charitable funds investing activities	6	98	0	98	0
Receipt of cash donations to purchase capital assets		0	723	0	739
Net cash flows in investing activities		**(17,832)**	**(17,159)**	**(18,280)**	**(16,075)**
Cash flows from financing activities					
Public dividend capital received	SOCTE	35,136	35,136	6,855	6,855
Repayment of loans from Department of Health and Social Care	16	(28,680)	(28,680)	(7,886)	(7,886)
Other capital receipts		0	4,095	0	4,240
Capital element of finance lease repayments		(150)	(911)	(95)	(835)
Interest paid	7.1	(1,765)	(1,765)	(2,166)	(2,166)
Other interest		(10)	(165)	(14)	(192)
Interest element of finance lease repayments		(21)	(21)	(70)	(37)
PDC dividend paid	SOCI	(5,086)	(5,086)	(3,290)	(3,290)
Other cash flows		(6)	0	0	(1,617)
Net cash from financing activities		**(582)**	**2,603**	**(6,666)**	**(4,928)**
Increase in cash and cash equivalents		**38,491**	**33,675**	**3,042**	**2,782**
Cash and cash equivalents at 1 April		**33,396**	**27,604**	**0**	**0**
Transfer by absorption	SOFP	0	0	30,354	24,822
Cash and cash equivalents at 31 March		**71,886**	**61,279**	**33,396**	**27,604**

NOTES TO THE ACCOUNTS

1. Basis of Preparation

NHS Improvement, in exercising the statutory functions conferred on Monitor, has directed that the financial statements of the Foundation Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2020/21 issued by the Department of Health and Social Care (DHSC). The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Foundation Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Estimation Techniques

These are methods adopted by the Group to arrive at monetary amounts, corresponding to the measurement basis selected for assets, liabilities, gains, losses and charges to the Reserves. Where the basis of measurement for the amount to be recognised under accounting policies is uncertain, an estimation technique is applied.

In the application of the Group'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**.**

1.2 Accounting Convention

These financial statements have been prepared under the historical cost convention modified to account for the revaluation of (investment property) property, plant and equipment, intangible assets (stockpiled goods), and certain financial assets and liabilities.

1.3 Critical judgements in applying accounting policies

The following are critical judgements, apart from those involving estimations (see 1.26.2) that management has made in the process of applying the Trusts accounting policies and that have most significant effect on the amounts recognised in the financial statements:

- The day to day operations of the Group are funded from agreed fixed term contracts with Clinical Commissioning Groups (CCGs). These payments provide a reliable stream of funding minimising the Foundation Trust's exposure to liquidity and financing problems. The Group's budgets and expenditure plans are based on the agreed level of commissioned service and indicate that it has sufficient resource to meet ongoing commitments.

- A Modern Equivalent Asset model is used as the basis for the valuation of the Trust's property assets. This revaluation is carried out by a professional valuer in accordance with RICS guidance.

- The Trust has made critical judgements, based on accounting standards, in the classification of leases and arrangements containing a lease. The Trust assessed each contract potentially incorporating a lease in accordance with IAS 17 - Leases and applied the appropriate accounting treatment.

1.4 Going Concern

As an NHS Foundation Trust, the directors are required to make an assessment as at the balance sheet date as to whether the Trust remains a going concern.

In carrying out its assessment, the directors have taken into account the statement published by NHS England and NHS Improvement on 27th May 2020 (https://improvement.nhs.uk/documents/6615/Statement_to_support_forecasting.pdf). This states that “the financial statements of all NHS providers and CCGs will be prepared on a going concern basis unless there are exceptional circumstances where the entity is being or is likely to be wound up without the provision of its services transferring to another entity in the public sector.” It also states that “Providers can therefore continue to expect NHS funding to flow at similar levels to that previously provided where services are reasonably still expected to be commissioned.”

These accounts have therefore been prepared on a going concern basis, in accordance with the definition as set out in section 4 of the DHSC Group Accounting Manual (GAM) which outlines the interpretation of IAS1 'Presentation of Financial Statements' as "the anticipated continuation of the provision of a service in the future, as evidenced by the inclusion of financial provision for that service in published documents".

The directors have considered whether there are any local or national policy decisions that are likely to affect the continued funding and provision of services by the Trust. The Trust is a member of the North East and North Cumbria Integrated Care System (NENC ICS) which is comprised of all the statutory healthcare organisations and clinical commissioning groups in the North East and North Cumbria Region and provides health and social care services to over 3.2 million people. No circumstances have been identified causing the Directors to doubt the continued provision of NHS services

The actions taken by the NHS to respond to the COVID-19 pandemic included the suspension in March of operational planning for 2020/21. Contract negotiations and financial plans for the 2020/21 financial year were not concluded and an interim financial framework, with simplified contracting and funding arrangements, was introduced for the period April 2020 - July 2020. As a result of this modification income from Commissioners was largely based on nationally calculated block payments which improved liquidity and cash flow during the year. Additional costs due to the pandemic were supported on an actual cost reimbursement basis for the first half the year and on an advance block payment basis for the second half of the year.

For 2021/22 the current financial funding arrangements will remain in place but only for the first half of the year.

The financial framework that will apply beyond September 2021 is not yet clear. The directors have made a number of assumptions regarding the second half of the year which underpin the annual financial plan for 2021/22. Directors have considered a range of scenarios, including a downside scenario, to understand the impact of different funding arrangements and funding levels may have. These scenarios have considered cash flows for a period of 12 months from the date of approval of the annual accounts therefore our going concern assessment is made up to 30/06/2022. In each of these scenarios the Trust is in a positive cash position at the end of the review period. These assumptions and plans have been approved by Trust Board.

In April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement (NHSE&I) announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue loans as at 31 March 2020 were extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow their repayment.

A total of 12 individual revenue support loans amounting to £22,129k were converted to PDC during 2020/21.

The directors have also considered the financial governance framework that operates within the Trust and its flexibility and preparedness to respond to financial challenge.

Taking into account these planning scenarios and the robust financial framework and governance structures in place within the Trust, the directors have a reasonable expectation that the NHS Foundation Trust will have 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 2020/21 accounts, following the definition of going concern in the public sector adopted by HM Treasury's Financial Reporting Manual.

1.5 Continuing and discontinued operations, merger and acquisitions

An operation is classified as discontinued when either:

(a) it is classified as held for sale; or
(b) the activities have ceased without transferring to another entity; or
(c) the activities have been transferred to an entity outside the boundary of Whole of Government Accounts, such as the private or voluntary sectors.

Operations not satisfying all these conditions are classified as continuing.

Activities transferred to or from other bodies within the boundary of Whole of Government Accounts are "machinery of government changes" and are treated as continuing operations and accounted for as a transfer by absorption.

Activities acquired from outside the Whole of Government Accounts boundary are accounted for in accordance with IFRS 3.

1.6 Consolidation

NHS Charitable Fund

South Tyneside and Sunderland NHS Foundation Trust is the corporate trustee to The South Tyneside and Sunderland Trust Charitable Fund. The Foundation Trust has assessed its relationship to the charitable fund and determined them to be subsidiaries because the Foundation Trust is exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with the charitable funds and has the ability to affect those returns and other benefits through its power over the funds.

The South Tyneside and Sunderland NHS Foundation Trust Charitable Fund is registered with the Charity Commission (registered number 1052366). As at the 1 April 2020, the value of the funds was £5.665k. As at 31 March 2021 the value of the funds is estimated as £7,128k. This represents an estimated net increase in value of £1,463k.

South Tyneside and Sunderland NHS Foundation Trust Charitable Funds principal office is based at Trust Head Quarters, Kayll Road, Sunderland, SR4 7TP.

Other Subsidiaries

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

The amounts consolidated are drawn from the published financial statements of the subsidiaries for the year. Where subsidiaries' accounting policies are not aligned with those of the Foundation Trust (including where they report under UK GAAP) then amounts are adjusted during consolidation where the differences are material. Inter-entity balances, transactions and gains/losses are eliminated in full on consolidation.

The Foundation Trust is the sole shareholder of City Hospitals Independent Commercial Enterprises Limited (CHoICE). In addition the Foundation Trust is also the sole shareholder of STFT Holdings Limited, which is in turn the sole shareholder of three limited companies, South Tyneside Integrated Care Limited, Gateshead Integrated Care Limited and Sunderland Integrated Care Limited.

The financial statements of CHoICE, STFT Holdings Limited and South Tyneside Integrated Care Limited, have been consolidated into these group financial statements. The remaining subsidiaries Gateshead Integrated Care Limited and Sunderland Integrated Care Limited are dormant and have taken advantage of the exemption to file individual financial statements under Section 394A of the Companies Act.

All the Foundation Trust's subsidiaries are registered in the United Kingdom and their reporting period runs from 1 April to 31 March; in line with the Foundation Trust's reporting period.

It should be noted that the 'Group' figures in the financial statements include South Tyneside and Sunderland NHS Foundation Trust, CHoICE, STFT Holdings Limited, South Tyneside Integrated Care Limited, and the South Tyneside and Sunderland NHS Trust Charitable Fund. The 'Foundation Trust' figures in the financial statements include only the figures for South Tyneside and Sunderland NHS Foundation Trust.

1.7 Income

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS). As directed by the GAM, the transition to IFRS 15 in 2018/19 was completed in accordance with paragraph C3 (b) of the Standard: applying the Standard retrospectively but recognising the cumulative effects at the date of initial application (1 April 2018).

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the Foundation Trust accrues income relating to performance obligations satisfied in that year. Where the Foundation Trust's entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

The Foundation Trust historically has accounted for income due on partly completed spells of patient care. Income was accrued based on length of stay using an average bed day rate for the appropriate specialty. Differences between these accruals and the actual income due when the spell is completed are accounted for in the year of completion. The Trust has agreed block contract arrangements with CCG's for 2020/21 with income agreed reflecting a fixed value; no adjustment has therefore been made for partly completed spells.

Where research contracts fall under IFRS 15, revenue is recognised as and when performance obligations are satisfied. If it is assessed that the revenue project constitutes one performance obligation over the course of the multi-year contract then in these cases it is assessed that the Foundation Trust's interim performance does not create an asset with alternative use for the Foundation Trust, and the Foundation Trust has an enforceable right to payment for the performance completed to date. It is therefore considered that the performance obligation is satisfied over time, and the Foundation Trust recognises revenue each year over the course of the contract.

The Foundation Trust receives income under the NHS injury cost recovery scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has

subsequently been paid, for instance by an insurer. The Foundation Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment. The income is measured at the agreed tariff for the treatments provided to the injured individual, less an allowance for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset.

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 sum due under the sale contract.

1.8 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 year.

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. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that “the period between formal valuations shall be four years, with approximate assessments in intervening years”. An outline of these follows:

a) Accounting valuation
A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary’s Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2021, is based on valuation data as 31 March 2020, updated to 31 March 2021 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 report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation
The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from

April 2019 to 20.6% of pensionable pay. The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. In January 2019, the Government announced a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

The Government subsequently announced in July 2020 that the pause had been lifted, and so the cost control element of the 2016 valuations could be completed. The Government has set out that the costs of remedy of the discrimination will be included in this process. HMT valuation directions will set out the technical detail of how the costs of remedy will be included in the valuation process. The Government has also confirmed that the Government Actuary is reviewing the cost control mechanism (as was originally announced in 2018). The review will assess whether the cost control mechanism is working in line with original government objectives and reported to Government in April 2021. The findings of this review will not impact the 2016 valuations, with the aim for any changes to the cost cap mechanism to be made in time for the completion of the 2020 actuarial valuations.

National Employment Savings Trust (NEST)
The Pensions Act 2008 (the Act) introduced a new requirement for employers to automatically enrol any eligible job holders working for them into a workplace pension scheme that meets certain requirements and provide a minimum employer contribution.

Where an employee is eligible to join the NHS Pension Scheme then they will be automatically enrolled into this scheme, even if they have previously opted out. However, where an employee is not eligible to join the NHS Pension Scheme (e.g. flexible retiree employees and employees in the subsidiary companies then an alternative scheme must be made available by the Trust.

The Group has chosen NEST as an alternative scheme for the Foundation Trust and as the main scheme for CHoICE and South Tyneside Integrated Care Limited (as new CHoICE and South Tyneside Integrated Care Limited employees are not eligible to join the NHS Pension Scheme). NEST is a defined contribution pension scheme that was created as part of the Government's workplace pensions reforms under the Pensions Act 2008.

Employers' pension cost contributions for both schemes are charged to operating expenses as and when they become due.

Local Government Pension Scheme (LGPS)
South Tyneside Integrated Care Limited is a member of the South of Tyne and Wear Pension Fund, a Local Government Pension Scheme operated by South Tyneside Council. The fund is a defined benefit pension scheme.

The increase in the liability arising from pensionable service earned during the year is recognised within operating expenses. The net interest cost during the year arising from the unwinding of the discount on the net scheme liabilities is recognised within finance costs. Remeasurements of the defined benefit plan are recognised in the income and expenditure reserve and reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

1.9 Expenditure on 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.

1.10 Property, Plant and Equipment

Recognition
Expenditure on 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; and
- the cost of the item can be measured reliably.

In order for expenditure on property, plant and equipment to be capitalised it must also:

- 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.

Measurement
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. The carrying values of property, plant and equipment are reviewed for impairment in year if events, or changes in circumstances, indicate the carrying value may not be recoverable. The costs arising from financing the construction of the property, plant and equipment asset are not capitalised but are charged to the Statement of Comprehensive Income in the year to which they relate.

All assets are measured subsequently at valuation. Assets which are held for their service potential and are in use (i.e. operation assets used to deliver either from line services or back office functions) are measured at their current value in existing use. Assets that were most recently held for their service potential but are surplus with no plan to bring them back into use are measured at their fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

Revaluations of property, plant and equipment are performed with sufficient regularity to ensure that the carrying values are not materially different from those that would be determined at the end of the reporting period. Current values in existing use are determined as follows:

- Land and non-specialised buildings - market value for existing use
- Specialised buildings - depreciated replacement costs on a modern equivalent basis

(a) Property assets

Land and buildings used for the Trust's services or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the Statement of Financial Position date.

Fair values are determined as follows:

- Land and non-specialised buildings – market value for existing use;
- For non-operational properties including surplus land, the valuations are carried out at open market value;
- Specialised buildings – depreciated replacement cost.

HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued.

The Foundation Trust complies with the above by valuing its land and buildings property using a Modern Equivalent Asset Valuation (MEAV) on an alternative site basis. The valuation is undertaken by professionally qualified valuers in accordance with Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual.

All land and buildings are restated to current value using professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. Valuations are carried out every 5 years with an interim review every 3 years. These valuations may be carried out annually where economic conditions cause fluctuations in building cost indices.

The valuation exercise was carried out in March 2020 with a valuation date of 31 March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 [replace 2020 with 2017 if applicable] ('Red Book'), the valuer has declared a 'material valuation uncertainty' in the valuation report. This is on the basis of uncertainties in markets caused by COVID-19. The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.
It is the Trust's view that although a material uncertainty has been declared the majority of the Trust's property assets are valued on a direct replacement cost basis using a modern equivalent asset approach. Taking this into account the impact of material risk associated with COVID-19 on the property valuation is considered low. The impact upon the land valuation is also considered low given the likely short term impact of COVID-19 in relation to land values.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

(b) Non-property assets

The Foundation Trust elects to adopt a depreciated historical cost basis as a proxy for fair value for assets that have short useful lives or low values (or both). For depreciated historical cost to be considered as a proxy for fair value, the useful life must be a realistic reflection of the life of the asset and the depreciation method used must provide a realistic reflection of the consumption of that asset class.

Equipment surplus to requirements is valued at net recoverable amount.

Subsequent expenditure
Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the Trust and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance is charged to the Statement of Comprehensive Income in the year in which it is incurred.

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.

Property, plant and equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon the reclassification. Assets in the course of construction are not depreciated until the asset is brought into use.

Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as assessed by the NHS Foundation Trust's professional valuers. Leaseholds are depreciated over the primary lease term.

Equipment is depreciated on current cost evenly over the estimated life. Estimated PPE lives are:

Asset Type	**Minimum life**	**Maximum life**
Land	n/a	n/a
Buildings excluding dwellings	5	90
Dwellings	7	70
Plant and machinery	5	15
Transport equipment	7	7
Furniture and fittings	5	8
Information technology	7	10

Lives are initially set when equipment is first brought into use and are then re-assessed on a yearly basis.

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 that do not arise from a loss of economic benefit 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'.

Impairments
In accordance with the DH GAM, impairments that arise from a clear consumption of economic benefits or service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of:

(i) the impairment charged to operating expenses; and
(ii) the balance in the revaluation reserve attributable to that asset before the impairment.

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

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

De-recognition
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 would instead be treated as a surplus asset in accordance with IFRS 13.

1.11 Donated Assets

Donated property, plant and equipment assets are capitalised at their fair value on receipt. The donation is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the donation are to be consumed in a manner specified by the donor, in which case, the donation 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 assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

1.12 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.

Intangible assets are capitalised when they are capable of being used in a Trust's activities for more than one year; they can be valued; and they have a cost of at least £5,000.

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 Group intends to complete the asset and sell or use it;
- the Group 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 Group to complete the development and sell or use the asset; and

- the Group can measure reliably the expenses attributable to the asset during development.

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.

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred and amortised over the shorter of the terms of the licences and their useful economic lives.

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.

Subsequently intangible assets are carried at depreciated historical cost as, due to the short useful life of the asset, this is not considered to be materially different from fair value.

Amortisation
Intangible assets are amortised on a straight line basis over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

1.13 Transfer by Absorption

Assets and liabilities received through transfers by absorption are recognised at the date of transfer. The assets and liabilities are not adjusted to fair value prior to recognition. The corresponding net credit or debit reflecting the gain or loss is recognised within income or expenditure as appropriate but outside of operating activities.

The pre-transfer income, expenses, assets and liabilities of the Trust are not adjusted to include any pre-transfer activity of the function.

For property, plant and equipment assets and intangible assets the costs and accumulated depreciation (or amortisation) amounts from the transferring entity's financial statements are preserved when the assets are recognised in the Foundation Trust's financial statements.

Where any assets received had an attributable revaluation reserve balance in the transferring entity's financial statements, this is preserved in the Foundation Trust's financial statements by transferring the relevant amount from the income and expenditure reserve to the revaluation reserve.

1.14 Revenue, Government and Other Grants

Government grants are grants from Government bodies other than income from NHS bodies 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.

Grant income relating to assets is recognised within income when the Trust becomes entitled to it, unless the grantor imposes a condition that the future economic benefits embodied in the grant are to be consumed as specified by the grantor and if it is not, the grant must be returned to the grantor.

Where such a condition exists, the grant is recognised as deferred income within liabilities and carried forward to future financial years to the extent that the condition has not yet been met. There are currently no unfulfilled conditions or other contingencies associated with any grants the Trust is in receipt of.

1.15 Inventories

Inventories are valued at the lower of cost and net realisable value. Pharmacy Stocks and PPE stock donated in relation to COVID19 are valued at weighted average cost; all other stocks are valued on a ‘First In, First Out’ basis.

1.16 Cash and Cash Equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

These balances exclude monies held in the NHS Foundation Trust's bank account belonging to patients (see note 1.28 Third Party Assets).

1.17 Financial Instruments and Financial Liabilities

Recognition

Financial assets and financial liabilities arise where the Trust is party to the contractual provisions of a financial instrument, and as a result has a legal right to receive or a legal obligation to pay cash or another financial instrument. The GAM expands the definition of a contract to include legislation and regulations which give rise to arrangements that in all other respects would be a financial instrument and do not give rise to transactions classified as a tax by ONS.

This includes 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 and are recognised when, and to the extent which, performance occurs, i.e., when receipt or delivery of the goods or services is made.

Classification and measurement

Financial assets and financial liabilities are initially measured at fair value plus or minus directly attributable transaction costs except where the asset or liability is not measured at fair value through income and expenditure. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques.

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 in note 1.18.

Financial assets are classified as subsequently measured at amortised cost

Financial liabilities classified as subsequently measured at amortised cost

Financial assets and liabilities at amortised costs

Financial assets and financial liabilities at amortised cost are those held with the objective of collecting contractual cash flows and where cash flows are solely payments of principal and interest. This includes cash equivalents, contract and other receivables, trade and other payables, rights and obligations under lease arrangements and loans receivable and payable.

After initial recognition, these financial assets and financial liabilities are measured at amortised cost using the effective interest method less any impairment (for financial assets). The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

Interest revenue or expense is calculated by applying the effective interest rate to the gross carrying amount of a financial asset or amortised cost of a financial liability and recognised in the Statement of Comprehensive Income and a financing income or expense. In the case of loans held from the Department of Health and Social Care, the effective interest rate is the nominal rate of interest charged on the loan.

Impairment of financial assets

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets or assets measured at fair value through other comprehensive income, the Trust recognises an allowance for expected credit losses.

The Trust, in accordance with IFRS 9, adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses. For other financial assets, the loss allowance is initially measured at an amount equal to 12-month expected credit losses (stage 1) and subsequently at an amount equal to lifetime expected credit losses if the credit risk assessed for the financial asset significantly increases (stage 2).

Expected credit losses are the probability weighted losses expected from credit loss events occurring within a defined period. The defined period is the previous year end as at the 31 March 2020, in this instance the invoices raised in 2018/19. For each transaction it is assessed how much of the invoices was paid within 12 months and categorised in the following way:

- 100%
- Between 75% and 100%
- Between 50% and 75%
- Between 25% and 50%
- Between 0% and 25%
- Zero percent

A weighted average of these is then applied to all relevant outstanding invoices as at the end of 31 March 2021.

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

Expected losses are charged to operating expenditure within the Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Statement of Financial Position.

The Trust does not recognise stage 1 or stage 2 impairments against other government departments where repayment is ensured by primary legislation.

Derecognition
Financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired or the Trust has transferred substantially all the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

1.18 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 asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for as an item of property, plant and equipment.

The annual rental is split between the repayment of the liability and a finance cost by apportioning each rental payment between a finance charge and a reduction of the lease obligation using the sum of digits method. The annual finance cost is charged to Finance Costs in the Statement of Comprehensive Income. The lease liability is de-recognised when the liability is discharged, cancelled or expires.

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.

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.

The Trust as lessor

Operating leases
Rental income from operating leases is recognised on a straight line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are charged to income and expenditure as incurred.

1.19 Provisions

The 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 which varies from 0.51% to 1.99% in nominal terms, inflation is then applied. The only exception to this is early retirement provisions and injury benefit provisions which both use the HM Treasury's pension discount rate of minus 0.95% (2019/20 - 0.50%) in real terms.

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the Foundation Trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. NHS Resolution is financially responsible for all clinical negligence cases and the liability for all potential and outstanding claims is provided in their Accounts. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the Foundation Trust is disclosed in note 17.1 but is not recognised in the Foundation Trust's accounts.

Non-clinical risk pooling

The Foundation Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Foundation Trust pays an annual contribution to NHS Resolution and in return receives assistance with the costs of claims arising. The annual membership contributions, and any 'excesses' payable in respect of particular claims are charged to operating expenses when the liability arises.

Redundancy
The Foundation Trust makes provision for any redundancy costs in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

1.20 Contingencies
Contingent liabilities are not recognised, but are disclosed in Note 24, 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.

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the Group's control) are not recognised as assets, but are disclosed in Note 24 where an inflow of economic benefits is probable.

1.21 Value Added Tax (VAT)
Most of the activities of the 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 property, plant and equipment assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.22 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 Foundation Trusts. 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 Foundation Trust, is payable as public dividend capital dividend. 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 financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for (i) donated assets (including lottery funded assets), (ii) average daily cash balances held with the Government Banking Services (GBS) 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 down by the Department of Health and Social Care (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-audit" version of the financial statements. The dividend thus calculated is not revised should any adjustment to net assets occur as a result the audit of the financial statements.

1.23 Corporation Tax
City Hospitals Independent Commercial Enterprises (CHoICE) Limited, STFT Holdings Limited and South Tyneside Integrated Care Limited are wholly owned subsidiaries of South Tyneside and Sunderland NHS Foundation Trust and are subject to corporation tax on profits. Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the individual profit and loss accounts of the two organisations except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

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 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 on the balance sheet 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 main rate of UK Corporation Tax in 2020/21 was 19% (2019/20- 19%).

1.24 Foreign Exchange
The functional and presentational currencies of the Group are sterling

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Where the Group 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 expenditure 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.

1.25 Losses and Special Payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had NHS Trusts 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 accruals basis with the exception of provisions for future losses.

1.26 Standards issued but not yet adopted

IFRS 16 Leases

HM Treasury, in conjunction with the Financial Reporting Advisory Board (FRAB),
decided in light of current pressures that IFRS 16 will be deferred in the public sector for a further year, to 2021/22.

IFRS 16 Leases will replace IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease and other interpretations and is applicable in the public sector for periods beginning 1 April 2022. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for all leases. The standard also requires the premeasurement of lease liabilities after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

IFRS 16 changes the definition of a lease compared to IAS 17 and IFRIC 4. The trust will apply this definition to new leases only and will grandfather its assessments made under the old standards of whether existing contracts contain a lease.

On transition to IFRS 16 on 1 April 2022, it is expected the trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted at the trust's incremental borrowing rate.

The related right of use asset will be measured equal to liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. No adjustments will be made on 1 April 2022 for existing finance leases.

This approach assumes HM Treasury guidance will remain as it was should the Trust have implemented this policy on 1 April 2020.

For leases commencing in 2022/23, the trust will not recognise a right of use asset or lease liability for short term leases (less than or equal to 12 months) or for leases of low value assets (less than £5,000). Right of use assets will be subsequently measured on a basis consistent with owned assets and depreciated over the length of the lease term.

1.27 Accounting Standards adopted early
There are no accounting standards that have been adopted early.

1.28 Third Party Assets
Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the financial statements since the Group has no beneficial interest in them. However, they are disclosed in a separate note to the financial statements in accordance with the requirements of the HM Treasury's Financial Reporting Manual.

1.29 Segmental Reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors who make strategic decisions.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Segmental analysis

IFRS 8 requires disclosures of the results of significant operating segments. The standard provides for the information on income, expenses, surplus/deficit, assets and liabilities to be disclosed on the same basis as that used for internal reporting to the Chief Operating Decision Maker (CODM). The CODM is the Board of Directors.

The Trusts clinical services consist of two divisions which have similar economic characteristics, products, services and processes. They operate under the same regulatory framework and within the core business of healthcare within the same economic environment i.e. the UK economy. Clinical services is reported to the Board as one segment and the divisions are considered to meet the aggregation tests under the standard. The Trust has therefore concluded that a single segment of Healthcare should be reported in the financial statements.

The net surplus and total assets and liabilities for the single segment of Healthcare are therefore as disclosed in the Statement of Comprehensive Income for the Trust.

	Group 2020/21 Healthcare £000	Trust 2020/21 Healthcare £000	Group 2019/20 Healthcare £000	Trust 2019/20 Healthcare £000
Income				
Income from activities	571,426	567,369	529,448	525,949
Other operating income	75,508	77,800	69,111	72,575
Total Income	**646,934**	**645,169**	**598,559**	**598,524**
Surplus/(Deficit) by segment				
Operating surplus/(deficit)	**16,189**	**11,532**	**(7,379)**	**(11,286)**
Surplus per Statement of Comprehensive Income	**10,480**	**7,028**	**153,068**	**140,534**
Segment net assets	**207,290**	**191,909**	**165,077**	**153,275**

The Trust's revenues derive mainly from healthcare services provided to patients under contracts with Commissioners within England. The main Commissioners of services from the Trust, accounting for approximately 78% of revenues are; Sunderland Clinical Commissioning Group (45%), South Tyneside Clinical Commissioning Group (27%), NHS England North East & Yorkshire Regional Office (12%) and County Durham CCG (12%).

Group Position - Excluding Charities	Group 2020/21 £000	Group 2019/20 £000
Surplus for the year	10,480	153,068
Gain on transfer by absorption (merger)	0	(167,036)
Donated assets	(275)	(359)
PSF - allocation from 18/19 received in 19/20	0	(439)
Gain/(loss) on revaluation of investments	484	(260)
AME impairments and reversal of impairments	2,548	16,927
Remove net impact of consumables donated from other DHSC bodies	(2,852)	0
Consolidation of charitable funds surplus/(deficit)	(1,463)	380
LGPS pension valuation	74	69
Underlying Surplus as reported to Board of Directors	**8,996**	**2,350**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 Income

3.1 Operating income

	Group 2020/21 £000	Trust 2020/21 £000	Group 2019/20 £000	Trust 2019/20 £000
Income from activities				
Acute income				
Block contract / system envelope income*	437,279	437,024	395,503	395,503
High cost drugs income from Commissioners	36,756	36,756	40,541	40,541
Other NHS clinical income**	5,314	5,273	9,343	9,343
Community income				
Block contract / system envelope income	62,605	62,605	60,898	60,898
Income from other sources (e.g. local authorities)	9,170	5,747	9,212	6,039
Other Trust income				
Private patient income	206	206	375	375
Additional pension contribution central funding	14,129	13,791	13,576	13,250
Other clinical income	5,967	5,967	0	0
Total income from activities	**571,426**	**567,369**	**529,448**	**525,949**
Other operating income from contracts with customers:				
Research and development	2,155	2,155	2,290	2,290
Education and training	19,099	19,099	17,020	17,020
Provider sustainability fund / Financial recovery fund / Marginal rate emergency tariff funding (PSF/FRF/MRET)	0	0	29,005	29,005
Reimbursement and top up funding	29,194	29,194	0	0
Rental revenue from operating leases	631	4,184	649	4,198
Non-patient care services to other bodies	180	180	136	136
Other ***	8,117	8,151	18,251	18,160
	59,376	**62,963**	**67,351**	**70,809**
Other non-contract operating income				
Donated equipment from DHSC for COVID response (non-cash)	240	240	0	0
Cash donations for the purchase of capital assets received from NHS Charities	0	483	0	738
Cash donations for the purchase of capital assets received from other bodies	0	0	732	0
Charitable fund incoming resources	1,778	0	0	0
Charitable and other contributions to expenditure	21	21	1,028	1,028
Contributions to expenditure - consumables (inventory) donated from DHSC group bodies for COVID response	14,093	14,093	0	0
	16,132	**14,837**	**1,760**	**1,766**
Total other operating income:	**75,508**	**77,800**	**69,111**	**72,575**
TOTAL OPERATING INCOME	**646,934**	**645,169**	**598,559**	**598,524**

*As part of the coronavirus pandemic response, transaction flows were simplified in the NHS and providers and their commissioners moved onto block contract payments at the start of 2020/21. In the second half of the year, a revised financial framework built on these arrangements but with a greater focus on system partnership and providers derived most of their income from these system envelopes. Comparatives in this note are presented to be comparable with the current year activity. This does not reflect the contracting and payment mechanisms in place during the prior year.

Income from Other Sources within the Group includes £3,271,128 (2019/20 - £3,172,768) in relation to income received from South Tyneside Council for the service provision with Haven Court.

All income from activities relates to contract income - as per accounting policy 1.7

3.2 Operating income by source

	Group 2020/21 £000	Trust 2020/21 £000	Group 2019/20 £000	Trust 2019/20 £000
NHS England	80,594	80,256	74,834	74,508
Clinical commissioning groups	476,255	476,000	438,563	438,563
NHS foundation trusts	2,452	2,452	3,384	3,384
NHS trusts	0	0	0	0
Local authorities	11,403	7,980	11,097	7,924
Department of Health and Social Care	0	0	0	0
NHS other (including Public Health England)	0	0	0	0
Non-NHS: private patients	206	206	437	437
Non-NHS: overseas patients (non-reciprocal, chargeable to patient)	198	198	97	97
Injury cost recovery scheme	256	256	684	684
Non-NHS: other	62	21	352	352
Total income from patient care activities	**571,426**	**567,369**	**529,448**	**525,949**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 Income (continued)

3.3 Operating income (continued)

** Analysis of income from activities: other NHS clinical income and other non-protected Income	Group 2020/21 £000	Trust 2020/21 £000	Group 2019/20 £000	Trust 2019/20 £000
Bowel Cancer Screening & Scopes	672	672	452	452
Endoscopy Funding	0	0	617	617
Bowel Screening - FIT Test Income	0	0	270	270
New Born Hearing Screening	71	71	58	58
Other School Based Immunisations	320	320	289	289
Flu Immunisations	539	539	397	397
HPV Immunisations	25	25	25	25
Children & Young Peoples Services	408	408	402	402
Maternity Pathways	146	146	218	218
Other Foundation Trust Income	112	112	181	181
Non Contract Activity	110	110	2,949	2,949
Sexual Health Contract	2,345	2,345	2,433	2,433
GUM Incentive Funding	50	50	150	150
Injury Cost Recovery Scheme	256	256	684	684
Overseas Patient Income	198	198	97	97
Prescription Charges	62	21	121	121
Total other clinical income (NHS and non-protected)	**5,314**	**5,273**	**9,343**	**9,343**

The NHS Injury scheme income is subject to a provision for doubtful debts to reflect expected rates of collection. The Compensation Recovery Unit advise that there is a 22.43% probability of not receiving the income (2019/20 21.79%). Following a review of local information the Trust has included a provision of 22.43% (2019/20 21.79%) in the financial statements for the year ended 31 March 2021.

***** Analysis of Other Operating Income: Other**

	Group 2020/21 £000	Trust 2020/21 £000	Group 2019/20 £000	Trust 2019/20 £000
Car parking	508	508	2,787	2,787
Catering	545	545	1,071	1,071
Property rentals	26	26	169	169
Global Digital Exemplar	0	0	2,688	2,688
Support for IT Infrastructure	0	0	1,300	1,300
Pathology Lab & IT SLA	1,199	1,199	1,180	1,180
Medical Physics SLA	585	585	826	826
Haematology Consultants SLA	533	533	518	518
NHS Property Services (savings realised in 2019/20 from handback schemes)	0	0	500	500
Clinical Excellence Awards	201	201	450	450
Northern Cancer Alliance	0	0	296	296
Local Maternity System Transformation Funding	0	0	254	254
Meditech Implementation Charges	0	0	203	203
Gastroenterology Medical Staffing	17	17	194	194
Mortuary	188	188	187	187
Trauma Network	158	158	180	180
International Nurse Recruitment Funding	260	260	0	0
Other Income	3,897	3,931	5,448	5,357
Total other income	**8,117**	**8,151**	**18,251**	**18,160**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 Income (continued)

3.4 Overseas Visitors

	Group 2020/21 £000	Trust 2020/21 £000	Group 2019/20 £000	Trust 2019/20 £000
Income recognised in the year	198	198	97	97
Cash payments received in the year	48	48	47	47
Amounts added to provision for impairment of receivables	81	81	4	4
Amounts written off in the year	0	0	(26)	(26)

3.5 Income from activities arising from Commissioner Requested Services (CRS) and all other services

	Group 2020/21 £000	Trust 2020/21 £000	Group 2019/20 £000	Trust 2019/20 £000
Income arising from Commissioner-Requested Services	545,311	545,057	495,073	495,073
Income arising from non-Commissioner-Requested Services	26,115	22,312	34,144	30,971
Total income from activities	**571,426**	**567,369**	**529,217**	**526,044**

Under the terms of its provider licence the Trust must provide specific healthcare services which are requested by Commissioners.

3.6 Operating lease income

	Group 2020/21 £000	Trust 2020/21 £000	Group 2019/20 £000	Trust 2019/20 £000
Rents recognised as income in the year	631	4,184	649	4,198
Total lease income	**631**	**4,184**	**649**	**4,198**
Future minimum lease payments due				
- not later than one year	566	4,119	577	4,126
- later than one year and not later than five years	2,232	16,442	2,301	16,496
- later than five years	8,348	16,800	8,724	20,690
Total future minimum lease payments due	**11,146**	**37,361**	**11,602**	**41,312**

The main sources of rental income from operating leases relates to property leased to Cumbria, Northumberland and Tyne and Wear NHS Foundation Trust for the provision of Mental Health Services.

A lease exists between the Trust and one of its subsidiaries, South Tyneside Integrated Care Limited for Haven Court. The duration of this lease is 25 years. This lease agreement is excluded on consolidation. Our subsidiary South Tyneside Integrated Care Limited has a lease agreement with South Tyneside Council for elements of Haven Court. This contract is included on consolidation.

A lease exists between the Trust and one of its subsidiaries, CHoICE Limited relating to the lease of buildings on the Sunderland sites. The duration of this lease is 10 years. This lease agreement is excluded on consolidation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Operating expenses

	Group 2020/21 £000	Trust 2020/21 £000	Group 2019/20 £000	Trust 2019/20 £000
4.1 Operating expenses by Type				
Purchase of healthcare from NHS and DHSC bodies	5,142	5,142	4,613	4,575
Purchase of healthcare from non-NHS and non-DHSC bodies	5,338	5,338	8,777	8,361
Executive directors costs	1,288	1,288	1,352	1,352
Staff Costs	423,418	403,123	391,773	374,594
Non-executive directors	218	210	241	216
Supplies and services – clinical (excluding drugs costs)	41,776	45,385	49,234	51,960
Supplies and services – clinical: utilisation of consumables donated from DHSC group bodies for COVID response	8,214	8,214		
Supplies and services - general	4,267	2,123	3,734	2,392
Drugs costs (drugs inventory consumed and purchase of non-inventory drugs)	47,369	48,805	49,780	51,318
Inventories written down	102	102	62	62
Inventories written down (consumables donated from DHSC group bodies for COVID response)	3,027	3,027		
Consultancy	467	418	428	344
Establishment	4,083	3,503	4,482	4,057
Premises - business rates collected by local authorities	3,363	1,043	3,376	1,035
Premises - other	20,266	46,779	19,956	40,679
Transport (including patient travel)	1,490	1,377	1,999	1,704
Depreciation	11,977	11,887	11,583	11,491
Amortisation	1,801	1,801	1,293	1,288
Net impairments	2,548	2,578	16,927	16,973
Movement in credit loss allowance: contract receivables/assets	(107)	(107)	861	861
Change in provisions discount rate	28	28	43	43
Audit services - statutory audit	70	50	76	50
Internal audit	290	290	400	375
Clinical negligence - amounts payable to NHS Resolution (premium)	18,872	18,768	16,373	16,373
Legal fees	2,267	2,227	393	448
Insurance	871	590	641	362
Research and development - staff costs	1,951	1,951	1,889	1,889
Research and development - non-staff	90	90	109	109
Education and training - staff costs	2,190	2,190	2,007	2,007
Education and training - non-staff	1,916	1,845	1,037	979
Operating lease expenditure (net)	12,665	11,389	10,181	11,656
Redundancy costs - staff costs	76	76	242	242
Other NHS charitable fund resources expended	407	0	543	0
Other	3,005	2,107	1,533	2,015
Total	**630,745**	**633,637**	**605,938**	**609,810**

Employer's pension contributions are included within employee expenses. Employee expenses for Executive Directors includes £86,733 (2019/20 - £103,199) in respect of employer pension contributions.

Further details on the impairments of property, plant and equipment are shown in notes 7.2 and 9.2

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Operating expenses (continued)

4.2 Arrangements containing an operating lease

	Group 2020/21 £000	Trust 2020/21 £000	Group 2019/20 £000	Trust 2019/20 £000
Minimum lease payments	12,665	11,987	10,181	12,318
Less sublease payments received		(598)	0	(662)
Total	**12,665**	**11,389**	**10,181**	**11,656**

4.3 Timing of minimum operating lease future payments

	Group 2020/21 £000	Trust 2020/21 £000	Group 2019/20 £000	Trust 2019/20 £000
Future minimum lease payments - buildings				
- not later than one year;	4,390	7,561	3,995	7,167
- later than one year and not later than five years;	2,871	15,558	2,659	15,345
- later than five years	12,324	14,967	12,076	17,915
Total	**19,585**	**38,086**	**18,730**	**40,427**
Future minimum lease payments - other				
- not later than one year;	3,671	652	2,781	898
- later than one year and not later than five years;	4,283	153	3,699	732
- later than five years	440	0	127	8
Total	**8,394**	**805**	**6,607**	**1,638**
Future minimum lease payments - total				
- not later than one year;	8,061	8,213	6,776	8,065
- later than one year and not later than five years;	7,154	15,711	6,358	16,077
- later than five years	12,764	14,967	12,203	17,923
Total	**27,979**	**38,891**	**25,337**	**42,065**

4.4 Auditor's remuneration

The audit fee for the statutory audit for the Trust and its subsidiary companies was £70,065 (2019/20 - £75,840) .

On 11 March 2020, the Foundation Trust approved the principal terms of engagement with its auditor's, Ernst & Young LLP, covering the period of Ernst & Young LLP engagement as auditors. The terms include a limitation on their liability to pay damages for losses arising as a direct result of breach of contract or negligence, of £2m (2019/20 £2m).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Employee expenses and numbers

5.1 Employee expenses

	Group			
	Total for Year Ended 31 March 2021 £000	**Permanently employed £000**	**Other £000**	**Total for Year Ended 31 March 2020 £000**
Salaries and wages	**336,130**	304,252	31,878	311,382
Social security costs	**28,521**	26,912	1,609	27,402
Apprenticeship Levy	**1,428**	1,428	0	1,360
Pension costs - Employer contribution to NHS Pension	**47,114**	45,218	1,896	45,301
Pension costs - Employer contribution to other pension	**408**	408	0	529
Termination benefits	**76**	76	0	242
Agency/contract staff	**15,391**	0	15,391	11,128
Total	**429,068**	**378,294**	**50,774**	**397,344**

	Trust			
	Total for Year Ended 31 March 2021 £000	**Permanently employed £000**	**Other £000**	**Total for Year Ended 31 March 2020 £000**
Salaries and wages	**320,117**	288,239	31,878	297,190
Social security costs	**27,319**	25,710	1,609	26,329
Apprenticeship Levy	**1,347**	1,347	0	1,300
Pension costs - Employer contribution to NHS Pension	**45,988**	44,092	1,896	44,247
Pension costs - Employer contribution to other pension	**225**	225		199
Termination benefits	**76**	76		242
Agency/contract staff	**13,701**		13,701	10,658
Total	**408,773**	**359,689**	**49,084**	**380,165**

The total employer pension contribution payable in the year from 1 April 2020 to 31 March 2021 was £47,508,175 (2019/20 - £45,719,101). This differs from the figure above as the figure above includes adjustments such as pension costs for staff recharged by other bodies, and for capitalised staff costs.

	Group Year Ended 31 March 2021	**Trust Year Ended 31 March 2021**	**Group Year Ended 31 March 2020**	**Trust Year Ended 31 March 2020**
Staff costs included with operating expenses (note 4.1)				
Employee Expenses - Executive directors	1,288	1,288	1,352	1,352
Employee Expenses - Staff	423,418	403,123	391,773	374,594
Research and development	1,951	1,951	1,889	1,889
Education and training	2,190	2,190	2,007	2,007
Redundancy costs	76	76	242	242
Staff costs included within operating expenses	**428,923**	**408,628**	**397,263**	**380,084**
Staff costs capitalised as part of property, plant and equipment	145	145	81	81
Total staff costs (as per note 5.1)	**429,068**	**408,773**	**397,344**	**380,165**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Employee expenses and numbers (continued)

5.2 Retirements due to ill-health

During 2020/21 there were 3 early retirements from the Foundation Trust agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £100,739 (2019/20 - £294,180). Their cost will be borne by the NHS Business Services Authority - Pensions Division.

5.3 Other departures

Exit package cost and band	Number of compulsory redundancies	Cost of compulsory redundancies	Number of other departures agreed	Cost of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages by cost band
	No	£000	No	£000	No	£000
<£10,000		8	56	163	56	171
£10,000 - £25,000					0	0
£25,001 - £50,000			1	35	1	35
£50,001 - £100,000	1	76			1	76
£100,001 - £150,000					0	0
Total number and value of exit packages	**1**	**84**	**57**	**198**	**58**	**282**

All exit packages relate to the Trust. There were no exit packages within the wider Group.
All of the 57 Other departures related to payment in lieu of notice.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Finance income

	Group 2020/21	Trust 2020/21	Group 2019/20	Trust 2019/20
			£000	£000
Interest on bank accounts	11	7	222	222
Loan Interest from subsidiaries	0	831	0	1,045
NHS Charity fund investment income	87	0	98	0
Total	**98**	**838**	**320**	**1,267**

7 Finance costs

7.1 Finance costs - financial liabilities

	Group 2020/21	Trust 2020/21	Group 2019/20	Trust 2019/20
	£000	£000	£000	£000
Department of Health and Social Care - Capital loans	1,640	1,640	1,792	1,792
Department of Health and Social Care - Revenue Support loans	0	0	337	337
Finance Leases	21	189	70	244
Interest Other	10	0	14	14
Unwinding of discount on provisions	(4)	(4)	3	3
Total	**1,667**	**1,825**	**2,216**	**2,390**

As at the 31 March 2020/21 the Group had eight capital loans £51,871,000 (2019/20) £57,127,000) and no revenue loans (2019/20 £1,332,000) outstanding. The capital loans were drawn down to cover the cost of capital projects.

The Department of Health and Social Care announced in April 2020 that it would be converting all existing NHS Interim Support borrowing into Public Dividend Capital as at the 1st April 2020, the conversion took place as planned.

7.2 Impairment of assets (property, plant and equipment)

	Group 2020/21	Trust 2020/21	Group 2019/20	Trust 2019/20
	£000	£000	£000	£000
Impairment due to changes in market price	2,548	2,578	16,927	16,973
Impairment due to change in market value taken from revaluation reserve	6,686	6,686	12,687	12,685
Total	**9,234**	**9,264**	**29,614**	**29,658**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 Intangible assets

8.1 Intangible assets 2020/21

	Group		Trust	
	Total	Software licences (purchased)	Total	Software licences (purchased)
	£000	£000	£000	£000
Gross cost at 1 April 2020	**21,355**	**21,355**	**21,333**	**21,333**
Additions - purchased	**726**	726	**726**	726
Reclassifications	**308**	308	**308**	308
Gross cost at 31 March 2021	**22,389**	**22,389**	**22,367**	**22,367**
Accumulated amortisation at 1 April 2020	**11,277**	11,277	**11,257**	11,257
Provided during the year	**1,801**	1,801	**1,801**	1,801
Accumulated amortisation at 31 March 2021	**13,078**	**13,078**	**13,058**	**13,058**
Net book value				
Net book value - purchased at 31 March 2021	**9,311**	**9,311**	**9,309**	**9,309**

8.2 Intangible assets 2019/20 - Trust

	Group		Trust	
	Total	Software licences (purchased)	Total	Software licences (purchased)
	£000	£000	£000	£000
Gross cost at 1 April 2019	**0**	**0**	**0**	0
Transfers by absorption	**17,852**	17,852	**17,828**	17,828
Additions - purchased	**3,427**	3,427	**3,427**	3,427
Additions - Donated	**46**	46	**46**	46
Reclassifications	**30**	30	**32**	32
Gross cost at 31 March 2020	**21,355**	**21,355**	**21,333**	**21,333**
Accumulated amortisation at 1 April 2019	**0**	0	**0**	0
Transfers by absorption	**9,984**	9,984	**9,969**	9,969
Provided during the year	**1,293**	1,293	**1,288**	1,288
Accumulated amortisation at 31 March 2020	**11,277**	**11,277**	**11,257**	**11,257**
Net book value				
Net book value - purchased at 31 March 2020	**10,078**	**10,078**	**10,076**	**10,076**

8.3 Intangible asset disposals

There were no intangible assets disposed of in 2020/21

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Property, plant and equipment

9.1 Property, plant and equipment 2020/21 - Group

	Total	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant and machinery	Transport equipment	Information technology	Furniture and fittings
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2020	**287,223**	**4,943**	**188,378**	**1,306**	**9**	**51,999**	**653**	**36,711**	**3,224**
Additions - purchased	**18,824**	0	0	0	9,248	5,979	60	2,794	743
Additions - donated	**723**	0	0	0	102	619	0	2	0
Impairments	**(11,770)**	(163)	(11,074)	(533)	0	0	0	0	0
Revaluations	**68**	68	0	0	0	0	0	0	0
Reclassifications	**(308)**	0	3,780	0	(4,147)	39	0	3	17
Disposals	**(422)**	0	0	0	0	(422)	0	0	0
Cost or valuation at 31 March 2021	**294,338**	**4,848**	**181,084**	**773**	**5,212**	**58,214**	**713**	**39,510**	**3,984**
Accumulated depreciation at 1 April 2020	**66,952**	**0**	**0**	**0**	**0**	**38,504**	**575**	**25,190**	**2,683**
Provided during the year	**11,977**	0	5,602	36	0	3,325	13	2,868	133
Impairments	**0**	0	0	0	0	0	0	0	0
Reversal of impairments	**(2,536)**	0	(2,515)	(21)	0	0	0	0	0
Revaluations	**(3,102)**	0	(3,087)	(15)	0	0	0	0	0
Disposals	**(418)**	0	0	0	0	(418)	0	0	0
Accumulated depreciation at 31 March 2021	**72,873**	**0**	**0**	**0**	**0**	**41,411**	**588**	**28,058**	**2,816**
Net book value									
Net book value - owned at 31 March 2021	**217,770**	4,848	181,084	773	5,212	13,108	125	11,452	1,168
Net book value - finance lease at 31 March 2021	**1,112**	0	0	0	0	1,112	0	0	0
Net book value - donated at 31 March 2021	**2,583**	0	0	0	0	2,583	0	0	0
Net book value total at 31 March 2021	**221,465**	**4,848**	**181,084**	**773**	**5,212**	**16,803**	**125**	**11,452**	**1,168**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Property, plant and equipment (continued)

9.2 Property, plant and equipment 2020/21 - Trust

	Total	Land	Buildings excluding dwellings	Dwellings	Trust Assets under construction	Plant and machinery	Transport equipment	Information technology	Furniture and fittings
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2020	**276,609**	**4,707**	**188,456**	**678**	**8**	**42,632**	**649**	**36,671**	**2,808**
Additions - purchased	**18,835**	0	0	0	9,259	5,979	60	2,794	743
Additions - donated	**723**	0	0	0	102	621	0	0	0
Impairments	**(11,800)**	(162)	(11,155)	(483)	0	0	0	0	0
Revaluations	**68**	68	0	0	0	0	0	0	0
Reclassifications	**(308)**	0	3,780	0	(4,147)	39	0	3	17
Disposals	**(422)**	0	0	0	0	(422)	0	0	0
Cost or valuation at 31 March 2021	**283,705**	**4,613**	**181,081**	**195**	**5,222**	**48,849**	**709**	**39,468**	**3,568**
Accumulated depreciation at 1 April 2020	**57,364**	**0**	**(40)**	**40**	**0**	**29,160**	**571**	**25,163**	**2,470**
Provided during the year	**11,887**	0	5,602	21	0	3,320	13	2,860	71
Reversal of impairments	**(2,536)**	0	(2,515)	(21)	0	0	0	0	0
Revaluations	**(3,087)**	0	(3,047)	(40)	0	0	0	0	0
Disposals	**(418)**	0	0	0	0	(418)	0	0	0
Accumulated depreciation at 31 March 2021	**63,210**	**0**	**0**	**0**	**0**	**32,062**	**584**	**28,023**	**2,541**
Net book value									
Net book value - owned at 31 March 2021	**213,879**	4,613	181,081	195	5,222	10,171	125	11,445	1,027
Net book value - finance lease at 31 March 2021	**4,033**	0	0	0	0	4,033	0	0	0
Net book value - donated at 31 March 2021	**2,583**	0	0	0	0	2,583	0	0	0
Net book value total at 31 March 2021	**220,495**	**4,613**	**181,081**	**195**	**5,222**	**16,787**	**125**	**11,445**	**1,027**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Property, plant and equipment

9.1 Property, plant and equipment 2019/20 - Group

	Total	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant and machinery	Transport equipment	Information technology	Furniture and fittings
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2019	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Transfer by absorption	**291,218**	4,799	194,431	2,477	5,684	49,452	652	30,640	3,083
Additions - purchased	**13,111**	0	0	0	4,878	2,577	0	5,549	107
Additions - donated	**692**	0	0	0	63	552	0	40	37
Impairments	**(32,991)**	(327)	(31,354)	(1,310)	0	0	0	0	0
Revaluations	**15,874**	472	15,158	132	112	0	0	0	0
Reclassifications	**(30)**	(1)	10,143	7	(10,728)	56	1	495	(3)
Disposals	**(651)**	0	0	0	0	(638)	0	(13)	0
Cost or valuation at 31 March 2020	**287,223**	**4,943**	**188,378**	**1,306**	**9**	**51,999**	**653**	**36,711**	**3,224**
Accumulated depreciation at 1 April 2019	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Transfer by absorption	**62,266**	0	32	0	0	36,062	557	23,050	2,565
Provided during the year	**11,583**	0	6,174	80	0	3,040	18	2,153	118
Impairments	**0**	0	0	0	0	0	0	0	0
Reversal of impairments	**(3,377)**	0	(3,377)	0	0	0	0	0	0
Revaluations	**(2,909)**	0	(2,829)	(80)	0	0	0	0	0
Disposals	**(611)**	0	0	0	0	(598)	0	(13)	0
Accumulated depreciation at 31 March 2020	**66,952**	**0**	**0**	**0**	**0**	**38,504**	**575**	**25,190**	**2,683**
Net book value									
Net book value - owned at 31 March 2021	**215,686**	4,768	186,857	1,306	9	10,740	78	11,471	457
Net book value - finance lease at 31 March 2021	**1,029**	0	0	0	0	1,029	0	0	0
Net book value - donated at 31 March 2021	**3,556**	175	1,521	0	0	1,726	0	50	84
Net book value total at 31 March 2020	**220,271**	**4,943**	**188,378**	**1,306**	**9**	**13,495**	**78**	**11,521**	**541**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Property, plant and equipment (continued)

9.2 Property, plant and equipment 2019/20 - Trust

	Total	Land	Buildings excluding dwellings	Dwellings	Trust Assets under construction	Plant and machinery	Transport equipment	Information technology	Furniture and fittings
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2019	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Transfer by absorption	**280,658**	4,564	194,464	1,927	5,687	40,101	652	30,599	2,664
Additions - purchased	**13,111**	0	0	0	4,878	2,577	0	5,549	107
Additions - donated	**693**	0	0	0	63	552	0	41	37
Impairments	**(32,992)**	(327)	(31,434)	(1,231)	0	0	0	0	0
Revaluations	**15,822**	470	15,202	61	(3)	(12)	(3)	107	0
Reclassifications	**(32)**	0	10,145	0	(10,617)	52	0	388	0
Disposals	**(651)**	0	0	0	0	(638)	0	(13)	0
Cost or valuation at 31 March 2020	**276,609**	**4,707**	**188,377**	**757**	**8**	**42,632**	**649**	**36,671**	**2,808**
Accumulated depreciation at 1 April 2019	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Transfer by absorption	**52,637**	0	32	0	0	26,606	557	23,031	2,411
Provided during the year	**11,491**	0	6,174	65	0	3,033	18	2,145	56
Impairments	**(28)**		(28)						
Reversal of impairments	**(3,306)**	0	(3,266)	(40)	0	0	0	0	0
Revaluations	**(2,820)**	0	(2,912)	(25)	0	118	(4)	0	3
Disposals	**(610)**	0	0	0	0	(597)	0	(13)	0
Accumulated depreciation at 31 March 2020	**57,364**	**0**	**0**	**0**	**0**	**29,160**	**571**	**25,163**	**2,470**
Net book value									
Net book value - owned at 31 March 2020	**211,112**	4,532	186,856	757	8	7,169	78	11,458	254
Net book value - finance lease at 31 March 2020	**4,576**	0	0	0	0	4,576	0	0	0
Net book value - donated at 31 March 2020	**3,557**	175	1,521	0	0	1,727	0	50	84
Net book value total at 31 March 2020	**219,245**	**4,707**	**188,377**	**757**	**8**	**13,472**	**78**	**11,508**	**338**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Property, plant and equipment (continued)

9.3 Assets held at open market value:

There were no assets held for sale as at 31 March 2021.

9.4 Economic life of property, plant and equipment

	Minimum life	Maximum life
Land	n/a	n/a
Buildings excluding dwellings	5	90
Dwellings	7	70
Plant and Machinery	5	15
Transport Equipment	7	7
Information Technology	5	8
Furniture and Fittings	7	10

9.5 Property, plant and equipment disposals

Plant and Equipment with a Gross Book value of £422k was disposed of in 2020/21 (2019/20 - £638k); a loss of £4k was recognised in the financial year relating to its disposal. The Trust disposed of some equipment with nil book value through auction realising £19k as a gain on disposal.

There were no disposals of land or buildings assets used in the provision of Commissioner Requested Services during the year.

9.6 Property revaluation

The revaluation of the Group's property was undertaken during the Covid-19 pandemic. Due to the restrictions of Covid 19 the valuation consisted of a desk top exercise. The valuers have noted the following whilst providing their final report:

The pandemic and the measures taken to tackle Covid-19 - continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS3 and VPGA 10 of the RICS Valuation - Global Standards.

Whilst the Trust acknowledges there is significant risk in the property market for certain sectors, it is considered unlikely the value of NHS property will be materially effected by the impact of COVID-19 due to the following reasons:

- Due to the specialised nature of the assets used by the Trust a modern equivalent asset (MEA) method was used for 98.98% or £184,814,078 of the assets revalued. The MEA valuation method assess what the cost of the modern equivalent asset would be should a full replacement be required, this is then used as the basis for the valuation. As at 31 March 2021, management were unaware of any changes in market conditions that meant the cost of replacing the asset had materially changed;

- The valuation also takes into account economic obsolescence, which for NHS assets is measured by future service potential. This has not been effected by COVID-19 as there has been no reduction in the demand, occupancy or use of the operational property portfolio.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 Investment in Subsidiary Undertakings - Foundation Trust

	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Investment in subsidiary undertakings	11,893	11,893
Long term debt in subsidiaries > 1 year	7,471	11,153
Loans to subsidiary undertakings > 1 year	797	1,008
	20,161	**24,054**
Long term debt in subsidiaries < 1 year	3,682	3,884
Loans to subsidiary undertakings < 1 year	211	211
	24,054	**28,149**

The shares in the subsidiary companies all comprise a 100% holding in share capital. The number of shares held is shown below. All shares are ordinary shares with a value of £1 per share.

City Hospitals Independent Commercial Enterprises Limited	11,893,000
STFT Holdings Limited	100
South Tyneside Integrated Care Limited	100
Sunderland Integrated Care Limited	100
Gateshead Integrated Care Limited	100

11 Other investments

The investment portfolio of the South Tyneside and Sunderland NHS Foundation Trust Charitable Fund is managed by Rathbone Investment Management Ltd and by CCLA.

Cash funds are held outside the portfolio by the Fund to deal with short term cash flow issues that may arise.

	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Market value at 1 April	**3,262**	**0**
Transfers by absorption		3,523
Acquisitions at cost	717	(625)
Disposals at carrying value	(677)	630
Net gain / (loss)on revaluation	411	(266)
Market value at 31 March	**3,713**	**3,262**

11.1 Investments held:

	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Investments listed on a recognised Stock Exchange:		
In the UK	60	2,181
Outside the UK	2,091	833
Unlisted securities:		
In the UK	521	248
Outside the UK	1,041	0
Market value at 31 March	**3,713**	**3,262**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Inventories

12.1 Inventories

	Group 2020/21 £000	Trust 2020/21 £000	Group 2019/20 £000	Trust 2019/20 £000
Drugs	4,012	3,170	4,537	3,637
Consumables	4,685	3,039	4,876	3,440
Consumables donated from DHSC Group bodies	2,852	2,852	0	0
Other	57	32	71	0
	11,606	**9,093**	**9,484**	**7,077**

12.2 Inventories recognised in expenses

	Group 2020/21 £000	Trust 2020/21 £000	Group 2019/20 £000	Trust 2019/20 £000
Inventories recognised in expenses	(64,872)	(62,663)	(61,330)	(58,415)
Write-down of inventories recognised as an expense	(3,129)	(3,129)	(62)	(62)
Total Inventories recognised in expenses	**(68,001)**	**(65,792)**	**(61,392)**	**(58,477)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 Trade and other receivables

13.1 Trade and other receivables

	Group 31 March 2021 £000	Trust 31 March 2021 £000	Group 31 March 2020 £000	Trust 31 March 2020 £000
Current				
Contract receivables	10,024	7,783	34,490	34,078
Allowance for impaired receivables	(2,154)	(2,154)	(2,190)	(2,190)
Prepayments	3,182	2,938	3,907	3,558
PDC Dividend Receivable	1,355	1,355	0	0
VAT receivable	4,478	3,309	5,205	3,839
Clinician pension tax provision	78	78	0	0
Other receivables	1,079	965	1,419	2,311
NHS Charitable funds receivable	19	0	21	0
Total current trade and other receivables	**18,061**	**14,274**	**42,852**	**41,596**
Non-current				
Contract receivables	415	415	759	758
Provision for impaired receivables	(89)	(89)	(161)	(161)
Loans with subsidiaries	0	0	0	400
Total non-current trade and other receivables	**326**	**326**	**598**	**997**
Of which receivable from NHS and DHSC group bodies:				
Current	4,498	4,498	24,819	24,806
Non-current	0	0	0	0

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 Trade and other receivables (continued)

13.2 Allowances for credit losses

	Group 2020/21 £000	Trust 2020/21 £000	Group 2019/20 £000	Trust 2019/20 £000
Allowances as at 1 April 2020	2,351	2,351	0	0
Transfer by absorption	0	0	1,520	1,520
New allowances arising	764	764	935	935
Reversal of allowances	(871)	(871)	(74)	(74)
Utilisation of allowances	(1)	(1)	(30)	(30)
Allowances as at 31 March 2021	**2,243**	**2,243**	**2,351**	**2,351**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 Trade and Other Payables

14.1 Trade and Other Payables

	Group 31 March 2021 £000	Trust 31 March 2021 £000	Group 31 March 2020 £000	Trust 31 March 2020 £000
Current				
Trade payables	11,724	8,411	28,213	31,073
Capital Payables (including capital accruals)	4,775	4,775	2,687	3,214
Accruals	40,138	39,633	23,988	21,030
Receipts in advance and payments on account	82	82	105	105
Social Security costs	4,299	4,128	4,005	3,857
VAT payable	123	0	0	0
Other taxes payable	3,315	3,325	3,182	3,171
PDC dividend payable	0	0	214	214
Other payables	5,073	4,942	4,791	4,648
Total current trade and other payables	**69,529**	**65,296**	**67,185**	**67,312**
Of which payables from NHS and DHSC group bodies:				
Current	7,574	7,561	11,232	11,232
Non-current	0	0	0	0

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 Trade and Other Payables (continued)

14.2 Early retirements detail included in NHS payables on previous page

	31 March 2021 £000	31 March 2021 Number	31 March 2020 £000	31 March 2020 Number
- to buy out the liability for early retirements over 5 years	101		92	
- number of cases involved		3		50

15 Other liabilities

	Group 31 March 2021 £000	Trust 31 March 2021 £000	Group 31 March 2020 £000	Trust 31 March 2020 £000
Current				
Other deferred income	2,619	5,791	3,940	7,112
Non Current				
Net defined benefit pension scheme	1,317	0	847	0
Other deferred income	0	15,329	0	18,501
Total other liabilities	**3,936**	**21,120**	**4,787**	**25,613**

16 Borrowings

16.1 Long term loans

	Group 31 March 2021 £000	Trust 31 March 2021 £000	Group 31 March 2020 £000	Trust 31 March 2020 £000
Current				
Department of Health and Social Care Loans - Capital	5,610	5,610	5,647	5,647
Department of Health and Social Care Loans - Revenue Support	0	0	23,549	23,549
Obligations from finance leases	94	875	119	880
Total current borrowings	**5,704**	**6,485**	**29,315**	**30,076**
Non-current				
Department of Health and Social Care Loans - Capital	46,261	46,261	51,480	51,480
Obligations from finance leases	785	4,896	910	5,801
Total non-current borrowings	**47,046**	**51,157**	**52,390**	**57,281**

As at the 31 March 2020/21 the Group had eight capital loans £51,871,000 (2019/20) £57,127,000) and no revenue loans (2019/20 £1,332,000) outstanding. The capital loans were drawn down to cover the cost of capital projects.

The Department of Health and Social Care announced in April 2020 that it would be converting all existing NHS Interim Support borrowing into Public Dividend Capital as at the 1st April 2020. A total of 12 individual Revenue Deficit Support loans amounting to £22,129,000 were converted to PDC in 20/21

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Borrowings (continued)

16.2 Finance Lease Obligations

	Group 31 March 2021 £000	Trust 31 March 2021 £000	Group 31 March 2020 £000	Trust 31 March 2020 £000
Gross Lease Liabilities	**971**	**6,340**	**1,161**	**7,448**
Of which liabilities are due:-				
- Not later than one year	113	1,034	151	1,072
- Later than one year and not later than five years	454	4,130	606	4,282
- Later than five years	404	1,176	404	2,094
Finance charges allocated to future periods	(92)	(569)	(132)	(767)
Present value of lease payable	**879**	**5,771**	**1,029**	**6,681**
Net Lease Liabilities				
- Not later than one year	94	875	119	880
- Later than one year and not later than five years	397	3,752	519	3,782
- Later than five years	388	1,144	391	2,019
	879	**5,771**	**1,029**	**6,681**

The obligation under finance leases in the Group arises from a MRI scanner capital scheme; within the Trust this also includes a lease cover the provision of equipment from CHoICE Limited.

Of the £5,771k (2019/20 - £6,681k) obligation under finance leases in the Trust, £4,891k (2019/20 - £5,652k) arises from an arrangement between the Trust and its subsidiary undertaking, CHoICE Ltd, for the supply of operational healthcare facilities. This liability and the associated property have both been recognised in the Statement of Financial Position of the Trust following a detailed consideration of the lease terms and the risks and rewards of the arrangement. The remaining balance of £879k (2019/20 - £1,029k) relates to a lease held by the Trust in respect of an MRI scanner.

16.3 Reconciliation of liabilities arising from financing activities

	Loans from DHSC £000	Finance Leases £000	Total £000
Carrying value at 1 April 2020	**0**	**0**	**0**
Cash movements:			
Financing cash flows - payments and receipt of principal	(28,680)	(150)	(28,830)
Financing cash flows - payments of interest	(1,765)	(21)	(1,786)
Non-cash movements:			
Interest arising in the year	1,640	21	1,661
Carrying value at 31 March 2021	**(28,805)**	**(150)**	**(28,955)**

All loan values relate to the Foundation Trust.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 Provisions for liabilities and charges

	Current 31 March 2021	Non-Current 31 March 2021	Total 31 March 2021
	£000	£000	£000
Other	1,643	0	**1,643**
Pensions - injury benefits	73	521	**594**
Pensions - early departure costs	88	273	**361**
Other legal claims	186	0	**186**
Clinicians Pension Reimbursement	78	0	**78**
Restructuring	0	1	**1**
Total	**2,068**	**795**	**2,863**

Provision for liabilities and charges	**Total**	**Pensions - other staff**	**Injury Benefits**	**Other legal claims**	**Re - Structuring**	**Clinicians' pension reimbursement**	**Other**
	£000	£000	£000	£000	£000	£000	£000
At 1 April 2020	**1,187**	382	642	162	1	0	0
Change in the discount rate	**28**	8	20	0	0	0	0
Arising during the year	**1,920**	168	7	24	0	78	1,643
Utilised during the year	**(268)**	(196)	(72)	0	0	0	0
Reversed unused	**0**	0	0	0	0	0	0
Unwinding of discount	**(4)**	(1)	(3)	0	0	0	0
At 31 March 2021	**2,863**	**361**	**594**	**186**	**1**	**78**	**1,643**
Expected timing of cash flows:							
- not later than one year;	**2,068**	88	73	186	0	78	1,643
- later than one year and not later than five years;	**451**	214	237	0	0	0	0
- later than five years.	**344**	59	284	0	1	0	0
Total	**2,863**	**361**	**594**	**186**	**1**	**78**	**1,643**

All provisions relate to the Foundation Trust.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 Provisions for liabilities and charges (continued)

Provisions relating to pensions are based on estimates of costs received from NHS Pensions. The timing of cash flows is unlikely to vary significantly as long as the pensions concerned continue to be drawn. The current discount rate is -0.95% (2019/20 - 0.50%). The impact of the change is shown in the provisions for liabilities and charges note on the previous page.

The other provision £2,789,050 relates to estimated costs relating to asbestos removal and demolition of South Tyneside Doctors Residency £877,000, committed design fees relating to the new Sunderland Eye Infirmary £766,201 and additional employment costs relating to the outcome of the Flowers tribunal case £1,145,849.

The provision for legal claims is based on information provided by NHS Resolution. The value reflects the estimated claim cost for both employers and public liability claims totalling £186,431 as at 31 March 2021 (31 March 2020 - £162,953).

17.1 Clinical negligence liabilities

	£000
At the 31 March 2021, £337,648,803 was included in provisions of NHS resolution in respect of clinical negligence liabilities of South Tyneside and Sunderland NHS Foundation Trust	**337,649**

18 Contingent liabilities

	GROUP 31 March 2021 £000	TRUST 31 March 2021 £000	GROUP 31 March 2020 £000	TRUST 31 March 2020 £000
Value of contingent liabilities -				
Other	(111)	(111)	(81)	(81)
Net value of contingent liabilities	**(111)**	**(111)**	**(81)**	**(81)**

The GROUP cannot accurately determine the eventual liability arising from risk pooling for non-clinical claims, and therefore has included a contingent liability of £111,577 (2019/20 - £81,290). All claims are expected to be settled within 12 months.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19 PENSIONS NOTE FOR SOUTH TYNESIDE INTEGRATED CARE LIMITED

South Tyneside Integrated Care Limited one of the Group subsidiaries participates in the Tyne and Wear Local Government Pension Scheme (LGPS) as a result of a number of staff transferring from the Local Authority under TUPE terms and conditions when the facilities opened in August 2016. This is a funded defined benefit scheme with benefits earned up to 31st March 2014 being linked to final salary. Benefits after 31st march 2014 are based on a career average revalued earnings scheme.

The funded nature of the LGPS requires the Group and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets. Any gains and losses are recognised in full immediately through other comprehensive income and expenditure.

The latest actual valuation of the Group's liabilities was undertaken by Aon Hewitt Limited and took place as at 31 March 2019. Liabilities have been estimated by the independent qualified actuary on an actuarial basis.

Details of the benefits earned over the period covered by this note are set out in 'The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014'. The funded nature of the LGPS requires the employer and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities and investment assets.

19.1 Expenses recognised in the Statement of Comprehensive Income and Expenditure

	2020/21	2019/20
	£000	£000
Current Service cost	(105)	(116)
Interest on net defined benefit liability	(19)	(22)
Total expenses recognised	**(124)**	**(138)**

19.2 Movements in present value of defined benefit obligation

	2020/21	2019/20
	£000	£000
Present Value of Defined Benefit Obligation as at 1 April	**(3,069)**	**(3,599)**
Current service costs	(105)	(116)
Interest on defined benefit obligation	(71)	(89)
Contribution by participants	(18)	(19)
Benefits paid	(908)	667
Past service costs	10	87
Present Value of Defined Benefit Obligation as at 31 March	**(4,161)**	**(3,069)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19 PENSIONS NOTE FOR SOUTH TYNESIDE INTEGRATED CARE LIMITED (CONTINUED)

19.3 Movements in fair value of plan assets

	2020/21	2019/20
	£000	£000
Present Value of Plan assets at 1st April	**2,222**	**2,672**
Interest income	52	67
Losses on assets	512	(519)
Contributions by employer	50	70
Contribution by participants	18	19
Net benefits paid out	(10)	(87)
Present Value of Plan assets at 31 March	**2,844**	**2,222**
Deficit at 31 March	**(1,317)**	**(847)**

19.4 The fair value of the plan assets

	2020/21	2019/20
	£000	£000
Equities	1,578	1,218
Property	225	200
Government Bonds	63	91
Corporate Bonds	563	340
Cash	114	51
Other	301	322
Total fair value of plan assets	**2,844**	**2,222**

19.5 Principal actuarial assumptions

Discount rate	2.1%	2.3%
CPI inflation	2.6%	1.8%
Pension increases	2.6%	1.8%
Pension accounts revaluation rate	2.6%	1.8%
Salary increases	4.1%	3.3%

The assumptions are based on the recent actual mortality experience of members within the fund allow for expected future improvements in longevity at the accounting date

	Male	Female
Future lifetime from age 65 (pensioner currently aged 65)	21.9	25.1
Future lifetime from age 65 (active currently aged 45)	23.6	26.9

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20 Cash and cash equivalents

	Group 31 March 2021 £000	Trust 31 March 2021 £000	Group 31 March 2020 £000	Trust 31 March 2020 £000
At 1 April	**30,253**	**30,253**	**0**	**0**
Transfer by absorption	0	0	27,546	24,822
Transfer by absorption - charitable funds	0	0	2,808	0
Net change in year	38,102	31,026	3,042	2,782
At 31 March	**68,355**	**61,279**	**33,396**	**27,604**
Broken down into:				
Cash at commercial banks and in hand	12,220	2,219	6,486	693
Cash with Government Banking Services	59,666	59,060	26,910	26,911
Cash and cash equivalents as in Statement of Financial Position	**71,886**	**61,279**	**33,396**	**27,604**
Cash and cash equivalents as in statement of cash flows	**71,886**	**61,279**	**33,396**	**27,604**

21 Capital commitments

Commitments under capital expenditure contracts at the Statement of Financial Position date were £5,294,000 (2019/20 - £2,655,000)

PPE commitments:	Group 31 March £000	Trust 31 March £000	Group 31 Mar 2020 £000	Trust 31 Mar 2020 £000
Medical Equipment	604	604	1,516	1,516
Non Medical Equipment	503	503	154	154
LED lighting Improvements	0	0	665	665
Building Works	4,187	4,187	320	320
Total capital commitments	**5,294**	**5,294**	**2,655**	**2,655**

All commitments relate to the Foundation Trust. There are no capital commitments in the other entities within the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22 Related party transactions

South Tyneside and Sunderland NHS Foundation Trust is a public benefit corporation authorised by the Independent Regulator for Foundation Trusts ('Monitor') under section 35 of the National Health Service Act 2006.

The Department of Health and Social Care is the parent and ultimate controlling party of the Trust and its subsidiaries.

The Foundation Trust has a system in place which allows for the identification of all new Related Party Transactions.

As NHS Foundation Trusts and NHS Trusts have common control through the Secretary of State, there is an assumption that Government departments and agencies of Government departments are related parties

The main related party transactions for the Group are detailed overleaf

The Trust has also received revenue and capital payments from its Charitable Funds the Trustee of which is South Tyneside and Sunderland NHS Foundation Trust. The South Tyneside and the Sunderland NHS charities both receive donations from organisations and members of the public, these donations are often used to support the purchase of goods and service that improve and enhance patient care including the purchase of medical equipment; such purchases are made by the Trust which is then reimbursed by the Charity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22 Related party transactions (continued)

22.1 Related party transactions and balances Group 2020/21

Related party	Income 2020/21 £000	Expenditure 2020/21 £000	Receivable 31 March 2021 £000	Payable 31 March 2021 £000
NHS South Tyneside CCG	137,195	0	14	0
NHS Sunderland CCG	228,804	0	22	66
NHS Newcastle Gateshead CCG	10,947	0	15	64
NHS County Durham CCG	92,678	0	0	100
NHS North Tyneside CCG	734	0	0	0
NHS Northumberland CCG	1,001	0	0	0
Department of Health and Social Care	121	0	3	0
NHS England	96,326	208	1,034	263
Health Education England	18,992	0	927	308
NHS Resolution (formerly NHS Litigation Authority)	0	19,287	0	17
NHS Improvement (TDA legal entity)	50	0	0	0
Care Quality Commission	0	407	0	0
NHS Business Services Authority	0	8	19	60
NHS Property Services Limited	0	6,219	36	5,791
Other NHS and Department of Health	4,790	37	144	90
Total Commissioners and Department of Health	**591,638**	**26,166**	**2,214**	**6,759**
Gateshead Health NHS Foundation Trust	3,384	10,932	302	188
Cumbria, Northumberland Tyne and Wear NHS Foundation	1,030	487	43	0
Northumbria Healthcare NHS Foundation Trust	905	1,288	26	0
The Newcastle upon Tyne Hospitals NHS Foundation Trust	1,611	1,162	176	1,094
County Durham and Darlington NHS Foundation Trust	426	379	60	5
North Tees and Hartlepool NHS Foundation Trust	156	319	143	35
North East Ambulance Service	70	0	31	4
Other NHS Providers	132	203	69	58
Total NHS Providers	**7,714**	**14,770**	**850**	**1,384**
South Tyneside Council	7,589	24	466	21
Gateshead Council	1,194	0	110	0
Newcastle City Council	74	0	45	0
Sunderland City Council	2,831	151	255	17
Other Local Government	63	0	50	1
Total Local Government	**11,751**	**175**	**926**	**39**
NHS Pension Scheme	0	47,100	0	4,958
HMRC	0	30,578	0	7,614
NHS Blood and Transplant	0	2,192	0	4
NHS Professionals	0	198	5	3,049
Other WGA	2	0	4,483	123
Total Other Whole of Government Bodies	**2**	**80,068**	**4,488**	**15,748**
Totals	**611,105**	**121,179**	**8,478**	**23,930**

The following, who are not employees of South Tyneside and Sunderland NHS Foundation Trust, are appointed to the Council of Governors to represent their organisations:

Pat Harle	Sunderland CCG - representing South Tyneside and Sunderland CCGs
Dr Kenny McKeegan	Education - Newcastle University Medical School
Cllr Dr Geoff Walker	LA - Sunderland Council (Sadly died February 2021)
Cllr Joyce Welsh	LA - South Tyneside Council
Prof Scott Wilkes	Education - University of Sunderland Medical School

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22 Related party transactions (continued)

22.2 Related party transactions: subsidiaries

South Tyneside and Sunderland NHS Foundation Trust operates within a Group structure and has three active subsidiary companies.

All of the Trust's subsidiaries are registered in the United Kingdom and their reporting period runs from 1 April to 31 March; in line with the Trust's reporting period.

City Hospitals Independent Commerical Enterprises Limited

City Hospitals Independent Commercial Enterprises Limited (CHoICE Limited) operates in the same way as a 'High Street Pharmacy', providing Outpatient Dispensing services at both Sunderland Royal Hospital and Sunderland Eye Infirmary. CHoICE invoices the Foundation Trust for the value of the drugs that it has dispensed, charging a fee for dispensing based on a fixed percentage of overheads which is contractually agreed in advance with the Foundation Trust.

During 2017/18 the former City Hospitals Sunderland NHS Foundation Trust contracted out the management of its whole estate, including Hard and Soft Facilities Management Services, to CHoICE Limited. Under formal contractual, legally binding, arrangements CHoICE Limited then provides to the Trust a fully operational healthcare facility. These arrangements allow for VAT to be recovered on goods and services where previously the Foundation Trust was unable to make a recovery. This tax efficiency allows for funds to be reinvested in healthcare services with the ultimate aim of improving the patient experience.

On 10 May 2018, Durham Treatment Centre building work was completed and handed over to the Trust. As with all other Hard and Soft Facilities Management, CHoICE Limited provide to the Trust a fully operational Healthcare facility in respect of this facility. This is reflected in a separate contractual, legally binding arrangement .

On 1 October 2019, South Tyneside Supplies Department transferred to CHoICE Limited to provide a comprehensive procurement service across all South Tyneside sites. This transacted has been reflected in a separate contractual , legally binding arrangement .

On 1 August 2020 CHoICE Limited acquired Food Network Corporation Limited and is the sole shareholder. The financial statements of Food Network Corporporation Limited have not be consolidated into group financial statements; the value of the acquisition in 2020/21 was not considered to be material to the group.

The Financial statements of CHoICE Limited have been consolidated into the group financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22 Related party transactions (continued)

STFT Holdings Limited, South Tyneside Integrated Care Limited and dormant companies

South Tyneside and Sunderland NHS Foundation Trust is the sole shareholder of STFT Holdings Limited which is in turn the sole shareholder of three limited companies, South Tyneside Integrated Care Limited, Gateshead Integrated Care Limited and Sunderland Integrated Care Limited.

The financial statements of two of these subsidiaries, STFT Holdings Limited and South Tyneside Integrated Care Limited, have been consolidated into these group financial statements.

The remaining subsidiaries Gateshead Integrated Care Limited and Sunderland Integrated Care Limited are dormant and have taken advantage of the exemption to file individual financial statements under Section 394A of the Companies Act.

Summary of Transactions

The significant transactions that are included within the Foundation Trust accounts are as follows;

	2020/21	
	Income	**Expenditure**
	£000	**£000**
Invoices from CHoICE Limited relating to the cost of drugs dispensed		7,393
Dispensing Fee		1,059
Fully operational healthcare facility unitary charge		66,682
Service Level Agreement	5,596	
South Tyneside Integrated Care Limited	381	
STFT Holdings Ltd		378

The following balances are also included in the Foundation Trust accounts;

	Receivables	**Payables**
	£000	**£000**
CHoICE Limited	23,725	27,823
STFT Holdings Limited	407	
South Tyneside Integrated Care Limited	422	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22 Related party transactions (continued)

22.3 Related party transactions: charitable funds

Statement of Comprehensive Income

	South Tyneside & Sunderland NHS Foundation Trust Charitable Funds 2020/21 £000	Intra-group eliminations 2020/21 £000
Charitable donations	1,778	(1,000)
Charitable activities	(884)	(483)
External audit fees	(6)	0
Net operating expenditure	**888**	**(1,483)**
Net Gain on investments	575	0
Net movement in funds	**1,463**	**(1,483)**

Statement of Financial Position

	South Tyneside & Sunderland NHS Foundation Trust Charitable Funds 2020/21 £000	Intra-group eliminations 2020/21 £000
Investments	3,713	0
Trade and other receivables	19	0
Cash and cash equivalents	3,531	0
Trade and other payables	(135)	0
Total net assets	**7,128**	**0**
Represented by:		
Endowment funds	160	0
Restricted income funds	162	0
Unrestricted income funds	6,806	0
Revaluation reserve	0	0
Total reserves	**7,128**	**0**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23 Financial instruments

IFRS 7, Financial Instruments: Disclosures, requires disclosure of the role that financial instruments have had during the year in creating or changing the risks an entity faces in undertaking its activities.

Credit risk

Because of the continuing service provider relationship that the NHS Foundation Trust has with local commissioning bodies and the way those bodies are financed, the NHS Foundation Trust is not exposed to the degree of financial risk faced by other business entities.

No collateral is held as security and there are no other credit enhancements.

The carrying value of financial instruments held by the Foundation Trust is equal to their fair value and as such this represents the maximum exposure to risk as at the operating date.

The NHS Foundation Trust has the freedom to borrow funds and can invest surplus funds in accordance with NHS Improvement's guidance on Managing Operating Cash. This includes strict criteria on permitted institutions, including credit ratings from recognised agencies. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to manage the risks facing the NHS Foundation Trust in undertaking its activities.

Financial assets held by the NHS Foundation Trust are made up of cash and other cash equivalents and trade receivables. As the majority of these trade receivables are due from related parties (mainly commissioning bodies) the NHS Foundation Trust expects that all non-impaired financial instruments are fully recoverable.

Following the Merger of South Tyneside NHS Foundation Trust and Sunderland NHS Foundation Trust on the 1st April 2020, a full review of the outstanding trade receivables was undertaken to ensure a consistent approach was adopted in assessing the credit risk across within the new organisation. This approach continues to recognise the increased credit loss risk of Non NHS debt whilst acknowledging NHS department continuing to propose a significantly lower level of risk.

For all financial assets measured at amortised cost the NHS Foundation Trust recognises a loss allowance representing expected credit losses on the financial instruments.

The Trust adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses. For other financial assets, the loss allowance is initially measured at an amount equal to 12-month expected credit losses (stage 1) and subsequently at an amount equal to lifetime expected credit losses if the credit risk assessed for the financial asset significantly increases (stage 2).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23 Financial instruments (continued)

When estimating lifetime expected credit losses in relation to ICR receivables, the DHSC GAM instructs NHS providers to include an amount within the credit loss allowances and contract receivables to reflect income that is not expected to be recoverable. Each year, the Compensation Recovery Unit (CDU) advises a percentage probability of not receiving the income. The updated figure for 2019/20 is 21.79%. This figure is used to calculated the expected credit losses of the accrued ICR revenue.

HM Treasury has ruled that central government bodies may not recognise stage 1 or stage 2 impairments against other government departments, their executive agencies, the Bank of England, Exchequer Funds and Exchequer Funds' assets where repayment is ensured by primary legislation. The Group therefore does not recognise credit loss allowances for stage 1 or stage 2 impairments against these bodies. Additionally, the Department of Health and Social Care provides a guarantee of last resort against the debts of its arms length bodies and NHS bodies (excluding NHS charities) and therefore Group does not recognise loss allowance for stage 1 or stage 2 impairments against these bodies.

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in the statement of comprehensive income as an impairment loss or gain.

Liquidity risk

The NHS Foundation Trust's net operating costs are incurred under legally binding contracts with local commissioning bodies, which are financed from resources voted annually by Parliament.

South Tyneside and Sunderland NHS Foundation Trust is planning to deliver a balanced financial position for 2021/22 and is not currently forecasting to require any interim cash support. As a result of the ongoing pandemic, funding has only been confirmed by Commissioners for the period April to September 2021, at the time of writing the funding for the period October to March is still to be confirmed.

Market risk

The Trust has minimal exposure to market risk. The Trust's financial liabilities carry nil or fixed rates of interest. Cash balances are held in interest bearing accounts for which the interest rate is linked to bank base rates and changes are notified to the Trust in advance. The Trust is not, therefore, exposed to significant interest-rate risk.

23.1 Carrying values of financial assets

	Group	Trust	Group	Trust
	31 March 2021	31 March 2021	31 March 2020	31 March 2020
	Held at amortised cost £000	Held at amortised cost £000	Held at amortised cost £000	Held at amortised cost £000
Trade and other receivables excluding non financial assets	8,274	6,033	32,999	32,986
Cash and cash equivalents	68,355	61,279	30,253	27,604
Consolidated NHS Charitable fund financial assets	7,263		6,426	0
Carrying values of financial assets as at 31 March	**83,892**	**67,312**	**69,678**	**60,590**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23 Financial instruments (continued)

23.2 Carrying values of financial liabilities

	Group 31 March 2021 Held at amortised cost £000	Trust 31 March 2021 Held at amortised cost £000	Group 31 March 2020 Held at amortised cost £000	Trust 31 March 2020 Held at amortised cost £000
Carrying values of financial liabilities as at 31 March				
Loans from the Department of Health and Social Care	51,871	51,871	80,676	80,676
Obligations under finance leases	879	5,770	1,029	6,681
Trade and other payables excluding non financial liabilities	56,752	52,898	54,282	54,686
Provisions under contract	1,034	1,034	1,024	1,024
Total at 31 March 2020	**110,536**	**111,573**	**137,011**	**143,067**

23.3 Maturity of financial liabilities

	Group 31 March 2021 £000	Trust 31 March 2021 £000	Group 31 March 2020 £000	Trust 31 March 2020 £000
In one year or less	63,865	60,931	86,308	86,712
In more than one year but not more than five years	25,094	28,770	27,252	27,252
In more than five years	32,655	33,427	37,366	37,366
Total	**121,614**	**123,128**	**150,926**	**151,330**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24 Losses and special payments

There were 197 (2019/20 - 162) cases of losses and special payments totalling £277,033 (2019/20 - £424,560). These amounts are reported on an accruals basis.

	31 Mar 2021 Number	31 Mar 2021 £000
Losses		
Bad debts and claims abandoned	151	10
Stores losses and damage to property	13	107
	164	**117**
Special Payments		
Compensation under legal obligation	7	26
Ex gratia payments	25	8
Special severance payments	1	76
	33	**110**
Total	**197**	**227**

There were no clinical negligence cases where the net payment exceeded £100,000.
There were no fraud cases where the net payment exceeded £100,000.
There were no personal injury cases where the net payment exceeded £100,000.
There were no compensation under legal obligation cases where the net payment exceeded £100,000.
There were no fruitless payment cases where the net payment exceeded £100,000.

All losses and special payments were in relation to the Foundation Trust.

25 Third party assets

The Trust held £0 cash at bank and in hand at 31 March 2021 which relates to monies held by the NHS Foundation Trust on behalf of patients. This has been excluded from cash at bank and in hand figure reported in the financial statements.

26 Events after the reporting date

There have been no events after the reporting date that require disclosure.