

Annual Report and Accounts 2020/21

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Chairman and Chief Executive Introduction

The past year has been the most challenging in the NHS's 72-year history, and has almost entirely focussed on our response to the COVID-19 pandemic.

Since our High Consequence Infectious Diseases Unit received the first patients with the virus in the UK on 31 January 2020, every part of the Trust has needed to contribute to our response as we have faced the different waves of infection.

Our intensive care and medical teams have provided expert care to patients with the virus, and they were joined by almost 850 nursing staff who were retrained at speed to work in critical care.

As the disease progressed through the spring of 2020, our teams completely shifted the way they cared for patients with lung injury as they learned more about this new disease so that we were at the forefront of clinical practice. This ensured that we achieved the second lowest mortality from COVID-19 in the country and were in the best performing 20% of trusts with low rates of hospital acquired COVID infection. A remarkable achievement from all of our clinicians.

Elsewhere in our hospital and community services, the same level of innovation and speed of response could be seen as teams created new working practices to ensure that our patients received effective care in a safe way. Across cancer services, maternity, transplant and throughout the Great North Children's Hospital (GNCH) to name but a few, everyone pulled together to focus on what really mattered.

At a time of fear and anxiety, the Trust responded as one. Colleagues in Human Resources (HR), procurement, administration and finance, estates and facilities and Information Technology (IT) also

demonstrated extraordinary flexibility and unprecedented achievements to help our frontline teams do what they do best.

As people were increasingly forced to maintain social distancing, we relied on technological solutions to bring us together, and it's remarkable to think how quickly we embraced digital tools. 131 of our services provided video consultations and hundreds of thousands of outpatient appointments took place virtually and numerous digital tools were created to support referring clinicians and patient self-monitoring.

This year, in partnership with Newcastle University, Newcastle City Council and other partners, we were also successful in our bid to become an Academic Health Science Centre (AHSC) in April 2020. This prestigious designation underlines our research excellence in the North East and will help us to further strengthen our international reputation for world-class research. Over the last 12 months, we have been able to mobilise numerous studies at speed to support the search for a COVID vaccine, as well as maintaining many of our existing studies.

Through the year, we delivered a number of major projects to support the region – the Nightingale Hospital North East (NHNE), the Integrated COVID Hub North East (ICHNE) and we took responsibility as the lead Trust for the COVID vaccination programme for the North East and North Cumbria. It truly has been a remarkable and very emotional year.

This year has also seen the launch of Collaborative Newcastle, our new commitment and approach to working with our partners in the city. This brings together key partners to work together



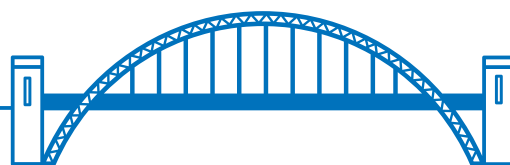
to improve the health, wealth and wellbeing of everyone in Newcastle. We have already seen significant benefits to this new approach – some of which is shared in this report and this will be an area of sustained focus as we recover from the pandemic and challenge the health inequalities, which have been thrown into sharp focus.

We are very proud of the way that the whole team in Newcastle has responded throughout this unprecedented year. Thank you to everyone in the team – staff and volunteers – who have worked so hard and contributed so much.

Dame Jackie Daniel
Chief Executive Officer

1 July 2021

Professor Sir John Burn
Chairman



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Our Trust Strategy, Vision and Values

Our vision, values, ambitions and strategic framework were agreed by our Board of Directors and launched at our Annual Members Meeting in September 2019. This followed an in depth consultation period with a wide range of stakeholders, including our staff.

The Trust's strategy has been considered in light of the challenges faced by the Trust in managing the COVID-19 pandemic. Through discussion as a Board of Directors and Executive Team, we agree that the strategy remains fit for purpose and in

keeping with the Trust's ambitions as it continues to meet the challenges of the pandemic and as the recovery process begins.

The Trust's vision expresses our collective aspiration and purpose. It summarises our desire to achieve the highest standards in service delivery, improve health for local people and capitalise on our world-class expertise and research capability. It builds on our history of proud and caring staff, delivering excellent healthcare and outstanding performance.

Our vision is:

'Newcastle Hospitals – Achieving local excellence and global reach through compassionate and innovative healthcare, education and research'

Our values, which were developed wholly by our staff and guide everything that we do as we grow to achieve our vision, are:

Our values



We care and are kind

We care for our patients and their families, and we care for each other as colleagues.



We have high standards

We work hard to make sure that we deliver the very best standards of care in the NHS. We are constantly seeking to improve.



We are inclusive

Everyone is welcome here. We value and celebrate diversity, challenge discrimination and support equality. We actively listen to different voices.



We are innovative

We value research, we seek to learn and to create and apply new knowledge.



We are proud

We take huge pride in working here and we all contribute to our ongoing success.

These values form part of our five-year strategy (2019-2024) which was developed in collaboration with clinical and managerial leaders and practitioners within the Trust to ensure that the clinical voice was at the heart of the Trust's strategic developments.

Our challenge, during the pandemic, the recovery period and beyond, is to not only to grow and develop our own organisation, but to play a broader leadership and anchor role in improving the health and wellbeing of the City and the Integrated Care System (ICS).

Our strategy can be accessed via the Trust website.



Service developments and achievements

Coronavirus pandemic

In January 2020, our high consequence infectious disease unit at the Royal Victoria Infirmary (RVI) was the first in the United Kingdom to receive and treat patients with coronavirus and throughout the developing situation with COVID-19, the Trust has responded proactively to meet the challenges of this pandemic.

It is important to acknowledge the extreme efforts that everyone has made in this unparalleled year and over the last 12 months; we have been at the forefront of developing effective care for patients with COVID-19, as well as continuing to provide the highest standards of care to our non-COVID patients.

The Trust has delivered hundreds of thousands of outpatient appointments online or over the phone, created endless new clinical approaches and research programmes, built a Nightingale Hospital and the ICHNE, as well as creating new intensive care wards and developing a vaccine programme for the region.

Some of the key milestones throughout the year were as follows:

NHS Nightingale Hospital North East

In May, less than four weeks after building work began, the NHS NHNE was officially launched by the Countess of Wessex and TV legends Ant and Dec. The hospital had the capacity to provide up to 460 ventilated beds for patients with COVID-19 from across the region, should they be needed.

Completing the hospital in a matter of weeks was a huge testament to the power of pulling together to achieve a joint goal and all partners involved – from the NHS, construction contractors

and partner organisations – worked tirelessly to achieve this.

In January 2021, it opened as a large vaccination centre as part of the North East and North Cumbria vaccination programme, which is led by Newcastle Hospitals.



Hybrid intensive care ward

A new intensive care ward to care for COVID-19 patients was created at the RVI following 12 weeks of round the clock work. The new unit provides both intensive care and step-down care for COVID positive patients, to ensure that non-COVID emergency and elective work is able continue.

During the first wave of the pandemic, temporary areas were used to care for patients outside of our critical care unit that needed a high-level of care and while this worked well, it was clear that more critical care capacity was needed to help tackle future waves of the pandemic.

The unit was used initially to care for patients with more severe COVID-19 infection, including those requiring Continuous Positive Airway Pressure (CPAP) and a higher level of monitoring under the care of the medical teams or those requiring critical care.

Longer-term, it provides the RVI with a modern high-acuity medical ward for looking after the sickest medical patients and, as the regional centre for critical care, provides the option to safely expand critical care beds when we need to.



First North East and North Cumbria patient receives COVID-19 vaccination

In December 2020, Dr Hari Shukla and his wife Ranjan were the first patients to receive the COVID-19 Pfizer vaccine at the RVI – a week after Britain became the first country in the western world to approve a coronavirus vaccine.

Dr Shukla, a retired race relations expert from Newcastle, helped make medical history when he did his 'duty' and became one of the first people in the world to have a vaccine.

The COVID-19 Vaccination Programme for the North East and North Cumbria is being co-ordinated and supported by Newcastle Hospitals, working in collaboration with primary care networks, NHS Trusts and a wide range of other partners across the health and care systems.

The following month, the International Life Sciences Centre in Newcastle opened its doors as the first large vaccination centre for the North East and North Cumbria – initially for people aged 80 and over.

By March 2021, a patient in a GP surgery in Bishop Auckland received the millionth vaccine given in the North East and North Cumbria and the region continues to progress quickly with the majority of vaccinations being given through GP lead services.

Our vaccination programme has been a huge, combined team effort involving GP practices, primary care, clinical commissioning groups and hospital trusts, thousands of NHS workers who moved on to the vaccination programme from other jobs, partners in the local councils from social care, public health, transport and planning to volunteers. Thank you to everyone involved.



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Long COVID clinics go nationwide after successful Newcastle pilot

Thousands of patients suffering with the long term symptoms of coronavirus can now access specialist help at more than 60 sites, thanks to an early pilot clinic set up in Newcastle earlier this year.

The clinics, announced by NHS England (NHSE), offer a one-stop shop for survivors of the virus with their long-term recovery. It brings together an integrated approach where doctors, nurses, physiotherapists and occupational therapists are brought together to offer both physical and psychological assessment.

One of the very first clinics was set up in the RVI by Dr Graham Burns, Consultant Respiratory Physician and Clinical Lead, to support patients but was also invaluable for the NHS in helping us understand what Long COVID is.

It means more patients now have somewhere to turn to and on a national scale, doctors will be able to learn from this collective experience to better understand the condition and offer tailored support to patients.



Integrated COVID Hub North East (ICHNE)

In July 2020, Newcastle Hospitals led a proposal to establish a regional hub for managing COVID-19 across the North East. By September 2020, the Department of Health and Social Care (DHSC) approved the bid, and work to create England's first Integrated COVID Hub began.

Within six months, our region was benefiting from improved capacity for COVID-19 testing; a dedicated facility to accelerate innovative approaches to COVID science; and a regional centre to coordinate data, information and resources in the fight against the virus.

The ICHNE is hosted on behalf of a partnership involving local authorities, NHS organisations, public health teams and local universities. It consists of:

- **A purpose-built 'Lighthouse' laboratory to process thousands more COVID-19 tests.** Our state-of-the-art lab, at Baltic Park in Gateshead, is part of the national Test and Trace network and houses the latest COVID-19 Polymerase Chain Reaction (PCR) testing technology.

The lab operates 24/7, processing samples from across the region and beyond.

Its creation has provided hundreds of local jobs and offers a significant expansion to accurate testing capacity, strengthening the region's resilience and ability to control virus spread;

- **An Innovation lab to develop new methods of virus testing.** Scientists at our specialist lab at the Biosphere in Newcastle Helix are working with the NHS, universities and industry partners to speed up the development of new approaches for virus testing.





The team provides validation and verification of new technology and methods through a high-tech testing and simulation area and have unique access to a bank of biological COVID-19 research samples.

Working with a range of partners – on a regional, national and international footprint – the lab is at the forefront of helping to combat COVID-19 and, in the longer term, will provide greater resilience for fighting future pandemics; and

- **A Coordination and Response Centre.** Our regional Coordination and Response Centre is bringing together information, data and specialist knowledge from the NHS, universities, local councils and other partners, with the aim of working at scale and collaborating to manage virus spread.

Our analysts are looking at new data sets and producing insights to assist with identifying hotspots and controlling outbreaks.

The team is also supporting local authorities with managing the virus at a local level, including carrying out contact tracing work and increasing lateral flow testing capacity in communities and workplaces.

A range of products has been developed to assist partners, including a regional resource directory, training materials and information for testing sites.

“The collective effort in combating the pandemic to date has been outstanding and owes much to the excellence of services, partnership working and also the public playing their part in minimising the spread of the virus. We know that testing and tracing will continue to be a key pillar of the national strategy to protect the NHS and save lives, as well as supporting the economy. Our Integrated COVID Hub will be a major step in ensuring we are in the strongest position to deal with the ongoing pressures of the pandemic.”

Dame Jackie Daniel, Chief Executive

Simon Stevens thanks NHS staff after ‘a year like no other’

To mark the anniversary of the first confirmed COVID patients being treated at the RVI, Sir Simon Stevens paid tribute to NHS staff for their “extraordinary work in a year like no other”.

The Chief Executive of the NHS met our team who cared for the country’s first patients, as well as the ambulance crew who transferred them and the research team.

“On behalf of families and patients across the country, we thank staff across the NHS for their extraordinary work in a year like no other,” he said.

“The coronavirus pandemic is the greatest public health emergency in NHS history, but in the past 12 months, the NHS has achieved things many would have thought impossible – from quarantine centres and Nightingale hospitals in a matter of days after the pandemic was declared, to expanding

hospitals' critical care capacity by 50%, developing new COVID treatments and services, and delivering the first vaccination outside of a clinical trial.

"It is the vaccination programme, the biggest in NHS history, combined with the prospect of new therapies and treatments that offer us hope for the future. Our brilliant NHS staff have been on the frontline of the intense and relentless battle against coronavirus, but no health service could cope with the virus alone. They are part of this country's greatest peacetime mobilisation, so we also thank other key workers, particularly in the care sector, the hundreds of thousands of volunteers, tens of thousands of staff who returned, the student nurses and medical students who stepped up and our colleagues in the armed services.

"We are also hugely grateful to all those who have played their part in cutting infections and slowing the spread of the virus, which has undoubtedly saved many lives."

Lockdown Live: What Next?

On the one-year anniversary of the first lockdown, Newcastle's Centre for Life hosted a live BBC news programme 'Lockdown Live: What Next?' to mark the one-year anniversary of the first lockdown. Several members of staff and patients took part in the event fronted by journalists Naga Munchetty and Nick Robinson.



Service Developments

Each year our staff, with the support of commissioners and partners, set up and develop new and existing services and treatments. Here is just a snapshot of some of those developments, along with our achievements over the last year.

Newcastle Health Innovation Partners

In April 2020, Newcastle Health Innovation Partners (NHIP) was launched, joining the best AHSCs across the world. It is one of eight AHSCs in the UK, bringing together world-class research, education and clinical practice for the benefits of the region.

As well as our Trust, partners include Newcastle University, North East and North Cumbria Academic Health Science Network, Newcastle City Council and Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust.

NHIP will align the research and innovation, education, clinical and health care missions of the Partners, to **discover**,



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develop and deliver translational research for better patient outcomes, thereby improving citizen health and generating greater economic growth.

By 2025, NHIP will be one of the most integrated and innovative AHSCs in the world, continually striving to **recognise, respond to and reduce** health inequalities across the North East and North Cumbria's 3.6m citizens.

Its strategic priorities are as follows:

- **Translational Research:** building on world-class science, our research and innovation will translate into real world benefit, reduce inequalities and improve health outcomes;
- **Economic Growth:** we will develop, commercialise and drive adoption of novel solutions to stimulate economic growth and improve population health and wellbeing; and
- **People & Culture:** through strong collaborations and by keeping citizens at the heart of our agenda, we will build a more resilient, skilled, agile and future-facing workforce to maximise local economic opportunities.

Collaborative Newcastle

An innovative and ambitious new partnership, seeking to improve the health, wealth and wellbeing of everyone in Newcastle and transform the provision of health and social care in the City, was formally agreed in December 2020.

Collaborative Newcastle is an alliance between the Trust, Newcastle City Council, Newcastle Gateshead NHS Clinical Commissioning Group (CCG) and Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust, working closely with Newcastle GP Services, the GP Federation for Newcastle, Primary Care Networks and the voluntary sector.

The scope of the partnership is amongst the first of its kind in the country and is underpinned by a ground breaking legal agreement between the four key health and social care organisations in the City.

The agreement, which sets out a formal combined governance structure, accelerates progress towards a fully integrated health and social care system, enabling the partners to effect significant change for residents. Their aim is to reduce widening inequalities, by preventing avoidable problems from arising and tackling the big things that hold some people back.

New heart unit unveiled

A multi-million pound purpose-built facility for patients with heart conditions opened its doors at the RVI.

The £2.5m acute cardiac care unit is a merger of two existing wards, and completely redesigned to support a new model of care including two newly appointed heart failure nurses.

The unit has three distinct treatment zones:

- A new four-bay cardiac day unit which can monitor, assess and treat patients with heart conditions who may not necessarily need an overnight hospital stay;
- A brand new coronary care unit with six cubicles for patients who need high dependency care for emergency heart care; and
- A 17-bedded ward for patients who need to stay in hospital for specialist care.

The layout of the unit means we can offer heart patients significantly enhanced care in the right place at the right time.

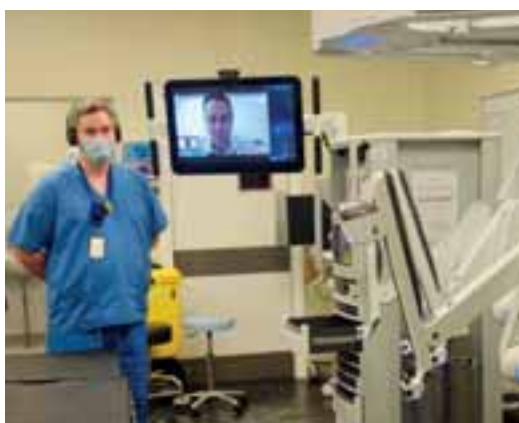
Robotic surgeons first in the world to pioneer new virtual technology

Newcastle surgeons became the first in the world to pilot a new robotic surgery tele-mentoring system.

The technology developed by Intuitive – the makers of the da Vinci robots used by surgeons at the Newcastle Hospitals – allows surgeon mentors to virtually enter the operating theatre during robotic surgery from anywhere in the world through a secure digital platform.

This new technology means clinicians can work more collaboratively and support each other, particularly during more complex cases or to enhance training, without the need to travel – an important development with travel restricted due to the COVID-19 pandemic.

At no time can the remote mentor take control of the da Vinci robotic-assisted surgery system, and the technology enables the real-time exchange of audio and video between the surgeons in the operating theatre and the remote mentoring surgeon.



Patient Recruitment Centre

Newcastle Hospitals was one of five Trusts across England chosen to host a new regional patient recruitment centre.

The centre, part of £7m Government investment, will help people across the region to take part in important late-phase commercial clinical research – studies funded by the life sciences industry – through which participants can access potentially cutting edge new drugs and treatments before they become widely available within the NHS.

Based at the Campus for Ageing and Vitality (CAV) site, it has also been used during the pandemic to increase opportunities for patients across the region to access trials assessing the latest potential treatments against COVID-19.

Grant boost for cancer research

Clinical trials of new cancer treatments are at the heart of the Sir Bobby Robson Foundation and, every year, progress is made testing new drugs at the Sir Bobby Robson Cancer Trials Research Centre at the Northern Centre for Cancer Care (NCCC).

In year, the charity funded a £433,838 grant for a new team - The Sir Bobby Robson Foundation Clinical Trials Design Team – which works closely with NHS Trusts from across the North to develop even more cancer research projects.

Based at Newcastle University, the team works with cancer researchers – the clinicians and scientists known as ‘investigators’ – to design and develop new trials, the findings of which will not only benefit patients with cancer in this region, but also nationally and internationally.





Max and Keira's Law

In May 2020, Max and Keira's Law – the Organ Donation (Deemed consent) Act - came into effect in which all adults in England are considered as having agreed to donate their organs when they die unless they record a decision not to donate (known as 'opting out') or are in one of the excluded groups.

It was named after Keira Ball, who died aged nine in 2017, and Max Johnson who was saved by her heart under the care of the Freeman Hospital. Max who was diagnosed with dilated cardiomyopathy in December 2016 fronted the Mirror's 'Change the Law for Life' campaign while he waited for his life saving transplant.

UK's first registered nurse apprenticeship graduates

Eight nursing graduate apprentices of the UK's first ever Registered Nurse degree apprenticeship scheme joined Newcastle Hospitals in the midst of the global pandemic.

The Government Registered Nurse Degree Apprenticeship scheme was announced in 2016, enabling people to

train to become a graduate registered nurse through an apprenticeship route for the very first time.

Working in collaboration with the Trust, Northumbria University was approved by the Nursing and Midwifery Council (NMC) to deliver the UK's first 18-month nursing degree apprenticeship, which began in September 2018.

Our first successful graduates joined a variety of wards including critical care, cardiothoracic and endoscopy.

Artificial intelligence to use NHS eye scans to help neurological diagnosis

Cutting edge Artificial Intelligence technology for diagnosing neurological disease such as Parkinson's and Alzheimer's' from eye scans, is being led in Newcastle.

The world-leading project called Octahedron is a collaboration of academics from Newcastle University's Institute of Neurosciences and eye experts at the RVI and the Sunderland Eye Infirmary.

The partnership is one of the first winners of the 'A1 in Health and Care Award' sharing part of £50million.



New cancer centre

Work to deliver a state-of-the-art cancer centre on the Cumberland Infirmary site in Carlisle continued at pace in-year and remains on target to open in the autumn of 2021.

The Northern Centre for Cancer Care, North Cumbria, will allow patients across Cumbria to have access to services much closer to home. Run by Newcastle Hospitals, it will bring together expertise from across the region in modern facilities for both staff and patients.

The £35 million centre will house:

- A chemotherapy day unit with 15 treatment chairs and three single treatment rooms;
- Two linear accelerator (LINAC) radiotherapy machines;
- A Computed Tomography scanner suite;
- Consultation, examination rooms and a small café area; and
- Multi-purpose rooms for complementary therapies and patient support.

On 1 April 2021, we will formally welcome around 90 staff from North Cumbria to the team when we take over leadership of the centre. Together, we will be providing one of the biggest combined cancer treatment services in the country.



Tessa Jowell Centre of Excellence

Newcastle Hospitals' brain tumour centre was named a national 'Tessa Jowell Centre of Excellence' in recognition of the outstanding care and treatment staff provide for patients with brain cancer.

The newly introduced status, awarded by the Tessa Jowell Brain Cancer Mission, follows rigorous expert-led assessments and provides reassurance about the availability of excellent care within the NHS.

Newcastle Hospitals was measured on a range of criteria, including its excellent clinical practice and training opportunities; emphasis on patient quality of life; providing clinical trials and offering a high standard of research opportunities.

Led by a committee of experts in the field and virtual site visits, the assessments were backed up by patient feedback about the care they received. It is one of ten hospitals across the UK to receive the recognition.

Digital

The Trust has experienced a remarkable digital transformation over the last 12 months, as technology has been central to bringing us all together during the COVID-19 crisis.

A key pillar of our five-year strategy is 'Pioneering' and we are proud of our reputation as one of the leading organisations in the digitisation of healthcare. Our aim is to provide digitally enabled care that supports more informed and safer decisions about patient care and an improved patient experience.

One of the highlights from the year in supporting patient care and safety include the systematic transition from





face-to-face appointments to a Trust-wide digital offer of video consultations. This enabled patients to access healthcare from the safety and comfort of their home and gave our clinical teams the tools they needed to continue their care.

Technology has been central to supporting staff to deliver care and provide them with the digital tools they need to do their job in the most efficient and effective way possible. One of the ways we have supported staff was by launching Microsoft Teams to support a virtual working environment throughout the Trust. Our Information Services team have also worked hard to transition the Trust to new technologies that will improve the accessibility of information and make the best use of data captured in our clinical systems.

We are also proud to have created a fully digitised NHNE, with critical information flowing to a central command room. We followed this by acting as the host organisation for the regional vaccination programme.

At a wider level, the adoption of new technology through the Great North Care Record project has also enabled us to deliver collaborative care throughout

the North East and North Cumbria. Over the last year, the Great North Care Record has securely enabled all GPs, most hospital Trusts (including North East Ambulance Service and appropriate mental health data), and most recently the first Local Authority connection for social care data.

We also set up a digital vaccine trial in just 48 hours, which included online booking, text message results and automated reporting.

We worked on a number of innovative projects that aim to improve patient experience and outcomes. We implemented pioneering Artificial Intelligence to assist with identifying acute stroke from brain CT scans, making this available to the regional network.

Over the last year, technology has shown us that it can bring us together and how we are stronger when we are connected. It has also given us a taste of new, innovative and improved ways of working. We want to maintain this momentum, creativity and adaptability to continue to improve the NHS patient journey and care throughout the next year and beyond.

Partnerships

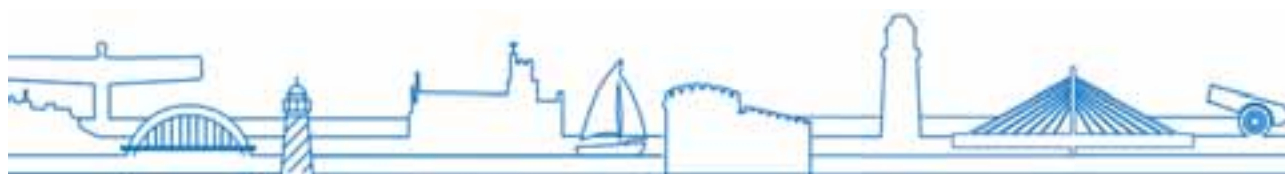
We are very clear in our strategy that our intent is always to be a highly effective partner, developing and delivering integrated care, playing our part in local, regional, national and international programmes.

Our role in system working and system leadership has a long history, which has been strongly evidenced this past year. Summarised below are five examples of Partnership working where Newcastle Hospitals has demonstrated its local, regional, national and international reach.

The examples cited cover:

- 1) The establishment of the **North East and North Cumbria Provider Collaborative**;
- 2) **Collaborative Newcastle** – a demonstration of exemplar place based engagement;
- 3) **Transfer of North Cumbria Oncology** service to Newcastle Hospitals – an illustration of what partnership working can ultimately deliver;
- 4) The **Newcastle Health Innovation Partners**. Our Academic Health Science Centre, awarded in April 2020; and
- 5) The establishment of the **Commercial Enterprise Team** as an expanded function of Business and Development.

The Establishment of the North East and North Cumbria Provider Collaborative



In recognition of the shared opportunities, issues and agendas that we have across our Integrated Care System (ICS), Chief Executives from all of the North East and North Cumbria providers have come together to form a Provider Collaborative.

The overriding aim is to improve the collective leadership and collaboration in responding to the strategic issues that impact on the NHS and care systems for the North East and North Cumbria, optimising the delivery and quality of the services provided, and improving the health and wellbeing of the populations served.

The Collaborative is jointly chaired by Dame Jackie Daniel and Lyn Simpson, Chief Executive of the North Cumbria Integrated Care NHS Foundation Trust, and now meets regularly to agree a high-level scope and areas of focus. In doing so, the Collaborative works with colleagues across our ICS, in particular engaging with Clinical Commissioning Groups (CCGs) and primary care, and through the formal governance structures and work streams within the ICS.

The North East and North Cumbria Provider Collaborative have held regular meetings at least every month since September 2020, as well as held sessions to discuss provider views, concerns and priorities in response to particular issues.

Sessions so far have focussed on a mix of operational and strategic issues – including the ongoing response to the COVID-19 pandemic, options for capital prioritisation, how some diagnostic services are managed in a clinical network, as well as reacting to the NHSE and NHS Improvement (NHSI) ‘Integrating Care’ publication.

As part of the ongoing development of the Provider Collaborative following the ‘Integrating Care’ publication, there has been good engagement with national and regional colleagues to outline the specific next steps our Collaborative needs to take and focus on over the coming year. Dame Jackie and her Chief Executive colleagues across the North East and North Cumbria providers are clear about the significant opportunity that the Provider Collaborative has in contributing to, setting and leading on, integrating care across our region to:

- Improve the health and wellbeing of the region, with particular focus on improving health inequalities; and
- Optimise the delivery, quality and efficiency of local health and care services provided by NHS and other organisations for the region.



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Collaborative Newcastle – a demonstration of exemplar place based engagement

Collaborative Newcastle is an innovative and ambitious new, place-based partnership, seeking to improve the health, wealth and wellbeing of everyone in the city of Newcastle and transform the provision of health and social care in the city. On 17 December 2020, agreements were signed to formalise its structure and purpose.

Collaborative Newcastle is an alliance between The Newcastle upon Tyne Hospitals NHS Foundation Trust, Newcastle City Council, Newcastle Gateshead NHS CCG and Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust, working closely with Newcastle GP Services, the GP Federation for Newcastle, Primary Care Networks and the voluntary sector.

The scope of the partnership is amongst the first of its kind in the country and is underpinned by a ground breaking legal agreement between the four key health and social care organisations in the city.

Dame Jackie Daniel, Chief Executive at Newcastle Hospitals, said:

“Collaborative Newcastle puts Newcastle residents front and centre. We want to work with local people to provide a joined-up and seamless system of care, support, advice and treatment for all – including children, families, adults and

the elderly. By working together in this way, we can reduce inequality and provide better life opportunities for everyone in our City – which will be more critical than ever in the coming months and years as we recover from the impact of COVID-19.”

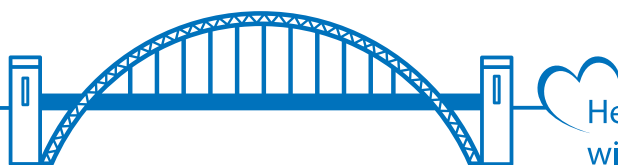
Collaborative Newcastle partners are working on a wide range of projects which will improve the way in which health and social care is delivered and accessed in the City; examples include:

- ICHNE;
- Supporting care homes during COVID-19;
- Newcastle Children and Families;
- Social prescribing at scale;
- Positive Mental Health;
- Joint System Leadership Training; and
- Central Command Centre.

Transfer of North Cumbria Oncology service to Newcastle Hospitals – an illustration of what partnership working can ultimately deliver

After many years of positive discussion and negotiation with North Cumbria Integrated Care NHS Foundation Trust and NHSE, the North Cumbria Oncology service will transfer to Newcastle Hospitals on 1 April 2021. The transfer will include Chemotherapy treatment services at both Cumberland Infirmary, Carlisle and West Cumberland Infirmary, Whitehaven, along with Radiotherapy treatment services and Oncology outpatient services at Carlisle, with the transfer of around 90 staff between the two organisations.

Investment in facilities and technology will see the current disparate chemotherapy, radiotherapy and



oncology services delivered from a new cancer centre, The Northern Centre for Cancer Care, at the Cumberland Infirmary which will incorporate enhanced treatment capacity and capability in a state of the art, fit for purpose, modern unit. Radiotherapy services will be delivered from the new centre from July 2021, with full delivery of services from August/September 2021. This runs in parallel with upgrade work at the West Cumberland Infirmary site to provide uniformity in chemotherapy treatment delivery across Newcastle and North Cumbria.

The newly integrated service will provide North Cumbria patients with a safe, resilient, effective and efficient high quality local service, able to meet the current and forecast future demand for Oncology services. In doing so, reducing the current need for travel to Newcastle for some treatments and facilitating the establishment of a centre of excellence in cancer treatment.

As the Trust moves into an even more systems focussed way of working, this successful service transfer and wider model has rich learning opportunities for how we invest, plan and improve care together for the benefit of our population. From our perspective, as the NHS anchor organisation for the North East and North Cumbria, it is increasingly evident that this model of delivery could be replicated for a range of our more specialised services – even in a geography that has traditionally provided challenges.



The Newcastle Health Innovation Partners (NHIP) - our Academic Health Science Centre (AHSC), awarded April 2020

In April 2020, NHIP was awarded the prestigious status as an AHSC, joining a number of highly acclaimed Centres across the world. The Partnership brings together The Newcastle upon Tyne Hospitals NHS Foundation Trust with Newcastle University, Newcastle Council, Cumbria Northumberland Tyne and Wear NHS Foundation Trust and the AHSC for the North East North Cumbria, to provide world-class research, education and clinical practice for the benefits of the region. The award sets a legacy for Newcastle Hospitals, and the Partners, and recognises the excellence of staff and clinical outcomes achieved which benefit patients and the community.

NHIP's 2025 ambitious plans for research have been developed in the areas of ageing, rare diseases, diagnostics and therapeutics, as well as the areas of research and innovation in newly emerging research satellites, such as robotic surgery.

Supporting economic growth, new research and innovation interventions are improving patient and population outcomes with improved productivity, inward investment and the targeting of skills, capabilities and leadership across

the Partnership. The AHSN North East and North Cumbria's Innovation Pathway brings together industry, government, scientists, academia, regulators, patients and the NHS to help accelerate the development, spread and adoption of new ground-breaking treatments and diagnostics for improved patient outcomes. The nationally recognised ICHNE is a Response Centre for rapid testing and has established an Innovation Lab, which has saved lives and supported regional job creation.

NHIP education and training initiatives include early-stage development for new career pathways in nursing midwifery and allied health professions, improved digital literacy and management of long-term conditions.

NHIP membership enables the Trust, working with Partners, to become one of the most integrated and innovative Academic Health Science Partnerships by 2025, with a proven record in the discovery, development and delivery of new solutions for improved healthcare across the region.

The establishment of the Commercial Enterprise Team as an expanded function of Business and Development

The Commercial Enterprise Team was formed in June 2020 to enhance the Trust's ability to deliver outstanding patient care by realising the commercial potential from new and existing non-NHS commissioned opportunities, including pharmacy and medicine manufacturing, education and training, international and private patients.

This can be achieved by increasing income and reducing costs, as well as securing additional funding from the private or public sectors. This additional income would then be reinvested back into patient care. The income the Commercial Enterprise Team generate will be even more important in the challenging financial environment post pandemic.

There will be rigorous alignment between these commercial opportunities and the Trust's strategy. To support this:

- A Commercial Strategy Group reporting to the Finance Committee has been created;
- A commercial business model has been developed, which builds on prior successes and provides incentives to the Trust, the source of the opportunity or innovator, and the Commercial Enterprise Team; and
- The Shelford Group Commercial Directors Forum has been re-established.

In addition, the team is developing excellent relationships with key internal and external stakeholders. These stakeholders include the North East and North Cumbria AHSN, NHIP, the Northern Health Science Alliance (NHS) and the North East Local Enterprise Partnership Health and Life Sciences Group.





Research

No time has highlighted the importance of clinical research quite like the global COVID-19 pandemic. From major vaccine discoveries to playing a vital role in helping us to learn more about how the virus behaves, research has been an integral part in tackling one of the greatest challenges of our time.

We are very proud of our clinicians and teams who led vaccine studies, joined national efforts to determine effectiveness and safety, and those who made sure other vital research activity continued.

While the pandemic brings research into greater focus for many, Newcastle Hospitals' successful research history spans many decades and we remain at the leading-edge of areas such as diagnostics, therapeutics, and clinical trials.

Our research excellence is recognised nationally and internationally in areas including, but not limited to, ageing, cancer, child health, diagnostics, robotic surgery, advanced therapeutics, microbiology, mitochondrial disease, immunology, transplantation, rare diseases, liver and musculoskeletal diseases.

Our patients and community remain an integral part of successful research and clinical trials. In an average year, we recruit in excess of 10,000 individuals into hundreds of different research studies/trials. For COVID-19 studies alone, we recruited over 4,000 patients to 43 studies.

Here are just some of our research achievements over the last year:

- Newcastle was in the top three in the country for recruitment to the Oxford AstraZeneca vaccine trial. We were also the first site to hit recruitment targets in the Valneva Phase I COVID-19 vaccine study.
- During lockdown, we treated the first melanoma patient in the world with a new 'tumour-infiltrating' therapy designed to recognise and kill cancer cells.
- Newcastle was the lead UK centre for two international trials of coronary artery stents. A further trial demonstrated the safety of the *Resolute Onyx* stent in patients at high risk of bleeding.
- We ran one of England's first virtual clinical trials to help test a new treatment for Irritable Bowel Syndrome with diarrhoea (IBS-D) from our National Institute for Health Research (NIHR) Patient Recruitment Centre: Newcastle.
- We are part of a large-scale funded study, IBD-RESPONSE, which aims to look at how our understanding of gut microbes can help inform which treatments are the most effective for patients with Crohn's disease and ulcerative colitis.
- Newcastle was the first centre in the UK to reach its recruitment target for motor neuron clinical trial, COMMEND, as well as recruiting the highest number of patients to the trial.
- We conducted clinical research into new ceramic hip resurfacing technology (an alternative to total hip replacement) which led to the first implantation in the UK led by orthopaedic surgeons at the Freeman Hospital.

- The Clinical Ageing Research Unit, run jointly by the Trust and Newcastle University, is a leading site for the Parkinson's Progression Markers Initiative, sponsored by the MJ Fox Foundation. Current studies aim to facilitate the development of new and better treatments for Parkinson's.
- We led an international study – the largest of its kind to date – to investigate the link between COVID-19 and acute pancreatitis, involving over 1,700 patients from 52 pancreatic units across eight countries.
- We were part of a research group awarded £900,000 from Cancer Research UK to understand how new drugs can be used alongside radiotherapy in the hope of improving survival for people with advanced non-small cell lung cancer.



- We received £1.33m from the NIHR to run the largest organ donor intervention study in the world to understand if a commonly used drug could limit damage sustained by a donor heart before it is transplanted.
- We were awarded £2.2m from the NIHR to evaluate different treatments for a chronic lung infection syndrome called Bronchiectasis.

- Nurses in our specialist hyper acute stroke unit are dual trained in stroke and clinical research, meaning patients can be recruited into research studies across the working week, including overnight. Newcastle Hospitals has recruited four times as many stroke patients into research studies as the next most active centre during the pandemic.
- The award-winning national #fightfatigue campaign, co-chaired by a Newcastle Hospitals consultant, is helping to change labour ward culture to one where the risk of staff fatigue is recognised, and breaks and power naps are prioritised. This made patient care safer and improved staff wellbeing.
- The NIHR Newcastle Clinical Research Facility played a key role in the delivery of eight clinical trials studying cystic fibrosis. Outcomes of the study have been translated into clinical practice.
- NIHR Newcastle Medtech and InVitro Diagnostics Co-operative, hosted by the Trust, became part of a national partnership called CONDOR (COVID-19 National Diagnostic Research and Evaluation Platform) awarded £1.3m in 2020 for the robust evaluation of new COVID-19 tests. The team is leading the *care pathway analysis* work stream to identify how new COVID-19 tests could improve infection control and patient management.
- NHIP is one of only eight AHSCs in the UK, bringing the region's world-class research, NHS and city partners together to improve the health, wealth and wellbeing of local people.



Healthcare at its best
with people at our heart

Awards and Achievements

Chief Nursing Officer Awards



England's Chief Nursing Officer, Ruth May, awarded seven of our nurses with her coveted Chief Nursing Officer medals.

Six nurses received a Silver Medal, which recognises major contributions to patient care and the Nursing and Midwifery profession while her highest possible accolade – the Gold Medal – was given to senior nurse, Suzanne Medows.

Suzanne received the award on the day she retired after a 40-year nursing career in recognition of her superb leadership skills with many nurses and student nurses citing her as the reason they had enjoyed outstanding learning and mentoring experiences whilst developing their own nursing careers.

Ms May – who announced her awards during a virtual ceremony due to COVID-19 restrictions – described Suzanne as highly valued and respected because she worked tirelessly to go above and beyond, and showed a passion for education and the development of others.

The Silver Medal winners were:

- Ian Joy, Associate Director of Nursing;
- Dr Clare Abley, Nurse Consultant for Vulnerable Older Adults;
- Peter Towns, Associate Director of Nursing;
- Sharon De Vera, Staff Nurse in the Freeman Hospital's Cardiothoracic theatres;
- Hilary Earl, Matron and Service Lead for babies, children and young people up to the age of 19 years; and
- Jackie Rees, Nurse Consultant leading on issues affecting the bladder and bowels.

British Thoracic Society Award

Dr Bernard Higgins, a Consultant in Respiratory Medicine, was named as one of two outstanding winners of the 2020 British Thoracic Society (BTS) medal.

The BTS Medal is awarded annually to a distinguished person who has greatly contributed to respiratory medicine or science. This prestigious award aims to acknowledge the recipient's leadership in and contribution to clinical and/or scientific work, which resulted in benefit to patients and the inspiration of peers.

Dr Higgins received the medal for his contribution to the Society over many years in a number of roles including past Chair of the Executive Committee, and more widely for his contribution to respiratory medicine in the UK and internationally, in particular for his leadership and commitment to national asthma guidelines.

Top accolade for fertility expert

Dr Meenakshi Choudhary – a Consultant Gynaecologist and subspecialist in Reproductive Medicine – was a finalist in the profession’s category in the Asian Women of Achievements Awards in recognition of her many outstanding achievements during her clinical career.

Since joining the Newcastle Fertility Centre, she has become a recognised leading expert in her field, helping patients in the North East experiencing difficulty conceiving, supporting the development of innovative IVF techniques, and either leading on or collaborating in, important national and international research projects.

Dr Choudhary has also been vital towards the development of ground-breaking techniques to prevent the transmission of DNA related conditions, leading to world-first mitochondrial replacement techniques established here in the North East.



Immunity specialists gain national recognition

Two leading immunology experts – Professor Muzlifah Haniffa, an Honorary Dermatologist and Professor Sophie Hambleton, an Honorary Immunologist

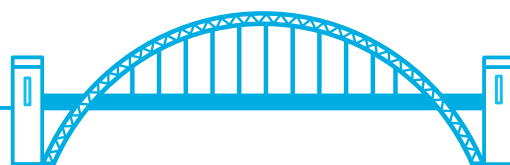
– were elected to join the prestigious Academy of Medical Sciences’ Fellowship.

Both clinicians, who work at the RVI, have been recognised for their exceptional contributions to world-leading research, which has been translated into pioneering clinical care. They join a cohort of 50 like-minded clinical leaders who pool together their experience and expertise to drive forward advances in healthcare. They are also two of the 19 female Fellows, contributing to the growing diversity of the Fellowship.

‘Queen’s Nurse’

Specialist Nurse for Continence in the community, Alyson Laws, was awarded the title of Queen’s Nurse reflecting her commitment to high standards of patient care, education and leadership in continence.

Alyson helped to develop the community continence service in Newcastle, which, in turn, has had a huge impact on thousands of people and improved their quality of life dramatically. Nurses who hold the title benefit from developmental workshops, bursaries, networking opportunities, and a shared professional identity.



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Royal College of Nursing Awards

Ben Hood, a Cancer Research UK Senior Nurse at the Sir Bobby Robson Cancer Trials Research Centre, won the 'Excellence in Cancer Research Nursing' category in the Royal College of Nursing Awards.

Over the last three years, Ben has worked tirelessly to 'demystify and increase awareness of the role of the clinical research nurse in cancer services' and developed a pilot project that could be used across the UK.

As well as delivering education sessions to 2,000 students in North East England, and presentations for Edinburgh Napier University, he is developing this work into an e-learning resource for undergraduate nurses in partnership with the NIHR with plans to develop the work nationally.

Top award for Occupational Health Service

Newcastle Occupational Health Service (OHS) received a national award from the Society of Occupational Medicine in

recognition of their rapid response to allow them to meet the increased demand for their services during the COVID-19 pandemic.

The team was noted for responding with compassion and care to the emerging challenges throughout the period, using the resources available to them in novel and innovative ways to support the enhanced delivery of supportive OHS for the foreseeable future.

National BAME Health and Care Awards

The National BAME Health & Care Awards (BAMEHCA) is a yearly event that recognises the hard work of professionals from ethnic minorities in the UK's health and care sectors.

Head of Service for Occupational Therapy, Odeth Richardson, and Consultant Neurosurgeon Surash Surash were both highly commended in their respective categories 'Compassionate and Inclusive Leader – Network' and 'Ground-breaking researcher of the year' while matron Hloniphani Mpofo who was a 'Clinical Champion' finalist.



Fighting fatigue

Consultant anaesthetists Nancy Redfern and Roo McCrossan – part of a team from the Association of Anaesthetists, Royal College of Anaesthetists and Faculty of Intensive Care Medicine – won the Workforce and Wellbeing award at the British Medical Journal (BMJ) Awards for their work to fight fatigue.



Kidzmed Project

The team at the GNCH won the 'Pharmacy and Medicines Optimisation Award' in the Health Service Journal (HSJ) Values Awards for their 'kidzmed project' which teaches children to swallow.

Tablets are safer, more convenient and cheaper than liquid medications but children and young people often remain on liquids due to habit, reluctance to change or staff and parents' lack of knowledge about switching to tablets.

In a short timeframe, the team embedded a system of training and system change to convert children to tablet medication so improving families' experiences of obtaining medication and realising considerable cost savings.

The judges described this as a "Brilliant and impressive project which has something so simple but so life-changing at its centre."

Partnership Working

Our team of infant feeding support midwives at the RVI were named winners of the Royal College of Midwives 'Partnership Working Award'. Led by senior midwife and infant feeding coordinator, Lynne McDonald, they received the accolade after impressing judges with their teamwork approach towards developing dedicated breastfeeding clinics.

British Dietetic Association (BDA) Awards

Lead dietician in Home Parental Nutrition (HPN), Lisa Gemmell received recognition in the BDA 'Roll of Honour' and COVID-19 Community Heroes section of the BDA Awards for her work to support patients throughout the pandemic and beyond.



Honorary Award for Professor

Honorary Consultant in Medical Oncology, Professor Ruth Plummer, received the Targeted Anticancer Therapies Honorary Award from the

European Society for Medical Oncology in recognition of her 'relentless' trial activity which has taken many new cancer drugs into clinic that have become standard treatments with proven patient benefit.

Over the last 20 years, Ruth has developed early phased trials practice in our dedicated cancer research centre at the Freeman Hospital and it is fantastic that her passion, dedication and commitment has been acknowledged on an international platform.



Telehealth Award

Our pharmacy team were awarded the Telehealth Award, at the Health Business Awards after becoming the first in the UK to use an electronic prescription service.



Golden telescope

Consultant Urologist Chris Harding was awarded the 'Harold Hopkins Golden Telescope Award' for his significant and lasting contribution to urology. This is the first time this award has been made to a Newcastle urologist.

Queen's Birthday Honours

Catering manager Geoff Moyle was recognised in the Queen's Birthday Honours and awarded 'Medallist of the Order of the British Empire' for services to catering in the NHS during COVID-19. He and his team, including volunteers, were some of the unsung heroes who ensured staff had food and drink during lockdown including handing out more than 40,000 packed lunches to staff, day and night.



Gary Logue Colorectal Nurse Awards

Colorectal Nurse Specialist Allison Sharpe received a Gary Logue Award by Bowel Cancer UK, for the difference she makes to the lives of her patients and colleagues.





Our Flourish at Newcastle Hospitals Framework

Creating an environment in which our staff can flourish at work is vital to delivering outstanding care and we want every member of staff to be able to liberate their potential.

To enable that to happen we need to create the right culture and climate throughout the organisation and we understand that it's really important that people feel valued and have the mechanisms in place to support them to do the best they possibly can in their roles.

Flourish at Newcastle Hospitals is our cornerstone organisational development programme. It provides a framework to enable us to grow and develop throughout the organisation. Over the last three years, we have made good progress but we still have a lot to do so that we can be clear and more consistent about our ambitions. We also need to ensure that our ongoing approach acknowledges the experience of staff who have been significantly impacted by the pandemic.

Everyone who works at Newcastle Hospitals has a role to play in creating the organisational culture that we want to see, and everyone should be able to see how they can make a difference.





Charitable support

We are the official Charity of Newcastle Hospitals and our shared goal is to help our hospitals go further, by funding initiatives that make a difference for the patients, people and the wider communities of Newcastle Hospitals.

Our Charity aims to support improving health and wellbeing by providing support for compassionate and innovative healthcare, education and research, locally and nationally.

In 2020/21, the Charity Trustees approved 239 grants for projects.

Whether it is funding enhancements to patient care and environments, supporting staff wellbeing, helping to drive forward pioneering research and innovation or purchasing additional equipment and facilities – our Charity makes a difference to our hospitals, our people and patients every day.

As the official Charity of Newcastle Hospitals, we are deeply proud of what the Trust has achieved over the last year, which has been a year like no other with the challenges the pandemic has brought for patients and staff.

Thanks to our many, many supporters, Newcastle Hospitals Charity has played a pivotal role in supporting NHS staff and patients and we are very grateful to all of the donors, fundraisers and partners, such as NHS Charities Together, who have contributed throughout the year. This support has enabled us to show the widespread appreciation felt for NHS staff throughout this challenging year.

The work supported by Newcastle Hospitals Charity has ranged from specific initiatives aimed at the wellbeing and recovery of all of our NHS staff, to



patient experience projects aimed at supporting our communities such as Ethnic Minority (excluding white), the deaf and hard of hearing, carers and those more vulnerable to COVID-19.

Simple gifts have made a real difference; whether it be refreshments to help colleagues stay hydrated during their shifts or one off crafted gifts such as handmade quilts to give a 'warm virtual hug' to those working in critical care.

Whilst Newcastle Hospitals Charity supports all of the patients, staff and communities of the Trust, we also manage three main funds:

- The **Great North Children's Hospital (GNCH) Foundation** supports the health of our young patients, their families and carers, and supports the staff who care for them, in the GNCH and the communities of Newcastle;

- The **Sir Bobby Robson Foundation** aims to find more effective ways to detect and treat cancer. It does this by funding cutting-edge cancer treatment and innovative cancer support services, including the clinical trials of new drugs at the Sir Bobby Robson Cancer Trials Research Centre at the Freeman Hospital; and
- **Charlie Bear for Cancer Care (CBCC)** at the NCCC, supports patients, their families, carers and staff by enhancing patient care along with funding for research, equipment and technologic innovations.



Our Charity has continued to support a wide range of important projects throughout the year including the Sensational Thinking Project, which works with children with sensory needs, to enable them to transform their services in COVID-19 secure ways such as using digital communications.

The Sir Bobby Robson Centre at the NCCC has remained open continually throughout the pandemic, as has the children's equivalent, the Innovative Therapies for Children with Cancer Unit based at the GNCH and Newcastle University's Wolfson Childhood Cancer Research Centre.

The Complementary Therapy service, supported by CBCC, has continued to provide a range of therapies for our patients, helping to reduce anxiety and sleeping difficulties as well as providing emotional support and relief from pain. CBCC also funded a number of tablets to play music and provide a welcome distraction for patients undergoing CT scans and radiotherapy at the NCCC.

Gillian Baker, Non-Executive Director, took over the role of Chair of the Newcastle Hospitals Charity Committee in 2020 and has been supported by fellow Non-Executive Directors, Jonathan Jowett and Graeme Chapman.

We have accelerated our digital programme during the pandemic, to ensure the best experience for our supporters and for those we support.

A new Charity website was launched, with online functionality to improve the supporter experience, whilst the Charity's first online shop went live with a small range of merchandise with all proceeds supporting the Charity. Working alongside the GNCH Foundation pop up shop and the much loved CBCC in the NCCC, the Charity team ensured that both were represented online and created online headscarf demonstrations, to support people ordering headware who would normally visit the CBCC shop.

As always, we remain committed to ensuring that we make best use of all of our resources for our patients, for our staff and for our region. We are incredibly grateful to all of our Charity supporters – members of the public, businesses, organisations and local community groups who, despite the uncertain economic situation and restrictions brought about by the pandemic, have been so generous with their support in the last year, and beyond.



COVID-19

During the pandemic, many channelled their support for Newcastle Hospitals through our Charity.

As well as significant local fundraising in our region which amounted to approximately £53,000, Captain Sir Tom Moore alone raised over £39m for the NHS Charities Together COVID-19 Urgent Appeal, and inspired others to do the same in a collective drive to say 'thank you' to NHS staff, and to support our patients and their carers.

With grants secured from NHS Charities Together totalling almost £600,000, Newcastle Hospitals Charity has been able to fund a range of initiatives to support staff health and wellbeing.

Here are just some of the highlights of what our supporters have made possible for NHS staff and patients across Newcastle Hospitals:

- Installation of a fruit and vegetable stall at the Freeman Hospital;
 - The creation of additional staff seating areas and sofa beds to take a break on night shifts;
 - Psychological safety and wellbeing support and training for Emergency Department and Critical Care staff;
 - Carer information and advice services;
 - 'English unlocked' to help provide information to non-English speaking patients;
 - COVID-19 Recovery and Rehabilitation service for staff affected by the pandemic;
 - A programme of events, under the Flourish initiative, focused on resilience and recovery;
- A joint development programme for the staff Black Asian and Minority Ethnic (BAME) and Disability networks;
 - Team building and training for staff returning to work after shielding or being redeployed;
 - A chat health texting service for young people and families, to provide alternative routes of access to healthcare advice during the pandemic; and
 - Pilot programmes to support recovery, across the arts and nature.



Community Fundraising

The dedicated fundraisers of our Charity have continued to come up with ingenious ways to fundraise within the COVID-19 restrictions whether that be knitting scarves, creating a magazine, filming videos or running challenges. Examples include:

- Six-year-old Olly Doxford raised over £3,000 by running 66 miles throughout June and July 2020 in memory of his Grandad to benefit Ward 36 at the Freeman Hospital. Olly ran almost every day and didn't let the unpredictable English weather put him off!



- South Shields schoolgirl Gabrielle Rutherford, ten, inspired a £60 donation to the GNCH Foundation after knitting a rainbow scarf in support of the NHS. After being taught to knit by her Nana, who had shown her how to make scarves for her dolls before the lockdown began, Gabrielle created a rainbow scarf which inspired a fan of hers to also create one and donate it to the GNCH Foundation.
- Teenager Georgie Grace Price dressed up as Disney princesses to spread some positivity and joy during the COVID-19 pandemic and in doing so, raised £3,000 for Newcastle Hospitals Charity.

Kind-hearted Georgia Grace Price has filmed more than 700 personalised messages to children all around the world from her bedroom in Sunderland.

- Emma Peters from Berwick took up running and spent nine months training for the world's largest half marathon in memory of her mother Gillian and godson Jack, who both sadly died of cancer. After the announcement that the 2020 event couldn't go ahead due to COVID-19, Emma took part in the virtual Great North Run and raised over £1,200 for CBCC. She has now set her sights on Great North Run 2021!
- Homeschooling during the COVID-19 lockdown was both testing and rewarding for children, parents and teachers. Finding new ways to keep children engaged has been challenging and one home school English project inspired 11-year-old Jamie Stuart from Carlisle to create his own magazine, raising £185 for the Sir Bobby Robson Foundation, in the process.

Alan Shearer CBE DL, a Patron of the Foundation, was so impressed by

Jamie's magazine that he sent a personal video message congratulating him and thanking him for supporting Sir Bobby's charity.



Partnership Funding

Newcastle Hospitals Charity received very generous support totalling £91,000 to fund testing equipment that will benefit staff, patients and the local community during the pandemic and beyond.

The donations came from Mail Force, a Charity which was launched in the UK with the aim to help support NHS staff and care workers through the COVID-19 pandemic in the UK.

Meanwhile, as families and friends faced spending the festive season apart due to the pandemic, a series of projections and illuminations brought some much needed light into the lives of staff and patients at Newcastle Hospitals.

Funded by donations to Newcastle Hospitals Charity by a group of local businesses wanting to show their support, the projections featured a stunning collection of festive scenes around the grounds of both the RVI and Freeman Hospitals.

The series perfectly complimented the festive illuminations around Newcastle Hospitals, which were also funded by supporters of Newcastle Hospitals Charity and NHS Charities Together for the first time, in recognition of a year like no other for patients and staff.

With special thanks to Tolent Construction Ltd, Medical Architecture, Robertson CE Limited, Geoffrey Robinson Limited and CAD 21 and all the supporters who helped to bring some festive cheer after a very difficult year.



Corporate Support

Our Charity's corporate supporters have continued to provide opportunities that benefit our patients and staff in a number of valuable ways. Newcastle Building Society has generously donated approximately £3million to the Sir Bobby Robson Foundation in recent years to support its work at the Sir Bobby Robson Clinic Research Centre at the Freeman Hospital.

Meanwhile, Procter and Gamble donated £500 to the Sensational Thinking Project, part of the GNCH Foundation, to produce COVID-19 secure training videos to enable them to continue their important training for organisations that work with children with sensory needs during the pandemic.

In addition, the Chartered Institution of Building Services Engineers donated

approximately £1,200 to support wellbeing initiatives for colleagues.

Legacies

A gift to Newcastle Hospitals Charity in the form of a legacy is the greatest honour we can receive and this year, we received approximately £1.8million in legacy donations.

Doreen Watson is just one of those generous individuals who chose to remember us in their will in the last year. Doreen made a legacy gift of over £176,000 to Newcastle Hospitals in recognition of the care she and her late husband Alan received. Doreen loved the NHS and remembered all the doctors and nurses who looked after her. Her gift is her way of saying thank you to each of them.

Doreen and Alan were married on 31 March 1951. At the time they were married Alan was an Engineer and Doreen was a salesperson. Alan later worked at Newcastle brewery and Doreen worked in the office at Sinclair's wholesale tobacconists. They were a devoted couple and did everything together. They joined the Northern Opera Society and spent a lot of their spare time with the group. The couple liked to travel extensively and toured counties like India, Egypt, South America and many more.

Sadly, Alan died over 15 years ago and as Doreen got older, she relied heavily on her close friends and neighbours. Doreen passed away in 2018 and is sadly missed by all who knew her.

When Alan was alive, he and Doreen had discussed some of the good causes that they would leave their estate to and Doreen included Newcastle Hospitals.

The process of remembering Newcastle Hospitals Charity in a will is straightforward





and our charitable status (Charity Number 1057213) could reduce the overall amount of inheritance tax you would be liable to pay.

Gifts In Kind

A huge thank you to all of our corporate and community supporters who have generously donated many gifts in kind for our Newcastle Hospitals patients and colleagues in recognition of their hard work over the last year. They have included refreshments, toys, care kits, chocolates, biscuits, iPads and nappies to name a few.

Our Charity Strategy

Under the leadership of our new Charity Director, Teri Bayliss, an ambitious five-year Charity Strategy has been developed. Informed by patients, families, NHS staff, partners and supporters, the strategy has specific areas of focus for the next five years.

Central to this strategy is:

- Staff wellbeing;
- The patient experience;
- Community engagement;
- Partnerships and collaboration; and
- The need to tackle the health issues and inequalities of our region.

The Strategy sets out the fundraising priorities, being child health, cancer, research and innovation, and green and healthy hospitals.

Working in close partnership with the Trust, the goals of the Charity are to:

1. Improve the patient and visitor experience, enhancing patient centred care;
2. Improve staff health, wellbeing and development; and
3. Tackle health inequalities and key health issues for our region and nationally.

Connecting with Newcastle Hospitals Charity

If you would like to find out more about Newcastle Hospitals Charity, including how to donate, fundraise, volunteer or become a corporate partner, please visit our Newcastle Hospitals Charity website www.charity.newcastle-hospitals.nhs.uk

You can get in touch with the Charity team by calling the Charity office on **0191 213 7235** or by emailing nuth.charity@nhs.net

In the meantime, you can sign up to hear about our work on our website and follow us on our social media channels to keep up to date with what is happening in our charity, our hospitals and services.

- **Twitter:** www.twitter.com/Newcastle_NHS
- **Facebook:** www.facebook.com/NewcastleHospitalsCharity
- **Instagram:** www.instagram.com/newcastle_nhs
- **LinkedIn:** linkedin.com/company/newcastle-hospitals-charity

1. Performance report

A. Overview of performance

The objective of this overview is to provide a summary of:

- The Newcastle upon Tyne Hospitals NHS Foundation Trust;
- Its purpose;
- The key risks to the Trust's objectives; and
- How the Trust has performed during the year.

Our activities

The Newcastle upon Tyne Hospitals NHS Foundation Trust is one of the most successful teaching NHS Trusts in the country and offers a wider range of specialist services than any other.

We provide innovative high quality local, regional and national services from a number of sites listed below:

- Freeman Hospital, including the Institute of Transplantation, the NCCC and Renal Services Centre;
- The RVI, including the GNCH and the Great North Trauma and Emergency Centre;
- CAV (the former Newcastle General Hospital) which is home to the region's North East and Cumbria Transport and Retrieval (NECTAR) Service, Westgate Road Urgent Treatment Centre, Newcastle Diabetes Service and Clinics for Research and Service in Themed Assessment (CRESTA) Clinics;
- Newcastle Dental Hospital;
- Newcastle Fertility Centre;
- Northern Genetics Centre;
- New Croft House (Newcastle Sexual Health Services);
- Molineux Urgent Treatment Centre;
- Ponteland Road Urgent Treatment Centre; and
- Manor Walks Leisure Centre (Cramlington).

We are proud of all of the services we provide to the people who need our care, but our flagship services include:

- The **Great North Trauma and Emergency Centre** at the RVI – the

department traditionally sees around 138,000 new patients each year and the major trauma centre at the RVI receives patients from as far afield as Cumbria to the Scottish Borders. In total, the Trust sees over 242,000 emergency attendances in a regular year across its various locations.

- The **Cardiothoracic Centre** at the Freeman Hospital – this is a regional and national centre of excellence for respiratory and cardiac care, providing specialist treatment for adults and children.
- The **Great North Children's Hospital** – one of only 14 major children's medical centres in the UK, GNCH provides treatment for children across the whole of the North of England.
- The **Northern Centre for Cancer Care** – the largest centre of its kind in the North of England, providing state-of-the-art cancer care for the people of Newcastle and beyond, as well as world leading clinical research.
- The **Institute of Transplantation** – where the first successful heart transplant on a child was carried out in 1987. It was also the site for the first single and dual lung transplants in Europe, and continues to have exceptional results.
- The **Bubble Unit** at the RVI – one of just two units in the country where children with severe immune system problems can be treated in an air-tight isolation ward.



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- **Newcastle Birthing Centre** at the RVI – Top-rated Maternity Unit, which helps bring over 5,700 babies into the world each year. This is one of the UK’s largest Maternity Departments and provides the highest standard of care for women and their families.

Additionally, in response to the COVID-19 pandemic, the Trust acted in its role as an anchor organisation for the North East in being commissioned to provide a number of entirely new COVID related functions on a North East and North Cumbria wide basis. These included:

- **Nightingale Hospital North East (NHNE):** a new 460 bed COVID contingency hospital for the North East in partnership with other local NHS organisations, built within three weeks in Washington, Tyne and Wear. This remained on standby for the majority of the year before being utilised as a large scale COVID vaccination centre;

- **Integrated COVID Hub North East (ICHNE):** comprised of three key services:
 - An NHS run ‘Lighthouse’ COVID testing laboratory, built at Baltic Park, Gateshead and one of three run by NHS Trusts nationally;
 - An Innovation Lab to develop new approaches to testing and pathology in conjunction with Universities and Industry based at The Biosphere, Newcastle Helix; and
 - A Coordination and Response Centre to support public health teams in managing COVID risks, with strong links to the national Trace program.
- **North East and North Cumbria COVID Vaccine programme:** co-ordinated by the Trust and led by a small dedicated System Vaccination Operation Centre (SVOC) team, headquartered at the Nightingale Hospital North East, and through a network of link clinical, public health and operational directors in local organisations.

Key Risks to Delivering our Objectives

The key risks to the achievement of the Trust objectives are detailed within this report as part of the Annual Governance Statement.





The Trust

The Newcastle upon Tyne Hospitals NHS Foundation Trust was founded on 1 June 2006 under the provisions of the Health and Social Care (Community Care and Standards) Act 2003 (consolidated on the National Health Service Act 2006).

The previous organisation – The Newcastle upon Tyne Hospitals NHS Trust – was formed on 1 April 1998 following the merger of the Freeman Group of Hospitals NHS Trust with the Royal Victoria Infirmary & Associated Hospitals NHS Trust.

The Trust reviewed its aim, vision and values, and published its five year strategy during 2019/20. A copy of this can be found on the Trust's website.

Our strategic goals are:

- **Patients –**
Putting patients at the heart of everything we do. Providing care of the highest standard focussing on safety and quality.
- **People –**
Supported by Flourish, our cornerstone programme, we will ensure that each member of staff is able to liberate their potential.
- **Partnerships –**
We will be an effective partner, developing and delivering integrated care and playing our part in local, regional, national and international programmes.
- **Pioneers –**
Ensuring that we are at the forefront of health innovation and research.
- **Performance –**
Being outstanding, now and in the future.



Our core aim is to provide 'healthcare at its best with people at our heart' and our core value areas are:

- **We care and are kind –**

We care for our patients and their families, and we care for each other as colleagues.



- **We have high standards –**

We work hard to make sure that we deliver the very best standards of care in the NHS. We are constantly seeking to improve.



- **We are inclusive –**

Everyone is welcome here. We value and celebrate diversity, challenge discrimination and support equality. We actively listen to different voices.



- **We are innovative –**

We value research. We seek to learn and to create and apply new knowledge.



- **We are proud –**

We take huge pride in working here and we all contribute to our ongoing success.



Going Concern

After making enquiries, the Directors have a reasonable expectation that the services provided by the NHS Foundation Trust will continue to be provided with the same assets in the public sector for the foreseeable future. For this reason, the directors have adopted the going concern basis in preparing the accounts, following the definition of going concern in the public sector adopted by HM Treasury's Financial Reporting Manual.



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Operating and financial performance

Financial Performance

The Trust continued to demonstrate financial resilience in the 2020/21 financial year with a £4.7m surplus on a NHSE/I Control Total basis (2019/20 surplus of £12.2m). The Trust remains well placed to address the funding challenge facing all public services. In particular, the underlying strength in the Balance Sheet will provide financial resilience in future years.

Income and Expenditure

In response to the COVID pandemic, NHSE suspended all healthcare contracting and implemented an emergency finance regime. The objective of NHSE was to ensure NHS Trusts had sufficient funds to meet the demands of the COVID pandemic. As a result, the main driver for income was not activity delivered but costs incurred.

Trusts were funded primarily with a fixed "block envelope" with additional funding to match expenditure on COVID activities – the NHNE, the ICHNE and the Vaccine roll-out programme.

The Trust generated total income of £1,302.5m (2019/20: £1,179.4m). This is higher than last year primarily due to COVID expenditure (£28.3m) and because the Trust assumed responsibility for the programmes that were outside the block envelope – the NHNE (£14.6m), ICHNE (£59.9m) and the Vaccine roll-out programme (£3.5m).

As a result of the COVID pandemic, the Trust generated less income from trading activities, because the footfall of patients and visitors was far less. However income from services provided to other Trusts,

organ retrieval, private and overseas patients, specialist services outside the NHSE contract, and the NHS Injury Scheme, were maintained.

Total expenditure for the year was £1,267.8m (excluding finance costs and impairments), (2019/20: £1,138.2m). As the emergency finance regime was designed to cover Trust costs, it is not surprising that expenditure is very close to income. By definition, expenditure on the COVID programmes outside the envelope exactly equals income.

The Trust has managed the cost base whilst dealing with significant COVID challenges over the course of the year. This has required a large number of staff to be redeployed, changes to the use of numerous wards and departments, rapid decision making and procurement, and investment in medical equipment and IT Infrastructure (for example to support home working).

The Trust does have variances against specific types of expenditure:

- Pay expenditure includes additional pension costs of £27.3m matched by income, the cost of additional annual leave allocated by the Trust, offset by savings across the majority of Directorates due to a relatively low fill rate as COVID restrictions have made recruitment difficult;
- An increase in expenditure in relation to medical and surgical equipment replacement (including defibrillators), offset by the impact of reduced patient activity (relative to pre-COVID levels); and

- Additional premises expenses to support COVID working, including estates spend, IT, Private Finance Initiative (PFI), medical equipment and fire related provision.

Capital Expenditure Plans

Capital expenditure totalled £55.7m (2019/20: £53.1m). Expenditure was primarily for works and equipment to deal with the COVID pandemic, the replacement of non-COVID medical equipment, new medical equipment, investment in Information Technology infrastructure and the construction of a new Multi Storey Car Park. In addition, investment was provided to reduce backlog maintenance.

Delivering Value for Money in the Public Interest

The Trust's cost efficiency programme was effectively suspended during the COVID pandemic.

The COVID pandemic has led to rapid transformation in the way services are delivered – for example home working, COVID testing, imaginative responses to the need to reduce face-to-face outpatient attendances and the use of the Independent Sector to deliver activity.

The Balance Sheet

The assets of the Trust owned estate were valued at £357.6m on 31 March 2021. In addition, the Trust has a further £165.9m of PFI assets. The Trust has valued its land and buildings on a single, optimal site basis and funded via an alternative to PFI/Private Finance 2 arrangements. Such funding is exempt from Value Added Tax. The closing year-end cash balance at 31 March 2021 was £237.7m (2019/20: £125.3m). While this balance provides strength as a leading

healthcare provider, the Trust continues to operate in an increasingly challenged financial environment and changing business delivery landscape.

Future view

As we move into 2021/22, NHSE has announced that the emergency finance regime will remain in place until 30 September 2021, albeit with a revised set of rules.

The central element of the regime remains block envelope funding with continued emphasis on managing finances in partnership with other NHS bodies in the Integrated Care Partnership (ICP). The 2021/22 regime does bring back an element of funding related to activity with an Elective Recovery Funding scheme – Trusts that exceed baseline levels of activity will receive additional funding.

The main challenges to the Trust going forward are:

- As the NHS emerges from the pandemic, the need to decide whether to close down services implemented during the peak of the pandemic and restore services that will allow the backlog of elective patients to receive treatment;
- Responding to the financial regime as it exists to 30 September 2021 and whatever regime is put in place by NHSE thereafter, and in particular ensuring the Trust understand that costs will not simply be covered by income in the future;
- Bringing forward quality and service developments that have been on hold during the COVID pandemic; and
- Continuing to support the capital programme to ensure the Trust's infrastructure remains fit for purpose.



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Subsidiaries

The Trust is a stakeholder in a number of spinoffs and commercial ventures. The Trust also holds shares in and is represented on the Board of Pulse Diagnostics Limited, which is seeking to commercialise an invention for the non-invasive detection of Peripheral Vascular Disease. Trust Directors and staff who sit on the Boards of spin-off companies are not remunerated for that role.

In Summary

The Trust has had a successful year in terms of financial performance in that it has met its financial targets without having to compromise clinical quality. Looking to the future, the NHS will continue to face an uncertain financial environment in 2021/22.

However, we believe we are well placed to face the future with procedures in place to bring forward quality and service developments that have been on hold during the pandemic, and greater co-operation with NHS bodies in our Integrated Care Partnership and partners such as Newcastle City Council and local Universities.

The Trust has a healthy balance sheet and a track record of transformation to respond to future challenges. The Board of Directors is confident of maintaining sound financial management and provision of a service portfolio of both national and international esteem and that the accounts are prepared on a going concern basis.





B. Performance report

During the past year, the COVID pandemic has placed exceptional pressures on the NHS, requiring changed ways of working with great speed and agility in every existing service whilst continuing to ensure the safety of all patients and staff. At the onset of the pandemic in March 2020, a planned rapid postponement of elective work was put into effect immediately to ensure that both patient and staff safety and infection control measures could be maintained.

As a consequence of this, the usual monitoring against key access targets has altered during the year, with the internal focus shifting towards recovering back to pre-pandemic levels of activity whilst ensuring that the most urgent patients continued to be treated, with equity of access maintained for the most urgent patients through regional collaboration. Access standards continue to be closely monitored and recovery plans have been developed in conjunction with Directorate teams to return to national compliance in the shortest available timeframe.

A new Performance Management Framework was agreed within the organisation shortly before the COVID-19 pandemic struck, and thus has not been fully implemented due to the new operating environment. This framework sets out the relevant criteria and escalation process for key areas of Trust performance, utilising the Trust's governance mechanisms to provide the appropriate level of support, scrutiny and action against the relevant issue at hand.

Whilst we continually achieve excellent levels of high performance and clinical outcomes when measured against our regional and national peers; as a result of the COVID-19 pandemic, the Trust now has a large number of long waiting patients who are a priority to treat. These patients are regularly contacted by

the Trust to ensure that they have not deteriorated, and significant efforts are being made to reduce this cohort as quickly and as safely as possible.

Areas of performance challenge, linked to COVID and other factors include:

- Activity volumes and associated income;
- A&E four hour standard;
- Referral To Treatment (RTT) 18 Weeks Standard;
- 6 week diagnostic standard;
- Cancer waiting time standards;
- Improving Access to Psychological Therapies (IAPT) access and recovery standards; and
- Dementia standards.

As well as the Performance Management Framework, all clinical directorates and nominated supporting directorates are subject to regular risk-based assessments via a rolling programme of Performance Reviews. These reviews ensure that all directorates are progressing in line with their strategic aims and objectives, including their contribution to the delivery of the Trust's overall strategy, whilst providing an opportunity to both address areas of under-performance and acknowledge areas of strong performance.

Performance Reviews incorporate multi-faceted performance data on topics including: activity and income, finance, core operational standards and internal key performance indicators (KPIs), human resources, risk register review, productivity and service improvements.

They are further complemented by the annual directorate Quality and Patient Safety Reviews chaired by the Medical Director (as outlined in the Quality Assurance Strategic Plan), followed by a further 6 month review mid-year. In response to the COVID-19 pandemic, both review processes were suspended for a period in March 2020 but have since recommenced.

2020/21 Activity by Point of Delivery against 2019/20

As well as impacting the Trust's performance against national RTT, Diagnostic and Cancer standards, activity levels have traditionally driven much of the Trust's income recovery through traditional Payment by Results (PbR) contracting. However the COVID-19 pandemic has significantly impacted on Trust activity levels during this last year, and consequently a national emergency finance regime was enacted at the beginning of 2020/21 with income up until September 2021 being determined by a mechanism combining block contract and top ups to ensure a breakeven position was maintained throughout the first six months of the financial year.

Although steps were taken to implement a revised funding mechanism for Quarter (Q) 3 & Q4 of 2020/21, linked to the achievement of NHSE/I 'Phase 3' activity level targets, subsequent waves of COVID-19 infection limited the ability for Trusts to meet or be measured against these standards.

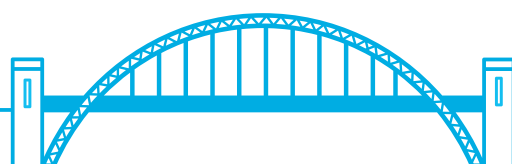
All non-urgent elective services were initially suspended at the beginning of the first wave, with a gradual restart in service provision across day case, elective and outpatient settings commencing from June 2020 onwards. Subsequent waves of infection and the volumes of inpatients that followed necessitated a highly flexible and reactive approach to capacity and staffing utilisation with non-urgent elective activity particularly negatively impacted at times of high COVID prevalence due to higher levels of COVID related staff absence and reduced bed/theatre capacity. Furthermore, many services were unable to return to 100% of pre-COVID activity at any point throughout the year due to the continuing social distancing requirements and increased infection prevention control regulations.

Overall, the number of patients admitted for hospital care fell 28% compared to the volumes recorded in 2019/20. In addition:

- Day Case and Elective activity reduced by 34%; and
- Non-Elective and Emergency activity reduced by 17%.

Within the Outpatient setting, the decline in activity compared to 2019/20 was less severe, with services maximising utilisation of new practices such as non-face to face consultations, as well as converting elective slots in to outpatient clinics when facilities such as theatres were unavailable. In summary:

- Outpatient Attendances reduced by 7% (recovering strongly throughout the year to often outperform 2019/20 levels of activity in the latter half of the year); and
- Outpatient Procedures reduced by 44%.



	2019/20 Actual	2020/21 Actual	19/20-20/21 Variance
Inpatient Activity	223,948	162,015	-61,933 (-28%)
Day Case	115,892	77,198	-38,694 (-33%)
Elective	24,661	15,397	-9,264 (-38%)
Emergency & Non-Elective	83,395	69,420	-13,975 (-17%)
Outpatient Activity	1,103,374	943,627	-159,747 (-14%)
New Outpatients	259,105	229,518	-29,587 (-11%)
Review Outpatients	625,274	591,683	-33,591 (-5%)
Outpatient Procedures	218,995	122,426	-96,569 (-44%)

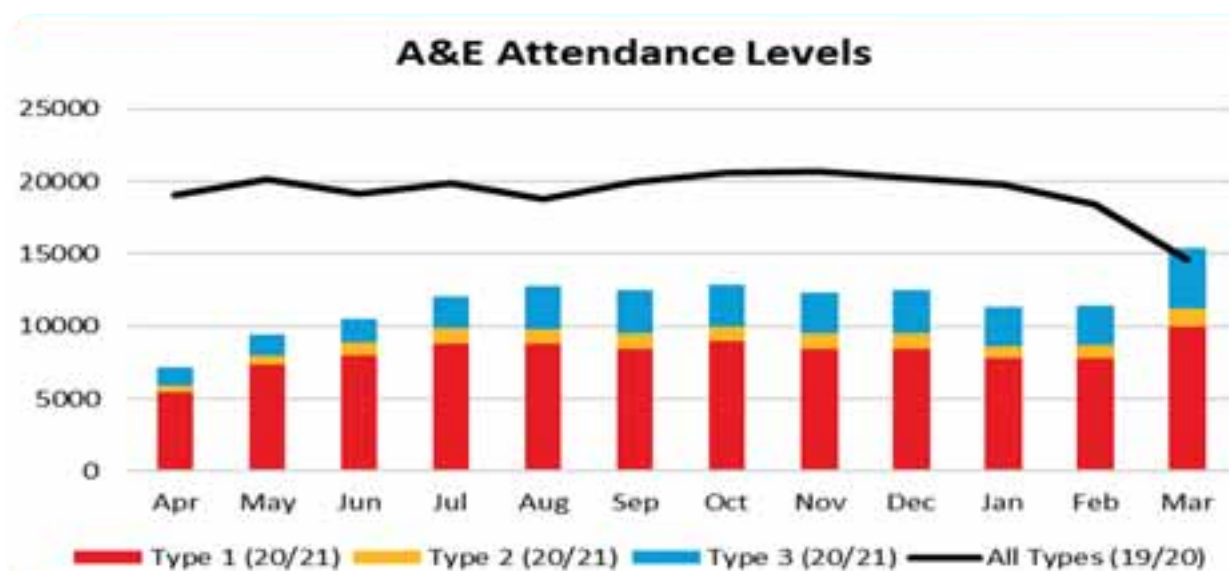
Accident and Emergency (A&E) Activity

During 2020/21, the Trust consistently performed above the national average in terms of performance against the A&E 4 hour standard, with overall Trust performance for 2020/21 at 91.9%. The target was met in 4 out of 12 months.

Staff demonstrated their flexibility in responding to a number of challenges throughout the year, not least the COVID-19 pandemic which required the implementation of extraordinary changes to the operational delivery of care at rapid pace. Initial actions to accommodate the requirement for social distancing, which severely limited the number of beds available throughout

the Trust and physical on site capacity, as well as limiting the number of patients that could be transported by ambulances services on any one journey, were sustained to some degree for the entire financial year, whilst shielding and 'stay at home' requirements for staff with symptoms or positive test results impacted staffing levels.

Other challenges throughout the year included regional changes to the geographical arrangements of the ambulance conveyancing policy, which placed increasing pressure on the department.



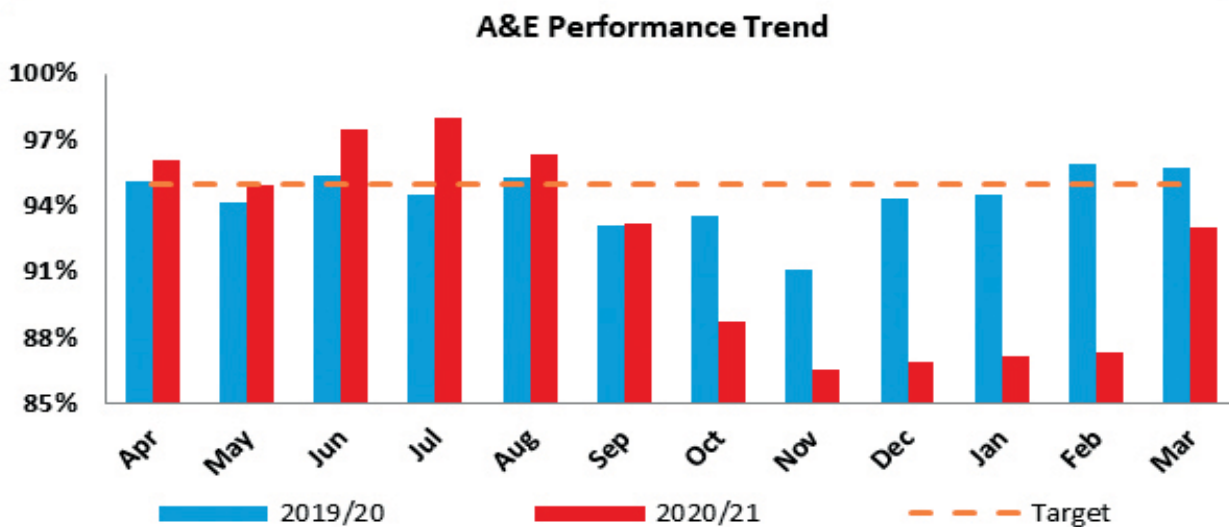


year on year respectively, but major attendances only reduced by 15%. Whilst the main A&E department remained open and accessible throughout, our Urgent Treatment Centres (UTCs) at Molineux and Westgate closed for a number of months whilst other UTCs saw reduced throughput. In addition:

- Type 3 (UTCs) attendances in total were at just 35% of the levels seen in 2019/20;
- Type 1 (RVI Emergency Department) attendances remained comparatively high at 81% of 2019/20; and
- Due to change in case mix, this has made achievement of the 95% 4-hour standard more difficult to achieve.

Overall 2020/21 saw a 39% reduction in emergency care attendances compared to 2019/20. Due to the nature of COVID symptoms as well as the lockdown restrictions on the general public, extensive profile changes were seen to both the volume and acuity of patients presenting; minor and paediatric attendances decreased by 24% and 27%

Throughout the first few months of the year, the overall reduction in attendances assisted in ensuring over 95% of patients received timely care, however towards the autumn and winter the increasing volumes of patients (at a disproportionately higher acuity to the usual case mix), combined with continuing operational challenges presented by COVID-19, resulted in declining performance as more patients breached the 4 hour wait standard.



During 2019/20, the Trust performed strongly across a number of other emergency indicators. The targets for both the 'unplanned re-attendance rate' and 'left department without being seen' rate were met every month across all of

the Trust's sites, and there were only two trolley waits in A&E over 12 hours, both occurring in March 2021. The Trust reported just one A&E handover delays >60 minutes during the financial year, also in March 2021.

Other Emergency Indicators		Threshold	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-21	Jan-21	Feb-21	Mar-21
Trolley Waits in A&E >12 hours		Nil	0	0	0	0	0	0	0	0	0	0	0	2
A&E Handover Delays 30-60 minutes		Nil	14	11	9	1	0	4	7	6	13	4	5	3
A&E Handover Delays > 60 minutes		Nil	0	0	0	0	0	0	0	0	0	0	0	1
Unplanned re-attendance rate - 7 days	RVI - Main Emergency Department	5%	2.0%	2.1%	1.9%	1.9%	2.2%	2.2%	1.9%	1.8%	2.0%	2.2%	1.6%	2.1%
	Eye Casualty	5%	0.4%	0.1%	0.0%	0.2%	0.1%	0.1%	0.1%	0.3%	0.0%	0.0%	0.2%	0.1%
	Walk-in Centres	5%	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Left department without being seen rate	RVI - Main Emergency Department	5%	1.0%	1.4%	1.4%	1.8%	1.8%	2.4%	2.2%	1.9%	1.7%	1.7%	1.8%	1.7%
	Eye Casualty	5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Walk-in Centres	5%	0.0%	0.1%	0.2%	0.1%	0.1%	0.3%	0.1%	0.1%	0.2%	0.2%	0.1%	0.1%



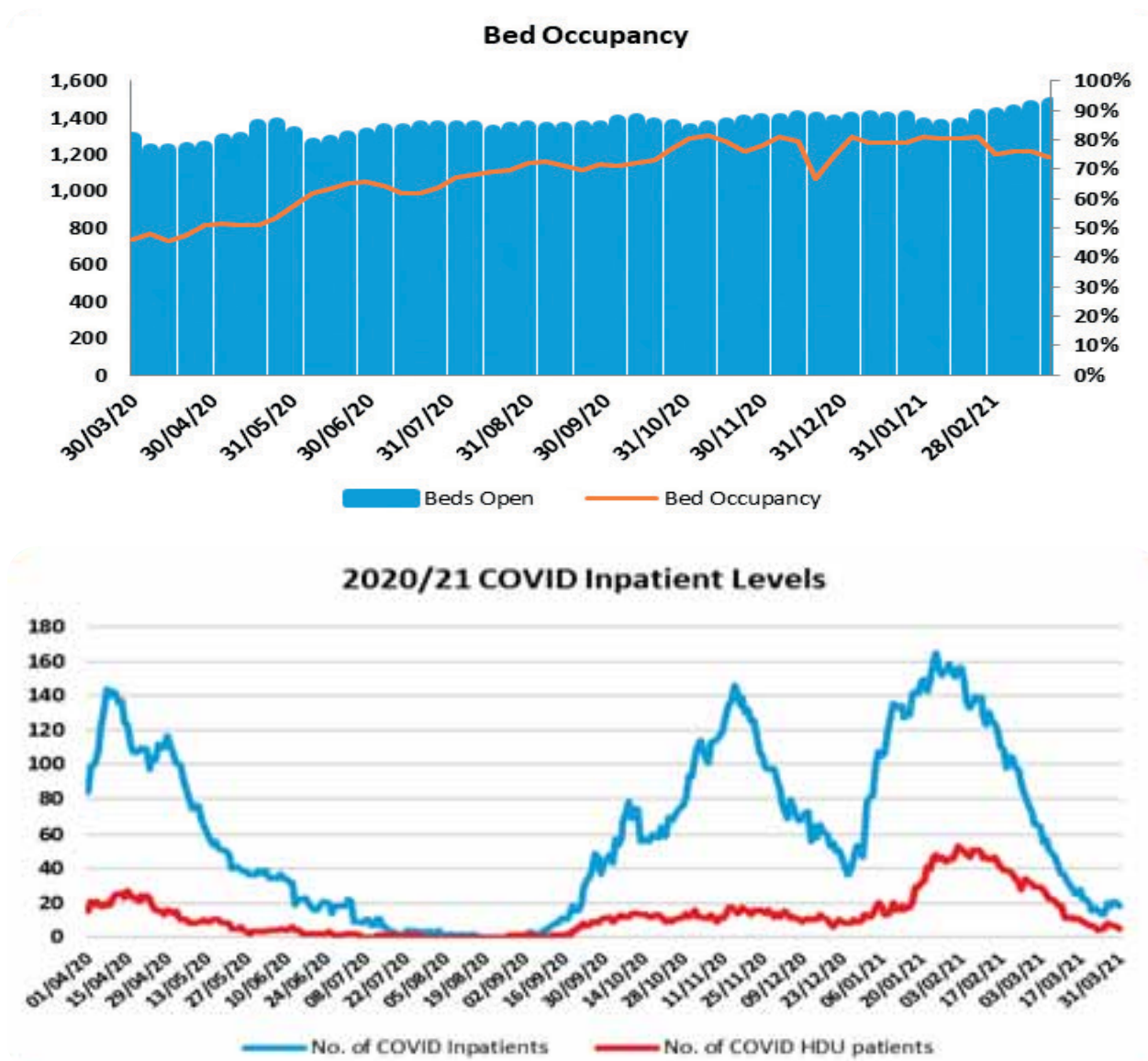
Bed Occupancy

Due to Infection Prevention & Control (IPC) measures, the bed base of the organisation reduced significantly to increase the distance between beds, altering 6 bedded bays to 4 bedded bays. Despite the reduction, bed occupancy steadily climbed throughout the year from a very low base (April 2020 48%), reflecting the reality of the suspension of all non-urgent elective activity at the beginning of the year and subsequent gradual increase as COVID-19 prevalence and inpatient levels declined.

Occupancy levels stabilised from October 2020 onwards as the Trust reacted to the

increasing pressures that secondary COVID-19 waves placed on our services, decisively reducing non-urgent elective care to ensure adequate provision of beds, staffing and theatre/Intensive Care Unit (ICU) capacity for COVID-19 patients.

Due to the successful management of bed pressures at Newcastle Hospitals, the Trust received over 100 COVID patients who required critical care support from other regions of the country to relieve national pressures, with new patients being transferred on a daily basis throughout January and February 2021.



Referral to Treatment (RTT) Waiting Times

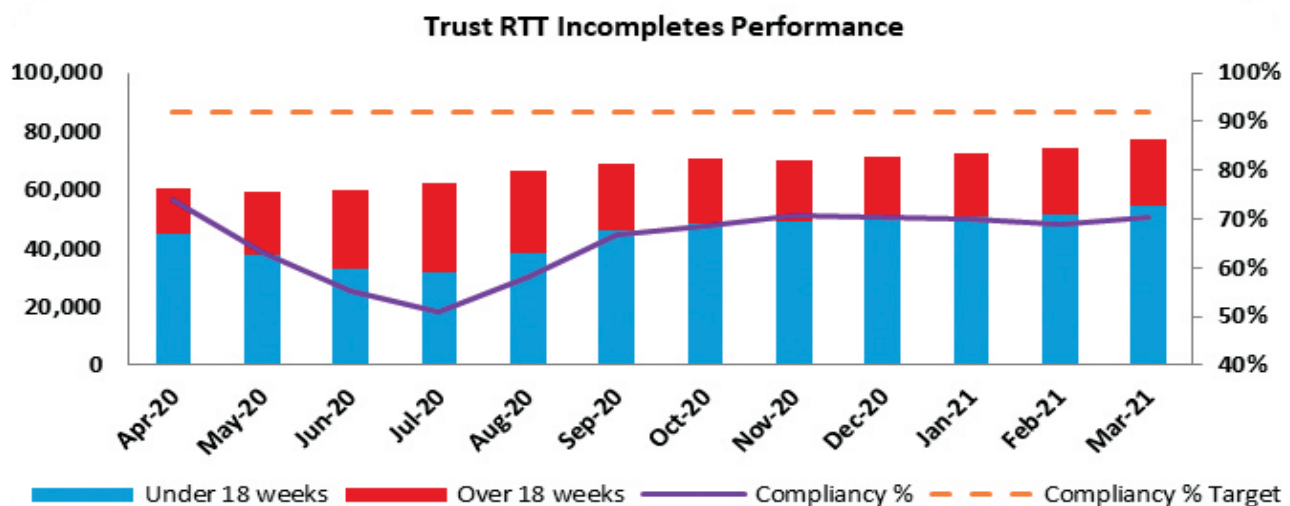
Throughout 2020/21, the Trust faced increasing difficulties regarding performance against the Referral to Treatment (RTT) 92% standard due to the severe impact of the pandemic on the elective activity levels deliverable. Having narrowly failed to meet the standard for the majority of 2019/20, the suspension of non-urgent activity throughout April and May 2020 resulted in significant cancellations to appointments that would have otherwise provided treatment to patients, significantly extending waiting times, whilst the subsequent reduction in capacity has further impacted the ability to reduce overall waiting lists.

Overall Trust compliance fell to a low point of 51.1% in July 2020 before steadily climbing to a high of 70.6% in November 2020, remaining stable around this level in subsequent months. The performance against this standard for Newcastle Hospitals has mirrored that of national compliance with significant deterioration early on in the year and gradual recovery since.

The Trust has consistently performed above the national average throughout the year despite having one of largest Patient Tracking Lists (PTLs) in the country.

At the end of 2020/21, there were 77,158 patients on the PTL, comparable to the number of patients on the waiting list in February 2020. As referral rates increase to previous levels, this is likely to pose a continuing challenge to the Trust over the coming year.

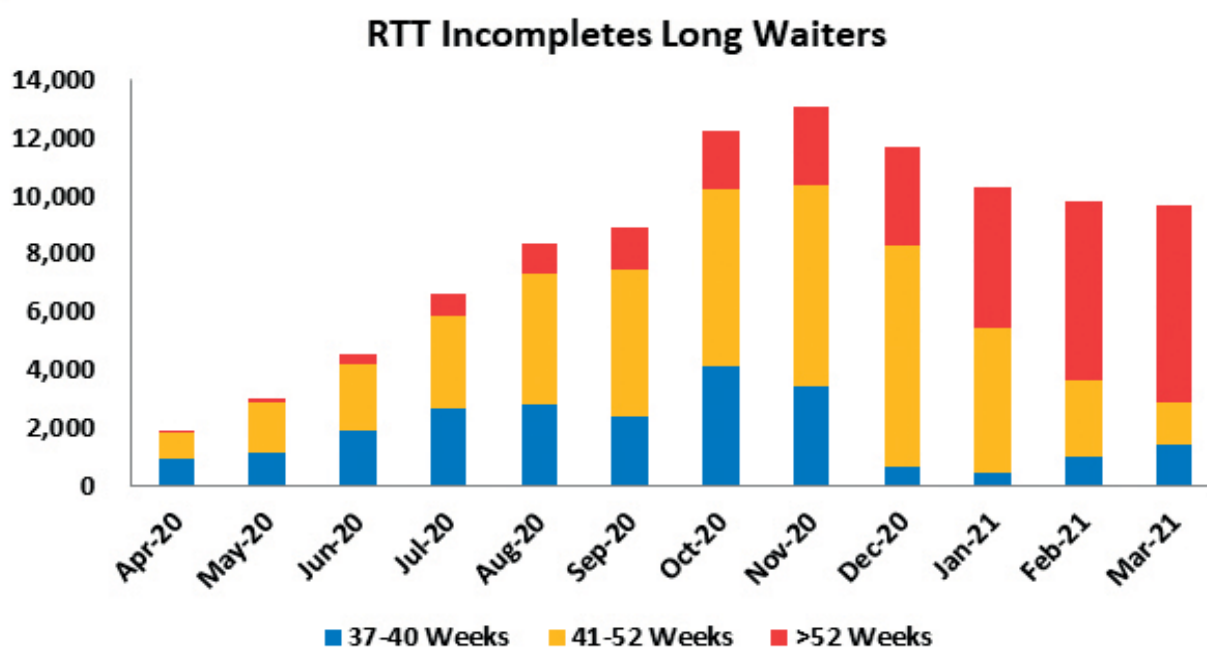
Through 2021/22, treatment of our longest waiters will be a significant challenge and priority. In response to this, a new waiting list report is in development, which also includes a number of additional metrics relating to health inequalities which will be viewable to Directorates and waiting list officers whilst planning clinics. These additional metrics will help Directorates to plan their response to COVID, as well as meeting strategic objectives to reduce health inequalities. Metrics which will now be available to assist the routine planning of services and include: health deprivation statistics, ethnicity and learning difficulty indicators. In addition to this, a monthly cross-organisational meeting group including primary care, the local council and other parties, led by Martin Wilson, Chief Operating Officer, is now in establishment to lead on operational and strategic goals relating to health inequalities.



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The reduction in activity across 2020/21 caused the number of patients waiting over 36 weeks to dramatically increase throughout the year, peaking in November 2020. In recent months the total has reduced, but their average wait is now longer, with the majority waiting greater than 52 weeks. As at the end of

March 2021, 6,797 patients had waited over a year for treatment. Through a number of additional measures including the establishment of a pop-up cataract unit on the CAV site, the number of long waiters will reduce throughout 2021/22.



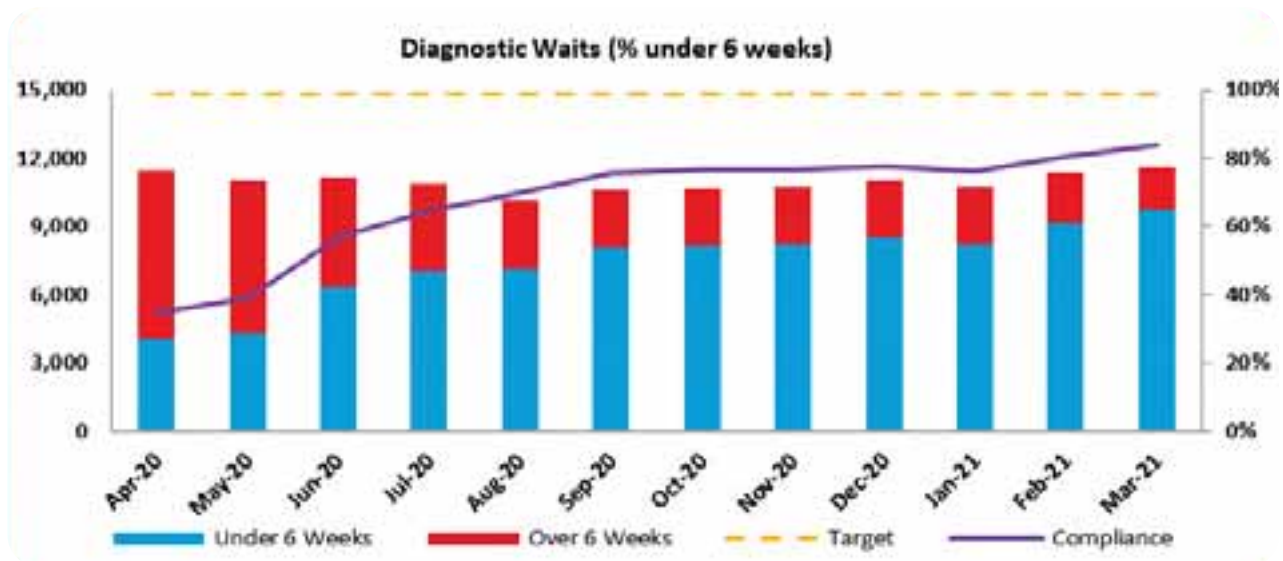
Diagnosics

During 2020/21, the Trust failed to meet the target of 99% of patients waiting less than 6 weeks for diagnostic tests. The necessary cancellation of all non-urgent diagnostic tests in the early stages of 2020/21 significantly impacted the ability to meet this target, with the Trust catching up on a backlog of requests throughout the year.

Additional air exchange settle time between scans, swabbing of patients prior to appointment, and social distancing requirements have reduced the throughput of diagnostic services during the year. Additionally, the patient

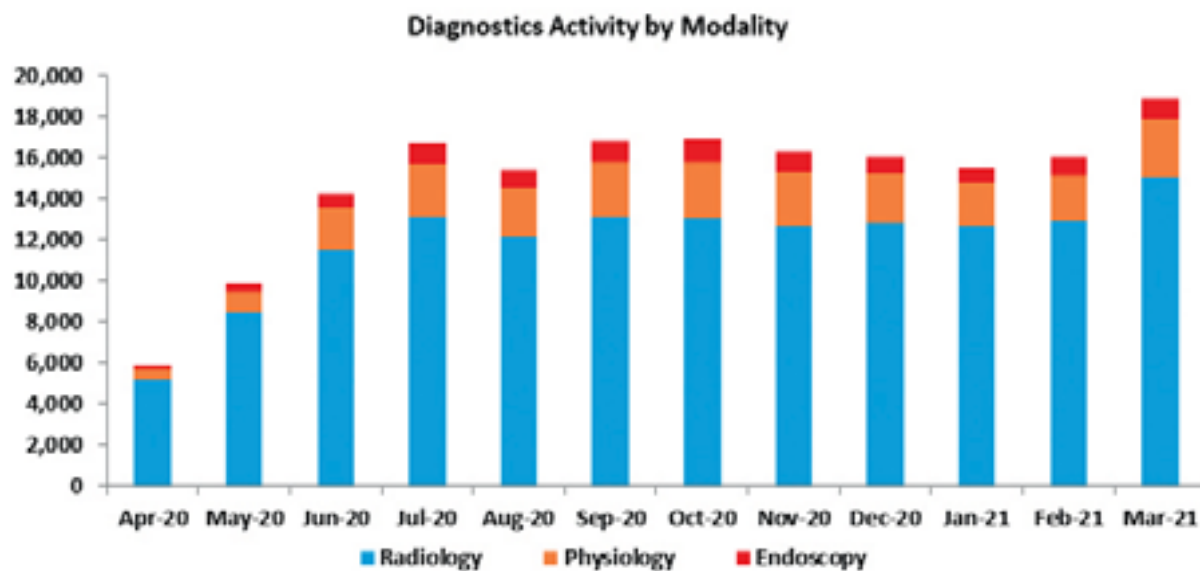
facing nature of diagnostic tests means that diagnostic capacity is particularly affected by COVID-19 restrictions, with activity unable to transfer to non-face to face delivery in the same way as many outpatient appointments have been able to do so.

Wherever possible, services have made use of the additional capacity provided by independent sector organisations as well as undertaking additional clinics to maximise available assets where possible. Pathway changes that reduce footfall on site have been trialled, including remote monitoring of compatible devices.



2020/21 saw an overall reduction of 20% in the total number of diagnostic tests undertaken compared to 2019/20, although positively in March 2021, a total of 18,839 diagnostics were performed

representing 99.8% of the average monthly total between April 2019 - February 2020 and almost 2,000 higher than any other monthly total in 2020/21.



Cancer

The Trust worked hard to meet the numerous national cancer targets during 2020/21 however due to the challenges of the pandemic, the 31-Day Subsequent Treatment Radiotherapy standard was the only one, which was met more often than not (all but one month). Performance against the Suspected Cancer Two Week Wait (2WW) standard declined throughout the year to a low point of 43.0% in November 2020, however recent months have seen a continuous trend of improvement.

Services are in the process of re-organising to meet additional demands, including referral pathway changes and enhanced use of digital and diagnostic technologies to reduce the number of appointments and invasive procedures.

Cancer activity was prioritised during the COVID waves and activity levels have remained high with very few postponements of any treatment plans.

Cancer Waiting Times	Target	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21
All cancers: 2 week wait	93%	82.2%	85.5%	83.4%	74.5%	57.0%	57.2%	48.0%	43.0%	48.7%	61.9%	74.5%	TBC
2 Week Wait for Symptomatic Breast Patients (Cancer Not initially Suspected)	93%	45.3%	37.0%	81.8%	92.3%	93.8%	86.9%	73.3%	29.3%	25.4%	19.5%	25.3%	TBC
All cancers: 1 month diagnosis to first treatment	96%	90.7%	92.2%	82.2%	88.4%	93.6%	93.3%	97.9%	95.9%	95.1%	92.7%	94.4%	TBC
All cancers: 1 month diagnosis to subsequent treatment - surgery	94%	87.3%	83.7%	91.6%	91.8%	94.3%	94.2%	94.6%	83.6%	97.3%	91.5%	87.0%	TBC
All cancers: 1 month diagnosis to subsequent treatment - drug	98%	97.1%	99.1%	92.8%	96.0%	97.2%	99.4%	97.5%	97.0%	98.3%	93.6%	98.3%	TBC
All cancers: 1 month diagnosis to subsequent treatment - radiotherapy	94%	96.8%	95.5%	91.7%	99.1%	98.3%	99.3%	99.7%	99.3%	99.6%	97.0%	98.9%	TBC
All cancers: 2 month urgent referral to treatment	85%	71.5%	69.4%	76.1%	76.0%	82.5%	79.6%	82.0%	81.7%	75.1%	72.7%	75.3%	TBC
Percentage patients referred from cancer screening service treated within 62 days	90%	79.3%	14.3%	3.2%	5.6%	33.3%	87.5%	85.7%	90.9%	89.1%	73.2%	79.7%	TBC

At the height of the second wave of COVID-19 infections and hospitalisations, The Northern Surgical Hub which captures patients requiring surgical intervention across the Northern section of the Northern Cancer Alliance, began redistributing some urgent cancer and non-cancer surgical work from Trusts who were severely lacking capacity. As a result, the Trust performed additional surgeries for urgent cancer patients which would otherwise have been delayed and performed by other providers. The Northern hub was chaired by Dr Ian Pedley who is Newcastle Hospitals' clinical cancer lead and a consultant oncologist.



Improving Access to Psychological Therapies (IAPT) Indicators

Throughout 2020/21, the Trust exceeded the target performance for waiting times to see IAPT patients within both 6 and 18 weeks. Conversely, the Trust was unable to meet the target related to the proportion of people who have depression and/or anxiety disorders who receive psychological therapies.

The moving to recovery standard was met only once across the year with the team making multiple adjustments to the way they deliver their services in order to remain fully open and accessible, including adopting non-face-to-face interactions. The service are now working with Collaborative Newcastle on transformational projects to improve compliance in relation to both the access and moving to recovery standards.

Joint Model IAPT Indicators	2019/20 Target	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21
The proportion of people who have depression and/or anxiety disorders who receive psychological therapies	1.58%	0.96%	0.60%	0.91%	1.09%	0.94%	1.04%	1.01%	1.02%	0.83%	1.04%	1.06%	1.07%
Cumulative -The proportion of people who have depression and/or anxiety disorders who receive psychological therapies	18.96%	0.96%	1.56%	2.48%	3.56%	4.51%	5.55%	6.55%	7.57%	8.40%	9.44%	10.50%	11.57%
Cumulative Target		1.58%	3.17%	4.75%	6.33%	7.92%	9.50%	11.08%	12.66%	14.24%	15.82%	17.40%	18.98%
The proportion of people who complete treatment who are moving to recovery	50%	34.3%	40.8%	51.5%	41.8%	41.3%	45.1%	33.9%	40.5%	32.1%	40.8%	42.2%	41.0%
% of patients seen within 6 weeks	75%	86.5%	98.4%	99.2%	99.1%	99.7%	99.1%	95.9%	92.8%	89.7%	82.9%	88.9%	89.7%
% of patients seen within 18 weeks	95%	99.7%	99.6%	99.7%	99.6%	100.0%	100.0%	99.5%	100.0%	100.0%	99.8%	99.8%	99.8%

Dementia Standards

The Trust was unable to meet the national standard for two of the three metrics during 2020/21, however the referral metric was met with 100% compliance in every single month. The Trust's Specialist Dementia team

continues to take actions to improve compliance with the metrics including making amendments to the new screening tool and providing additional training to assessment suite staff.

Standards	Target	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21
% asked the dementia case finding question within 72 hours of admission.	90%	42%	37%	36%	28%	39%	38%	36%	43%	42%	47%	49%	52%
% reported as having had a dementia diagnostic assessment including investigations.	90%	67%	65%	67%	62%	71%	64%	38%	36%	26%	24%	15%	14%
% who are referred for further diagnostic advice in line with local pathways.	90%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%



Healthcare Related Infections

In 2020/21, the Trust had one case of Methicillin-Resistant Staphylococcus Aureus (MRSA), with the last eleven successive months all recording no MRSA cases. Overall, this matches the total recorded in 2019/20, and is an improvement on the two cases in 2018/19, four cases in 2017/18 and nine cases reported in 2016/17. The Trust additionally met the nationally set trajectory for clostridium difficile in 2020/21, reporting a total of 111 cases against a target of 113 cases.



Equality of Service Delivery

Equality of service delivery is given due regard throughout the Trust, including in eliminating unlawful discrimination, advancing equality of opportunity and fostering good relations between people who share a protected characteristic and those who do not. This has been promoted throughout the organisation during 2020/21 including through the following:

- Appointment of an Executive Lead for Health Inequalities – Martin Wilson, Chief Operating Officer;
- Creation of a Health Inequalities Group, with a diverse membership including clinical, managerial, public health, research and expert partners by experience;
- Development and implementation of near-live dashboards that show demand, waiting time, and care progression for all patients, with ability to 'drill down' via protected characteristics of age, gender, ethnicity and by indices of multiple deprivation and community of residence. These tools have been used to understand impact of inequalities within Newcastle residents and is being used to inform the Trust's elective recovery programme;
- Promoting equality of service delivery through transforming models of care. This includes Collaborative Newcastle, which is our innovative partnership with Newcastle City Council, GPs, care homes, voluntary sector and the mental health trust to improve the health, wealth and wellbeing of everyone in the City. Through new ways of closer joint working Collaborative Newcastle aims to reduce inequality and provide better opportunities for all – children, families, adults and the elderly alike.
- As an employer through our Flourish cornerstone programme, including through our vibrant staff networks and other mechanisms.

Sustainability

“Over the last unprecedented year, we’ve all had to re-evaluate our place in the world and we’ve had time to consider the fragility of our planet. On many levels, it’s become increasingly clear to me that the climate emergency really is an urgent health emergency.

I’m pleased to say that at Newcastle Hospitals, we had already taken a strategic leadership position to tackle the impact we have on climate breakdown in recognition of the threat that the climate crisis presents not just to our planet, but to our health, wealth and wellbeing locally.

Both in our organisation and across the NHS, we need to not go back to the ‘way things were’ and instead ‘build back better’ – this is the only route to true sustainability.”

Dame Jackie Daniel, April 2021



Following our Climate Emergency declaration in 2019, in 2020 we published our Climate Emergency Strategy for 2020-2025 and used the definitions set out in the ‘Delivering a Net Zero NHS’ report from NHSE/I (see above diagram) to define our own three goals. The strategy is available on the Trust website and sets out the plans we’ve developed across all eight Shine (Sustainable Healthcare in Newcastle) themes towards the following long term goals:

1. Zero Carbon Care

- By 2030, the emissions we control will be net zero – our ‘Newcastle Hospitals Carbon Footprint’; and
- By 2040, the emissions we can influence will be net zero – our ‘Newcastle Hospitals Carbon Footprint Plus’.

2. Clean Air

- By 2030, our operational transport activities generate no harmful air pollution; and
- By 2040, our healthcare facilities are accessed by only zero emission travel.



3. Zero Waste

- By 2030, we will reuse and repair everything that can be reused and repaired; and
- By 2040, we will produce no waste. We will manage resources within the circular economy, with items surplus to requirements becoming a resource in another part of the system.



Since committing to these ambitious Net Zero Carbon targets, we have refreshed our approach to carbon reporting in line with the Greenhouse Gas Protocol and the Department for Business, Energy and Industrial Strategy Environmental Reporting Guidelines to increase our confidence in the data we report, and have also restated our baseline year as 2019/20. This data along with the total carbon footprint for 2020/2021 is published in our Annual Sustainability Report, available on the Trust website.

The report also includes more information on our full range of sustainability achievements in 2020/21 and our plans for 2021/22 - some of which are summarised below.

Shine Theme	What we've achieved...
 <p>Energy</p>	<p>We have completed a strategic assessment of the Trust's direct carbon emissions setting a roadmap to Net Zero by 2040, and developing carbon budgets which set an annual reduction of 12.8% each year as recommended by the Tyndall Centre for Climate Research.</p> <p>Through strategic heat audits and electrical capacity review, we have begun to ensure we can support the shift from fossil fuel based heat to low carbon sources.</p> <p>We have continued to work in collaboration with local anchor institutions on city and region-wide decarbonisation projects including a hydrogen feasibility study and assessment of opportunities for low carbon heat networks.</p> <p>We have continued our commitment to procurement of 100% renewable electricity since 2016.</p>
 <p>Water</p>	<p>We now monitor consumption patterns for almost all of the Trust's water use, allowing us to identify and act on water saving opportunities.</p>



Healthcare at its best
with people at our heart



Waste

We have worked closely with clinical and Infection Prevention and Control colleagues during the COVID-19 pandemic to ensure we manage waste effectively in challenging circumstances.

Despite the challenges presented by the pandemic, we have worked to improve and maintain **strong waste segregation routines and waste hierarchy movement** in our clinical areas, through an improved waste auditing process alongside new training materials.

We have also **implemented waste minimisation projects** including:

- Development of a new cannulation pack for Oncology to reduce waste;
- Standardised practice and improve IV related infection rates;
- Avoided waste through the use of reusable lab coats at ICHNE; and
- Initiated a project to increase recycling of plastic bottles used for oral nutritional supplements and tube feeding.



Buildings & Land

Sustainability has been included as a critical element of two major new build projects. We are working with the **Passivhaus** Institute to develop metrics which, if achieved, will be a **UK first for an acute hospital**.

Building Research Establishment Environmental Assessment Method (BREEAM) 'outstanding' is also being targeted and both projects include an **all-electric design in line with zero carbon and clean air objectives**.

We have recognised that it is crucial that we don't lock carbon into these buildings for the future and that they are as close to Net Zero Carbon in operation as possible.

A **biodiversity action plan has been completed for the green spaces at the RVI and Freeman Hospital** and locations have been identified for development into biodiverse areas. A number of areas around the Trust's various sites have been identified by staff for our **'Green the Grey'** project.





Purchasing

We have created a Sustainable Procurement working group to progress action on the **measurement and reduction of the carbon footprint related to activities which take place in our supply chain.**

We are taking steps to improve our data on the carbon footprint related to our 'Newcastle Hospitals Carbon Footprint Plus'. Supplier engagement has started to take place to **establish support for our Climate Emergency Strategy commitments**, and find out how many are currently measuring their own carbon footprint.

We are continuing to lower our carbon footprint from catering by maintaining our meat-free provision through **Meat Free Mondays** and have engaged with dieticians and the catering department to begin the process of implementing the **Silver Food for Life standard.**



Journeys

This year, as a result of the pandemic, approximately **350,000 patient appointments have taken place virtually which has equated to approximately 7 million miles and almost 2,000 tonnes of carbon saved.** Where appropriate, it is our intention to lock this saving into the delivery of care for the future.

A courier hub established for home patient pharmacy deliveries as part of the COVID-19 response has **reduced travel related emissions by reducing patient journeys and incorporating low carbon travel.**

We continue to **expand our fleet of electric vehicles (EVs)**, and we have **invested in new EV charging points at all of our main locations.** There are two trials of **electric pool bikes** taking place for staff who travel across sites and in the community, and we have **increased the amount of secure cycle parking** available.





Care

We continue to lead on sustainable anaesthesia and host the Environmentally Sustainable Anaesthesia Fellowship for the UK. We have been working on innovative projects to **reduce the damaging impact of anaesthetic gases** including a trial with Medclair to safely crack the exhaled Nitrous Oxide in our Delivery Suite into inert Oxygen and Nitrogen.

A Sustainable Respiratory Care **multi-disciplinary team has been established to reduce the carbon footprint related to inhaler use** with an initial focus on the management of asthma through inhaler technique to maximise efficiency of inhaler devices.

Links have been made with the newly established Newcastle Improvement Faculty to **embed sustainability into the quality improvement process** and a Shine toolkit produced and promoted to **enable clinicians to implement sustainability improvement projects in their specialties**. The **Shine Award was developed** and the first one awarded to a staff led project to reduce single use plastic.

We are working with partners and clinicians to better **understand and measure the impact of care pathways and identify ways to reduce the carbon footprint associated with the delivery of care**.



People

We have embedded sustainability into job descriptions and person specifications, through the development of a Sustainability in HR working group which has led on **embedding sustainability into HR processes and procedures**.

We launched a range of tools to enable staff to deliver sustainable healthcare. This included our staff engagement programme **Shine Rewards which has had 1,000 staff sign up and 15,000 sustainable actions completed** since October 2020.

This year, we made a **£50,000 Climate Emergency Action Fund** available to kick start small-scale staff led sustainability projects and piloted Sustainability Ambassador training based on the Institute of Environmental Management and Assessment Foundation Certificate in Environmental Management, following on from which, a **new network of Sustainability Ambassadors was established to act as change agents across the Trust**.





Health and safety

We take the health and safety of our staff, patients and visitors very seriously.

We have a dedicated Health and Safety Committee that monitors performance through receiving reports and updates on a range of areas, including:

- Staff related incidents e.g. trips, slips, falls, violence and aggression;
- Quarterly reports on health and safety compliance audits;
- Quarterly reports on the health and safety inspection programme;
- The slips, trips and falls reduction action plan;
- Safe working environments;
- Provision and support of lone working devices;
- Work to reduce violence and aggression by patients towards staff;
- Arrangements to manage and reduce staff stress; and
- A range of health and safety related training for example stress at work and risk assessment.

During 2020/21, there were 37 incidents that required reporting via Reporting of Injuries, Diseases, and Dangerous Occurrences Regulations (RIDDOR) to the Health and Safety Executive, showing an increase compared to the 26 reported in 2019/20. This included 4 incidents related to COVID-19. All RIDDOR incidents have been investigated appropriately and, where necessary, remedial action has been implemented.



Dame Jackie Daniel
Chief Executive Officer

1 July 2021



2. Accountability report

Board of Directors

Between 1 April 2020 and 31 March 2021, the Board of Directors met on twelve occasions. Seven of these meetings were formal, whereas five were extraordinary and were convened to discuss and agree measures required in the management of the COVID-19 pandemic, including the creation of the NHNE and ICHNE.

In compliance with the requirements of the Health and Social Care Act 2012, the Board holds part of its meetings in public, which follows the private business section. Formal meetings of the Board of Directors take place bi-monthly, with a private Board Development Session held in the alternate months.

Due to the social distancing measures required as a result of the pandemic, meetings of the Board have taken place virtually utilising Microsoft Teams which has allowed members of the public to continue to observe proceedings.

The Board of Directors has overall responsibility for the strategic direction of the Trust, taking into account the views of the Council of Governors. Executive and Non-Executive Directors have an open invitation to attend meetings of the Council of Governors.

The Board is responsible for ensuring that the day-to-day operation of the Trust is as effective, economical and efficient as possible and that all areas of identified risk are managed appropriately.

A detailed Schedule of Reservation and Delegation of Powers is in place and it sets out explicitly those decisions which are reserved for the Board, those that may be determined by standing committees, and those that are delegated to managers.


In April 2019, the Trust implemented a revised Governance structure, with the following Committees created to provide assurance to the Board of Directors. Each of the Committees is chaired by a Non-Executive Director, with the exception of the Appointments and Remuneration Committee, which is chaired by the Trust's Chairman:

- Appointments and Remuneration Committee;
- Audit Committee;
- Finance Committee;
- Newcastle Hospitals' Charity Committee;
- People Committee; and
- Quality Committee.



The balance, completeness and appropriateness of the members of the Board is reviewed periodically and when vacancies arise among Executive or Non-Executive Directors.

Board member	Biography	Attendance at Ordinary Meetings (Attendance at Extraordinary Meeting)
 <p>Professor Sir John Burn Chairman</p> <p>Appointed 1 December 2017 for 3 years</p> <p>Reappointed 1 December 2020 for 3 years</p>	<p>Sir John became Chairman of the Trust on 1 December 2017.</p> <p>He obtained a first class honours degree in Human Genetics and an MD with distinction from Newcastle University, where he has been Professor of Clinical Genetics since 1991.</p> <p>He was appointed as a Consultant Specialist in Newcastle in 1984 and led the regional NHS Genetics Service for 20 years. As well as helping to create the Centre for Life, which houses an education and science centre alongside the regional genetics service and NHS fertility service. He leads the Cancer Prevention Group there, part of the Newcastle University Faculty of Medical Sciences.</p> <p>He is a Fellow of the Royal Colleges of Physicians (London and Edinburgh), Paediatrics and Child Health, Obstetricians and Gynaecologists, and a Fellow of the Academy of Medical Sciences.</p> <p>Sir John was knighted in 2010 and was chosen as one of the first 20 'local heroes' to have a brass plaque on Newcastle Quayside in 2014. He also received the Living North award in 2015 for services to the North East. He is Co-Director of the international organisation, Global Variome, which seeks to share knowledge of genetic variation for clinical benefit and sits on the Executive Board of the Human Genome Organisation. Sir John is Vice Chair for the Newcastle based DNA device company, QuantuMDx Ltd.</p> <p>Previous roles include Chair of the British Society for Genetic Medicine, President of the European Society of Human Genetics, Lead Clinician of the Northern Strategic Authority and Non-Executive Director at NHSE.</p> <p>As Trust Chairman, Sir John:</p> <ul style="list-style-type: none"> • Chairs the Board of Directors and ensures that a corporate vision and strategy is developed and maintained; • Chairs the Council of Governors and acts as a bridge between the Council of Governors and the Board of Directors; 	<p>7 of 7 (2 of 2)</p> <p>*Due to an ongoing conflict of interest relating to QuantuMDX, the Chairman recused himself from 3 of the extraordinary meetings convened to discuss the creation of ICHNE.</p>



<p>Professor Sir John Burn Chairman</p> <p>Appointed 1 December 2017 for 3 years</p> <p>Reappointed 1 December 2020 for 3 years</p>	<ul style="list-style-type: none"> • Ensures the Council of Governors has appropriate arrangements in place to hold the Board of Directors to account through the Non-Executive Directors; • Has a close working relationship with the Trust's Chief Executive; • Is an Ambassador for Newcastle Hospitals and the wider healthcare system; and • Represents the Trust at local, national and international level. 	
 <p>Ms Gillian Baker Non-Executive Director and Chair of the Newcastle Hospitals' Charity Committee (from 30 September 2020)</p> <p>Appointed 1 July 2019 for 3 years</p>	<p>Gillian joined the Board as a Non-Executive Director on 1 July 2019. She has over 30 years' experience working in the charity, health and local authority sectors specialising in children's social care, criminal justice and community development.</p> <p>The 'thread' that runs through her career, is that of reducing inequalities and in improving outcomes for people and communities.</p> <p>In the course of her career she has worked in a women's refuge, in a number of community projects in the west end of Newcastle and in Scotland, as well as leading on a range of regional and national strategies for young offenders. She has also successfully set up and run a local charity.</p> <p>Gillian is now Director of Development at Lloyds Bank Foundation – an independent charitable trust which supports small charities across England and Wales through grant funding, capacity building and working to influence and shape their future. This involves working across all sectors, to ensure those small community based organisations remain at the forefront of dealing with a range of difficult issues, such as homelessness or drug and alcohol dependency.</p> <p>Gillian has a Masters in social research, is a Churchill Fellow and a Trustee of the Community Foundation in Tyne and Wear. She has previously served as a Non-Executive Director with the North East Ambulance Service NHS Foundation Trust, as well as being a school governor.</p>	<p>7 of 7 (3 of 5)</p>



 <p>Mr Graeme Chapman Non-Executive Director</p> <p>Appointed 30 July 2020 for 3 years</p>	<p>Graeme joined the Board as a Non-Executive Director on 30 July 2020. He has over 30 years' experience delivering business transformation across a number of industries, including Healthcare, Life Sciences, Central Government, Retail Banking, Manufacturing and Utilities.</p> <p>Graeme has been employed at Microsoft for the past 20 years, spending the last 10 years working in Health and Life Sciences. His current role is Industry Executive (Health and Life Sciences), the remit of which is to plan and deliver on a strategy of digital transformation for the Healthcare and Life Sciences ecosystem.</p> <p>Graeme holds a Masters degree in Engineering from Northumbria University and has post graduate qualifications in Management and Marketing.</p> <p>Having been born, educated and worked in Newcastle, Graeme has a strong passion for the region and the potential for it to further grow and develop.</p>	<p>5 of 5 (3 of 3)</p>
 <p>Ms Maurya Cushlow Executive Chief Nurse</p> <p>Appointed 1 January 2019 in substantive post (appointed 1 April 2018 on secondment as interim)</p>	<p>Maurya was appointed as Executive Chief Nurse in January 2019, having held the post of Interim Chief Nurse at Newcastle Hospitals since April 2018.</p> <p>With over 30 years' experience in the NHS, Maurya started off her healthcare career as a registered general nurse in Sunderland and has subsequently enjoyed a varied and successful nursing and management career at executive director level, most recently as Executive Director of Nursing and Governance at North Cumbria University Hospitals Trust.</p> <p>Prior to this, her roles included Accountable Chief Officer for North Tyneside Clinical Commissioning Group, Director of Operation at the NHS North of Tyne and Managing Director of Newcastle and North Tyneside Community Health Services.</p> <p>In parallel, Maurya has also pursued her academic qualifications, achieving an MBA from Durham University in 2000.</p>	<p>7 of 7 (4 of 5)</p>



Dame Jackie Daniel
Chief Executive

Appointed
1 May 2018

Dame Jackie began her NHS career as a nurse before moving into management, and has been a Chief Executive Officer for 20 years leading a range of acute, mental health and specialist trusts.

She was appointed as Chief Executive of Newcastle Hospitals in May 2018. Since then the Trust retained its outstanding CQC status, and was the first healthcare organisation in the world to declare a climate emergency. She was recently named as one of the top five chief executives of the year in the HSJ awards for 2021.

She has a degree in Nursing Studies, a Masters degree in Quality Assurance in Health & Social Care and is a qualified business and personal coach. A strong advocate of developing diverse leadership and supporting women in leadership roles.

Dame Jackie is passionate about the improvement in the health, wealth and wellbeing of those living in our region.

She is currently a member of the NHS Assembly, an Independent Member of the Board of the Office for Strategic Coordination of Health Research (OSCHR), a 3-year term from January of this year, a member of the National People Board and a member of the Recovery, Resilience and Growth Oversight Board. She is also a Director of the AHSN and Northern Health Science Alliance.



As Chief Executive Officer, Dame Jackie is responsible for:

- Ensuring good governance – corporate, clinical, research, employment, statutory and regulatory;
- Sustaining a 'going concern';
- Ensuring service provision and delivery to optimal standards in the public interest;
- Ensuring good internal and external relations; and
- Providing organisational leadership.



7 of 7
(5 of 5)





 <p>Mrs Angela Dragone Finance Director</p> <p>Appointed 9 March 2009</p>	<p>An NHS career Accountant, Angela has more than 25 years senior leadership experience and is also Director of the Trust's subsidiary company, Newgene.</p> <p>On a national level, she has influenced the development of funding and contracting mechanisms and the training and education of finance staff.</p> <p>Angela's responsibilities as Finance Director include:</p> <ul style="list-style-type: none"> • Strategic financial planning (capital and revenue); • Leading the finance function (financial services, income and financial management); • Ensuring financial governance and effective financial reporting; • Financial transformation; • Supplies and procurement; and • The financial aspects of the Trust's charitable funds. 	<p>7 of 7 (4 of 5)</p>
 <p>Mr Keith Godfrey Non-Executive Director and Senior Independent Director</p> <p>Chair of the Newcastle Hospitals' Charity Committee (until 29 September 2020)</p> <p>Appointed 27 July 2017 for 3 years</p> <p>Term extended to end 29 September 2020</p>	<p>Keith joined the Board as Clinical Non-Executive Director in July 2017 and from December 2018 until his departure on 29 September 2020, was the Senior Independent Director (SID).</p> <p>After graduating from Manchester Victoria University Medical School in 1973, he initially trained in general surgery, obstetrics & gynaecology and came to Newcastle in 1979 to join the Medical Research Council based in the Princess Mary Hospital, Jesmond.</p> <p>He subsequently worked for Newcastle University before becoming a consultant in obstetrics and gynaecology in Sunderland in 1985, where he was elected Chairman of the Medical Staff Committee and British Medical Association Place of Work Accredited Representative.</p> <p>Keith returned to Gateshead's Queen Elizabeth Hospital in 2001 to head up the Northern Gynaecological Oncology Centre and as Regional Chairman of the Gynaecological Oncology Site Specific Group, implemented the national guidance on centralisation of gynaecological oncology surgery.</p> <p>He became Deputy Medical Director at Gateshead in 2009, and subsequently Medical Director in 2012, until his retirement in December 2016. Keith is the Trustee and Chair of the Northern Cancer Care & Research Society.</p>	<p>4 of 4 (3 of 3)</p>

 <p>Mr Jonathan Jowett Non-Executive Director and Chair of the People Committee</p> <p>Appointed 1 November 2016 for three years</p> <p>Reappointed 1 November 2019</p> <p>Appointed Senior Independent Director on 5 October 2020</p>	<p>Jonathan joined as Non-Executive Director in November 2016. His executive role is Company Secretary and General Counsel at Greggs plc, where he is a member of the Operating Board, reporting to the Chief Executive.</p> <p>He is a lawyer by profession and has spent most of his career working in international manufacturing companies across a variety of sectors including medical product and consumer healthcare.</p> <p>Jonathan’s responsibilities at Greggs include legal and government affairs, risk management and insurances, internal audit, food safety, health and safety, sustainability and pensions’ administration.</p> <p>He is Secretary to the PLC board and its committees, and is responsible for governance and corporate policies, and its efficient and effective administration.</p> <p>He is also Chair of the Percy Hedley Foundation, which provides educational and care services to children, young people and adults with cerebral palsy, communication and sensory impairments and complex learning, social care and therapeutic needs.</p> <p>Jonathan gained national recognition from his peers in the 2012 Financial Times Innovative Lawyers awards for his contribution to developing the law on VAT on hot food. In his spare time, he is an advisor to the Board of Darlington Football Club.</p>	<p>7 of 7 (4 of 5)</p>
 <p>Mr Bill MacLeod Non-Executive Director</p> <p>Appointed 30 July 2020 for 3 years</p>	<p>Bill became a Non-Executive Director at Newcastle Hospitals on 30 July 2020. He is a Chartered Accountant and was a partner at PricewaterhouseCoopers LLP for 25 years specialising in Audit.</p> <p>He held a number of senior positions with the firm including Senior Partner of the Newcastle office. On a national basis, he served on PricewaterhouseCoopers UK’s Supervisory Board, chaired the firm’s own Audit and Risk Committee and his final role was as the firm’s Ethics Partner with oversight of professional ethics and conduct.</p> <p>Bill has chaired the International Advisory Board at Newcastle University Business School since 2015 and joined the Council of Newcastle University in 2020. He is also a director of NewcastleGateshead Initiative, chairing its Finance Group, as well as a member of the Ethics Board of the Institute of Chartered Accountants of Scotland.</p>	<p>5 of 5 (3 of 3)</p>



 <p>Dr Vicky McFarlane Reid Executive Director for Enterprise and Business Development</p> <p>Appointed 23 September 2019</p>	<p>Vicky joined the Trust in September 2019 as the Executive Director for Enterprise and Business Development. She is responsible for the development of the Trust's Commercial Enterprise Unit, which seeks to maximise the organisation's ability to deliver non-NHS revenues which can be reinvested back into patient care, and is the Director of Innovation for ICHNE.</p> <p>Business planning, strategy management, service development, performance and contracting are also within her remit, and she is the executive sponsor for sustainable healthcare and climate change.</p> <p>Vicky has a PhD in Molecular Ecology and a BSc in Biology and before joining the Trust, spent 17 years working for Leica Biosystems (a Danaher company) in the field of Cancer Diagnostics as the Director for Research and Development.</p>	<p>7 of 7 (4 of 5)</p>
 <p>Professor Kath McCourt Non-Executive Director and Chair of the Quality Committee</p> <p>Appointed 1 December 2015 for 3 years</p> <p>Reappointed 1 December 2018 for 3 years</p>	<p>Kath joined the Board as a Non-Executive Director in December 2015 and has had an extensive career as a nurse, midwife and educationalist in the UK and overseas.</p> <p>Kath was formerly a Pro-Chancellor and Executive Dean of the Faculty of Health and Life Science at Northumbria University.</p> <p>During her career, Kath has been nominated, elected and represented her employer and the nursing profession in a variety of regional, national and international settings.</p> <p>She has significant Board level experience through chairing committees and groups and has been an advisory consultant to a number of overseas governments and organisations including the World Health Organisation and is presently the President of the Commonwealth Nurses and Midwives Federation.</p> <p>Kath is an Honorary Colonel, 201 Field Hospital – Newcastle upon Tyne, Fellow of the Royal College of Nursing and received the CBE in the Queen's Birthday Honours 2012 for services to nursing.</p>	<p>7 of 7 (5 of 5)</p>

 <p>Mr Steven Morgan Non-Executive Director and Chair of the Finance Committee</p> <p>Appointed 1 October 2018 for 3 years</p>	<p>Steven joined the Board of Directors in October 2018. A dual American and UK citizen, Steven is an independent Copeland Borough Councillor in West Cumbria and member of the Borough Executive.</p> <p>He is a former director at the UK's main nuclear site, Sellafield, and was the Executive Director for Capital Programmes and Projects at Heathrow, where he was responsible for the design and construction of Terminal 2 and finishing the Terminal 5 complex.</p> <p>In addition to his role as a Non-Executive Director, Steven is currently on the Hinkley Point Nuclear construction board. Steven retired from the Ministry of Defence as Commercial Director in 2017 and is a retired US Navy Rear Admiral. In America, he was Logistics Director of the Defense Logistics Agency.</p> <p>In the United States, he was Chairman of the Board of a mental health hospital, President of an environmental remediation division and Chief Financial Officer of several companies including a shipbuilding company and a nuclear reactor fabrication business.</p> <p>Steven holds an MBA from George Washington University and is a Fellow of the Chartered Institute of Procurement and Supply and the Institute of Civil Engineers.</p>	<p>7 of 7 (5 of 5)</p>
 <p>Mr David G Stout Non-Executive Director and Chair of the Audit Committee</p> <p>Appointed 1 August 2012 for 3 years</p> <p>Reappointed 1 August 2015 for 3 years</p> <p>Reappointed 1 August 2018 for 3 years</p>	<p>David, a Chartered Institute of Public Finance and Accountancy chartered accountant, joined the Trust Board as Non-Executive Director in August 2012.</p> <p>He was formerly the Director of Finance and Communications at the North East Strategic Health Authority where he also held the role of Acting Chief Executive for a 26-month period.</p> <p>David has significant health expertise having worked in Director of Finance roles across a number of NHS organisations.</p> <p>He is also an experienced Local Government finance professional who has held finance roles at three North East local authorities over a 13-year period, and has held a number of advisory roles including being part of the Arbitration Panel for NHS contracting disputes.</p>	<p>6 of 7 (5 of 5)</p>





Mr Andy R Welch
 Medical Director/Deputy Chief Executive

Appointed to Director role on 1 April 2013

Appointed to Deputy Chief Executive role in October 2019

Andy was appointed Medical Director in 2013 having previously been Associate Medical Director and Cancer Lead. Since 2019 he has, in addition, been Deputy Chief Executive.

He chairs the Northern Cancer Alliance, is co-chair of the Cancer Alliance’s Leadership Forum and is Chair of the National Lung Health Check Programme, which commenced in 2020. He continues to be actively involved clinically as a Consultant Head and Neck Surgeon.

Andy advises on clinical and strategic issues and is the Trust’s Responsible Officer and Caldicott Guardian. His team includes a Deputy Medical Director, eight Associate Medical Directors and six Corporate Clinical Directors, whose extensive portfolios include:

- Quality and patient safety;
- Infection prevention and control;
- Cancer standards;
- Clinical operational matters;
- Trauma;
- Medical education and training;
- Clinical risk, governance, effectiveness and audit;
- Clinical research and innovation;
- New procedures, drug, medicines management;
- Medical staff health and wellbeing; and
- Primary care liaison.

He is responsible for the efficient use of resources – theatre efficiency, patient flow, job planning, remuneration, working patterns, service sustainability and improvement.

The Directors of Clinical Risk and Pharmacy report directly to the Medical Director and there are 18 Clinical Directors who report jointly to the Medical Director and Chief Operating Officer.

6 of 7
(3 of 5)



Mr Martin Wilson
Chief Operating Officer

Appointed 8 October 2018

Martin (pronoun: he/him) is Chief Operating Officer and oversees the Trust's 18 Clinical directorates and the staff who work in them. He combines this role with being Managing Director of the ICHNE, the NHNE and being executive lead for the COVID Vaccination programme across the North East and North Cumbria ICS.


Martin is chair of the delivery group of Collaborative Newcastle, the innovative partnership of the city's council, NHS organisations, GPs, care homes and voluntary sector which aims to improve the health, wealth and wellbeing of local people, and reduce inequality, through new ways of closer joint working.

Prior to joining Newcastle Hospitals, Martin held national roles at the Department of Health and Social Care, and at NHSE and NHSI, where he was the Director of Strategy/Deputy National Director responsible for emergency and elective care. Martin is a registered nurse and a graduate of the NHS Management Training Scheme. Having grown up and lived most of his life in Newcastle, he worked for a number of years at Northumbria Healthcare NHS Foundation Trust and the North East Strategic Health Authority, before moving to London where he held director roles at St George's Hospital, University College London Hospitals and McKinsey & Company.

7 of 7
(5 of 5)



In January 2020, the Trust Board introduced a voluntary, unremunerated and non-voting Associate Non-Executive Director role and welcomed Mrs Pat Ritchie, Chief Executive of Newcastle City Council, into the role. On 1 October 2020, Professor David Burn's role on the Board of Directors transitioned from Non-Executive Director to Associate Non-Executive Director representing Newcastle University.

Board Member	Biography	Attendance at Ordinary Meetings (Attendance at Extraordinary Meeting)
 <p>Professor David Burn Associate Non-Executive Director</p> <p>Appointed 1 October 2020</p>	<p>David was appointed as Associate Non-Executive Director in October 2020, following a three-year term as Non-Executive Director. He is Pro-Vice-Chancellor of the Faculty of Medical Sciences at Newcastle University and a Professor of Movement Disorders Neurology and Honorary Consultant Neurologist for Newcastle Hospitals.</p> <p>His first degree was at Oxford (Physiological Sciences), returning to his native North East for clinical training and early medical jobs, including neurology. After further neurology training and undertaking research in London (National Hospital for Neurology and Neurosurgery, Queen Square and Hammersmith Hospital), he was appointed as a Consultant Neurologist and Senior Lecturer in Newcastle in 1994.</p> <p>David has an international reputation for research in dementia associated with Parkinson's.</p> <p>He is an NIHR Emeritus Senior Investigator, chairs the NIHR Translational Research Collaboration for Dementia and the board of the Northern Health Science Alliance, and is Director of the NIHR NHSI/E Newcastle Health Innovation Partners Academic Health Science Centre.</p>	<p>6 of 7 (4 of 5)</p>



Mrs Pat Ritchie
Associate Non-Executive Director

Appointed
January 2020

Pat joined the Trust’s Board of Directors as an Associate Non-Executive Director in January 2020.

As Chief Executive of Newcastle City Council, Pat has delivered a significant programme of transformational change since joining in 2013, creating the conditions for sustained economic growth in the city. Notably, she secured the multi-million pound investment deal to bring Legal and General to Newcastle’s flagship ‘Helix’ development.

Pat also led on negotiations with the government to secure a devolution deal for the new North of Tyne Mayoral Combined Authority.

She is former Chief Executive of the Homes and Communities Agency (Homes England) and former Deputy Chief Executive of the Regional Development Agency (One NorthEast). Pat continues to influence housing and economic development policy nationally.

She co-chaired the Service Transformation Challenge Panel government taskforce in 2014 and in January 2020, Pat became Chair of the Government Property Agency. She oversees its priorities to improve working environments on the government estate, support new ways of working and drive productivity and engagement.

** Mrs Ritchie attended the private session of the meeting only.



The Council of Governors has the power to terminate the appointments of the Chairman and other Non-Executive Directors, subject to the approval of 75% of the membership.

The accounts have been prepared in line with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance. The Newcastle upon Tyne Hospitals NHS Foundation Trust acts as Corporate Trustee for the Newcastle upon Tyne Hospitals NHS Charity, the results of which are consolidated into the Group accounts.

The Trust has not made any political donations during 2020/21.

During the year, the following conflicts of interest were declared during Board of Directors meetings:

- The Chairman declared an interest in QuantumDX as Vice-Chair. This was an ongoing interest regarding matters pertaining to COVID-19 testing and the creation of the ICHNE. It was agreed that whilst the Chairman would observe any Board discussion in public regarding ICHNE, that he would not take part in any such discussions;
- Mrs P Ritchie declared an interest in matters pertaining to Newcastle City Council;
- Professor D Burn declared an interest in matters pertaining to Newcastle University; and
- Mr G Chapman declared an interest in matters pertaining to Microsoft.

During 2020/21, members of the Board of Directors claimed a total of £763.98 in expenses. This was largely for business travel.

Audit Committee

Committee purpose

The key purpose of the Audit Committee is to provide the Board with:

- An independent and objective review of financial and organisational controls, the system of integrated governance and risk management systems and practice across the whole of the organisation's activities (both clinical and non-clinical);
- Assurance of value for money;
- Compliance with relevant and applicable law;
- Compliance with all applicable guidance, regulation, codes of conduct and good practice; and
- Advise as to the position of the Trust as a "going concern."

It does this through receipt of assurances from auditors, management and other sources.

Committee Membership and Meetings

The Committee is appointed by the Board of Directors from the Non-Executive Directors of the Trust and consists of five members, with the quorum being two members.

Four ordinary meetings and one extraordinary meeting were held between 1 April 2020 and 31 March 2021 and attendance was as follows:

Committee Member	Attendance at ordinary meetings	Attendance at extraordinary meeting
Mr D Stout, Non-Executive Director (Committee Chair)	4 of 4	1 of 1
Mr J Jowett, Non-Executive Director	4 of 4	1 of 1
Professor K McCourt, Non-Executive Director	4 of 4	1 of 1
Mr S Morgan, Non-Executive Director	4 of 4	1 of 1
Mr B MacLeod, Non-Executive Director	2 of 2*	0 of 0

* Mr MacLeod joined the Board of Directors as a Non-Executive Director on 30 July 2020. As agreed with the Trust's Chairman and Committee Chair, Mr MacLeod observed the Committee meeting on 28 July, two days before his official commencement as Non-Executive Director on 30 July 2020.

The Committee met the minimum number of five meetings per year and other attendees at the meetings included:

- External and Internal Audit at all meetings;
- The Trust's Fraud Specialist Manager;
- Management, represented by the Finance Director, Assistant Chief Executive and the Chief Operating Officer. The Executive Chief Nurse, Medical Director and Director of Quality and Effectiveness are permitted to attend as required;
- The Trust Secretary and Deputy Trust Secretary who also provide Secretariat Support to the Committee; and
- The Corporate Risk & Assurance Manager.

Governance, Internal Control and Risk Management

The Committee is required to review the establishment and maintenance of an effective system of integrated governance, risk management and internal control across the whole of the Trust's activities that supports the achievement of the Trust's objectives, internal control and risk management.

The Audit Committee had a Schedule of Business for 2020/21. There were some slight deviations from the schedule during the year as a consequence of the COVID-19 pandemic. These deviations were discussed and agreed during the regular Committee agenda setting meetings with the Audit Committee Chair and the Executive Lead for the Committee.

The Audit Committee uses a rolling programme and action log to track committee actions.

The Committee has reviewed:

- Its Terms of Reference and Schedule of Business.
- The Head of Internal Audit opinion (June 2020).
- The Board Assurance Framework (BAF); being the underlying assurance processes that indicate the achievement of corporate objectives and the effectiveness of management of principal risks.
- Risk management arrangements.
- Other governance arrangements such as the Scheme of Delegation, Standing Financial Instructions and Standing Orders*.
- The response to the External Auditors on:
 - ISA+240: Audit Committee responsibilities for preventing fraud in the Annual Accounts.
 - ISA+250: Audit Committee responsibilities for being satisfied that the Annual Accounts comply with laws and regulations.
 - ISA+501: Specific consideration of the potential for, and actual, litigation and claims affecting the financial statements.
 - ISA+570: Consideration for the Going Concern Assumption in an audit of financial statements.
- Committee members agreed the response for submission to the External Auditors on 1 May 2020.

*A detailed review of the Scheme of Delegation, Standing Orders and Standing Financial Instructions is undertaken annually. This was undertaken as scheduled during the year, with a particular focus on ensuring that the documents accurately reflected COVID-19 related developments such as establishment of the NHNE, creation of the ICHNE and changes to research governance.



The BAF focuses on the key risks against achievement of the strategic objectives. The BAF is a 'live' document which is continuously reviewed and updated by the Corporate Risk and Assurance Manager. Each meeting of the Committee is updated on the BAF and Executive Oversight Register.

Each Committee of the Board has a responsibility to review, assess and gain assurance on the effectiveness of mitigations and action plans as set out in the BAF specific to the Committee purpose and function. Quarterly, each Committee of the Board receives a report detailing the:

- Executive Lead review undertaken during the previous three month period and any recommendations for risks held on the BAF aligned to that Committee;
- Assurances received and any areas requiring Committee consideration;
- Number of risks held on the BAF, movements in risks and the risks categorised by risk type;
- Risks added/removed to the Executive Oversight Register during the period; and
- Operational risk profile.

The Trust Board's Risk Appetite Statement and tolerance levels were reviewed and updated in January 2021 as part of the annual review process, with final approval provided at the Board of Directors meeting held on 28 January 2021. The approved changes will be implemented from 1 April 2021.

During the year, the Trust's Board also received a standing update on Corporate Governance matters, these reports regularly included a section to provide further assurance over risk management arrangements in addition to the quarterly BAF reports.

Regular reporting of updates from the Finance, Quality and People Committee Chairs continued during the year through the inclusion of a standing agenda item. These updates allowed the Audit Committee to receive assurance over the work of those Committees.

The BAF and Corporate-level risk management internal audit reports received a substantial assurance rating from AuditOne, with no issues of note.

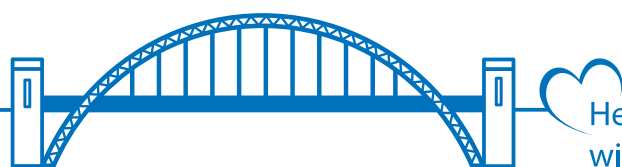
The Committee is satisfied that the system of risk management in the organisation is adequate in identifying risks and allows the Board of Directors to understand the appropriate management of those risks. The Committee believes there are no areas of significant duplication or omission in the systems of governance (that have come to the Committee's attention) that have not been adequately resolved.

Internal Audit

The Committee has ensured that there is an effective internal audit function established by management that meets mandatory Internal Audit Standards and provides appropriate independent assurance. The Trust receives its internal audit service from AuditOne.

This was achieved by:

- Reviewing and approving the Internal Audit Plan 2021 and the Strategic Internal Audit Plan 2020/21 to 2022/23, including regular updates of performance against the Plan;



- Consideration of the major findings arising from internal audit work and management's responses;
- Receipt of the Internal Audit Annual Report and Head of Internal Audit Opinion; and
- Monitoring progress with implementation of agreed audit recommendations.

The Committee received a report from the internal auditor at each of its Committee meetings which summarised the audit reports issued since the previous meeting.

The internal audit plan for 2020/21 was based on a risk assessment approach centred on discussions with senior staff and Directors and was linked to the organisation's assurance framework. Assurances from Internal Audit reports are, where possible, mapped to the BAF clearly in the BAF document itself.

During the June 2020 Committee meeting, members were briefed on the findings from two limited assurance audit reports in relation to Directorate-level Risk Management and Fire Safety. Regular updates on the progress in relation to these audits were received by Committee members from management and internal audit.

External Audit

The Committee has reviewed the work and findings of external audit and considered the implications and management responses to their work.

This was achieved by:

- Discussing and agreeing with the external auditor the nature and scope of the audit as set out in the External Audit Annual Plan.

- Reviewing external audit reports, together with the appropriateness of management responses.
- Receiving the year-end Audit Opinion, ISA 260 report (Trust and Charity) and a reduced scope report on the Quality Report (2019/20) due to the change in reporting requirements arising from the COVID-19 pandemic. For 2020/21, there was no requirement to undertake audit procedures on the Quality Report.
- Receiving the Annual Audit Letter.

The Council of Governors has the statutory responsibility for the appointment of the external auditors, and this process is led by a sub-group of public Governors supported by Trust officers and the Chair of the Audit Committee. During 2018, a robust procurement and evaluation process was undertaken regarding the external audit contract with Mazars LLP appointed as the Trust's external auditors with effect from 1 October 2018 for 3 years to 30 September 2021. The contract included an option to extend for a further 1 year after the 3 years – this option was taken via approval from the Trust's Council of Governors in October 2020. This followed a satisfactory review of external audit performance undertaken by the Audit Committee (discussed at the October 2020 Committee meeting).

The Mazars LLP external audit fees for 2020/2021:

- Statutory Accounts £54,300 (excluding VAT). A further fee of £12,860 (excluding VAT) was included to address the additional requirements set out within the new Code of Audit Practice. The total cost therefore being £67,160 (or £80,592 inclusive of VAT).

- Charity Accounts £12,000 (inclusive of VAT).

As reported in the 2019/20 Annual Report of the Audit Committee, the fee for the work on the Quality Report for 2019/20 was reduced to £3,080 (plus VAT) to reflect the requirement issued in March 2020 to no longer include the Quality Report in the Annual Report in response to the COVID-19 pandemic, with auditors being advised to cease assurance work on the Quality Report at that time. For 2020/21, there was no mandated required to undertake external audit procedures on the Quality Report.

The following additional fees were invoiced in 2020/21 but related to 2019/20 work performed:

- Work required regarding the new financial ledger implementation - £500 (excluding VAT);
- Whole of Government Accounts – additional procedures - £500 (excluding VAT); and
- Additional procedures undertaken due to the COVID-19 impact on asset valuations - £2,000 (excluding VAT).

To ensure that the independence of the external auditors is not compromised where work outside the scope of the Audit Code has been procured from the external auditors, the Trust has a policy which requires that no member of the team conducting the external audit may be a member of the team carrying out any additional work and their lines of accountability must be separate.

During 2019/20, the Trust's policy on Non-Audit Work was reviewed and updated. This was approved at the April 2020 Committee meeting and then by the Council of Governors electronically.

No additional services/non-audit work was carried out by Mazars LLP during 2020/21.

Management

The Committee has challenged the assurance process when appropriate and has requested and received assurance reports/verbal updates from Trust management throughout the year.

Financial Areas of Review

The Committee has ensured that the systems for financial reporting to the Board are subject to review.

The Committee has achieved this primarily through review and approval of the Annual Accounts and Trust Accounts Consolidation (TAC) schedules, including those of the Newcastle upon Tyne Hospitals NHS Charity. The Committee also reviewed the External Audit Opinion and fed back relevant comments for consideration by the external auditors.

In the course of 2020/21, there were no significant issues that the Committee had to consider in relation to the financial statements. During the year, the Committee reviewed the following key audit matters and significant risks:

- Management over-ride of controls (Group and Trust);
- Property valuations (Trust); and
- Revenue recognition (Trust).

Other areas of management judgement/enhanced risks discussed related to the appropriateness of the estimate for incomplete patient spells at the year-end and accounting for the Trust's PFI arrangements.



These have been considered through the presentation of the external audit plan and discussions with the Trust's external auditors, Mazars LLP.

Significant matters discussed between External Audit and management during the year related to:

- Valuation guidance; useful economic lives; and
- Potential liabilities arising from 'the Flowers case'.

There was one medium priority internal control recommendation reported to the Audit Committee in June 2020 being: *'The Trust should review the process for identifying leavers so that they can be removed promptly from the general ledger system. Although this finding related to access to the Efin system, the Trust should consider it in light of its move to Oracle in March 2020.'*

Better payments practice code and invoice payment performance

The Trust is required to pay trade creditors in accordance with the national Better Payments Practice Code and Government Accounting Rules, which require that:

- Bills are paid within 30 days, unless covered by other agreed payment terms;
- Disputes and complaints are handled by a nominated officer;
- Payment terms are agreed with all traders prior to the commencement of contracts;
- Payment terms are not varied without prior agreements with traders; and

- There is a clear policy of paying bills in accordance with contracts.

Any complaints received from traders regarding payments were recorded, investigated and the appropriate action taken, where necessary.

The Trust paid 58% of non-NHS trade invoices within target (2019/20: 91%) and 51% of NHS trade invoices were paid within target (2019/20: 72%). Full details of the Trust's performance against the Better Payment Practice Code are included within note 6.1 of the Annual Accounts.



Invoice Payment Performance

The total amount of any liability to pay interest which accrued by virtue of failing to pay invoices within the 30 day period where obligated to do so was £7,627k. The total amount of interest actually paid in discharge of any such liability was £1k.

Income Disclosures

The Trust has complied with Section 43 (2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012) which required that the income from the provision of goods and services for the purposes of the health services in England must be greater than its income from the provision of goods and services for any other purposes.

The impact of other income on the Trust is insignificant. The Trust statutory accounts include a detailed breakdown of other income in notes 3 and 4 of the Accounts and further information is disclosed in the Operating and Financial Performance section.

NHS improvement's well-led framework

The Care Quality Commission (CQC) undertook a well led review and inspection of core services between 15 January to 28 February 2019 and found the Trust to be 'Outstanding' overall and in the well-led, responsive, caring and effective domains and 'Good' in the Safe domain.

The AGS within this report outlines the review of leadership and governance in line with NHSI's well-led framework in arriving at its overall evaluation of the organisation's performance, internal control and Board assurance.

The Trust can confirm that there are no material inconsistencies between:

- The Annual Governance Statement;
- The Corporate Governance Statement;
- Annual report; and
- Reports from the CQC planned and responsive reviews of the Trust and any consequent action plans developed by the Trust.

Information relating to the Trust's patient care activities is outlined in the Quality Account 2020/21.

In order to continue to achieve outstanding quality of care during the pandemic, various quality assurance processes, innovations and transformation projects have been implemented across the organisation.

The Trust has a well-established robust internal peer review process, which reflects all five of the CQC domains including Well-Led. In 2020/21, an alternative approach was required due to COVID-19 and the process was

transformed. Each Directorate, supported by the Clinical Governance and Risk Department (CGARD), has evaluated their own performance across all of the domains and undertaken limited walkabouts within clinical areas to review the quality of care being provided to patients. This evidence has been presented on peer review self-assessment days where the Directorates have rated themselves. In order to ensure moderation of the ratings, a senior peer review team reviewed all of the submitted evidence to finalise the ratings each Directorate was awarded.

The 2020/21 peer review concludes in June 2021. The Chief Operating Officer will then receive updated ratings for all Directorates and a report is submitted to the Quality Committee annually.

A new, high capacity COVID-19 Lighthouse Laboratory has now opened at Baltic Park in Gateshead. Part of the NHS Test and Trace programme, the purpose-built facility will initially serve the North East, Cumbria, Yorkshire and Humberside as part of a national network of COVID-19 testing laboratories, with potential to receive swabs from further afield.

The COVID-19 Vaccination Programme is led nationally by NHSE and coordinated in each ICS area by a lead NHS Trust. Newcastle Hospitals leads and coordinates the delivery of the vaccine in around 110 sites across the North East and North Cumbria ICS, in partnership with primary care, NHS trusts and CCGs, local authorities, community pharmacies and through directly managed large vaccination centres.



In addition, we have also operated as a hospital hub administering COVID-19 vaccines to in excess of 16,000 Trust staff, plus over 6,000 to local health and social care workers.

COVID-19 saw all dental practices stop work due to aerosol generating procedures. Newcastle Hospitals remained the only dental facility open in the North East – treating a 3.2 million population. Traditionally, the Trust operated an open access emergency clinic. When the pandemic hit, a new pathway was required and we worked with 111 to triage, signpost and offer appointments to either the Dental Hospital or the Urgent Dental Treatment Centres, which the Trust worked with Commissioners to set up around the North East. A front of house triage desk for those that attended the Dental Hospital on foot continued to operate. The pathway will continue post COVID-19 as it has been found to be a much better way of managing flow, demand and patient satisfaction.

There are also many ways in which the Trust has rapidly adapted over the past year to ensure we have continued to involve and listen to our patients and local communities.

The Trust has successfully embraced digital engagement and moved many of our patient and public involvement meetings to virtual. Advising on the Patient Experience and the Young Persons Advisory Group have continued to meet virtually, providing a sustainable and strong model of engagement with a diverse range of people.

The Trust is very proud of the close partnership work with local communities and voluntary groups in order to ensure that equal and diverse opportunities are promoted to all and that COVID-19

information has been shared in a timely manner.

This year, the Trust has successfully launched the new Friends and Family Test (FFT) guidance and was shortlisted to participate in a project led by Imperial College Healthcare NHS Trust to establish a means of using semi-automated methods for analysing FFT free text patient feedback. This will help NHS provider organisations better understand and be reactive to FFT feedback, gaining deeper insights to make service improvements.

In 2021/22, the focus will be:

- Work in partnership with local communities and voluntary groups in order to ensure that equal and diverse opportunities are promoted to all;
- Continue to embed patient and public engagement in our approaches to service improvement and transformation, in particular the significant transformation plans;
- Improve our use of existing sources of FFT patient experience data to inform continuous improvement and transformation; and
- To develop a clear and accessible social media presence to promote patient and public involvement.



Dame Jackie Daniel
Chief Executive Officer

1 July 2021

Annual statement on remuneration from the chairman

The Trust has an Appointments and Remuneration Committee, which has been in place since the organisation was established. The Committee advises the Board on appropriate remuneration and terms of service for the Chief Executive, Executive Directors and other senior members of staff.

The Committee has clear Terms of Reference that are regularly reviewed, the last review having been undertaken

in May 2020. The updated Terms of Reference were approved by the Trust Board on 30 July 2020.

The membership of the Committee is made up of the Chairman and a minimum of three Non-Executive Directors. The Chief Executive, HR Director and Trust Secretary also attend as appropriate.

The Committee met on four occasions during 2020/21:

	Attendance at ordinary meetings	Attendance at extraordinary meetings
Professor Sir J Burn, Chairman	2 of 2	2 of 2
Mr J Jowett, Non-Executive Director and Senior Independent Director from 5 October 2020	2 of 2	2 of 2
Professor K McCourt, Non-Executive Director	2 of 2	2 of 2
Mr K Godfrey, Senior Independent Director (to 29 September 2020)	1 of 1	2 of 2
Mr B MacLeod, Non-Executive Director (from 22 September 2020)	1 of 1	1 of 1

None of the Non-Executive Directors have a service contract and there are no special provisions for early termination of contracts.

The remuneration for Non-Executive Directors is determined by the Council of Governors, as delegated to the Nominations Committee, which last considered the fees paid to Non-Executive Directors in February 2021, alongside the guidance

issued by NHS England and NHS Improvement regarding the '*Structure to align remuneration for chairs and Non-Executive Directors of NHS Trusts and NHS Foundation Trusts*'.

The level of remuneration for Non-Executive Directors is paid to reflect the time commitment of around 3-4 days per month.

In January 2020, the Trust Board introduced a voluntary, unremunerated and non-voting Associate Non-Executive Director role and welcomed Mrs P Ritchie, Chief Executive of Newcastle City Council into the post. In October 2020, Professor D Burn transitioned from a substantive Non-Executive Director to an Associate Non-Executive Director.

The Committee is also responsible for ensuring that due process is in place, and has been followed, in relation to the application and decision making by the Local Awards Committee (LAC) for making Local Clinical Excellence Awards (CEAs) from Level 1 to Level 9 to eligible Consultants who can demonstrate contributions above and beyond the expected norm. Further, the Committee considers the recommendations of the LAC prior to submission to the Trust Board for approval.

Further during 2020/21, the Committee:

- Continued to be advised on national developments regarding pension's tax changes for senior (long serving) staff, and the potential risk on service delivery, recruitment and retention. The Committee agreed to introduce a local policy facilitating an 'opt out and additional pay scheme' from 1 November 2019 which continued to remain in place during 2020/21, the purpose being to protect and retain clinical capacity.
- Considered the findings of a benchmarking exercise completed for the Very Senior Manager (VSM) group.
- Received and endorsed a revised proposal for LCEAs as a consequence of interruptions to the regular process arising from the COVID-19 pandemic and to increase diversity of award applicants.

- Was advised on the outcome of the annual performance appraisal exercise and succession planning discussions for the VSM group of staff.
- Considered the remuneration packages of individual Executive Directors as appropriate, as well as VSM appointments for the ICHNE.
- Agreed that, in response to the COVID-19 pandemic emergency situation, it wished to recognise the efforts and contribution made by all staff who worked significant hours above contract. As reported initially in the 2019/20 Annual Report of the Committee, members confirmed a temporary variation enabling additional hours worked due to COVID-19 to be taken as time off in lieu or claimed at single time.
- Agreed to commission an external review of the remuneration arrangements for senior staff at the Trust.



Professor Sir John Burn
Chair

1 July 2021



Healthcare at its best
with people at our heart

Annual report on remuneration

Remuneration policy

The Appointments and Remuneration Committee is responsible for determining all elements of Executive Director and VSM remuneration. The definition of VSM is a person with authority or responsibility for directing or controlling the major activities of the Trust; it also includes those who influence decisions of the organisation as a whole including advisory and Non-Executive board members.

The Committee is committed to ensuring the Trust is able to offer proportionate and fair remuneration packages, reflective of the responsibility of working in a large and complex environment and to promote the long-term sustainable success of the Trust by attracting, recruiting and retaining high calibre staff in a competitive marketplace. It considers the prevailing market conditions, benchmarks pay and employment conditions against appropriate peer, national and regional comparators and the Trust workforce, and does not routinely apply annual increases.

When considered appropriate, the Committee has commissioned independent external advisors, as well as the guidance issued by NHSI on pay for VSMs in NHS Trusts and Foundation Trusts ('the Guidance').

The Committee reserves the right to exercise discretion and if necessary approve specific reviews in exceptional cases, for example, resulting from significant change to an individual's role.

The Committee is also responsible for ensuring a formal and robust system is in place to monitor and evaluate the performance of VSM's.

The components of the VSM remuneration package are:

- Base pay.
- Taxable benefits:
 - Contributory NHS Pension Scheme - not all VSMs participate in the Scheme.
 - Additional taxable benefits (car allowance) by exception only.
- From 2018, and in line with the Guidance, Executive Director employment contracts now incorporate two key elements to pay:
 - An element of earn-back i.e. an element of base pay placed at risk and 'earned back' if agreed performance objectives are achieved.
 - Eligibility for consideration of a discretionary non-consolidated, non-pensionable performance-related pay (PRP) bonus conditional upon achieving performance objectives. This is intended to incentivise VSMs to achieve key strategic outcomes.

During the year 2020/21, a consolidated prospective 1.75% salary uplift was applied to the pay of all Executive Directors and VSMs with effect from 1 April 2020.

Diversity and Inclusion

A core value of the Trust is 'we are inclusive', and a key people objective is to ensure that the Trust is 'the recognised employer and educator of choice in the North East'.

The Trust's 'Equality, Diversity and Inclusion' employment policy sets out how the organisation ensures that employment matters adhere to best practice and legislation, including the requirement to publish annual gender pay gap reports. This obligation is explicitly noted in the Trust's single 'Equality Action Plan' and performance is monitored by the People Committee, a committee of the Trust Board.

The Trust is also cognisant of the ethnic pay gap and the aspiration, in time, is to reduce any pay differential using protected characteristics as the drivers for change.

Very senior posts are evaluated in line with the NHS Job Evaluation Scheme. Individual salary is the product of individual negotiation, informed by NHS Terms and Conditions of Service pay scales, and flexible to provide agreement to a 'spot rate' in relation to market conditions or other relevant considerations.

When considering performance outcomes, the Committee will seek to ensure the outcomes align with overall business performance and the pay for performance system is sufficiently robust, capable of objective justification and consistent with the principles of equality.



Single Figure Table and Total Entitlement Table
(this section is subject to audit)
2020/21

	Salary	Benefits in kind	Annual performance pay and bonuses	Other payments	All pension-related benefits	Total
Name and title	(bands of £5,000)	(to nearest £100)	(bands of £5,000)	(bands of £5,000)	(bands of £2,500)	(bands of £5,000)
	£000	£	£000	£000	£000	£000
Chairman Professor Sir J Burn	55-60	-	-	-	-	55-60
Chief Executive Dame J Daniel (i)	260-265	-	10-15	30-35	-	305-310
Medical Director/ Deputy CEO Mr A Welch (ii)	250-255	-	-	-	-	250-255
Finance Director Mrs A Dragone	170-175	-	-	-	-	170-175
Executive Chief Nurse Ms M Cushlow	160-165	-	5-10	-	42.5-45	210-215
Chief Operating Officer Mr M Wilson	175-180	4,200	5-10	-	35-37.5	225-230
Director for Enterprise and Business Development Dr V McFarlane-Reid (iii)	140-145	-	5-10	-	32.5-35	180-185
Non-Executive Director Mr J Jowett	15-20	-	-	-	-	15-20
Non-Executive Director Professor K McCourt	15-20	-	-	-	-	15-20
Non-Executive Director Mr D Stout	20-25	-	-	-	-	20-25
Non-Executive Director Mr S Morgan	15-20	-	-	-	-	15-20
Non-Executive Director Mr K Godfrey (v)	5-10	-	-	-	-	5-10
Non-Executive Director Professor D Burn (vi)	5-10	-	-	-	-	5-10
Non-Executive Director Ms G Baker (vii)	15-20	-	-	-	-	15-20
Non-Executive Director Mr G Chapman (viii)	10-15	-	-	-	-	10-15
Non-Executive Director Mr W MacLeod (ix)	10-15	-	-	-	-	10-15



Single Figure Table and Total Entitlement Table
(this section is subject to audit)
2019/20

	Salary	Benefits in kind	Annual performance pay and bonuses	Other payments	All pension-related benefits	Total
Name and title	(bands of £5,000)	(to nearest £100)	(bands of £5,000)	(bands of £5,000)	(bands of £2,500)	(bands of £5,000)
	£000	£	£000	£000	£000	£000
Chairman Professor Sir J Burn	55-60	-	-	-	-	55-60
Chief Executive Dame J Daniel (i)	255-260	-	10-15	10-15	-	280-285
Medical Director/ Deputy CEO Mr A Welch (ii)	245-250	-	-	-	-	245-250
Finance Director Mrs A Dragone	165-170	3,000	-	-	-	170-175
Executive Chief Nurse Ms M Cushlow	155-160	-	5-10	-	95-97.5	260-265
Chief Operating Officer Mr M Wilson	160-165	8,400	5-10	5-10	-	185-190
Director for Enterprise and Business Development Dr V McFarlane-Reid (iii)	70-75	-	-	-	15-17.5	90-95
Non-Executive Director Mr J Jowett	15-20	-	-	-	-	15-20
Non-Executive Director Professor K McCourt	15-20	-	-	-	-	15-20
Non-Executive Director Mr D Stout	20-25	-	-	-	-	20-25
Non-Executive Director Mr E Weir (iv)	5-10	-	-	-	-	5-10
Non-Executive Director Mr S Morgan	15-20	-	-	-	-	15-20
Non-Executive Director Mr K Godfrey (v)	15-20	-	-	-	-	15-20
Non-Executive Director Professor D Burn (vi)	15-20	-	-	-	-	15-20
Non-Executive Director Ms G Baker (vii)	10-15	-	-	-	-	10-15

- (i) The figure stated in other payments for Dame J Daniel relates to the Local Employer Contribution Recycle Scheme received during 2020/21 and 2019/20.*
- (ii) Within the figure reported for Mr A Welch's salary and fees are payments of £121k (2018/19 £119k) made in respect of clinical duties. During 2019/20, Mr A Welch became Deputy Chief Executive Officer (CEO). No additional payment was made in relation to this role.*
- (iii) Dr V McFarlane-Reid was appointed as the Director for Enterprise and Business Development with effect from 23 September 2019.*
- (iv) Mr E Weir resigned as a Non-Executive Director with effect from 30 September 2019.*
- (v) Mr K Godfrey resigned as a Non-Executive Director with effect from 29 September 2020.*
- (vi) Professor D Burn transitioned from a substantive Non-Executive Director to a non-voting unremunerated Associate Non-Executive Director role with effect from 1 October 2020.*
- (vii) Ms G Baker was appointed as a Non-Executive Director with effect from 1 July 2019.*
- (viii) Mr G Chapman was appointed as a Non-Executive Director with effect from 30 July 2020.*
- (ix) Mr B MacLeod was appointed as a Non-Executive Director with effect from 30 July 2020.*



Pension related benefits are calculated as the annual increase in pension entitlement in accordance with the 'HRMC' method. In summary this is as follows:

$$\text{Increase} = ((20 \times \text{PE}) + \text{LSE}) - ((20 \times \text{PB}) + \text{LSB}) - \text{Ees cont}$$

Where:

PE is the annual rate of pension that would be payable to a director if they became entitled to it at the end of the financial year.

LSE is the amount of lump sum that would be payable to the director if they became entitled to it at the end of the financial year.

PB is the annual rate of unreduced pension, adjusted for inflation, that would be payable for the director if they became entitled to it at the beginning of the financial year.

LSB is the amount of unreduced lump sum, adjusted for inflation, that would be payable to the director if they became entitled to it at the beginning of the financial year.

Ees cont is the employee pension contributions for the financial year.

The inflation rate prescribed for use in 2020/21 is 1.7% (2019/20 2.4%).

The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

The value derived does not represent an amount that will be received by the individual. It is a calculation that is intended to provide an estimation of the benefit being a member of the pension scheme can provide.

The pension benefit table provides further information on the benefits accruing to the individual.

Total Pension Entitlement (this section is subject to audit)

	Real increase in pension at pension age	Real increase in pension lump sum at pension age	Total accrued pension at pension age at 31 March 2021	Lump sum at pension age related to accrued pension at 31 March 2021	Cash Equivalent Transfer Value at 1 April 2020	Real increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2021
Name and title	(bands of £2,500) £000	(bands of £2,500) £000	(bands of £5,000) £000	(bands of £5,000) £000	£000	£000	£000
Director for Enterprise and Business Development Dr V McFarlane-Reid	2.5-5	-	0-5	-	15	31	47
Executive Chief Nurse Ms M Cushlow	2.5-5	0-2.5	80-85	195-200	1,572	85	1,683
Chief Operating Officer Mr M Wilson	2.5-5	-	35-40	75-80	505	42	556
Director of Finance Mrs A Dragone	0-2.5	-	60-65	190-195	1,411	41	1,476

Dame J Daniel's and Mr A Welch's pension sums are not shown as these were either opted out of or drawn and taken in a previous year.

Dr V McFarlane-Reid joined the Trust with effect from 23 September 2019 and had not had any previous NHS service.

Mrs A Dragone has previously opted out with effect from 1 January 2019, but has since re-enrolled with effect from 1 May 2020.

The financial information disclosed in the table above is derived from information provided to the NHS Foundation Trust from the NHS Pensions Agency. Whilst the NHS Foundation Trust accepts responsibility for the values shown, the NHS Foundation Trust is reliant upon the NHS Pensions Agency for the accuracy of the information provided to the NHS Foundation Trust and has no way of auditing these figures. The figures are therefore shown in good faith as an accurate reflection of the directors' pension information.





Fair pay

(this section is subject to audit)

The Trust is required to disclose the relationship between the remuneration of the highest paid director within the organisation and the median remuneration of the Trust's workforce.

The banded remuneration of the highest paid director in the Trust in the financial year 2020/21 was £305k-£310k (2019/20, £280k-£285k). This was 9.63 times (2019/20, 9.35 times) the median remuneration of the workforce, which was £31,815 (2019/20, £30,185).

In 2020/21, Nil (2019/20, Nil) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £18k to £306k (2019/20 £16k-£282k).

The calculation is based on Trust employees as at 31 March 2021. This number includes locum staff, junior doctors on training rotations employed via Northumbria Healthcare NHS Foundation Trust as Lead Employer Trust, the Trust's in-house nurse and clerical bank staff and includes external agency staff. Any part time employee numbers are pro-rated to provide whole time equivalents.

Payments to past managers (this section is subject to audit)

The Trust did not make any payments to past senior managers in 2020/21.

Payments for loss of office (this section is subject to audit)

The Trust did not make any payments for loss of office in 2020/21.

During the year, the Board of Directors included one Non-Executive Director who was appointed by an external body and to which the Trust makes the remuneration payment. Professor D Burn, Non-Executive Director, was appointed by Newcastle University, £5,750 (until 30 September 2020), and in October 2020, this post was converted to an unremunerated Associate Non-Executive Director post.

Trust Board Declarations of Interest:

Chairman

**Professor
Sir John Burn**

Vice Chair QuantuMDx Group Ltd (which includes Northgene Ltd).

Director and Treasurer - Global Variome Ltd. Global Variome Ltd is the holding company for the UNESCO register NGO of this name responsible for the Human Variome Project - an international effort to have data on genetic variation of relevance to healthcare - it was recognised as a UK charity in 2017.

Professor of Clinical Genetics in Newcastle University and senior strategic advisor.

Sits on the Bowel Cancer UK Medical Advisory Board.

Director of the Charity, European Hereditary Tumour Group (EHTG).

Patron of the charity Veteran at Ease.

Cultural ambassador for the Durham County Community Foundation.

Chairman of Pulse Diagnostics (part owned by Trust).

Trustee of the charity HUGO London and member of the Executive Board of HUGO.

Non-Executive Directors

Professor D Burn

Pro-Vice Chancellor and Professor of Movement Disorders Neurology - Faculty of Medical Sciences.

Executive, Medical Schools Council.

Board Member, Northern Health Science Alliance.

Board Member, North East and North Cumbria Academic Health Science Network.

Chair of the Northern Health Science Alliance Board.

Trustee of Parkinson UK.

Mr K Godfrey
(to 29 September
2020)

Trustee and Chair of the Northern Cancer Care & Research Society.

**Professor
K McCourt**

Convenor of Fellows - Royal College of Nursing.

President, Commonwealth Nurses and Midwives Federation.

Honorary Colonel, 201 Field Hospital, Newcastle upon Tyne.

Governor - Sacred Heart School, Newcastle upon Tyne.

Member of the Heath Committee.



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- Mr D Stout** Director and Part Owner of David Stout Consulting Limited. Controlling shareholding in David Stout Consulting Limited.
- Mr J Jowett** Company Secretary of Darlington 1883 Limited.
Company Secretary & General Counsel of Greggs PLC.
Chairman of the Percy Hedley Foundation.
As part of his Company Secretary role at Greggs PLC, Mr Jowett is a Director of a number of dormant companies set up by Greggs PLC.
- Mr S Morgan** Owner/Director - Rowrah Chapel Associates.
Copeland Borough Councillor.
- Ms G Baker** Director, Lloyds Bank Foundation.
Trustee at Community Foundation for Tyne and Wear and Northumberland.
- Mr G Chapman**
(from 30 July 2020) Health and Life Sciences Industry Executive, Microsoft Ltd.
- Mr W MacLeod**
(from 30 July 2020) Non-Executive Director, Newcastle Gateshead Initiative Ltd.
Appointed member of Council, Newcastle University.
Chair of International Advisory Board, Business School, Newcastle University.
Member of the Ethics Board Institute of Chartered Accountants of Scotland.

Chief Executive

- Dame Jackie Daniel** Director of the Academic Health Science Network North East and North Cumbria (AHSN NENC Ltd).
Director of Northern Health Science Alliance (NHSA).
Chair of the Shelford Group.

Executive Directors

- Mrs A Dragone**
Finance Director Director of Trust Subsidiary company NewGene Limited.
Secretary and Trustee, Heath Committee.
- Ms M Cushlow**
Executive Chief Nurse No items to declare.



Mr M Wilson
Chief Operating
Officer

Partner is Chief Executive of Harrogate District NHS
Foundation Trust, which provides acute and community NHS
Services including 0-19 services in the South of Tyne area.

Mr A R Welch
Medical Director /
Deputy CEO

Director, A Welch Limited.
Director, Newcastle Healthcare Property Company.
Relative works for Newcastle Hospitals.

Dr V McFarlane-Reid No items to declare.



Dame Jackie Daniel
Chief Executive

1 July 2021

Our Governors

We have a total of 36 Governors – 31 elected by the public and staff and the others appointed from a range of partner organisations, including Newcastle University and Newcastle City Council. The table included in the 'Governor Elections' section details the individuals who make up our Council of Governors.

The Council of Governors has a number of statutory powers, including the appointment of the Trust's Chair, Non-Executive Directors and External Auditors.

During the last year, the Council has continued to meet virtually to debate and consider a number of key issues for the Trust, predominantly those related to the management of the COVID-19 pandemic, the Vaccination Programme and the subsequent Restart, Reset and Recovery Programme. Other topics have included:

- Patient Experience during COVID-19;
- Planning Update;
- Ethnic Pay;
- Newcastle Hospitals Charity Strategy;
- Climate Change Update;
- IT Developments Update; and
- Quality Account.

The Council of Governors met bi-monthly throughout the year, in the alternate months to the Board of Directors meetings. The April 2020 meeting was cancelled due to the onset of the pandemic however remaining meetings, including two workshop sessions, were delivered virtually. The meetings continued to be well attended by Governors, which facilitated wide ranging debate and challenge on the topics such as those listed above.

Meetings also included regular updates from the Chairs of the Council's working groups, each with a distinct area of focus:

- Quality of Patient Experience;
- Business and Development; and
- People, Engagement and Membership.

Each of the working groups is aligned to a specific committee of the Trust's Board of Directors. Throughout the year, meetings between chairs of the working groups and committees have taken place, as well as chairs attending the aligned working group or committee meeting to gain further assurance.

Governors continue to attend a number of other groups within the Trust's governance structure, such as the Clinical Audit and Guidelines Group and the Nutrition Steering Group.

In August 2020, a ballot was undertaken to elect a Lead Governor for the Council of Governors, with Dr Vanessa Hammond, Public Governor for the Newcastle upon Tyne constituency, receiving the most votes. Dr Hammond commenced the Lead Governor role on 1 September 2020 for a three-year term or the remainder of the individual's terms of office, whichever is shorter.

As a result of the pandemic, the Quality of Patient Experience working group has been unable to complete their programme of unannounced visits to clinical areas and support services throughout the Trust. The group has continued to be updated on patient experience throughout the organisation via regular presentations from the Head of Patient Experience.

The Board of Directors continues to maintain a close working relationship with the Council of Governors and the wider Trust membership. All Executive and Non-Executive Directors have an open invitation to attend Council meetings, with those Non-Executive Directors who chair Trust Committees providing regular updates regarding the activities of the Committees to the Council.

Throughout the pandemic, Governors have continued to regularly attend, albeit virtually, the public session of the Board of Directors meetings to observe proceedings.

Due to the limitations around social gatherings as a result of the pandemic, and following guidance laid out by NHSE/I, the Trust has paused its programme of Members Events and has limited member communications to matters pertaining to the pandemic. It is anticipated that the ability to host Member Events will resume in the latter half of 2021.

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

In the first instance, it is the responsibility of the Trust's Chair, as leader of both forums, to try and reach a consensus. If a resolution cannot be found, the next formal step would be for the Chair to receive formal representation from the Lead Governor to try and reach a mutually acceptable position. The Trust did not need to utilise this resolution process during 2020/21.

There were no conflicts of interest declared by Governors during the year.

During 2020/21, due to Governor activity taking place virtually, there were no expenses claimed.

Governor elections

Governor elections are held annually, with approximately one third of the elected governorships coming up for re-election each year.

The 2020 election round took place in the spring with the Notice of Election published on 3 April 2020 and the result declared on 5 June 2020. Newly elected Governors attended their first meeting virtually, a private workshop on 18 June 2020.

Governor attendance at meeting during 2020/21 is listed on the following pages. The Council of Governors met for three formal meetings over the course of the year, due to the cancellation of the April 2020 meeting as a result of the onset of the COVID-19 pandemic, and for two private workshops.

There was an extraordinary meeting of the Council of Governors held during August 2020 to approve the creation of the ICHNE. Attendance to this meeting is included in brackets.

All meetings were held virtually.

Governor attendance at meetings

Class/ Constituency	Name	Attendance	Notes
2	Mr Ian Armstrong	1 of 5 (0 of 1)	Elected in 5 June 2020 and removed 22 February 2021
Appointed	Mr Derrick Bailey	0 of 2 (0 of 1)	Completed 9 years' service on 21 September 2020
Staff	Mr Andrew Balmбра	0 of 1 (0 of 0)	Stood down on 9 July 2020
Staff	Mrs Glenda Bestford	1 of 5 (0 of 1)	
2	Mr Graham Blacker	0 of 5 (0 of 1)	
1	Mrs Judy Carrick	5 of 5 (1 of 1)	
2	Mr Terence Coleman	0 of 0 (0 of 0)	End of Term 31 May 2020 – did not stand for re-election
S	Miss Dani Colvin-Laws	0 of 4 (1 of 1)	Stood down on 26 January 2021
S	Mr Steven Connolly	4 of 4 (1 of 1)	Stood down on 20 December 2020
2	Mr Steven Cranston	5 of 5 (0 of 1)	
1	Ms Jill Davison	5 of 5 (0 of 1)	Elected 5 June 2020
1	Miss Ruth Draper	0 of 0 (0 of 0)	End of Term 31 May 2020 – did not stand for re-election
2	Mrs Madeleine Elliott	5 of 5 (1 of 1)	Elected 5 June 2020
2	Mrs Carole Errington	5 of 5 (1 of 1)	
Appointed	Professor Andrew Fisher	2 of 5 (1 of 1)	
1	Mr David Forrester	5 of 5 (1 of 1)	
Appointed	Professor Peter Francis	0 of 1 (0 of 0)	New Governor – joined December 2020
1	Dr Vanessa Hammond	5 of 5 (0 of 1)	
2	Mrs Catherine Heslop	5 of 5 (0 of 1)	
S	Mr John Hill	4 of 5 (0 of 1)	
S	Mrs Rachael Hudson	1 of 4 (1 of 1)	Stood down on 10 February 2021
S	Mrs Fiona Hurrell	3 of 5 (1 of 1)	
2	Dr Helen Lucraft	5 of 5 (0 of 1)	
3	Mr Christopher Matejak	0 of 5 (0 of 1)	Elected 5 June 2020
2	Mr Matthew McCallum	2 of 5 (0 of 1)	
1	Mrs Jean McCalman	5 of 5 (0 of 1)	

Governor attendance at meetings (continued)

2	Mr John McDonald	5 of 5 (0 of 1)	
3	Dr Lakkur Murthy	5 of 5 (1 of 1)	
1	Mrs Susan Nelson	4 of 5 (1 of 1)	
2	Mrs Carole Perfitt	0 of 0 (0 of 0)	End of Term 31 May 2020 – did not stand for re-election
2	Professor Pauline Pearson	5 of 5 (1 of 1)	Elected 5 June 2020
3	Mr Michael Saunders	0 of 0 (0 of 0)	Completed 9 years' service on 31 May 2020
Appointed	Councillor Ann Schofield	2 of 5 (1 of 1)	
2	Miss Claire Sherwin	0 of 2 (0 of 1)	Removed on 11 September 2020
3	Mr Thomas Smith	3 of 5 (0 of 1)	Elected 5 June 2020
1	Mr David Stewart-David	4 of 5 (1 of 1)	
Appointed	Mrs Norah Turnbull	5 of 5 (1 of 1)	
1	Dr Eric Valentine	0 of 0 (0 of 0)	End of Term 31 May 2020 – was not re-elected
1	Mrs Emma Vinton	3 of 5 (1 of 1)	Elected 5 June 2020
3	Mr Michael Warner	2 of 5 (0 of 1)	
Appointed	Professor Andrew Wathey	1 of 5 (1 of 1)	Completed 9 years' service December 2020
2	Mr Fred Wyres	0 of 0 (0 of 0)	Completed 9 years' service 31 May 2020
1	Mrs Pam Yanez	5 of 5 (1 of 1)	

Key:

(1) Newcastle upon Tyne

(2) Northumberland, Tyne and Wear (excluding Newcastle)

(3) North East





Nominations committee

The Council of Governors set up a formally constituted Nominations Committee to identify, interview and recommend candidates for the appointment of the Trust Chair and Non-Executive Directors. The Committee is also responsible for the annual appraisal of all Non-Executive Directors, including the Chair, using formal objectives that were previously set and agreed.

Committee members were supported by Trust officers, as appropriate; including the Human Resources Director and Trust Secretary.

Attendance of the Committee by members is set out below:

Member	Number of meetings attended
Professor Sir John Burn, Committee Chair (Trust Chairman)	3 of 3
Mr David Stewart-David, Committee Vice-Chair (Public Governor and until 31 August 2020 was Trust Lead Governor)	2 of 3
Dr Michael Saunders, Committee Member until 4 June 2020 (Public Governor)	1 of 1
Mrs Catherine Heslop, Committee Member (Public Governor)	2 of 3
Dr Lakkur Murthy, Committee Member (Public Governor)	3 of 3
Ms Fiona Hurrell, Committee Member (Staff Governor)	3 of 3
Mr Keith Godfrey, Committee Member and Trust Senior Independent Director until 29 September 2020	2 of 2
Mr Jonathan Jowett, Committee Member from 5 October 2020 when he became Trust Senior Independent Director	1 of 1
Dr Eric Valentine, Public Governor (joined 18 May 2020 and left 4 June 2020)	1 of 1
Dr Vanessa Hammond, Committee Member from 1 September 2020 when became Trust Lead Governor (Public Governor)	1 of 1
Mrs Judy Carrick, Committee Member from 28 July 2020 (Public Governor)	2 of 2
Mrs Madeleine Elliott, Committee Member from 1 February 2021 (Public Governor)	1 of 1

There were three meetings of the Committee in the period 1 April 2020 to 31 March 2021. The Terms of Reference for the Committee specify that a minimum of two meetings per year are required.

During the year, Committee activity included:

- Approval of the Annual Report of the Committee for 2019/20.
- Conducting a review of the NED recruitment process held in 2020 to identify any lessons learned for future recruitment exercises.
- Making recommendations to the Council of Governors on the recruitment of two new NEDs and an extension to the terms of office of two NEDs in light of the COVID-19 pandemic.

In relation to the recruitment of the two NEDs, the Committee undertook the following key tasks:

- A sub-group of the Committee members conducted a longlisting exercise on 27 April 2020;
- The Committee met on 19 May 2020 to conduct shortlisting of applicants; and
- An Internal Panel was convened, with the Public Governor members in the voting majority. Interviews were held on both 2 and 8 June 2020 and recommendations for appointment made to the Council of Governors thereafter.
- Reviewing the outcome of the aspirant NED Insight Programme run by Gatenby Sanderson.
- Further reviewing the guidance

published by NHSE/I in September 2019 on:

- A new remuneration structure for provider Chairs and Non-Executive Directors – the aim of the new structure being to align remuneration for Chairs and NEDs in both trusts and foundation trusts by April 2022;
- A development framework for provider Chairs; and
- An appraisal framework for provider Chairs.

Following review of the guidance, Committee members agreed that no changes were required to current remuneration levels for existing post holders, and that a benchmarking exercise be undertaken with both regional and Shelford Group Trusts for future consideration for NED appointments in 2021/22.

- Agreeing some minor changes to the:
 - Committee Terms of Reference;
 - Chair/NED Appointment and Reappointments Process and Succession Policy; and
 - Chair/NED expenses guidance.
- Approving an updated Schedule of Business for 2021.
- Receiving and considering reports on the Chairman and NED appraisals.
- Receiving feedback from NEDs departing the Trust following conclusion of their terms of office.
- Agreeing the recruitment process for new NED to replace a departing NED whose term of office concludes in July 2021.



Membership

Both members of the public and our staff are invited to become Members of our Foundation Trust. Membership has a number of benefits, including the right to vote in and stand for election to the Council of Governors.

We have three public constituencies and anyone over the age of 16 who resides in those constituency areas can become a member.

The public constituencies are:

- Newcastle upon Tyne;
- Northumberland, Tyne and Wear (excluding Newcastle upon Tyne); and
- North East (to include the rest of England).

There are six staff constituencies:

- Administration, Clerical, Managerial and Hospital Chaplains;
- Ancillary and Estates;
- Health Professionals Council Staff;
- Medical and Dental;
- Nursing and Midwifery; and
- Volunteers.

For 2020/21, the target for membership recruitment was to maintain its overall membership of circa 8,000.

A membership strategy, in collaboration with the Council of Governors' People, Engagement and Membership working group, is currently in development to complement wider Trust communications to increase Trust membership and to promote the benefits of becoming a Trust member.



Membership Report: 1 April 2020 – 31 March 2021

Membership size and movements	
Public constituency	Last year (2020/21)
At year start (April 1)	5,348
New members	48
Members leaving	132
At year end (March 31)	5,264
Staff constituency	Last year (2020/21)
At year start (April 1)	2,992
New members	110
Members leaving	0
At year end (March 31)	3,102
Patient constituency	The Trust does not currently have a separate Patient Constituency.

Analysis of current membership*		
Public constituency	Number of members	Eligible membership
Age (years):		
0-16	0	268,446
17-21	13	89,265
22+	4,875	1,104,625
Ethnicity:		
White	4,846	1,343,747
Mixed	28	12,447
Asian or Asian British	189	47,965
Black or Black British	42	9,006
Other	7	7,688
Socio-economic groupings*:		
AB	1,491	112,874
C1	1,509	192,618
C2	1,067	131,560
DE	1,174	206,158
Gender analysis		
Male	2,171	718,825
Female	3,034	743,511

* The analysis section of this report excludes 376 public members with no dates of birth, 152 members with no stated ethnicity and 59 members with no gender.

The Trust is also committed to ensuring that its membership is representative of the population it serves and will therefore be undertaking targeted campaigns to improve the diversity of its membership during 2021/22.

Membership application forms are available on the Trust website or by contacting the Trust's Corporate Governance Team on 0800 015 0136.

Members who wish to contact the Council of Governors can do so by contacting Dr Vanessa Hammond, Lead Governor, via email at nuth.LeadGovernor@nhs.net.

Staff report

Workforce Information (Subject to audit)

Workforce Demographics	As at March 2020				As at March 2021			
	Permanent FTE	Other FTE	Total FTE	% of Total FTE	Permanent FTE	Other FTE	Total FTE	% of Total FTE
Staff Group								
Medical and dental	1,217.00	516.22	1,733.22	12.54%	1,217.35	583.95	1,801.30	12.61%
Ambulance staff	0.50	-	0.50	0.00%	0.58	-	0.58	0.00%
Administration and estates	2,818.22	-	2,818.22	20.39%	2,811.61	-	2,811.61	19.69%
Healthcare assistants and other support staff	2,032.73	-	2,032.73	14.71%	2,109.50	-	2,109.50	14.77%
Nursing, midwifery and health visiting staff	4,438.94	-	4,438.94	32.12%	4,590.19	-	4,590.19	32.14%
Nursing, midwifery and health visiting learners	33.83	-	33.83	0.24%	43.35	-	43.35	0.30%
Scientific, therapeutic and technical staff	1,826.36	-	1,826.36	13.22%	1,879.23	-	1,879.23	13.16%
Healthcare science staff	913.31	-	913.31	6.61%	1,022.41	-	1,022.41	7.16%
Social care staff	-	22.00	22.00	0.16%	-	23.76	23.76	0.17%
Grand Total	13,280.89	538.22	13,819.11	-	13,674.22	607.71	14,281.94	-

	As at March 2020		As at March 2021	
	FTE	% of Total FTE	FTE	% of Total FTE
Full Time/Part Time				
Full Time	9,515	73.30%	10,132	72.39%
Part Time	3,465.19	26.70%	3,864.42	27.61%
Gender				
Female	9,945.64	76.62%	10,585.05	75.63%
Male	3,034.55	23.38%	3,410.37	24.37%
Disabled				
No	9,672.93	74.52%	10,830.32	77.38%
Not recorded	2931.14	22.58%	2686.99	19.20%
Yes	376.12	2.90%	478.11	3.42%
Ethnic Group				
Black and Minority Ethnic	1,239.67	9.55%	1,454.69	10.39%
Not recorded	248.97	1.92%	228.58	1.63%
White	11,491.54	88.53%	12,312.15	87.97%
Age				
16-25	1,284.50	9.90%	1,535.76	10.97%
26-35	3,299.78	25.42%	3,648.14	26.07%
36-45	2,910.15	22.42%	3,103.53	22.18%
46-55	3,344.17	25.76%	3,356.58	23.98%
56-65	2,037.53	15.70%	2,219.17	15.86%
66+	104.06	0.80%	132.25	0.94%

Turnover	Apr 19 - Mar 20	Apr 20 - Mar 21
		8.85%

The latest staff turnover figures can be found here

<https://digital.nhs.uk/data-and-information/publications/statistical/nhs-workforce-statistics>.

The latest staff sickness figures can be found here

<https://digital.nhs.uk/data-and-information/publications/statistical/nhs-sickness-absence-rates>.



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Staff Costs (Subject to audit)

	Total 2019/20 £000	Permanently employed total 2019/20 £000	Other total 2019/20 £000	Total 2020/21 £000	Permanently employed total 2020/21 £000	Other total 2020/21 £000
Salaries and wages	538,018	478,509	59,513	578,499	511,757	66,742
Social security costs	45,030	45,030	0	48,217	48,217	0
Apprenticeship levy	2,370	2,370	0	2,721	2,721	0
Pension cost – employer contributions to NHS pension scheme	58,885	58,885	0	62,622	62,622	0
Pension cost – employer contributions paid by NHSE on provider's behalf (6.3%)	25,774	25,774	0	27,282	27,282	0
Pension costs – other schemes	178	178	0	212	212	0
Temporary staff – agency/ contract staff	3,973	0	3,973	2,510	0	2,510
TOTAL GROSS STAFF COSTS	674,228	610,742	63,486	722,063	652,811	69,252
Recoveries from DHSC Group bodies in respect of staff cost netted off expenditure	(3,844)	(3,844)	0	(6,085)	(6,085)	0
Recoveries from other bodies in respect of staff cost netted off expenditure	(6,614)	(6,614)	0	(5,975)	(5,975)	0
TOTAL STAFF COSTS	663,770	600,284	63,486	710,003	640,751	69,252



“Off-Payroll” Engagements

Table 1: For all off-payroll engagements as of 31 March 2021, for more than £245 per day and that last longer than six months:

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.	1
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 than have existed for four or more years at time of reporting.	0

Table 2: For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2020 and 31 March 2021, for more than £245 per day and that last for longer than six months:

Number of new engagements, or those that reached six months in duration, between 1 April 2020 and 31 March 2021	1
Of which...	
Number assessed as within the scope of IR35	1
Number assessed as not within the scope of IR35	0
Number engaged directly (via PSC contracted to trust) and are on the Trust’s payroll	0
Number of engagements reassessed for consistency/assurance purposes during the year	0
Number of engagements that saw a change to IR35 status following the consistency review	0

The Trust is cognisant of NHSI’s guidance on pay for very senior managers in NHS Foundation Trusts, and the expectation that they should be appointed on payroll. Such appointments are considered by the Appointments and Remuneration Committee, which would assure itself that proposed pay is commensurate with market conditions by referencing relevant benchmarking data regarding market pay, the requirements of the role, and that the Trust is receiving value-for-money. Where appropriate, any proposal would be referred to NHSI and the HM Treasury for approval for new appointments.

Exit Packages (Subject to audit)

	Total number of exit packages 2020/21	Total cost of exit packages 2020/21	Total number of exit packages 2019/20	Total cost of exit packages 2019/20
	Number	£000	Number	£000
Exit package cost band				
£10,000 to £25,000	1	17	0	0
£25,001 to £50,000	0	0	1	32
£100,001 to £150,000	1	141	0	0
There was one compulsory redundancy at a cost of £141k made during 2020/21.				
There was one exit package at a cost of £32k for contractual payments in lieu of notice made during 2019/20.				
There was one special payment for exit payments made following employment tribunals or court orders at a cost of £17k made in 2020/21.				

The Trust spent £1,514,000 on consultancy fees in 2020/21 (£1,176,000 2019/20)

Senior Staff Gender Breakdown

Senior Staff Gender Breakdown	Male	Female
Executive Directors	2	4
Non-Executive Directors	7	2
Other Senior Employees	7	6



Human Resources Indicators at March 2021

Directorate	Training	Appraisals	Sickness	Turnover
	> 95%	> 80%	< 3%	< 8%
Business & Development	97.65%	58.33%	5.91%	8.96%
Cancer Services/Clinical Haematology	89.43%	79.73%	5.26%	10.31%
Cardiothoracic	90.46%	79.35%	4.73%	9.89%
Chief Executive	85.71%	48.15%	1.20%	8.16%
Chief Operating Officer	97.12%	87.64%	4.86%	8.37%
Children's Services	87.94%	71.64%	4.40%	11.07%
Clinical Research	94.98%	84.86%	5.03%	10.08%
Community Services	91.16%	79.85%	6.57%	12.69%
Dental Services	91.21%	81.06%	3.75%	12.69%
ENT, Plastics, Ophthalmology & Dermatology	87.63%	66.72%	5.32%	8.38%
Estates	95.38%	59.11%	4.57%	12.14%
Finance	94.36%	71.70%	2.80%	8.10%
Human Resources	93.90%	77.47%	4.22%	7.18%
Information Management & Technology	97.28%	85.02%	3.32%	4.49%
Integrated COVID Hub North East	90.53%	47.06%	0.66%	2.21%
Integrated Laboratory Medicine	92.39%	82.11%	3.91%	6.98%
Internal Medicine - General	90.61%	73.09%	7.64%	9.31%
Internal Medicine - Urgent Care	87.98%	78.30%	4.15%	6.96%
Medical Director	90.81%	86.75%	2.54%	10.42%
Medical Physics	87.45%	97.27%	2.87%	9.80%
Musculoskeletal Services	87.97%	72.46%	6.41%	11.10%
Neurosciences	89.42%	78.84%	4.16%	8.88%
NHS COVID Vaccination Programme	64.08%	37.50%	1.22%	2.19%
Patient Services	89.94%	83.93%	4.19%	10.64%
Peri-operative & Critical Care - FH	90.91%	83.37%	6.13%	8.85%
Peri-operative & Critical Care - RVI	90.89%	78.59%	5.73%	8.64%
Pharmacy	96.20%	71.82%	2.64%	6.33%
Radiology	86.52%	71.67%	4.25%	8.96%
Regional Drugs & Therapeutics	92.33%	71.88%	3.22%	13.33%
Supplies	93.22%	90.00%	3.20%	6.10%
Surgical Services	88.59%	82.56%	4.59%	9.61%
Urology & Renal Services	87.66%	76.39%	4.93%	9.07%
Women's Services	87.85%	67.98%	5.36%	10.77%

Overall Trust compliance for Statutory and Mandatory training was 89.83% at year-end, a slight decrease on the previous year, but given the circumstances of the last year to maintain the same level of compliance has been a significant achievement.

The Education team are undertaking a review and implementing improvement work to support the Trust in undertaking their statutory and mandatory training with the objective of achieving the 95% target for 2021/22. This will include:

- Interrogating statutory and mandatory data to understand hotspot areas or subjects;

- Partnership working with key colleagues to develop targeted supported interventions in hot spot areas;
- A refresh and further development of the Trust's intranet page for statutory and mandatory training; and
- Trust wide engagement to obtain feedback to inform the next stage of improvement work.

% Appraisal Compliance by Staff Group

Staff Group	%
Additional Professional Scientific and Technical	79.91%
Additional Clinical Services	76.59%
Administrative and Clerical	77.12%
Allied Health Professionals	77.44%
Estates and Ancillary	85.29%
Healthcare Scientists	87.17%
Managers (Band 8c and above)	91.95%
Medical and Dental	56.79%
Nursing and Midwifery Registered	78.73%
Total	77.70%

Compliance was 77.70% at year-end. This figure has shown little variation throughout the year. In line with the General Medical Council (GMC) pandemic guidance, medical appraisal was paused and has only recently restarted. An improvement plan is in place.



Staff Health and Wellbeing

The national NHS People Plan identifies 'Looking after Our People' as a key theme. It outlines its ambition to ensure quality health and wellbeing support for everyone, and encourages new ways of working and delivering care emphasising the need to make effective use of the full range of our people's skills and experience to deliver the best possible patient care.

Our local People Strategy is 'to be the recognised employer and educator of choice in the North East and to enable all staff to liberate their potential'. Flourish at Newcastle Hospitals is our cornerstone organisational development programme underpinning our ambition to ensure we shape Newcastle Hospitals as the best place to work.

An important part of our Flourish programme is about taking care of our people, creating a healthy and inclusive working environment, working closely with staff, reflecting and fostering the diversity of our workforce.

One of the key themes in our Flourish programme is 'Staying Well'. Here, our goal is to support physical, mental, emotional, psychological and financial wellbeing, enabling our staff and volunteers to prevent ill health and work flexibly to give their best. Programmes of work are overseen by our Flourish Steering Group and key projects this year have included promoting agile and flexible working.

Our priority at Newcastle Hospitals is to work with our staff to promote good physical, mental and psychological health and wellbeing, and to support those who need help. In doing so we draw on the experience and expertise we have within the Trust from a range of departments, including Occupational Health, Psychology, our Chaplaincy and Human Resources to

coordinate our efforts and guide us on best practice.

The impact of the COVID-19 pandemic on our staff has been significant whether they have been at work responding to the crisis or at home shielding, working or awaiting deployment. Staff have also of course worried about keeping themselves, their family and loved ones safe.

We already have a range of services, policies and procedures, education and initiatives in place and regularly review these to ensure they are aligned. We also recognise that broader factors, such as equality, diversity and inclusion, have a significant impact on overall wellbeing in the workplace and our people strategy has been designed to complement action already taking place on those issues.

Our Health and Wellbeing Strategy, published in January 2021, was developed in partnership with staff and staff representatives. The overarching aim is to set out in our aspirations in supporting the wellbeing of our staff, and provide assurance that we have a coherent and holistic wellbeing offer that is based on the best available evidence. The strategy sets out our current provision and the next steps to enable delivery, measure and evaluate progress and attainment.

To deliver high-quality patient care, our staff need to be healthy, well and at work. Looking after the health and wellbeing of our staff directly contributes to the delivery of high quality patient care; poor workforce health has high and far-reaching costs for the Trust, staff and ultimately our patients.

Despite the ongoing COVID-19 pandemic, our annual NHS Staff Survey results 2020 showed a statistically significant improvement in regards to health and wellbeing:

- Our score for health and wellbeing was 6.3 compared to the average (6.1), best (6.9) and worst (5.5). This is an increase on our previous score of 6.1 an improvement we have maintained for the last four years.
- 50.8% of our staff reported being satisfied or very satisfied with opportunities for flexible working compared to the average (55.5%), best (64.9%) and worst (47.2%). This is the highest outcome of the last four years.
- 35.8% of our staff said the Trust definitely takes positive action on health and wellbeing compared to the average (31.7%), best (51.1%) and worst (20.3%). This is the highest outcome of the last four years.
- 26% of our staff reported that they had experienced musculoskeletal problems as a result of work related activities, in the last 12 months compared to the average (28.8%), best (18.7%) and worst (37.4%). This is a reduction on the previous year (26.3%).
- 38.2% of our staff said that they had felt unwell as a result of work related stress, over the last 12 months, compared to the average (44.1%), best (32.6%) and worst (51.5%).
- 42.3% of our staff stated that in the last 3 months, they had come to work despite not feeling well enough to perform their duties compared to the average (46.6%), best (38.3%) and worst (54.2%). This is the best outcome over the past four years, and a reduction of almost 10% from the previous year.

We were proud to achieve the 'Better Health at Work Award final stage, 'Maintain Excellence' in December 2020, acknowledging the Trust's continuing commitment to enhancing health and wellbeing in the workplace. In addition,

we were recognised as having 'Outstanding Achievement in 2020' for our innovative approach to maintaining our staff health and wellbeing offer.

Due to COVID-19 restrictions, we explored new ways of working in order to continue with our programme of events, this included:

- Virtual pilates;
- Virtual mindfulness sessions;
- Financial wellbeing webinars;
- Virtual 'flourish fitness challenge';
- Virtual 'work out @ work' sessions; and
- Virtual physiotherapy service, provided by occupational health.

In addition to our virtual offer, our trust charity supported us to install a fruit and vegetable stall at the Freeman Hospital, following positive feedback about the stall at the RVI. We are also working alongside Active Newcastle to introduce Nordic walking and cycle training to our physical wellbeing offer. Due to the pandemic, these sessions are on hold until restrictions are lifted, however we are hoping to reinstate these in the summer 2021. Our staff running groups, led by trained Run Leaders, have recently been reinstated and remain popular amongst staff.

Our 'Flourish Health Champions' are led by the Health Improvement Practitioner and they not only continue to support their peers, but provide an invaluable channel of communication. They have enabled the development of a health and wellbeing action plan based upon the wants, as well as the needs, of our staff.

Finally, we have been mindful of the impact of the pandemic on financial wellbeing and have endeavoured to support staff in this area. An 'instant



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access' to pay facility has been introduced through which they are able to access their own earnings prior to pay day, via payroll. The app enables staff to track their substantive earnings through the month, provides guidance regarding financial management and savings, and we hope it will reduce reliance on schemes such as payday loans.

Newcastle Occupational Health Services

The in house Occupational Health (OH) team were instrumental in supporting the trust response to COVID-19, including delivery of the full range of activities associated with the pandemic. This involved contributions from the whole team, supporting system development to deliver new services, including a 'rapid response' telephone line for staff, and worked on research and audit associated with the pandemic.

They were an active participant in the COVID Workforce Group, providing advice and support on policy and practice and their activity included:

- Provision of travel advice supporting redeployment;
- Delivery of PCR testing of asymptomatic staff;
- Providing advice to shielding and clinically extremely vulnerable staff;
- Risk assessments;
- Supporting internal test and trace; and
- Delivery of the mass COVID-19 staff vaccination programme.

Equality, Diversity and Inclusion

In a year where many NHS organisations have seen a reduction in their activity

relating to equality, diversity and inclusion agenda, we have maintained our focus demonstrating our continued commitment to creating a working environment which enables all staff to liberate their potential.

Diversity and Inclusion are written into our organisational strategy, our core values and are being embedded into our decision-making.

#FlourishAtNewcastleHospitals' is our cornerstone programme which aims to enable every member of staff to liberate their full potential at work. An important part of this approach, is supporting every member of staff to be their authentic self.

Our Board is highly visible in their support for inclusion and in championing change for staff and patients, and supports a continued emphasis and promotion of our commitment to improve and evolve our organisational culture.

We recognise that everyone is different. We also appreciate that 'inclusion' means staff feel respected, listened to and valued.

The COVID-19 pandemic has been incredibly challenging for us all and particularly our ethnic minority communities. The Trust's response included but was not limited to:

- Undertaking risk assessments for ethnic minority staff using robotic automation technology to deliver 'real time' results;
- Achieving 100% of ethnic minority staff being offered risk assessments by August 2020;
- Identified as an exemplar case study to the NHS;
- Working in partnership and listening to our staff network – not mandating

the outcomes of our risk assessment process;

- Production of manager guides on having a conversation about race as part of the process;
- Initiating weekly staff network meetings attended by the Medical Director/ Deputy Chief Executive to address concerns and questions in real time;
- Working collaboratively and supporting the Local Authority to get key messages around COVID out to the community in various languages; and
- Hosting a Question and Answer engagement session for staff around vaccine hesitancy – our staff network produced a short film to share their experiences of having the vaccine.

In addition, we have introduced the following initiatives during 2020:

- Diverse representation at interviews: the introduction of diverse recruitment panels for all of our senior staff and consultant appointments – we plan to roll this out further;
- Cultural Ambassadors: there is an abundance of research evidence to demonstrate that ethnic minority staff are more likely to be investigated or disciplined than any other ethnic group. Our own Workforce Race Equality Standard (WRES) data shows this is not the case at Newcastle Hospitals, but as a supportive measure, we have introduced Cultural Ambassadors into our employee relations activities;
- Mentoring (reverse): in June 2020, we launched our Black Asian and Minority Ethnic (BAME) mentoring programme, the aim of which is to enable those working at a senior level to understand the challenges staff from diverse backgrounds can face in the workplace,

reflect and learn from those experiences. For Mentors, in building those relationships, we hope it has productively expanded their experience, increased their confidence to influence and shape developments, and will positively impact their own career development;

- LCEAs: revised the process to ensure more diverse representation links to ethnicity and also gender; and
- ICHNE: actively recruited for diversity from our local community, and achieved positive results.

We remain incredibly proud to see Newcastle Hospitals recognised as one of Stonewall's Top 100 Employers, ranked in 40th place, and one of only two NHS Trusts to feature this year. Building on this foundation, we plan to host a virtual NHS Lesbian, Gay, Bisexual and Transgender Plus (LGBT+) staff programme of events in July 2021 and our LGBT+ staff network continue to play a pivotal role.

We remain committed to the employment and career development of people with disabilities, through Project Choice and achievement of 'disability confident' status. Working with our Disabled Staff Network, we were proud to launch our Talent Development Programme in early 2021 for staff with disabilities and/or longer-term health conditions, which is, to our knowledge, the first of its kind in the NHS.

We continue to ensure an annual programme of awareness sessions across all protected characteristics take place, including raising appropriate flags to celebrate LGBT History Month, Bi Visibility Day, and Transgender Day of Visibility and Remembrance.

Our commitment means that we remain an exemplar organisation within the Shelford Group of NHS Trusts.



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Further detail on the Trust's work in this area can be found on the Trust website <https://www.newcastle-hospitals.nhs.uk/about/trust/equality-diversity-and-inclusion/>

Employment of disabled people

We are passionately committed to improving the experience of all staff across the organisation.

Our commitment throughout our Flourish programme is to enable, involve and engage staff in shaping and developing ideas, and convert these into action to enhance our working environment.

The COVID-19 pandemic has been felt acutely by those living with a disability and/or long-term health condition, and we know many are clinically at higher risk from the virus. Whilst we have supported all staff to stay safe during the pandemic, we have ensured those within high risk categories have had access to appropriate risk assessments with mechanisms put in place to ensure staff were safe and protected.

These measures have included:

- Advice and support from our in house OH team;
- COVID risk assessment and guidance;
- A support process for shielded staff, including welfare calls by HR, and return to work plans/risk assessments;
- Greater use of home and agile working;
- Development of a 'COVID Redeployment Register';
- Use of Pulse Surveys to gauge how staff were feeling; and
- Increased Psychological Support.

We have seen improvements in aspects of our Workforce Disability Metrics with particular note in the staff survey results for disabled staff:

- Percentage of staff with long terms health conditions or illness saying their employer has made reasonable adjustments to enable them to carry out their work.
- Percentage of staff who felt pressure from their manager to come to work despite not feeling well enough to perform duties.
- Percentage of staff experiencing harassment, bullying or abuse from other colleagues.
- Percentage of staff experiencing harassment, bullying or abuse from managers.
- Percentage of staff experiencing harassment, bullying or abuse from patients, relatives or the public.

As part of our commitment to raising awareness, we held a virtual Disability Staff Conference to celebrate UK Disability History Month. The event focused on personal insights from staff who have progressed in their chosen field, behaviours in the workplace, including techniques to help identify and address unhelpful scenarios, an introduction to sensory processing and how the environment can impact upon function. Through Flourish, we are continuing to develop a positive, inclusive and people-centred culture that engages and inspires all our people, and has a clear focus on improvement and advancing equality of opportunity.

We remain committed to the employment and career development of disabled people. In early 2021, we launched our Talent Development Programme, a

personal staff development programme available to any member of staff with disabilities or long-term health conditions.

This inaugural programme reinforces our commitment to equality of opportunity. The challenges faced by those with disabilities and health conditions are very individual and can sometimes lead to barriers in terms of career progression, whether that be organisational or personal barriers.

Within this programme, we are seeking to equip individuals with the tools to feel able and confident to maximise their potential. The programme has been funded by NHS Charities, and we are pleased to be offering two cohorts, enabling 60 staff to participate.

Project Choice

Through 'Project Choice', the Trust offers young Newcastle adults with learning difficulties, disabilities or autism, opportunities to support them to become positive role models, and enable them to actively contribute and feel valued for what they achieve.

This supported internship programme equips students with work-based transferable skills, enabling them to be 'work ready' after completion of an academic year. It also provides a recognised qualification in employability skills.

COVID-19 led to the provision of a remote offer, with increased pastoral support. No student was impacted detrimentally as a consequence of the pandemic; all students were offered an additional 12-week extension to their training contract to replace the work based training they were unable to achieve during the national lock down period.

We have continued to recognise that positive action can help remove barriers

to employment and pro-actively address the under-representation of disabled staff in employment. Now in its ninth year, the project continues to have fantastic results achieving an 83% transition rate (into employment rate) over 8 intakes.

In the last 12 months, Project Choice students placed within the Trust have continued to promote the project internally, and have shared personal stories about their journey into employment at our own Disability Conference. The project continues to be recognised by awarding bodies and has received 15 awards to date.

Our role both nationally and regionally continues to highlight good practice including:

- An increased overall awareness across the organisation of the skills and value that people with learning disabilities, disabilities and autism can offer;
- Increasing the diversity of our workforce by creating employment opportunities;
- Staff developing specialist mentoring skills and increased staff engagement through involvement in the project, and a sense of pride and achievement; and
- A demonstrable ongoing commitment to promote access to work to those with learning disabilities.

Supported internships such as Project Choice give people with learning disabilities valuable vocational experience and aid in the transition from education to employment.

By supporting the project, we not only have the opportunity to employ successful interns, but also benefit from a positive change in our working environment, with colleagues having a key role to play



in shaping the future of this under-represented group. As a major employer in the city, we are aware of our responsibility to contribute to our local community and to identify how to attract, recruit and retain people to work in the NHS. We have plans to host a virtual recruitment event in partnership with six local NHS organisations and three local authorities and remain committed to increasing engagement and showcasing the Trust as 'Inclusive' an Employer of Choice.

Staff Engagement

COVID-19 People Engagement

Very early on in the pandemic, as a subgroup of Gold Command, the Trust established a 'Workforce Group' to ensure effective engagement, collaboration and partnership working to facilitate a proactive response to events as they were unfolding. The purpose included oversight of effective redeployment of staff, monitoring of staff sickness, timely production and review of workforce data, and rapid adoption of new learning approaches, guidance and Frequently Asked Questions for staff and our volunteer workforce. It also provided the route through which to raise concerns so that they could be quickly responded to, for example, early recognition of the adverse impact of the virus on our ethnic minority staff.

The Group comprised colleagues from HR, OH, Staff Side Representatives, Psychology Services, Chaplaincy, Nursing, Medical and other professional leads, as well as Communications colleagues. At the height of the pandemic, the group met daily to enable information sharing, consultation and advice in regard to any policy development.

The priority was to build and maintain trust with staff, protect safety, health and wellbeing and promote positive working throughout a very challenging time.

This approach was supported throughout with frequent bulletins being published by the Communications Team to ensure staff felt informed and supported.

2020 NHS Staff Survey Results

The Trust has adopted a full census approach to the survey, giving all 14,933 staff a voice. 7,072 staff participated, improving on the response rate to 48%. This was a 4% increase on the 2019 response.

The questions and results were arranged under 10 themes:

1. Equality, diversity & inclusion;
2. Health & wellbeing;
3. Immediate managers;
4. Morale;
5. Quality of care;
6. Safe Environment - Bullying & Harassment;
7. Safe Environment – Violence;
8. Safety Culture;
9. Staff Engagement; and
10. Team Working.

The Staff Engagement score is measured across three sub-themes of Advocacy, Motivation, and Involvement. At Newcastle Hospitals, the staff engagement score was 7.3 (out of possible 10). This score was 0.2 below the top position in the comparable sector (Combined Acute & Community Trusts), and maintained the Trust's score the previous year.

The Trust is in top position for a number of themes against comparators:

- **#1 in Region for Safe Environment**
– Bullying & harassment and Violence.
- **#1 in Shelford Group for Equality, Diversity & Inclusion, Health & Wellbeing, Morale and Safe Environment, Violence.**

When compared with other Combined Acute & Community Trusts in England, the Trust scored significantly better on 8 of the 10 themes including:

- **Equality, Diversity & Inclusion**

- Newcastle Hospitals Score: 9.32 out of 10
- Sector Score: 8.96 out of 10

- **Health & Wellbeing**

- Newcastle Hospitals Score: 6.32 out of 10
- Sector Score: 6.07 out of 10

- **Morale**

- Newcastle Hospitals Score: 6.46 out of 10
- Sector Score: 6.23 out of 10

- **Quality of Care**

- Newcastle Hospitals Score: 7.62 out of 10
- Sector Score: 7.50 out of 10

- **Safe Environment – Bullying & Harassment**

- Newcastle Hospitals Score: 8.40 out of 10
- Sector Score: 8.02 out of 10

- **Safe Environment – Violence**

- Newcastle Hospitals Score: 9.62 out of 10

- Sector Score: 9.49 out of 10

- **Safety Culture**

- Newcastle Hospitals Score: 7.04 out of 10
- Sector Score: 6.76 out of 10

- **Staff Engagement**

- Newcastle Hospitals Score: 7.26 out of 10
- Sector Score: 7.04 out of 10

The Trust compares favourably against the sector in a number of the 90 questions in the survey. Some of note include:

- 91% agree that they would be happy with the standard of care provided by the organisation should a friend of relative need treatment. This is 17% higher than sector average and equal to the best in the sector.
- 89% agree that care of patients/service users is the organisations top priority. This is 10% higher than sector average.
- 79% agree that when errors, near misses or incidents are reported, the organisation takes action to ensure that they do not happen again. This is 5% higher than sector average.
- 65% agree that they are given feedback about changes made in response to reported errors, near misses and incidents. This is 3% higher than sector average.
- 66% are confident that the organisation would address their concerns. This is 6% higher than sector average.
- 38% stated they have felt unwell due to work related stress in the last 12 months. This is 6% under the sector average – a positive outcome.



- 89% agree that the organisation acts fairly with regard to career progression / promotion, regardless of ethnic background, gender, religion, sexual orientation, disability or age. This is 4% higher than the sector average.
- 76% would recommend the organisation as a place to work. This is 9% higher than the sector average.

The Trust did not fall below sector average for any of the 10 themes. However, the lowest scoring theme for the organisation is Team Working and this will provide the basis for development of action plans in response to the feedback via the results.

Benefits Everyone Website

This website sets out the range of benefits available to employees of Newcastle Hospitals including offers, discounts and the multiple salary sacrifice schemes, which have been expanded from the car, cycle and childcare voucher scheme to now include home electronics.

A priority in the forthcoming year is to refresh content to ensure it is more accessible. More information is available at www.benefitseveryone.co.uk.

Staff Social Club

As part of the employment package and to extend the benefits of employment with the Trust, a very well supported staff social club continues to provide social and recreational facilities for all staff.

Signing up as a member provides the benefits of being included in a monthly lottery with a top prize of £1,000, as well as the opportunity to buy subsidised tickets for a range of events including cultural, musical and sporting events. Members are also eligible to join the RVI and Freeman Fitness Centres.

During 2020/21, operational delivery of external events and ticket offerings were heavily impacted due to COVID-19, seeing the closure of many venues and attractions across the region. Despite this, members had access to 25 events, which were attended by more than 5,200 people. These events included family days out to various venues and outdoor attractions, a number of socially distanced music and virtual events, and vouchers to well-known restaurants and venues across the region. Unfortunately, due to local restrictions, the Trust gyms had to close and the annual Christmas Party for over 1,200 staff did not take place.

Despite this, over the last year, 565 staff signed up as new members, taking total membership to 8,335 - more than half of the organisation.

Long Service Awards

The Trust has a well-established local long service award scheme which acknowledges the loyalty of staff who have worked for the Trust through recognising the key service milestones of 25, 35 and 45 years' service. Whilst the pandemic prevented us from celebration events, we continued to celebrate and thank staff for their contribution to the success of our organisation. This will continue going forwards.

'People at our Hearts' Awards

This scheme is available to substantive staff and volunteers who on a quarterly basis, and recognises those who 'go the extra mile' in delivery of care to patients or supporting staff and colleagues. Staff can be nominated by a patient, colleague, carer or volunteer, and a panel reviews the applications quarterly to identify individual and team winners, as well as celebrating our volunteer

workforce. This also culminates in an annual overall individual and team winner, as well as Volunteer of the Year.

Partnership with the Armed Forces

As one of the largest employers in the North East, we recognise the importance that healthcare plays in supporting the country's defence and security, and so we are committed to supporting the UK's Armed Forces community, from cadet adult volunteers to reservists, veterans and their families.

We continued to demonstrate our commitment by becoming an accredited Veterans Covenant Hospital Alliance Trust and signing up to the 'Step into Health' careers programme. This follows our achievement of the Gold Defence Employer Recognition Scheme Award in 2018 and winning the HSJ award for Reservist Support Initiative in 2019.

There is significant support from the Board of Directors for this work as well as management champions, clinical champions and HR who work collaboratively to promote the Armed Forces and ensure both staff and patients are supported and not disadvantaged. The Trust has a well established Armed Forces staff network.

The staff Armed Forces offer includes:

- Dedicated 'Reserve Forces training and mobilisation policy';
- Guaranteed interviews for service leavers, veterans and reservists who meet the essential criteria for Trust roles;
- An additional 10 days paid annual leave for reservists and cadet adult volunteers to attend their annual camps;

- Supporting reservists and their managers with mobilisation and demobilisation; and
- Working alongside the 'Careers Transition Partnership' (CTP) to develop rotational work placements for service leavers to help ease their transition back to 'Civvy Street'. The core values of the Trust and the Armed Forces are closely aligned, with a focus on people, partnerships, pioneering services and staff pride in what they do. As a result, we strive to ease the path for service leavers to work in healthcare and offer an internal mentor on an ad-hoc basis, where appropriate or necessary while working alongside CTP.

Countering Fraud

The Trust takes a proactive and robust stance against fraud, bribery and corruption in alignment with the NHS Counter Fraud Authority Strategy. This includes the professional investigation of suspicions of wrongdoing and the protection of anyone who raises concerns of this nature.

This risk based approach has seen the quality of referrals to the Fraud Team remain high, with demonstrable positive outcomes in terms of criminal sanctions, disciplinary sanctions and pursuing financial redress.





Code of governance

We apply the main and supporting principles of Monitor's Code of Governance (the 'Code') for NHS Foundation Trusts on a comply or explain basis. The Code, most recently revised in July 2014, is based on principles of the UK Corporate Governance Code issued in 2012 and most recently revised in 2019.

During the year, the Trust considered the Code and considered that it complied with all recommended practice. This included the identification of a Senior Independent Director (SID). The role was filled by Mr Keith Godfrey until he stepped down from the Trust's Board on 29 September 2020. Following this, Mr Jonathan Jowett was appointed as SID on 5 October 2020 and remains in post.

The Board conducted a review of the effectiveness of its system of internal control, with details contained within the Annual Governance Statement (AGS).

The Board of Directors provides effective and proactive leadership within a framework, which enables risk to be assessed and managed appropriately (see AGS). The Board ensures compliance with the Terms of Authorisation, the constitution, mandatory guidance, relevant statutory requirements and contractual obligations. It sets out the strategic ambitions for the Trust, taking into account the views of the Council of Governors, and ensures that the necessary resources are in place to meet priorities and objectives. There is periodic review of progress and management performance against the strategy.

Principles and standards of corporate and clinical governance are set and overseen by standing committees of the Board. Directors have overall responsibility for the effective, efficient and economical discharge of the functions of the Trust, taking joint

responsibility for every decision of the Board, notwithstanding the particular responsibilities of the Chief Executive and Accounting Officer. Specific mechanisms are in place for the appointment, terms of service and removal of Executive Directors.

Non-Executive Directors are in the majority on the Board and are independent. They challenge and scrutinise the performance of the Executive Directors to satisfy themselves of the integrity of the financial, clinical and non-clinical information they receive, and to ensure that risk management arrangements are robust and effective. There is a formal Scheme of Delegation and Reservation of Powers that defines which functions are reserved for the Board and which are delegated to committees and Trust officers.

Members of the Board of Directors have an open invitation to attend all meetings of the Council of Governors. The Trust's constitution sets out the statutory responsibilities of the Council in relation to the appointment and removal of the Chair and Non-Executive Directors, the appointment and removal of external auditors, the approval of the appointment of the Chief Executive, receiving the Annual Audit Letter, and providing input to the Annual Plan and its strategies. The Board determines which of its standing committees and panels may have governors as members or in attendance.

NHS oversight framework

NHSE and NHI'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 (well-led).

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

The Trust's segmentation position as on 13 May 2021 was '1' – maximum autonomy, with no support needs identified. Current segmentation information for NHS Trusts and Foundation Trusts is published on the NHI website.



Statement of accounting officer's responsibility

The NHS Act of 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 The Newcastle upon Tyne Hospitals NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of The Newcastle upon Tyne Hospitals 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 are 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 assets of the NHS foundation trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

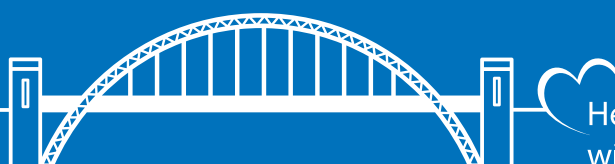
As far as I am aware, there is no relevant audit information of which the foundation trust's auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

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



Dame Jackie Daniel
Chief Executive

1 July 2021



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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 and Group policies, aims and objectives, while 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 and Group 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 and Group 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 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 policies, aims and objectives of The Newcastle upon Tyne Hospitals NHS Foundation Trust and Group, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in The Newcastle upon Tyne Hospitals NHS Foundation Trust and Group 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 Chief Executive Officer has overall responsibility and accountability for all aspects of the Risk Management Policy, and delegates this responsibility to the Assistant Chief Executive. While the Assistant Chief Executive has a lead role in terms of reporting arrangements, all Executive Directors have a responsibility for effective management of risk within their own area of direct management responsibility, as well as corporate and joint responsibility for the management of risk across the organisation.

Structures and systems are in place to support the delivery of risk management, across the Trust and Group. Risk management training and support has been provided to staff throughout the year. This has included basic risk management training and Datix risk management system training as well as a repository of guidance accessible to all staff on the Trust Intranet.

Committees of the Board of Directors are in place to ensure effective governance for the strategic, corporate and operational risk processes and systems. The Executive Risk Group receives and considers a regular report on the Trust's Risk Register. The Executive Risk Group meets bi-monthly and considers the systems and processes in place for Trust-wide Risk Management. To provide additional focus on risk management, the Clinical Risk Review Group and Digital Clinical Risk Review Group were created in 2020/21, both groups report to the Executive Risk Group.



Each Committee of the Board meets at least quarterly to review risks held on the BAF relating to the Committee's area of focus. In addition to this, each Committee considers the effectiveness and completeness of assurances within the BAF and ensures that the documented controls are in place and are functioning effectively.

The Audit Committee meets five times per year (four ordinary meetings and one extraordinary meeting), as a minimum requirement and provides the Board with an independent and objective review of risk management systems and practice. As Accounting Officer, I delegate particular aspects of my role to Executive Directors. These arrangements are reflected in job descriptions and performance review mechanisms. As Accountable Officer, I am directly accountable to the Board of Directors, have overall responsibility and accountability for all aspects of Risk Management and Assurance, and delegate this responsibility to the senior managers of the Trust and Group as detailed in the Risk Management Policy.

The Risk and Control Framework

The Risk Management Policy sets out the structures and processes for the identification, evaluation and control of risk, as well as the system of internal control. Delivery of this policy is overseen by the Audit Committee with individual officers having specific delegated responsibilities.

The key elements of the Risk Management Policy are:

- A clear framework for the accountability and delegated responsibility for the management of risk;
- An integrated document that sets out the overall purpose and processes, as well as an associated annual plan;
- A clearly defined Committee structure that supports robust and timely decision making around key organisations risks;
- Robust systems for the identification, analysis, prioritisation and actions in relation to risks affecting all areas of Trust activity;
- Risk management processes that are integrated and embedded into the day-to-day activities of the Trust;
- A tailored training programme to address key risk areas; and
- Comprehensive communication processes for risk management policies and procedures, and the dissemination of learning from lessons learned.

A Trust-wide risk register is maintained, which records when a risk has been identified, its' owners, likelihood of occurrence, potential impact and mitigating action. Directorate Managers, Clinical Directors and Heads of Departments are responsible for ensuring effective risk management in their areas, in line with the Trust and Group strategy and policies. This includes primary responsibility for the identification, investigation and follow-up of all risk related actions as defined in job descriptions and objectives.

The Trust and Group continually reviews its risk and control framework through its governance and operational structures. It has identified its major strategic risks, and these are monitored, maintained and managed through the BAF, Executive Oversight Register and supported by Directorate Risk Registers. The Trust and Group principal risks and

mechanisms to control them are identified through the BAF, which is reported to the Board of Directors regularly. These risks are reviewed and updated through Trust's governance structure.

The table below details the top three risks identified in 2020/21 and continue to be risks to the strategic objectives pertinent to 2021/22. All risks have action plans in place and are effectively managed through the risk governance arrangements.

Risk	Key Controls
<p>Extreme capacity and demand pressures may impact the Trust ability to achieve important operational standards.</p>	<ul style="list-style-type: none"> • Monitoring of operational and quality standards • Live system-wide data flow and performance monitoring • Clinical e-record optimisation • Performance Monitoring/Executive Group Oversight • Delivery of sustainability and improvement plan • Review of staffing shortages • National waiting list reduction initiatives • COVID-19 Operational Command
<p>There is a risk that patients will acquire COVID-19 whilst in receipt of healthcare. This is due to the high prevalence during the pandemic. This risk is exacerbated in certain patients due to pre-existing conditions. This could result in serious illness or death, prolonged stay and damage to the reputation of the Trust.</p>	<ul style="list-style-type: none"> • Elective admissions screening procedure • Emergency admissions screening procedure • Cohort or isolate all patients that have had a known contact with a positive case • Isolate all known cases for 14 days • Test prior to discharge to care home or long term facilities • Trust policies and procedures for IPC practices • Appropriate Personal Protective Equipment (PPE) worn during patient contact • Ongoing IPC and Directorate audits undertaken for compliance against policy
<p>Due to the change in funding and commissioning regimes as a result of COVID, there is a risk that we are unable to support service developments that were previously additional to baseline funding which could have an impact on the quality of care we provide and limit service improvements.</p>	<ul style="list-style-type: none"> • Prioritised development bids • Contracting guidance for 2021/22 • Review service developments with a view to funding internally • Developed system to assess required quality improvements



The Trust and Group has adopted a risk appetite statement which shows the amount of risk the Board of Directors are willing to accept in seeking to achieve its Strategic Objectives. The annual review of the risk appetite statement took place in January 2021 and was approved by the Trust Board for implemented from April 2021. The Trust and Group risk appetite statement is shown below.

The Newcastle Upon Tyne Hospitals NHS Foundation Trust and Group Risk Appetite 2021			
Key Risk Category	Risk Appetite Level	Risk Tolerance Score	Risk Appetite Statement
Financial/Value for Money	Low	6-10	We have a LOW appetite for risk taking in relation to Finance and Value for Money. We will take measured risk to support growth whilst making the best use of resources, delivering value for money whilst minimising the possibility of financial loss allowing us to continue to develop and provide highest standards of healthcare. We will not take any material financial risks, which will have a negative impact on the overall sustainability of the Trust.
Compliance/regulatory	Moderate	12-16	We have a MODERATE appetite and will take measured risks in relation to compliance and regulatory guidance where it is in the best interest of patient care. We will not take any risks, which will impact our ability to meet our legislative requirements.
Enterprise and Innovation	High	20-25	We have a HIGH appetite for healthcare innovation and will take measured risks to maximise research, technological innovation and commercial opportunities to improve patient outcomes, transform services and ensures value for money.
Quality Outcomes Safety Effectiveness Experience	Low	6-10	We have a LOW appetite for risk taking in relation to Quality Outcomes. We will take measured and considered risks to improve and deliver quality outcomes where there is potential for long term benefit, however we will not compromise the quality of care we provide or the safety of the patients in our care.

Reputation	Moderate	12-16	We have a MODERATE appetite for risk taking that will enhance our reputation as an outstanding organisation now and in the future. We will not take any risks that will have a negative impact on the reputation of the Trust.
People	Low	6-10	We have a LOW risk appetite for risk taking that may adversely impact the health and wellbeing of our staff. We will take measured and considered risk to liberate the potential of all of staff, supporting and enabling staff to shape the environment and culture of the organisation to enhance staff experience, and create a healthy workplace.

The Audit Committee is the core Committee for ensuring there is a robust approach to risk management throughout the Trust. The Audit Committee is chaired by a Non-Executive Director and has Executive Director Membership. This Committee has oversight of the BAF and Trust-wide risk management arrangements.

The Trust and Group Quality Governance arrangements are delivered through the quality governance structure. There are established and robust Trust-wide systems to facilitate the monitoring, review and oversight of quality governance and ensure that the key commitments described in the Quality Strategy are delivered.

The Integrated Board Report is a standing agenda item for the Trust Board and is used for reporting on quality and performance metrics to the Trust Board of Directors.

Quality Governance Structure

The Quality Committee have oversight of the Quality Governance framework. The

Trust conducts a detailed annual self-assessment against the NHSI/CQC Well-Led Framework. CQC registration compliance is managed through the quality governance structure. The Medical Director is responsible for the oversight of all compliance assessments and management of ongoing compliance.

The Trust and Group has an established quality surveillance programme designed to provide assurance to the Board that high quality care is being delivered across all services to ensure areas requiring improvement are identified. The Patient Safety and Quality Review process was launched in 2015 and is regularly reviewed and aligned to the CQC inspection approach. This is also supplemented by a programme of 'Spotlight on Service' visits to services across the Trust by the Non-Executive Directors, as well as Chief Executive 'Check-In' sessions with Directorates.

The Trust and Group is registered with the CQC and has maintained full CQC registration since 2010. The CQC conducted a full comprehensive



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inspection in 2019 and rated the Trust as 'Outstanding'. The Trust and Group continue to monitor CQC compliance using the CQC Insight tool.

Principal Risks to Compliance with NHS Foundation Trust Governance

The Newcastle upon Tyne Hospitals NHS Foundation Trust and Group ensures compliance with NHS Foundation Trust Licence condition FT4 Corporate Governance. The Board is satisfied that the Trust has established and implemented all requirements of the licence condition with no material risks identified.

The Board of Directors, Audit Committee and Committees of the Board all play a role in ensuring the Trust has robust and effective governance structures in place. The terms of reference for all standing Committees of the Board are reviewed periodically and any proposed amendments are subject to Board endorsement. The minutes of Board Committees are presented to the Board as standing agenda items.

The responsibilities of Directors and Committees are clarified in the Trust's governance structure and associated documents, which includes clear reporting lines and the accountabilities of Committees and individuals.

Systems are in place to ensure the Trust and Group complies with its duty to operate efficiently, effectively and economically, with timely and effective scrutiny and oversight by the Board, including securing compliance with healthcare standards as specified by the Secretary of State for Health and Social Care, the CQC, NHSE, NHSI and statutory regulators of healthcare professions.

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

The external auditors, through their audit of the Annual Report and Accounts, also provide a degree of assurance to the Audit Committee and Board that financial control systems are robust.

Effective financial decision making, management and control includes having appropriate systems and processes in place to ensure the Trust can continue as a going concern. Measures are also in place to provide accurate, comprehensive, timely and current information for Board and Committee decision-making, including the identification of material risks.

The Board receives business cases, which are over a specified threshold. All business cases are reviewed at the Business Case Review Meeting who meet on a monthly basis. This process is underpinned by quarterly performance reviews and scrutiny by the Finance Committee.

There is periodic assessment of Board level capability to provide effective organisational leadership on the quality of care, planning and decision making processes. The Board receives monthly

reports on quality and other care related issues, and takes part in regular virtual 'check-ins'/'spotlights' on services as part of the quality assurance processes.

The Trust and Group supports an open reporting culture and encourages staff to report incidents through its Datix internal reporting system. Policy, guidance and training are provided to staff on the reporting, management and dissemination of lessons learnt. The Trust and Group involves stakeholders in identifying and managing risks to its strategic objectives in a number of ways. These include:

- Partnership working with health and social care services, regional NHS care providers and good working relationships with Overview and Scrutiny Committees;
- Regular engagement with Trust Governors on strategic, service and quality risks as well as engagement on quality priorities and the development of the quality account; and
- Active engagement with patient experience forums and staff and public members meetings working on quality improvement and service risks.

The Trust and Group is fully compliant with the registration requirements of the CQC.

NHS Foundation Trusts and Groups are required to publish an up to date register of interests for decision-making staff within the past twelve months as per the 'managing conflicts of interest' in the NHSE guidance. The Trust and Group has published its Board of Directors register of interests on its website. Declaration of interest forms are sent to all relevant staff on an annual basis and the Trust Board register of interests is published in the Trust and Group Annual Report and Accounts.

Workforce Safeguards

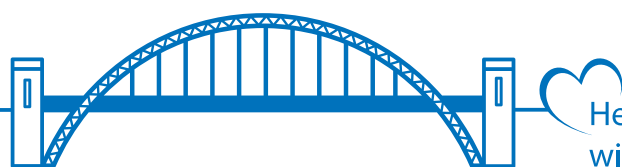
As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employers obligations contained within the scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments into the scheme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

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

The Trust and Group workforce strategy is endorsed by the Trust Board with the principle objective to be the 'Employer of Choice'. A key aim within this strategy is to enhance the staff experience, promote the 'employee voice', and increase diversity and inclusion across all workforce groups. The strategy informs action plans and objectives which are measured through the Trust's performance management framework and appraisal processes.

The Trust and Group reviewed equality data annually in relation to:

- Recruitment (applicants, shortlisted and appointed);
- Staff currently in post;
- Distribution of the workforce;
- Employee relations events (including disciplinary, capability, grievance, dignity and respect);
- Flexible working applicants;
- Access to training; and
- Leavers.



Monitoring provides data, which informs plans and strategies to achieve an inclusive workplace and make improvements to the working environment for all staff. The outcomes are reported to the Trust Board annually and the equality and diversity action plan is updated as appropriate.

The Equality Duty requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations in the course of developing policies and delivering services. Equality Analysis is completed on all policies, procedures, strategies and service developments.

The Equality Delivery System is designed to specifically support service delivery that is fair, providing equality of access to employment and delivery of services that meets the needs of a diverse population. The Trust and Group introduced the audit tool a number of years ago and annually undertakes a full grading exercise. The outcomes are reported to the Trust Board annually and the equality and diversity action plan is updated as appropriate.

The Trust publishes its Gender Pay Gap Report annually on its own website and the designated Government website. It has an action plan to address areas which require improvement.

The Trust and Group uses WRES data to track progress against nine metrics to identify and help eliminate any differential in the treatment of staff. Information is presented to the Trust Board annually and a WRES action plan is agreed. The Trust and Group is cognisant of the national requirements outlined in the NHSE/I 2019 'Model Employer' strategy to increase Ethnic Minorities (excluding White) representation at senior level across the NHS and action

plans are in place develop to achieve this ambition.

The Trust and Group has a Health Equality and Wellbeing Group in place and the aims and objectives of the group include: ensuring the Trust is compliant with national and local legislation, initiatives, policies and standards; influencing the culture of the organisation to ensure that involvement and equality is embedded at every level; and ensuring the Trust contributes effectively to reducing health inequalities and promoting wellbeing. Staff networks are represented and the group provides a direct reporting route to the People Committee.

The Trust and Group has established staff networks in place for Ethnic Minority (excluding white), disability and LGBT staff. These groups help review and inform the Trust's action plans, policies and procedures. The terms of reference for these groups include:

- To promote a work environment in which staff feel supported and valued, whilst enabling them to fulfil their potential and contribute fully to the benefit of the service and our patients;
- To challenge discrimination and to positively promote equality;
- To manage a network of staff that can offer advice and support to others;
- To ensure that good practice and initiatives to promote issues are shared;
- To provide a forum for discussion and debate which draws on knowledge and experience;
- To act as a driving force to promote continuous practice improvement;
- To develop and coordinate an action plan for positive change and ensure Trust policies are inclusive;

- To assist the Trust in meeting its obligations regarding its duty under the Equality Act and NHS Equality Delivery System (EDS); and
- To provide a place for staff receive peer support i.e. raise concerns and ideas in a safe and confidential environment.

Equality and Diversity is a Trust Mandatory Training requirement for all staff and is one of the Trust and Group's Human Resources Key Performance Indicators. Compliance with requirements is monitored and reported throughout the year to managers, Staff-side, and the Trust Board.

In January 2020, the Trust and Group were named as one of the most inclusive employers in the UK after being listed in the top 100 employers of LGBT equality charity Stonewall. In addition to this, in October 2019, the Trust and Group supported the first comprehensive review into ethnic pay-gap and workforce career development and the finding of this has supported the Trust and Group to further improve the experiences of Ethnic Minority (excluding white) groups as part of the 'Flourish at Newcastle Hospitals' framework.

The Trust and Group 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.

The Trust and Group is committed to delivering sustainable healthcare at its very best, within available environmental and social resources, protecting and improving health now and for future generations. The Trust sustainability

strategy concentrates on the delivery of three goals:

- **Zero Carbon Care**

- By 2030 the emissions we control will be net zero – our 'Newcastle Hospitals Carbon Footprint'.
- By 2040 the emissions we can influence will be net zero – our 'Newcastle Hospitals Carbon Footprint Plus'.

- **Clean Air**

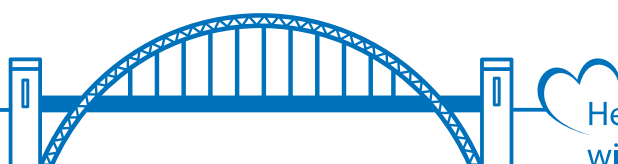
- By 2030 our operational transport activities generate no harmful air pollution.
- By 2040 our healthcare facilities are accessed by only zero emission travel.

- **Zero Waste**

- By 2030 we will reuse and repair everything that can be reused and repaired.
- By 2040 we will produce no waste. We will manage resources within the circular economy, with items surplus to requirements becoming a resource in another part of the system.

A Board approved sustainability development management plan is in place, which sets out how the key aims of the strategy will be achieved. A sustainability report is produced annually, demonstrating progress towards the achievement of the sustainability goals.

The Trust and Group became the first NHS Trust to declare a Climate Emergency. The declaration made on 27 June 2019, and continues to demonstrate a clear and positive commitment to take action on climate change by aiming to become carbon neutral by 2020.



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

The Trust and Group has a range of processes to ensure that resources are used economically, efficiently and effectively. This includes regular reporting to Board on quality, operational performance, finance and safety with further review and scrutiny at Committees of the Board and management levels throughout the Trust.

Systems are in place to ensure the Trust and Group complies with its duty to operate efficiently, effectively and economically including securing compliance with healthcare standards as specified by the Secretary of State for Health and Social Care, the CQC, NHSE, NHSI and statutory regulators of healthcare professions.

The Trust Board has agreed an annual audit programme with the Trust's internal auditors through delegated authority to the Trust Audit Committee. The Audit Committee receives internal audit reports in line with an agreed work plan that aims to test the economy, efficiency and effectiveness of Trust systems and processes, including financial management and control. The audit plan is reviewed and agreed by the Audit Committee in April each year.

Any report which offers limited assurance results in the development of a management action plan with an agreed timescale for improvement, and progress is monitored by the Audit Committee. Serious issues are escalated to the Board of Directors.

Information Governance

The threat to digital services through cyber-attack is recognised by the Trust

and Group and we are committed to ensuring the organisation complies with the UK Data Protection Act 2018, NHS Data Security Standards and achieving the Cyber Essentials Plus certification.

The Trust and Group has effective arrangements in place for Information Governance and monitoring of performance against the Data Security and Protection Toolkit with reporting through the Data Security and Advisory Group into the Compliance and Assurance Group, with regular updates reported to the Board of Directors through the Corporate Governance report.

In May 2018, the UK Data Protection Act 2018 came into force. This Act aligns with the NHS data security standards and includes requirements for new or changed IT systems to be developed with data privacy by design as a pre-requisite with the starting point being the protection and security of the personal data held and processed by the Trust and Group. The Trust and Group has implemented processes and procedures to monitor the privacy throughout the lifecycle of developments.

The Data Security and Protection Toolkit is the mandated method for monitoring the Trust and Group performance in the key areas of Data Protection and technical/cyber security. This is based on the NHS Data Security Standards and is focussed on ensuring the Trust and Group remains compliant with laws concerning personal information handling and sharing, along with remaining resilient to current and future cyber threats.

In the light of the pandemic, requirements for the Data Security and Protection Toolkit submission have been amended with a baseline submission due 30 June 2021 followed by a final submission due

on 30 September 2021 for the year 2021/22.

The Trust and Group follow the approved Risk Management Policy and Procedures to ensure the effective management and mitigation of risks in relation to information governance, cyber security and IT Security.

In 2020/21, the Trust and Group reported 0 Information Governance incidents to the Information Commissioners Office (ICO).

Annual Quality Report

The Trust and Group have appropriate controls in place to assure the Board of Directors of the accuracy and production of high quality data, which supports the Trust to make informed decision making, both clinical and non-clinical.

The Trust's Data Quality Policy outlines the roles and responsibilities of the Trust and its staff in order to maintain good data quality. The policy also provides staff with guidance on roles and responsibilities and states the importance of recording accurate information in a timely way to deliver quality patient care.

The core principles of the Trust and Group's Data Quality Policy is to improve and maintain the quality of patient related data and this is underpinned by a range of regular audit reports and initiatives such as regular validation of clinical and non-clinical data. The Trust has comprehensive computerised and manual systems in place to support pre and post data quality analysis of both non-clinical data and clinical data. Regular data quality reports are produced to identify and collect missing data items and errors.

There is a dedicated Data Quality function within the Trust's Information

Management and Technology Directorate that provides routine and ad-hoc data quality analysis, reporting and root cause analysis of all data issues which support the business and clinical needs of the Trust. National benchmarking resources such as the SUS+ Data Quality Dashboards and the Data Quality Maturity Index (DQMI) are used to compare and track the quality of data and allow for benchmarking against local Trusts and national peers to ensure that high standards are met and maintained.

The Trust's Data Security Advisory Group reviews data quality and associated workflows to ensure that NHS data standards are adhered to. This provides assurance to the Board that data is regularly validated and reviewed.

The work of the group is evidenced through regular quality reports that are shared through the Compliance and Assurance Group and the Quality Committee. The Information Team continues to support and train system users and suppliers to improve real time validation. The Trust and Group has a robust Performance Management Framework to define the structure and process for effective management of performance throughout the Trust and Group and processes, roles and responsibilities are well defined at all levels of the organisation. The Performance Management Framework is firmly integrated throughout the Trust to ensure Directorate/ Department level processes and systems feed into and support the high-level organisational objectives and priorities. An Integrated Quality and Performance Report is produced and reported routinely, reviewed by the Quality Committee and the Board of Directors which details performance against metrics and quality priorities.



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Directorate Performance Reviews take place throughout the Trust at Directorate level, which focuses on performance on a range of metrics. The purpose of Performance Review is to ensure that Trust Directorates and Departments are progressing in line with aims, objectives and priorities, as well as focussing on any outliers in performance metrics.

Review of Effectiveness of Internal Control

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 and Group who have responsibility for the development and maintenance of the internal control framework. I have drawn upon 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 the Executive Risk Group, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the assurance framework and on the controls reviewed as part of the internal audit work. The Head of Internal Audit Opinion for the financial year 2020/21 provided a good level of assurance that there is a sound system of

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

Executive managers within the organisation, who have responsibility for the development and maintenance of the system of internal control, provide me with assurance. The BAF itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principle objectives have been reviewed.

My review is also informed by the programme of reviews undertaken by internal and external auditors, monitoring of actions related to previous controls assurance assessments, the clinical audit programme, CQC monitoring of corporate and clinical governance development, risk management assessments aligned to the standards originally set in the Clinical Negligence Scheme for Trusts, external benchmarking processes, and a range of inspections by professional bodies and agencies.

The effectiveness of the system of internal control has been maintained and reviewed by the Board of Directors via its Committees and individual management responsibilities at Director and senior manager level. I am satisfied that this annual governance statement describes a system and approach which remained robust for the period from 1 April 2020 to 31 March 2021, and up to the date of approval of the Annual Report and Accounts, that supports preparation for the Annual Accounts on an ongoing basis.

Regular reports have been reviewed by the Committees of the Board and individuals in relation to all key risks. Annual reports have been received by

the Board of Directors in relation to all-important areas of activity, as well as ad hoc reports as required.

Clinical governance and processes to ensure quality of patient care are overseen by the Quality Committee under the leadership of the Medical Director. Minutes of this Committee were received by the Board of Directors together with ad hoc reports, as required, and an annual report summarises the most significant issues in this area.

The Assistant Chief Executive has delegated lead responsibility for risk management across the Trust. Practical support and co-ordination is provided by the Corporate Risk and Assurance Manager. Individual Directors and senior manager are empowered to assess and manage risks within their own areas of responsibility, linking closely with wider Trust processes. Significant support was provided via training, advice and guidance documentation to enable senior staff to effectively fulfil their functions.

An analysis of controls and assurance in relation to key organisational risks has been undertaken via the assurance framework. Underpinning this, the Executive Risk Register has been further developed to provide a detailed assessment of specific risk for all departments and key functions. The Executive Risk Group scrutinised these processes and advised the Board of Directors in relation to the most significant risk and control issues arising from the assurance framework and risk registers. Regular reports from the Group have highlighted emerging and developing risks.

The Executive Risk Group is responsible for the implementation and further development of the Risk Management

Policy and associated plans, ensuring systems are in place to identify and address key risks. This role is complemented by the Audit Committee, which is responsible for verifying that the system of internal control was effective in managing risks.

In addition, the Complaints Panel maintains an overview of the management of complaints and monitors action in response to specific risks identified. The Patient Safety Group and Quality Committee provide oversight of incidents to ensure the integration of analysis of incidents and learning lessons from those incidents.

To support further development the Trust and Group has taken advantage of opportunities to benchmark performance against national and international best practice. This included participation in formal and informal external processes including those supported by the Shelford Group of Trusts, the DHSC, the National Patient Safety Agency, CQC and the National Audit Office.

Conclusion

I can conclude that no significant control issues have been identified.



Dame Jackie Daniel
Chief Executive Officer

1 July 2021





Audit & controls

Investment Managers – CCLA Investment Management Ltd & Newton Investment Management Ltd.

Banker – HSBC, RBS (Government Banking Service, Yorkshire Bank)

Payroll – NHS Payroll Services

Legal Advisors

- Capsticks Solicitors LLP;
- DAC Beachcroft LLP;
- Hempsons Solicitors;
- Sintons LLP;
- Hill Dickinson LLP;
- Addleshaw Goddard LLP;
- Ward Hadaway LLP; and
- Samuel Phillips Law Firm.

External Auditor – Mazars LLP

The principal objective of the Independent Auditor was to carry out an audit in accordance with paragraph 24(s) of Schedule 7 of the National Health Service Act 2006 and the requirements of the Audit Code issued by NHS Improvement, the independent regulator of NHS Foundation Trusts, which by necessity ensures compliance with International Standards of Audit (UK & Ireland) issued by the Auditing Practice Board. This required an opinion on the Annual Accounts and a Review of arrangements for legality, financial standing, internal financial control, and standards of financial conduct, including fraud and corruption.

The Audit Committee met on a regular basis to assess a range of studies and work programmes, including detailed value for money scrutinies.

The internal and external auditors attended all meetings of the Audit Committee and on each occasion and auditors also had unrestricted access to the Audit Committee, its Chair and individual members.

Sound corporate governance and all that entails was an over-riding priority.

Abbreviations & glossary of terms

A&E	Accident and Emergency
AHSC	Academic Health Science Centre
BAF	Board Assurance Framework
BAME	Black Asian and Minority Ethnic
BDA	British Dietetic Association
BMJ	British Medical Journal
BTS	British Thoracic Society
CAV	Centre for Ageing and Vitality
CCG	Clinical Commissioning Group
CGARD	Clinical Governance and Risk Department
CQC	Care Quality Commission
CTP	Careers Transition Partnership
DHSC	Department of Health and Social Care
EV	Electric Vehicles
FFT	Friends and Family Test
GMC	General Medical Council
GNCH	Great North Children's Hospital
HR	Human Resources
HSJ	Health Service Journal
IAPT	Improving Access to Psychological Therapies
ICHNE	Integrated COVID Hub North East
ICP	Integrated Care Partnership
ICS	Integrated Care System
ICU	Intensive Care Unit
IPC	Infection Prevention and Control
IT	Information Technology
LAC	Local Awards Committee
LCEA	Local Clinical Excellence Awards
LGBT+	Lesbian, Gay, Bisexual and Transgender
MRSA	Methicillin-resistant Staphylococcus Aureus
NCCC	Northern Centre for Cancer Care



Abbreviations & glossary of terms (continued)

NHIP	Newcastle Health Innovation Partnership
NHNE	Nightingale Hospital North East
NHSE	NHS England
NHSI	NHS Improvement
NIHR	National Institute for Health Research
NMC	Nursing and Midwifery Council
OH	Occupational Health
PCR	Polymerase Chain Reaction
PF2	Private Finance 2
PFI	Private Finance Initiative
PTL	Patient Tracking List
PPE	Personal Protective Equipment
RIDDOR	Reporting of Injuries, Diseases, and Dangerous Occurrences Regulations
RTT	Referral to Treatment
RVI	Royal Victoria Infirmary
SID	Senior Independent Director
SVOC	System Vaccination Operation Centre
TAC	Trust Accounts Consolidation
UTC	Urgent Treatment Centres
VAT	Value Added Tax
VSM	Very Senior Manager
WRES	Workplace Race Equality Standard





Annual Accounts 2020/21



Foreword to the Accounts

The Newcastle upon Tyne Hospitals NHS Foundation Trust

The accounts for the year ended 31 March 2021 are set out on the following pages and comprise the Consolidated Statement of Comprehensive Income, the NHS Foundation Trust Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the NHS Foundation Trust Statement of Financial Position, the Consolidated Statement of Changes in Taxpayers' and Others' Equity, the NHS Foundation Trust Statement of Changes in Taxpayers' Equity, the Statements of Cash Flows and the Notes to the Accounts.

The accounts have been prepared by The Newcastle upon Tyne Hospitals NHS Foundation Trust in accordance with paragraphs 24 and 25 of Schedule 7 within the National Health Services Act 2006, in the form which Monitor, the independent regulator of NHS Foundation Trusts has, with the approval of HM Treasury, directed.

The Consolidated Statement of Comprehensive Income has been presented in three columns for 2020/21 showing the Income & Expenditure of the NHS Foundation Trust (as shown in column 1), the impact of the Charitable Fund consolidation (column 2) and the consolidated final result for the year (column 3).



Dame Jackie Daniel
Chief Executive Officer

1 July 2021

Independent auditor's report to the Council of Governors of the Newcastle upon Tyne Hospitals NHS Foundation Trust

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of The Newcastle upon Tyne Hospitals NHS Foundation Trust ('the Trust') and its subsidiaries ('the Group') for the year ended 31 March 2021 which comprise the Group Consolidated Statement of Comprehensive Income, the NHS Foundation Trust Statement of Comprehensive Income, the Group Consolidated Statement of Financial Position, the NHS Foundation Trust Statement of Financial Position, the Group Consolidated Statement of Changes in Taxpayers' and Others' Equity, the NHS Foundation Trust Statement of Changes in Taxpayers' Equity, the Group and Trust Statement of Cash Flows, and notes to the financial statements, including the summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual 2020/21 as contained in the Department of Health and Social Care Group Accounting Manual 2020/21, and the Accounts Direction issued under the National Health Service Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Trust and Group as at 31 March 2021 and of the Trust's and the Group's income and expenditure for the year then ended;
- have been properly prepared in accordance with the Department of Health and Social Care Group Accounting Manual 2020/21; and
- have been properly prepared in accordance with the requirements of the National Health Service Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast

significant doubt on the Trust's or the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

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

We are also required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed.

We have nothing to report in these regards.



Responsibilities of the Accounting Officer for the financial statements

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

The Accounting Officer is required to comply with the Department of Health and Social Care Group Accounting Manual 2020/21 and prepare the financial statements on a going concern basis, unless the Trust is informed of the intention for dissolution without transfer of services or function to another entity. The Accounting Officer is responsible for assessing each year whether or not it is appropriate for the Trust and Group to prepare financial statements on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Trust and Group, we identified that

the principal risks of non-compliance with laws and regulations related to the National Health Service Act 2006 (as amended by the Health and Social Care Act 2012), and we considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated the Accounting Officer's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that

are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the Audit Committee the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Trust and Group which were contrary to applicable laws and regulations, including fraud.

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

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

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

We are also required to conclude on whether the Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the NAO in April 2021.

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



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

Matter on which we are required to report by exception

We are required to report to you if, in our opinion, we are not satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have not completed our work on the Trust's arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in April 2021, we have

not identified any significant weaknesses in arrangements for the year ended 31 March 2021.

We will report the outcome of our work on the 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.

Responsibilities of the Accounting Officer

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

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

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

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Code of Audit Practice

In our opinion:

- the parts of the Remuneration and Staff Report subject to audit have been properly prepared in accordance with the requirements of the NHS Foundation Trust Annual Reporting Manual 2020/21; and
- the other information published together with the audited financial statements in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

We are required to report to you if:

- in our opinion the Annual Governance Statement does not comply with the NHS Foundation Trust Annual Reporting Manual 2020/21; or
- the Annual Governance Statement is misleading or is not consistent with our knowledge of the Trust and Group and other information of which we are aware from our audit of the financial statements; or
- we refer a matter to the regulator under Schedule 10(6) of the National Health Service Act 2006; or
- we issue a report in the public interest under Schedule 10(3) of the National Health Service Act 2006.

We have nothing to report in respect of these matters.



Use of the audit report

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

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.



Cameron Waddell
Key Audit Partner
For and on behalf of Mazars LLP

Mazars LLP
The Corner
Bank Chambers
26 Mosley Street
Newcastle upon Tyne
NE1 1DF

1 July 2021

Audit Completion Certificate issued to the Council of Governors of The Newcastle upon Tyne Hospitals NHS Foundation Trust for the year ended 31 March 2021

In our auditor's report dated 1 July 2021 we explained that the audit could not be formally concluded until we had completed the work necessary to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required to report to you if, in our opinion, we are not satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have nothing to report in this respect.

This work has now been completed.

No matters have come to our attention since 1 July 2021 that would have a material impact on the financial statements on which we gave our unqualified opinion.

Certificate

We certify that we have completed the audit of The Newcastle upon Tyne Hospitals 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.



Cameron Waddell
Key Audit Partner
For and on behalf of Mazars LLP

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

5 August 2021

Mazars LLP

Mazars LLP is the UK firm of Mazars, an integrated international advisory and accountancy organisation. Mazars LLP is a limited liability partnership registered in England and Wales with registered number OC308299 and with its registered office at Tower Bridge House, St Katharine's Way, London E1W 1DD. Registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861. VAT number: GB 839 8356 73



**CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**
for the year ended 31 March 2021

		2020/21	2020/21	2020/21
		NHS	Charitable	
		Foundation	fund	Total
		Trust	£000	£000
	Note	£000	£000	£000
OPERATING INCOME				
Operating income from patient care activities	3	1,075,323	0	1,075,323
Other operating income*	4	227,153	3,419	230,572
TOTAL OPERATING INCOME		1,302,476	3,419	1,305,895
Operating expenses	5	(1,267,844)	(3,020)	(1,270,864)
OPERATING SURPLUS		34,632	399	35,031
FINANCE INCOME AND COSTS				
Finance income	7	38	961	999
Finance expense - financial liabilities	8	(25,805)	0	(25,805)
PDC dividends payable	9	(2,342)	0	(2,342)
Net finance costs		(28,109)	961	(27,148)
Other gains and losses	10.2	0	6,556	6,556
OPERATING SURPLUS FROM CONTINUING OPERATIONS		6,523	7,916	14,439
SURPLUS FOR THE YEAR		6,523	7,916	14,439
Other Comprehensive Income Will not be reclassified to income and expenditure:				
Impairments	10.1	1,867	0	1,867
Revaluation gains on property, plant and equipment		0	0	0
Other movements on reserves		0	0	0
Total Other Comprehensive Income		1,867	0	1,867
May be reclassified to income and expenditure when certain conditions are met:				
Fair value gains/(losses) on financial assets mandated at FV through OCI		0	0	0
TOTAL COMPREHENSIVE INCOME/ (EXPENSE) FOR THE YEAR		8,390	7,916	16,306

* The other operating income for the NHS Foundation Trust is net of income eliminated on consolidation of £71k. This relates to cash donations made by the Charitable fund to the NHS Foundation Trust for the purchase of capital assets.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME**

for the year ended 31 March 2020

	2019/20	2019/20	2019/20
	NHS Foundation Trust £000	Charitable fund £000	Total £000
Note			
OPERATING INCOME			
Operating income from patient care activities	3	1,023,759	0
			1,023,759
Other operating income*	4	155,519	3,844
			159,363
TOTAL OPERATING INCOME		1,179,278	3,844
			1,183,122
Operating expenses	5	(1,138,152)	(3,444)
			(1,141,596)
OPERATING SURPLUS		41,126	400
			41,526
FINANCE INCOME AND COSTS			
Finance income	7	915	1,103
			2,018
Finance expense - financial liabilities	8	(25,828)	0
			(25,828)
PDC dividends payable	9	(7,163)	0
			(7,163)
Net finance costs		(32,076)	1,103
			(30,973)
Other gains and losses	10.2	(391)	(25)
			(416)
OPERATING SURPLUS FROM CONTINUING OPERATIONS		8,659	1,478
			10,137
SURPLUS FOR THE YEAR		8,659	1,478
			10,137
Other Comprehensive Income			
Will not be reclassified to income and expenditure:			
Impairments	10.1	(7,853)	0
			(7,853)
Other movements on reserves		0	0
			0
Total Other Comprehensive Income		(7,853)	0
			(7,853)
May be reclassified to income and expenditure when certain conditions are met:			
Fair value gains/(losses) on financial assets mandated at FV through OCI		0	(2,040)
			(2,040)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		806	(562)
			244

* The other operating income for the NHS Foundation Trust is net of income eliminated on consolidation of £120k. This relates to cash donations made by the Charitable fund to the NHS Foundation Trust for the purchase of capital assets.



**NHS FOUNDATION TRUST STATEMENT OF
COMPREHENSIVE INCOME
for the year ended 31 March 2021**

		2020/21 Total £000	2019/20 Total £000
	Note		
OPERATING INCOME			
Operating income from patient care activities	3	1,075,323	1,023,759
Other operating income	4	227,224	155,639
TOTAL OPERATING INCOME		1,302,547	1,179,398
Operating expenses	5	(1,267,844)	(1,138,152)
OPERATING SURPLUS		34,703	41,246
FINANCE INCOME AND COSTS			
Finance income	7	38	915
Finance expense - financial liabilities	8	(25,805)	(25,828)
PDC dividends payable	9	(2,342)	(7,163)
Net finance costs		(28,109)	(32,076)
Gains/losses on disposal of assets	10.2	0	(391)
OPERATING SURPLUS FROM CONTINUING OPERATIONS		6,594	8,779
SURPLUS FOR THE YEAR		6,594	8,779
Other Comprehensive Income Will not be reclassified to income and expenditure:			
Impairments (net)	10.1	1,867	(7,853)
Other reserve movements		0	0
Total Other Comprehensive Income		1,867	(7,853)
TOTAL COMPREHENSIVE INCOME		8,461	926

The Trust's performance for the year against the agreed NHS England and Improvement control total is detailed in Note 2.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2021
GROUP

	Note	31 March 2021 £000	31 March 2020 £000
NON-CURRENT ASSETS			
Intangible assets	11	9,568	7,126
Property, plant and equipment	12	523,444	507,128
Investments in subsidiaries and joint ventures	13	0	0
Other investments	14	38,383	30,011
Trade and other receivables	16	15,618	14,566
TOTAL NON-CURRENT ASSETS		587,013	558,831
CURRENT ASSETS			
Inventories	15	17,853	18,294
Trade and other receivables	16	94,805	93,116
Non current assets held for sale	17	0	0
Cash and cash equivalents	18	247,282	135,337
TOTAL CURRENT ASSETS		359,940	246,747
CURRENT LIABILITIES			
Trade and other payables	19	(207,347)	(132,603)
Other liabilities	20	(59,435)	(36,602)
Borrowings	21	(6,264)	(5,387)
Provisions	22	(19,208)	(2,475)
TOTAL CURRENT LIABILITIES		(292,254)	(177,067)
NON-CURRENT LIABILITIES			
Borrowings	21	(216,091)	(223,247)
Provisions	22	(2,861)	(2,725)
TOTAL NON-CURRENT LIABILITIES		(218,952)	(225,972)
TOTAL ASSETS EMPLOYED		435,747	402,539
TAXPAYERS' EQUITY			
Public dividend capital *		258,254	241,352
Revaluation reserve *		77,544	70,317
Income and expenditure reserve *		51,930	50,696
TOTAL TAXPAYERS' EQUITY		387,728	362,365
OTHERS' EQUITY			
Charitable fund reserves *		48,019	40,174
TOTAL TAXPAYERS' AND OTHERS' EQUITY		435,747	402,539

* Reserves are described further in Note 1.16

The accounts on pages [169 to 251] were approved by the Board on 1 July 2021 and signed on its behalf by:



Dame J Daniel
Chief Executive
1 July 2021



Healthcare at its best
with people at our heart

**NHS FOUNDATION TRUST STATEMENT
OF FINANCIAL POSITION**

as at 31 March 2021
NHS FOUNDATION TRUST

	Note	31 March 2021 £000	31 March 2020 £000
NON-CURRENT ASSETS			
Intangible assets	11	9,568	7,126
Property, plant and equipment	12	523,444	507,128
Investments in subsidiaries and joint ventures	13	0	0
Trade and other receivables	16	15,618	14,566
TOTAL NON-CURRENT ASSETS		548,630	528,820
CURRENT ASSETS			
Inventories	15	17,818	18,269
Trade and other receivables	16	94,797	92,987
Non current assets held for sale	17	0	0
Cash and cash equivalents	18	237,683	125,322
TOTAL CURRENT ASSETS		350,298	236,578
CURRENT LIABILITIES			
Trade and other payables	19	(207,341)	(132,597)
Other liabilities	20	(59,435)	(36,602)
Borrowings	21	(6,264)	(5,387)
Provisions	22	(19,208)	(2,475)
TOTAL CURRENT LIABILITIES		(292,248)	(177,061)
NON-CURRENT LIABILITIES			
Borrowings	21	(216,091)	(223,247)
Provisions	22	(2,861)	(2,725)
TOTAL NON-CURRENT LIABILITIES		(218,952)	(225,972)
TOTAL ASSETS EMPLOYED		387,728	362,365
TAXPAYERS' EQUITY			
Public dividend capital*		258,254	241,352
Revaluation reserve*		77,544	70,317
Income and expenditure reserve*		51,930	50,696
TOTAL TAXPAYERS' EQUITY		387,728	362,365

* Reserves are described further in Note 1.16

The accounts on pages [169 to 251] were approved by the Board on 1 July 2021 and signed on its behalf by:



Dame J Daniel
Chief Executive
1 July 2021

**CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' AND
OTHERS' EQUITY
for the year ended 31 March 2021**

GROUP 2020/21

	Note	Public dividend capital* £000	Revaluation reserve* £000	Income and expenditure reserve* £000	Charitable fund reserves* £000	Total taxpayers' and others' equity £000
Taxpayers' and others' equity at 1 April 2020		241,352	70,317	50,696	40,174	402,539
Total comprehensive income for 2020/21						
Surplus for the year		0	0	6,523	7,916	14,439
Impairments and Revaluation gains on property, plant and equipment	12.1	0	1,867	0	0	1,867
Transfers between reserves		0	5,360	(5,360)	0	0
Other reserve movements - Charitable funds consolidation movement		0	0	71	(71)	0
Total comprehensive income for 2020/21		0	7,227	1,234	7,845	16,306
Public dividend capital received		54,746	0	0	0	54,746
Public dividend capital repaid	1.22	(37,844)	0	0	0	(37,844)
Total reserve movements for 2020/21		16,902	7,227	1,234	7,845	33,208
Taxpayers' and others' equity at 31 March 2021		258,254	77,544	51,930	48,019	435,747



CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' AND OTHERS' EQUITY
for the year ended 31 March 2020

GROUP 2019/20

	Note	Public dividend capital* £000	Revaluation reserve* £000	Income and expenditure reserve* £000	Charitable reserves* £000	Total taxpayers' and others' equity £000
Taxpayers' and others' equity at 1 April 2019		238,811	78,170	41,917	40,856	399,754
Total comprehensive income for 2019/20						
Surplus for the year		0	0	8,659	1,478	10,137
Impairments and Revaluation gains on property, plant and equipment	12.1	0	(7,853)	0	0	(7,853)
Fair value gains on financial assets		0	0	0	(2,040)	(2,040)
Other reserve movements - Charitable funds consolidation movement		0	0	120	(120)	0
Total comprehensive income for 2019/20		0	(7,853)	8,779	(682)	244
Public dividend capital received		2,541	0	0	0	2,541
Total reserve movements for 2019/20		2,541	(7,853)	8,779	(682)	2,785
Taxpayers' and others' equity at 31 March 2020		241,352	70,317	50,696	40,174	402,539

*An explanation of the purpose of each reserve can be found in the Statement of Financial Position

**NHS FOUNDATION TRUST STATEMENT OF CHANGES IN
TAXPAYERS' EQUITY
for the year ended 31 March 2021**

NHS FOUNDATION TRUST 2020/21	Note	Public dividend capital* £000	Revaluation reserve* £000	Income and expenditure reserve* £000	Total taxpayers equity £000
Taxpayers' equity at 1 April 2020		241,352	70,317	50,696	362,365
Total comprehensive income for 2020/21					
Surplus for the year		0	0	6,594	6,594
Transfers between reserves		0	5,360	(5,360)	0
Impairments and Revaluation gains on property, plant and equipment	12.1	0	1,867	0	1,867
Total comprehensive income for 2020/21		0	7,227	1,234	8,461
Public dividend capital received		54,746	0	0	54,746
Public dividend capital repaid	1.22	(37,844)	0	0	(37,844)
Total reserve movements for 2020/21		16,902	7,227	1,234	25,363
Taxpayers' equity at 31 March 2021		258,254	77,544	51,930	387,728

**NHS FOUNDATION TRUST STATEMENT OF CHANGES IN
TAXPAYERS' EQUITY
for the year ended 31 March 2020**

NHS FOUNDATION TRUST 2019/20	Note	Public dividend capital* £000	Revaluation reserve* £000	Income and expenditure reserve* £000	Total taxpayers equity £000
Taxpayers' equity at 1 April 2019		238,811	78,170	41,917	358,898
Total comprehensive income for 2019/20					
Surplus for the year		0	0	8,779	8,779
Impairments and Revaluation gains on property, plant and equipment	12.1	0	(7,853)	0	(7,853)
Total comprehensive expense for 2019/20		0	(7,853)	8,779	926
Public dividend capital received		2,541	0	0	2,541
Total reserve movements for 2019/20		2,541	(7,853)	8,779	3,467
Taxpayers' equity at 31 March 2020		241,352	70,317	50,696	362,365

* An explanation of the purpose of each reserve can be found in the Statement of Financial Position



STATEMENTS OF CASH FLOWS
for the year ended 31 March 2021

		GROUP		NHS FOUNDATION TRUST	
	Note	2020/21 £000	2019/20 £000	2020/21 £000	2019/20 £000
Cash flows from operating activities					
Net cash generated from operating activities	23	142,025	115,095	141,516	114,474
Cash flows from investing activities					
Interest received		54	939	54	939
Purchase of intangible assets		(2,187)	(4,041)	(2,187)	(4,041)
Purchase of property, plant and equipment		(46,716)	(42,316)	(46,716)	(42,316)
Sales of property, plant and equipment		86	35	86	35
Receipt of cash donations to purchase capital assets		1	90	72	210
NHS Charitable funds - net cash flows from investing activities		(854)	1,103	0	0
Net cash used in investing activities		(49,616)	(44,190)	(48,691)	(45,173)
Cash flows from financing activities					
Public dividend capital received		54,746	2,541	54,746	2,541
Loans repaid to the Department of Health and Social Care	21	0	(1,750)	0	(1,750)
Capital element of private finance initiative obligations		(6,280)	(5,454)	(6,280)	(5,454)
Interest paid		0	(26)	0	(26)
Interest element of private finance initiative obligations		(25,785)	(25,794)	(25,785)	(25,794)
Public dividend capital dividend paid		(3,145)	(8,220)	(3,145)	(8,220)
Net cash used in financing activities		19,536	(38,703)	19,536	(38,703)
(Decrease)/increase in cash and cash equivalents		111,945	32,202	112,361	30,598
Cash and cash equivalents at 1 April		135,337	103,135	125,322	94,724
Cash and cash equivalents at 31 March	18	247,282	135,337	237,683	125,322

Notes to Accounts

1. Accounting policies and other information

NHS Improvement, in exercising the statutory functions conferred on Monitor, has directed that the financial statements of the NHS 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. The accounting policies contained in the GAM follow International Financial Reporting Standards (IFRS) 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 (FRAB). 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 NHS 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.

Going concern

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

1.1. Accounting convention

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

1.1. Accounting Convention (continued)

Critical accounting judgements and key sources of estimation in applying the NHS Foundation Trust's accounting policies

The preparation of the annual report and accounts requires the use of certain critical accounting estimates and also requires the NHS Foundation Trust's directors and senior managers to exercise their judgement in the process of applying the NHS Foundation Trust's accounting policies.

The directors and senior managers make estimates and assumptions concerning the future. As a result the accounting estimates may not equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

a. Legal claims:

Legal claims are based upon professional assessments, which are uncertain to the extent that they are an estimate of the likely outcome of individual cases.

b. Indices:

The valuation of land and buildings is based on building cost indices provided by the Royal Institution of Chartered Surveyors (RICS) and used by the District Valuer in his valuation work. These indices are based on an indication of trend of accepted tender prices within the local construction industry as applied to the Public Sector.

c. Private Finance Initiative (PFI) schemes:

As part of the Transforming Newcastle Hospitals (TNH) PFI scheme, the NHS Foundation Trust is required to pay the operator for lifecycle replacement assets. A judgement has been made that payment for these assets is accounted for in equal annual instalments over the period of the scheme, rather than when payments are made. This results in a prepayment for assets being established in the early years of the scheme, which is used in later years when the asset replacement occurs.

As part of a negotiated settlement with the PFI provider the final stage of the TNH scheme was excluded from the agreement with regard to completion, service charge and lifecycle payments. The capital element continues to be repayable over the remaining life of the agreement.

d. Valuation of land and buildings

The directors have made the assumption that the NHS Foundation Trust's PFI and relevant exchequer buildings should be valued exclusive of VAT. This is based on the assumption that any new provision of these buildings would be procured via a special purpose vehicle or via an alternative to PFI/PF2 route attracting VAT exemption. The directors have also assumed that the NHS Foundation Trust would provide services from a single site if the opportunity arose as a single site would provide advantages for patient care. Therefore the district valuer was instructed to prepare a valuation of the NHS Foundation Trust's land and buildings at 31 March 2021 which excludes VAT on relevant buildings and uses a single site approach.

1.1. Accounting Convention (continued)

e. Agent Net Accounting

In 2020/21 the NHS Foundation Trust was approached by the Department of Health and Social Care (DHSC) to establish a Lighthouse Laboratory to carry out mass COVID PCR testing on their behalf. This involved establishing the laboratory in a new leased building and this became operational in March 2021. The contract arrangements ensure that the NHS Foundation Trust is fully reimbursed for all costs and does not have any on-going financial benefit or risk from the arrangement. The contract under which the NHS Foundation Trust provides these services for DHSC from this laboratory runs until 31 March 2022 but the life of the laboratory and its possible future use

beyond this date remains uncertain. The NHS Foundation Trust has considered the various potential accounting treatments of this arrangement and has assessed that because the service delivery and specifications are controlled by the DHSC and there is no financial risk or benefits to the Trust, it has acted as an agent (note 1.27) for the DHSC in this regard. Therefore the NHS Foundation Trust has not included the income and expenditure for this arrangement in the accounts. The total value of transactions under this arrangement in 2020/21 was £66.328m, of which the majority was for the set up and mobilisation of the Laboratory for the DHSC.

1.2. Consolidation and investments in subsidiaries and joint ventures

1.2.1. NHS Charitable Fund

The NHS Foundation Trust is the Corporate Trustee to the Newcastle Upon Tyne Hospitals NHS charitable fund. The NHS Foundation Trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the NHS 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 fund and has the ability to affect those returns and other benefits through its power over the fund.

The charitable fund's statutory accounts are prepared to 31 March in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Financial Reporting Standard (FRS) 102. On consolidation, necessary adjustments are made to the charity's assets, liabilities and transactions to:

- recognise and measure them in accordance with the NHS Foundation Trust's accounting policies; and
- eliminate intra-group transactions, balances, gains and losses.



1.2. Consolidation and investments in subsidiaries and joint ventures (continued)

1.2.2. Other investments in subsidiaries and joint ventures

Subsidiary entities are those over which the NHS 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. Joint ventures are arrangements in which the NHS Foundation Trust has joint control with one or more other parties, and where it has the rights to the net assets of the arrangement.

The NHS Foundation Trust consolidates the results of investments in subsidiaries and joint ventures where results are material to the NHS Foundation Trust's financial position. The consolidated accounts do not incorporate the results of the additional subsidiaries and joint ventures detailed in Note 13 on the grounds of immateriality to the Group. As a consequence the investments in subsidiaries and joint ventures are stated at cost less impairment losses.

1.3. Revenue from contracts with customers

Where income is derived from contracts with customers, it is accounted for under IFRS15. 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).

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 NHS Foundation Trust accrues income relating to performance obligations satisfied in that year. Where the NHS 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.

1.3. Revenue from contracts with customers (continued)

1.3.1. Revenue from NHS contracts

The accounting policies for revenue recognition and the application of IFRS 15 are consistently applied. The contracting arrangements in the NHS changed between 2019/20 and 2020/21 affecting the application of the accounting policy under IFRS 15. This difference in application is explained below.

The main source of income for the Trust is contracts with commissioners for health care services. In 2020/21, the majority of the trust's income from NHS commissioners was in the form of block contract arrangements. During the first half of the year the trust received block funding from its commissioners. For the second half of the year, block contract arrangements were agreed at a Integrated Care System level. The related performance obligation is the delivery of healthcare and related services during the period, with the trust's entitlement to consideration not varying based on the levels of activity performed.

The Trust has received additional income outside of the block and system envelopes to reimburse specific costs incurred and other income top-ups to support the delivery of services. Reimbursement and top-up income is accounted for as variable consideration.

In the comparative period (2019/20), the trust's contracts with NHS commissioners included those where the trust's entitlement to income varied according to services delivered. A performance obligation relating to the delivery of a spell of healthcare was generally satisfied over time as healthcare was received and consumed simultaneously by the customer as the NHS Foundation Trust performed it. The customer in such a contract was the commissioner, but the customer benefited as services were provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligned with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that were substantially the same and had a similar pattern of transfer. At the year end, the NHS Foundation Trust accrued income relating to activity delivered in that year, where a patient care spell was incomplete. This accrual was disclosed as a contract receivable as entitlement to payment for work completed was usually only dependent on the passage of time.

Other contracts particularly those for specialised services, those with local authorities in respect of Public Health services and CCGs in respect of Community services are agreed predominantly on a block (fixed price) basis.



1.3.2. Provider Sustainability Fund and Financial Recovery Fund

In 2019/20, the Provider Sustainability Fund and Financial Recovery Fund enabled providers to earn income linked to the achievement of financial controls and performance targets. Income earned from the funds is accounted for as variable consideration.

1.3.3. NHS injury cost recovery scheme

The NHS 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 NHS Foundation Trust recognises the income when performance obligations are satisfied. In practical terms this means that treatment has been given, it receives notification from

the Department of Works 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.

1.3.4. Revenue from research contracts

Where research contracts fall under IFRS 15, revenue is recognised as and when performance obligations are satisfied. For some contracts, it is assessed that the revenue project constitutes one performance obligation over the course of the multi-year contract. In these cases it is assessed that the NHS Foundation Trust's interim performance does not create an asset with alternative use for the NHS Foundation Trust, and the NHS

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 NHS Foundation Trust recognises revenue each year over the course of the contract. Some research income alternatively falls within the provisions of IAS 20 for government grants.

1.3.5. Grants and other contributions to expenditure

Government grants are grants from government bodies other than income from commissioners or Trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure.

Where the grant is used to fund capital expenditure it is credited to the consolidated statement of comprehensive income once conditions attached to the grant have been met. Donations are treated in the same way as government grants.

1.3.6. Apprenticeship service income

The value of the benefit received when accessing funds from the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider from the Trust's Digital Apprenticeship Service (DAS) account held by the Department for Education, the corresponding notional expense is also recognised at the point of recognition of the benefit.

1.4. 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.

Expenditure with a value below £1k, not aligned to a purchase order and which is non routine, is not accrued.



1.5. Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the NHS Foundation 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 NHS Foundation Trust and where the cost of the asset can be measured reliably.

Internally generated intangible assets

Expenditure on research is not capitalised. Expenditure on development is capitalised when it meets the requirements set out in IAS38.

Software

Software which is integral to the operation of hardware e.g. an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware e.g. application software and software licences, is capitalised as an intangible asset when expenditure of at least £5,000 is incurred.

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 measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of amortised replacement cost and the value in use where the asset is income generating. Revaluation gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value 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.

Amortisation

Intangible assets are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits, normally between 5-10 years.

Intangible assets under development are not amortised.

1.6. Property, plant and equipment

Recognition

Property, plant and equipment is capitalised if it is capable of being used for a period which exceeds one financial year, it is probable that future economic benefits will flow to, or service potential be supplied to the NHS Foundation Trust, the cost of the item can be measured reliably and it is held for use in delivering services or for administrative purposes.

Also the assets:

- a. individually have a cost of at least £5,000; or
- b. form a group of assets which collectively have a cost of at least £5,000, and individually have a cost of more than £250, where the assets are functionally interdependent, they have broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- c. form part of the initial setting-up cost of a new building, or refurbishment of a ward or unit, and their individual cost exceeds £250.

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.

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Measurement

Valuation

All property, plant and equipment is 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. Property assets are measured subsequently at valuation, plant and equipment is held at depreciated historic cost.

Assets which are held for their service potential and are in use (i.e. operational assets used to deliver either front 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 fair value where there



1.6. Property, plant and equipment (continued)

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 carrying values are not materially different from those that would be determined at the end of the reporting period. Valuations are carried out by professionally qualified valuers in accordance with the Royal Institution of Chartered Surveyors (RICS) *Appraisal and Valuation Manual*. The latest full asset valuation exercise concluded as at 31 March 2018 when the District Valuer prepared an updated valuation, a desktop exercise has been carried out as at 31 March 2021 to update the asset valuation for all changes since the latest full valuation exercise.

Current values in existing use are determined as follows:

- Land and non-specialised buildings - market value for existing use
- Specialised buildings - depreciated replacement cost on modern equivalent asset basis.

For specialised assets, current value in existing use is interpreted as the present value of the asset's remaining service potential, which is assumed to be at least equal to the cost of replacing that service potential. Specialised assets are therefore valued at their depreciated replacement cost (DRC) on a modern equivalent asset (MEA) basis. An MEA basis assumes that the asset will be replaced with a modern asset of equivalent capacity and location requirements of the services being provided. Assets held at depreciated replacement cost have been valued on

an alternative site basis where this would meet the location requirements.

Valuation guidance issued by the Royal Institute of Chartered Surveyors states that valuations are performed net of VAT where the VAT is recoverable by the entity. This basis has been applied to the NHS Foundation Trust's Private Finance Initiative (PFI) scheme where the construction is completed by a special purpose vehicle and that the costs have recoverable VAT for the NHS Foundation Trust.

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 an expense immediately, as allowed by IAS 23 for assets held at current value. Assets are revalued and depreciation commences when the asset is brought into use.

IT equipment, transport equipment, furniture and fittings, and plant and machinery that are held for operational use are valued at depreciated historic cost where these assets have short useful lives or low values or both, as this is not considered to be materially different from current value in existing use.

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 expenditure.

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset

1.6. Property, plant and equipment (continued)

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

An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss are reversed. Reversals are recognised in operating expenditure 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 the following criteria in IFRS 5 are met:

The sale must be highly probable and the asset available for immediate sale in its present condition.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their fair value less costs to sell. Depreciation ceases to be charged and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'held for sale' and instead is retained as an operational asset and the asset's useful life is adjusted. The asset is derecognised when scrapping or demolition occurs.



1.6. Property, plant and equipment (continued)

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 which is normally on a straight line basis. The useful economic lives and hence depreciation rates for equipment assets are determined by staff within the Electronics and Medical Engineering department. Freehold land is considered to have an infinite life and is not depreciated.

Assets in the course of construction and payments on account are not depreciated until the asset is brought into use. Property, plant and equipment reclassified as 'held for sale' ceases to be depreciated upon reclassification.

Equipment is depreciated on current value evenly over the estimated life of the asset. Useful economic lives reflect the total life of an asset and not the remaining life of an asset.

- Land - Not depreciated
- Buildings - 18 years - 90 years
- Dwellings - 31 years - 39 years
- Assets under construction - Not depreciated
- Plant and machinery - 5 years - 19 years
- Transport equipment - 3 years - 7 years
- Information technology - 4 years - 10 years
- Furniture and fittings - 5 years - 10 years

1.7. Donated and grant funded assets

Donated and grant funded property, plant and equipment assets are capitalised at their current value on receipt. The donation or grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation or grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

In 2020/21 this includes assets donated to the trust by the Department of Health and Social Care as part of the response to the coronavirus pandemic. As defined in the GAM, the trust applies the principle of donated asset accounting to assets that the trust controls and is obtaining economic benefits from at the year end.

1.8. Private Finance Initiative (PFI) transactions

PFI transactions which meet the IFRIC12 definition of a service concession, as interpreted in HM Treasury's FReM, are accounted for as "on-Statement of Financial Position" by the NHS Foundation Trust. In accordance with HM Treasury's FReM, the underlying assets are recognised as property, plant and equipment, together with an equivalent liability. Subsequently the assets are accounted for as property, plant and equipment.

The annual contract payments are apportioned into the following component parts, using appropriate estimation techniques where necessary:

- a. payment for the fair value of services received;
- b. payment for the PFI asset, including finance costs;
- c. payment for the replacement of components of the asset during the contract (lifecycle replacement).

An element of the annual unitary payment increase due to cumulative indexation is treated as contingent rent and is expensed as incurred.

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

PFI asset

The PFI assets are recognised as property, plant and equipment when the unitary payment becomes payable. The assets are measured at fair value which is kept up to date in accordance with the NHS Foundation Trust's approach for each relevant class of asset in accordance with the principles of IAS16, Property, Plant and Equipment.

PFI liability

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the fair value of the PFI assets and is subsequently measured as a finance lease liability in accordance with IAS 17, Leases.

An annual finance cost is calculated by applying the implicit interest rate in the lease to the lease liability for the year, and is charged to 'Finance costs' within the Statement of Comprehensive Income.

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

An element of the annual unitary payment increase which is due to cumulative indexation is allocated to the finance lease. In accordance with IAS 17, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred. In substance, this amount is a finance cost in respect of the liability and the expense is presented as contingent finance cost within the Statement of Comprehensive Income.

Lifecycle replacement

An amount is set aside from the unitary payment each year into a lifecycle replacement prepayment to reflect the fact that the NHS Foundation Trust is effectively pre-funding some elements of future lifecycle replacement by the PFI operator.

When the operator replaces a capital asset, the fair value of this replacement item is recognised as property, plant and equipment.



1.8. Private Finance Initiative (PFI) transactions (continued)

Where the item was planned for replacement and therefore its value is being funded through the unitary payment, the lifecycle prepayment is reduced by the amount of the fair value.

The prepayment is reviewed annually to ensure that its carrying amount will be realised through future lifecycle components to be provided by the operator. Any unrecoverable balance is written out of the prepayment and charged to operating expenses.

Where the lifecycle item was not planned for replacement during the contract it is effectively being provided free of charge to the NHS Foundation Trust. A deferred income balance is therefore recognised instead and this is released to operating income over the life of the replacement component.

1.9. Non-current assets held for sale

The NHS Foundation Trust has no non-current assets held for sale.

1.10. The NHS Foundation Trust as a lessee

Finance leases

Where substantially all risks and rewards of ownership of a leased asset are transferred to the NHS Foundation Trust, the asset is recorded as property, plant and equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability.

The asset and liability are recognised at the 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 so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to finance costs in the Statement of Comprehensive Income.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially in other liabilities on the Statement of Financial Position and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Leases of land and buildings

Where a lease is for land and buildings, the land and building components are separated and the classification for each is assessed separately.

1.11. The NHS Foundation Trust as a 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 added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

1.12. Inventories

Inventories are valued at the lower of cost and net realisable value, by reference to supplier information on a first-in first-out basis. This is considered to be a reasonable approximation to fair value due to the high turnover of inventory. The de minimis level for inventory items is £100 inclusive of VAT.

Obsolete and defective stock are charged to the Statement of Comprehensive Income as an expense.

In 2020/21, the Trust received inventories including personal protective equipment from the Department of Health and Social Care at nil cost. In line with the GAM and applying the principles of the IFRS Conceptual Framework, the Trust has accounted for the receipt of these inventories at a deemed cost, reflecting the best available approximation of an imputed market value for the transaction based on the cost of acquisition by the Department.



1.13. 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. In the Statement of Cash Flows, cash and bank balances are recorded at the current values of these balances in the NHS Foundation Trust's cash book. Interest earned on bank

accounts is recorded as 'finance income' in the year to which it relates. Bank charges are recorded as operating expenditure in the years to which they relate.

As the NHS Foundation Trust has no bank overdrafts there is no difference between the amount disclosed as cash and cash equivalents in the Statement of Financial Position and in the Statement of Cash Flows.

1.14. Provisions

The NHS Foundation Trust recognises a provision where it has a present legal obligation 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 where 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 rates effective for 31 March 2021.

		Nominal rate
Short term	Up to 5 years	Minus 0.02%
Medium term	After 5 years up to 10 years	0.18%
Long term	Exceeding 10 years	1.99%

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective 31 March 2021.

	Inflation rate
Year 1	1.20%
Year 2	1.60%
Into perpetuity	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of minus 0.95% in real terms.

1.14. Provisions (continued)

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the NHS Foundation Trust pays an annual contribution to NHS Resolution which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the NHS Foundation Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the NHS Foundation Trust is disclosed in Note 22 but is not recognised in the NHS Foundation Trust's accounts.

Annual premiums under the scheme are charged to operating expenses and provision is made for the 'excess' payable on a case when the liability arises.

1.15. Contingencies

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 NHS Foundation Trust's control) are not recognised as assets, but are disclosed in Note 26 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised in the accounts but are disclosed in Note 26, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

Non-clinical risk pooling

The NHS Foundation Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the NHS 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 specific claims, are charged to operating expenses as and when the liability arises.

Other provisions

Other provisions relate predominantly to potential remedial building works resulting from on-going developments. The provision and amount is recognised and determined following professional advice from independent qualified property surveyors. The timing of payments is dependent on work programme estimates.

- a. 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 NHS Foundation Trust's control; or
- b. 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.



1.16. Reserves

- a. Public dividend capital represents the Secretary of State for Health and Social Care's 'equity' investment in the NHS Foundation Trust.
- b. The revaluation reserve is used to record revaluation gains and losses on property, plant and equipment. This reserve is currently used solely for tangible assets only.
- c. The NHS Foundation Trust's accumulated surpluses and deficits are recognised in the Income and Expenditure reserve.
- d. Charitable reserves relate to those held by the Newcastle upon Tyne Hospitals NHS Charity. Further analysis can be found in Note 34.

1.17. Expenditure on employee benefits

Short term employee benefits

Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the accounts to the extent that employees are permitted to carry forward leave into the following period.

Pension costs

Past and present employees are covered by the provisions of the two NHS Pensions Schemes. Both schemes are unfunded, defined benefit schemes that cover NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care, in England and Wales. The schemes are not designed in a way that would enable the NHS Foundation Trust to identify its share of the underlying scheme assets and liabilities. Therefore the schemes are accounted for as though they are a defined contribution scheme: the cost to the NHS Foundation Trust is taken as equal to the employer's pension contributions payable to the schemes for the accounting period. The contributions are charged to operating expenses as they become due. The schemes are subject to a full actuarial valuation every four years and an accounting valuation every year.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to operating expenses at the time the NHS Foundation Trust commits itself to the retirement, regardless of the method of payment.

1.18. Value Added Tax (VAT)

Most of the activities of the NHS Foundation Trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.19. Corporation tax

NHS Foundation Trusts are exempt from corporation tax on their principal health care income under section 519A Income and Corporation Taxes Act 1988. The NHS Foundation Trust does not have any corporation tax liability in the current or prior year.

The Newcastle upon Tyne Hospitals NHS Charity is a registered charity, and as such is entitled to certain tax exemptions on income and profits for investments, and surpluses on trading activities carried out in furtherance of the charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

1.20. Foreign exchange

The functional and presentational currency of the NHS Foundation Trust is 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.

The NHS Foundation Trust has no monetary assets or liabilities denominated in a foreign currency at the Statement of Financial Position date.

1.21. Third party assets

Assets belonging to third parties in which the NHS Foundation Trust has no beneficial interest (such as money held on behalf of patients) are not recognised in the accounts. However, they are disclosed in Note 31 to the accounts in accordance with the requirements of the HM Treasury Financial Reporting Manual (FRM).



1.22. Public Dividend Capital and Public Dividend Capital - Dividend

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS Trust. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

The Secretary of State can issue new PDC to, and require repayments of PDC from the NHS Foundation Trust. PDC is recorded at the value received.

The NHS Foundation Trust received PDC of £37.844m during 2020/21 in relation to the set up of a Lighthouse laboratory, however, this funding was notionally repaid in full during 2020/21. The funding was subsequently re issued back to the NHS Foundation Trust as non capital funding.

A charge reflecting the cost of capital utilised by the NHS 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, with certain additions and deductions as defined in the PDC dividend policy issued by the Department of Health and Social Care. This policy is available at <https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts>.

In accordance with the requirements laid down by the Department of Health and Social Care (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 annual accounts. The dividend calculated is not revised should any adjustments to net assets occur as a result of the audit of the annual accounts. However any movement in net assets would be reflected in the calculation for the following year.

1.23. Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis.

The losses and special payments note (Note 32) is compiled directly from the losses and compensations register which reports on an accruals basis with the exception of provisions for future losses.

1.24. Financial assets and financial liabilities

Recognition

Financial assets and financial liabilities which arise where the NHS Foundation 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 NHS Foundation 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 service 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 profit and loss. 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 above.

Financial assets are predominantly classified as subsequently measured at amortised cost. The Charity however, holds some financial assets at fair value through profit and loss.

Financial liabilities classified as subsequently measured at amortised cost.

Financial assets and financial liabilities at amortised cost

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 rate 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 as financing income or expense. In the case of loans held from the DHSC, the effective interest rate is the nominal rate of interest charged on the loan.



1.24. Financial assets and financial liabilities (continued)

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 NHS Foundation Trust recognises an allowance for expected credit losses.

The NHS Foundation 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 increase (stage 2).

The expected credit loss is arrived at by reviewing the length of time a specific debt has been outstanding. Generally the NHS Foundation Trust will recognise an impairment against a receivable if i) it is older than 90 days for non-NHS customers and ii) it is older than 180 days for NHS customers. In addition further credit losses may be recognised sooner if there is a known factor that will influence the customers ability to pay the debt due to the NHS Foundation Trust.

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 assets' 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.

De-recognition

Financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired or the NHS Foundation Trust has transferred substantially all of the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

1.25. Trade payables

Trade payables are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method.

1.26. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. As detailed in note 1.24 Impairment of Financial Assets, a provision for impairment of trade receivables is established when there is an expectation that the NHS Foundation Trust will not be able to collect all amounts due according to the original terms of the receivables. Future expected credit losses are determined by; significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delay in payments (more than 90 days overdue Non NHS and 180 days overdue NHS) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's gross carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Comprehensive Income within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables.

Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Comprehensive Income.

1.27. Agent Accounting (Net Accounting)

An entity is an agent if the entity's performance obligation is to arrange for the provision of the specified good or service by another party. An entity that is an agent does not control the specified good or service provided by another party before that good or service is transferred to the customer. In an agency relationship, the host does not treat amounts collected on behalf of the principal as revenue. These amounts simply pass through the agent, and are accounted for on a net basis.

Net accounting refers to the netting off of inflows and outflows in an agency relationship, so that the entity only recognises impacts to the extent that it is acting as a principal.

The NHS Foundation has assessed that following the establishment of the lighthouse laboratory, the Integrated Covid Hub North East (ICHNE) contracted with Department Health and Social Care that the NHS Foundation Trust is acting as an agent and has therefore accounted on a net basis for this contract.



1.28. Standards, amendments and interpretations in issue but not yet effective or adopted

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 most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the statement of financial position the standard also requires the remeasurement of lease liabilities in specific circumstances 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 Foundation 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, 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 on transition at the trust's incremental borrowing rate. The Foundation Trust's incremental borrowing rate will be a rate defined by HM Treasury. Currently this rate is 0.91% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. No adjustments will be made on 1 April 2022 for existing finance leases.

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.

The implementation date for IFRS 16 in the NHS was revised to 1 April 2022 in November 2020. Due to the need to reassess lease calculations, together with uncertainty on expected leasing activity from April 2022 and beyond, a quantification of the expected impact of applying the standard in 2022/23 is currently impracticable.

1.28. Standards, amendments and interpretations in issue but not yet effective or adopted (continued)

The trust has estimated the impact of applying IFRS 16 in 2022/23 on the opening statement of financial position and the in-year impact on the statement of comprehensive income and capital additions as follows:

Estimated impact on 1 April 2022 statement of financial position	£000
Additional right of use assets recognised for existing operating leases	33,488
Additional lease obligations recognised for existing operating leases	(31,349)
Changes to other statement of financial position line items	0
Estimated impact on net assets on 1 April 2022	2,139
Estimated in-year impact in 2022/23	
Additional depreciation on right of use assets	(5,414)
Additional finance costs on lease liabilities	(263)
Lease rentals no longer charged to operating expenditure	5,471
Other impacts on income / expenditure	(68)
Estimated impact on surplus/deficit in 2022/23	(274)
Estimated increase in capital additions in 2022/23	0

From 1 April 2022, the principles of IFRS 16 will also be applied to the NHS Foundation Trust's PFI liabilities where future payments are linked to a price index representing the rate of inflation. The PFI imputed lease liability will be remeasured when a change in the index causes a change in future imputed lease payments and that change has taken effect in the cash flow. Under existing accounting practices, amounts relating to changes in the price index are expensed as incurred. This is expected to increase the PFI liability on the statement of financial position upon transition to IFRS 16. The effect of this has not yet been quantified.

No new accounting standards or revisions to existing standards have been early adopted in 2020/21.



2.0. NHS Foundation Trust Control Total

The NHS Foundation Trust reports to NHS England and Improvement (NHSEI) on a control total basis, these figures differ to those reported in the NHS Foundation Trusts statement of comprehensive income on page 4. This is as a result of excluding certain funding streams as identified below. In the prior year the NHS Foundation Trust has received contributions from the provider sustainability fund (PSF) and marginal rate emergency tariff (MRET) subject to the delivery of agreed operational and financial performance. These amounts are credited to income in the year in which they are earned. In the year 2020/21 this arrangement ceased to exist, however in 2019/20 the NHS Foundation Trust earned £15,253k. Detail is noted below:

	2020/21 £000	2019/20 £000
Reconciliation to control total		
Surplus for the year (SOCI Trust)	6,594	8,779
Less/Add: Reversal of impairments/impairments	321	3,724
Less: PSF monies receivable	0	(14,099)
Less: Impact of prior year PSF post accounts reallocation	0	(1,154)
Add: Donated asset depreciation	1,679	1,070
Less: Donated income received for asset purchases	(3,411)	(210)
Remove net impact of consumables donated from other DHSC bodies	(506)	0
Underlying result	4,677	(1,890)
Control Total Plan	(28,170)	13,203
Underlying result plus PSF funding	4,677	12,209

During 2019/20 the Group and NHS Foundation Trust earned the following PSF monies:

	2020/21 £000	2019/20 £000
Core award	0	13,552
Marginal rate emergency tariff (MRET) funding	0	547
PSF 2018/19 post accounts reallocation	0	1,154
Total PSF receivable	0	15,253

2.1. Segmental Analysis

The NHS Foundation Trust has determined that the Chief Operating Decision Maker is the Board of Directors, on the basis that all strategic decisions are made by the Board. Segmental information is not provided to the Board of Directors and therefore it has been determined that there is only one business segment, that of Healthcare.

The NHS Foundation Trust conducts the majority of its business with Health Bodies in England. Transactions with

entities in Scotland, Ireland and Wales are conducted in the same manner as those within England. The NHS Foundation Trust generates its income predominantly from the provision of secondary care services.

Organisations that contributed 5% or more of the NHS Foundation Trust's operating income in either year are set out in the table below. Further information can be found in Note 27, Related Party Transactions. Operating income used in the calculation is before the impact of impairments and consolidation.

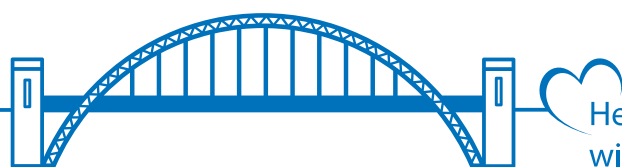
	2020/21 %	2019/20 %
NHS England	44	41
NHS Newcastle Gateshead CCG	24	24
NHS Northumberland CCG	5	6
NHS North Tyneside CCG	5	6
Health Education England	4	4
Department of Health and Social Care	3	2

The following is an analysis of the financial information provided to the Board of Directors in relation to the years ended 31 March 2021 and 31 March 2020.

	2020/21 £000	2019/20 £000
Operating income (within EBITDA)	1,299,136	1,179,188
Operating expenses (within EBITDA)	(1,229,172)	(1,114,039)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	69,964	65,149
Operating expenses (outside EBITDA)	(38,993)	(27,536)
Non-operating income	3,449	1,125
Non-operating expenditure	(28,147)	(33,681)
Surplus for the year excluding reversal of impairments	6,273	5,057
Net (impairments)/reversal of impairments	321	3,724
Surplus for the year after impairments	6,594	8,781

Differences between the amounts presented to the Board in May 2021 and those included within these accounts are purely presentational. See note 2.

The figures presented to the Board of Directors do not include those of the Newcastle upon Tyne Hospitals NHS Charity.



3. Operating income from patient care activities

3.1. Income from patient care activities by nature

GROUP and NHS FOUNDATION TRUST

	2020/21 £000	2019/20 £000
Acute Services		restated*
Block contract / system envelope income	794,229	765,385
High cost drugs income from commissioners	167,369	146,289
Other NHS clinical income *	<u>8,472</u>	<u>10,834</u>
	970,070	922,508
Community Services		
Income from CCGs and NHS England	43,923	42,727
Income from other sources	<u>11,015</u>	<u>11,021</u>
	54,938	53,748
All Services		
Private patient income	1,391	3,648
Additional pension contribution central funding****	27,282	25,774
Other clinical income ***	<u>21,642</u>	<u>18,081</u>
	<u>50,315</u>	<u>47,503</u>
	1,075,323	1,023,759

* 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.

The NHS Foundation Trust's Terms of Authorisation set out the mandatory goods and services that the NHS Foundation Trust is required to provide. All of the income from activities shown above, excluding private patient income and other clinical income, is derived from the provision of mandatory services.

** Other NHS clinical income consists primarily of income received outside of the 'Payment by Results' payment mechanism, e.g., specialised services activity, services unbundled from tariff and income for drugs and devices.

*** Other clinical income comprises non-protected clinical income and relates to the NHS Injury Compensation Scheme, overseas patients, devolved government activity and cross border activity.

**** The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. Since 2019/20, NHS providers have continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost and related funding have been recognised in these accounts.

3. Operating income from patient care activities (continued)

3.2. Income from patient care activities by source

GROUP and NHS FOUNDATION TRUST

	2020/21 £000	2019/20 £000
NHS Foundation Trusts	4,619	4,920
NHS Trusts	0	109
CCGs	524,373	494,503
NHS England	516,491	485,672
Local Authorities	11,015	11,376
Department of Health and Social Care	130	0
NHS Other	4,030	5,107
Non NHS (including non-English NHS):		
- Private patients	1,391	3,648
- Overseas patients (chargeable to patient)	893	484
- Injury cost recovery scheme*	3,350	4,578
- Other **	9,031	13,362
	1,075,323	1,023,759

All income relates to continuing operations

* Injury Cost Recovery Scheme income is subject to a provision for impaired receivables to reflect expected rates of collection. The provision is based on the value of receivables not recovered in previous years which is assessed at 22.43% (2019/20 21.79%). Any movement in year is adjusted against the receivable balance in the Statement of Financial Position.

** Non-NHS other income relates primarily to healthcare activity income from Scottish, Welsh and Irish health bodies.

3.3. Income from overseas visitors

	2020/21 £000	2019/20 £000
Income recognised in the year	893	484
Cash payments received in-year (relating to invoices raised in the current and previous years)	311	1,777
Amounts added to the provision for impairment of receivables (relating to invoices raised in the current and prior years)	317	416
Amounts written off in-year (relating to invoices raised in the current and previous years)	158	224



4. Other operating income

	GROUP		NHS FOUNDATION TRUST	
	2020/21 £000	2019/20 £000	2020/21 £000	2019/20 £000
Research and development	33,504	40,794	33,504	40,794
Education and training	51,131	50,030	51,131	50,030
Non-patient care services to other bodies *	17,379	20,006	17,379	20,006
Sustainability and Transformation Fund income	0	15,253	0	15,253
Reimbursement and top up funding	91,232	0	91,232	0
Other income **	16,006	28,311	16,006	28,311
Education and training - notional income from apprenticeship fund	727	569	727	569
Donated equipment from DHSC for COVID response (non-cash)	3,339	0	3,339	0
Cash donations for the purchase of capital assets - received from NHS charities	0	0	71	120
Cash donations for the purchase of capital assets - received from other bodies	1	90	1	90
Contributions to expenditure - receipt of equipment donated from DHSC for COVID response below capitalisation threshold	988	0	988	0
Contributions to expenditure - consumables (inventory) donated from DHSC group bodies for COVID response	12,456	0	12,456	0
Rental revenue from operating leases	390	466	390	466
Charitable fund incoming resources	3,419	3,844	0	0
Total Other Operating Income	230,572	159,363	227,224	155,639
Total income from patient care activities	1,075,323	1,023,759	1,075,323	1,023,759
Total operating income	1,305,895	1,183,122	1,302,547	1,179,398

* Non-patient care services to other bodies includes the hosting of Northern Medical Physics and Clinical Engineering (NMPCE) (formerly known as Regional Medical Physics Department (RMPD) Services) and Regional Drugs and Therapeutics Services.

** Other income includes Department of Health and Social Care funding for clinical excellence awards, clinical test income, property utilities income and catering and nursery income.

4.1. Fees and charges

The Group and NHS Foundation Trust had no schemes which individually had a cost exceeding £1,000k in the current or preceding year.

4.2. Additional information on contract revenue (IFRS 15) recognised in the period

	2020/21 £000	2019/20 £000
Revenue recognised in the reporting period that was included in within contract liabilities at the previous period end	2,685	2,482

4.3. Income from activities arising from commissioner requested services

Under the terms of its provider licence, the NHS Foundation Trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the provider licence and are services that commissioners believe would need to be protected in the event of provider failure. This information is provided in the table below:

	2020/21 £000	2019/20 £000
Income from services designated as commissioner requested services	768,705	732,987
Income from services not designated as commissioner requested services	306,618	290,772
	1,075,323	1,023,759

4.4. Operating lease income

GROUP and NHS FOUNDATION TRUST

	2020/21 £000	2019/20 £000
Building rental recognised in other income	390	466
Future minimum lease payments due		
- not later than one year	315	464
- later than one year and not later than five years	450	695
- later than five years	98	167
	863	1,326

The NHS Foundation Trust acts as lessor of certain buildings and office accommodation, principally for healthcare purposes.



5. Operating Expenses

5.1. Operating expenses comprise:

	GROUP		NHS FOUNDATION TRUST	
	2020/21 £000	2019/20 £000	2020/21 £000	2019/20 £000
Purchase of healthcare from NHS and DHSC bodies	10,354	10,995	10,354	10,995
Purchase of healthcare from non NHS bodies	9,659	15,069	9,659	15,069
Employee expenses - non-executive directors	182	181	182	181
Employee expenses - staff and executive directors	691,305	642,036	691,305	642,036
Supplies and services - clinical (excluding drugs costs)	97,226	110,088	97,226	110,088
Supplies and services - clinical: utilisation of consumables donated from DHSC group bodies for COVID response	11,817	0	11,817	0
Supplies and services - general	8,290	9,471	8,290	9,471
Supplies and services - general: notional cost of equipment donated from DHSC for COVID response below capitalisation threshold	988	0	988	0
Drugs inventories consumed	205,528	190,726	205,528	190,726
Inventories written down (net, including inventory drugs)	138	333	138	333
Inventories written down (consumables donated from DHSC group bodies for COVID response)	133	0	133	0
Consultancy costs	1,514	1,176	1,514	1,176
Establishment	7,912	7,340	7,912	7,340
Premises - business rates payable to Local Authorities	7,270	6,389	7,270	6,389
Premises - other	70,431	41,452	70,431	41,452
Transport - business	1,718	1,875	1,718	1,875
Transport - other (including patient travel)	3,445	4,370	3,445	4,370
Depreciation on property, plant and equipment (Note 12)	35,664	18,853	35,664	18,853
Amortisation on intangible assets (Note 11)	2,688	1,235	2,688	1,235
Net impairments of property, plant and equipment * (Note 12)	321	3,724	321	3,724
Movement in credit loss allowance: contract receivables/assets (Note 16.2)	3,410	1,532	3,410	1,532
Movement in credit loss allowance: all other receivables & investments (Note 16.2)	0	(75)	0	(75)
Provisions arising /(released) in year	17,656	1,007	17,656	1,007
Change in provisions - discount rate	154	300	154	300
External audit fees - Statutory audit	81	65	81	65
External audit fees - Audit related assurance services	0	4	0	4
External audit fees - Charitable fund accounts	12	12	0	0
Internal audit costs not included within employee expenses	225	238	225	238
Clinical negligence - amounts payable to NHS Resolution (premium)	24,434	20,933	24,434	20,933
Clinical negligence - excesses payable and premiums due to alternative insurers	0	284	0	284
Legal fees	862	758	862	758
Insurance	705	528	705	528
Research and development - staff costs	18,261	21,728	18,261	21,728
Research and development - non staff costs	14,411	16,047	14,411	16,047
Education and training - staff	147	0	147	0
Education and training - non-staff	1,221	2,026	1,221	2,026
Education and training - notional expenditure funded from apprenticeship fund	727	569	727	569
Rentals under operating leases - minimum lease payments (Note 5.4)	2,735	2,286	2,735	2,286
Redundancy costs - non-staff	290	0	290	0
Charges to operating expenditure for on-SoFP IFRIC 12 schemes on an IFRS basis - PFI schemes	8,779	7,446	8,779	7,446
NHS Charitable fund - other resources expended	3,008	3,432	0	0
Other	7,164	(2,837)	7,164	(2,837)
	1,270,864	1,141,596	1,267,844	1,138,152

* Net impairments total £321k (2019/20 £3,724k).

5. Operating Expenses (continued)

5.2. Nightingale facility

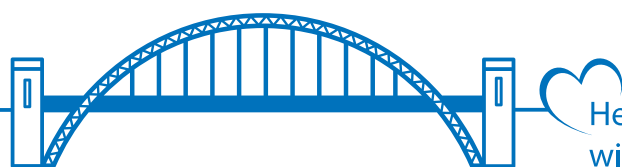
During 2020/21 the NHS Foundation Trust was a host Trust for a Nightingale Hospital as part of the national coronavirus pandemic response.

The Hospital was delivered by the Trust in accordance with a contract held with NHS England. That contract required NHS England to enter into a licence arrangement with the landlord to allow the Trust to occupy the premises. The majority of the equipment used within the Nightingale was supplied by NHS England. At the point of closure that equipment will be transferred to the ownership of NHS Trusts within the Region and will be accounted for as donated assets.

The Nightingale facility ceased to operate as a Nightingale Hospital at 31 March 2021, however, the NHS Foundation Trust is using and planning to use this site as a Vaccination hub into 2021/22.

The costs incurred by the NHS Foundation Trust in operating the facility have been included within the operating expenses note in these accounts. The total costs associated with the facility are disclosed below for information; this includes where existing resources were redeployed so the note below does not represent the additional cost to the Trust of operating the facility. Incremental costs associated with operating the facility have been reimbursed by NHS England.

	Gross costs 2020/21 £000
Set up costs:	
Staff costs	341
Other operating costs	10,135
Running costs:	
Staff costs	0
Other operating costs	4,170
Decommissioning costs:	
Staff costs	0
Other operating costs	0
Total gross costs	14,646



5. Operating Expenses (continued)

5.3. Auditors' remuneration

The amounts paid by the Newcastle upon Tyne Hospitals NHS Foundation Trust for auditors' remuneration are disclosed inclusive of VAT.

'Statutory audit' remuneration excludes the charge for the limited assurance of the NHS Foundation Trust's Quality Report which is included within 'Audit related assurance services'.

'Audit related assurance services' of £Nil (2019/20 £4k) was paid in the year for

the limited assurance of the NHS Foundation Trust's Quality Report. No fee was payable as a consequence of no Audit work being required on the Quality report following central guidance issued by NHS Improvement.

The NHS Foundation Trust has approved the principal terms of engagement with its auditors, Mazars, covering the period of 1 October 2018 to 30 September 2021 as auditors and has enacted the option for a year extension to 30 September 2022.

5.4. Arrangements containing an operating lease:

GROUP and NHS FOUNDATION TRUST

	2020/21 £000	2019/20 £000				
Minimum lease rentals	2,735	2,286				
	2020/21 £000	2020/21 £000	2020/21 £000	2019/20 £000	2019/20 £000	2019/20 £000
	Buildings	Other leases	Total	Buildings	Other leases	Total
Future minimum lease payments due:						
- not later than one year	1,763	1,068	2,831	782	1,643	2,425
- later than one year and not later than five years	3,892	2,723	6,615	1,378	4,838	6,216
- later than five years	83	508	591	0	1,026	1,026
Total	5,738	4,299	10,037	2,160	7,507	9,667

The NHS Foundation Trust leases certain buildings and equipment under operating leases where financial assessment has provided evidence that leasing provides better value for money than outright purchase. Operating leases for buildings are predominantly for residential and office space. Significant equipment operating leases relate to managed service contracts, as detailed below:

Picture Archiving and Communication System

The NHS Foundation Trust entered into a 10 year PACS contract with Carestream during 2015/16. The contract expires on 31 January 2026 with an option to extend for a further three years.

Laboratory managed equipment services

The NHS Foundation Trust entered into a managed services contract with Roche Diagnostics Limited from 1 April 2010 for a period of 10 years for laboratory services. This contract has been extended for a further three months to 30 June 2021. The provision of the equipment under this contract has been assessed as an operating lease under the requirements of IAS 17, Leases.

5. Operating Expenses (continued)

5.5. Directors' remuneration and other benefits

GROUP and NHS FOUNDATION TRUST

The single total figure table, the total pension entitlement disclosures and the fair play multiple are included within the remuneration report.

	2020/21 £000	2019/20 £000
Executive directors' remuneration	1,114	999
Employer's contribution to pension	89	56
	<u>1,203</u>	<u>1,055</u>
Non-executive director's remuneration *	182	181
Total	<u>1,385</u>	<u>1,236</u>

The remuneration costs disclosed above exclude employer's national insurance contributions.

The total number of directors accruing benefits under the NHS Pension Scheme

<u>4</u>	<u>3</u>
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* Non-executive directors are not members of the NHS Pension Scheme.

Highest paid executive director

Total remuneration	<u>306</u>	<u>282</u>
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5. Operating Expenses (continued)

5.6. Staff costs and numbers

5.6.1. Staff costs

GROUP and NHS FOUNDATION TRUST

	2020/21 £000	2019/20 £000
Salaries and wages *	578,499	538,018
Social security costs	48,217	45,030
Apprenticeship levy	2,721	2,370
Pension cost - employer contributions to NHS pension schemes	62,622	58,885
Pension cost - employer contributions paid by NHSE on provider's behalf (6.3%)	27,282	25,774
Pension cost - Other	212	178
Termination benefits	0	0
Agency and contract staff	2,510	3,973
Total gross staff costs	722,063	674,228
Recoveries from DHSC Group bodies in respect of staff cost netted off expenditure	(6,085)	(3,844)
Recoveries from Other bodies in respect of staff cost netted off expenditure	(5,975)	(6,614)
Total staff costs	710,003	663,770
included within:		
Costs capitalised as part of assets	0	6
Analysed into operating expenditure - Note 5.1		
Employee expenses - staff and executive directors	691,305	642,036
Research and development	18,261	21,728
Education and training	147	0
Redundancy	290	0
Total employee benefits excluding capitalised costs	710,003	663,764

* Included within salaries and wages is an amount of £43,260k (2019/20 £38,320k) relating to recharges from Northumbria NHS Foundation Trust, the host body for Junior Doctors in training.

5. Operating Expenses (continued)

5.6.2. Staff numbers

Staff numbers are included within the staff report section of the Annual Report.

5.6.3. Retirements due to ill-health

During 2020/21 there were 10 (2019/20 5) early retirements from the NHS Foundation Trust agreed on the grounds of ill-health.

The estimated additional pension liabilities of these ill-health retirements will be £410k (2019/20 £222k).

These estimated costs are calculated on an average basis and will be borne by the NHS Pension Scheme.

5.6.4. Reporting of other compensation packages

During 2020/21 there was 1 compulsory redundancies at a cost of £141k. (2019/20 No redundancies at a cost of £Nil). There was 1 exit payment following employment tribunals at a cost of £17k in the current year. (2019/20 1 exit payment for contractual payments in lieu of notice at a cost of £32k).

Further details can be found within the staff report section of the Annual Report.



6. Better payment practice code

6.1. Better payment practice code - measure of compliance

GROUP and NHS FOUNDATION TRUST	2020/21 Number	2020/21 Value £000
Total Non-NHS trade invoices paid in the year	188,907	655,761
Total Non-NHS trade invoices paid within target	109,597	401,534
Percentage of Non-NHS trade invoices paid within target	58%	61%
Total NHS trade invoices paid in the year	4,846	102,682
Total NHS trade invoices paid within target	2,463	76,683
Percentage of NHS trade invoices paid within target	51%	75%
	2019/20 Number	2019/20 Value £000
Total Non-NHS trade invoices paid in the year	193,446	475,448
Total Non-NHS trade invoices paid within target	176,474	427,352
Percentage of Non-NHS trade invoices paid within target	91%	90%
Total NHS trade invoices paid in the year	5,495	95,300
Total NHS trade invoices paid within target	3,965	83,170
Percentage of NHS trade invoices paid within target	72%	87%

The Better Payment Practice Code requires the NHS Foundation Trust to aim to pay all undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later.

The NHS Foundation Trusts Better Payment Practice Code performance deteriorated during the 2020/21 due to a quickly implemented replacement Enterprise Resource Planning solution and training associated, coupled with the impact of the COVID pandemic. This resulted in delays in payment times of invoices early in 2020/21 which have now been rectified and the NHS Foundation Trusts intends to further improve performance during 2021/22.

6.2. The Late Payment of Commercial Debts (Interest) Act 1998

GROUP and NHS FOUNDATION TRUST

	2020/21 £000	2019/20 £000
Total liability accruing in year under this legislation as a result of late payments	<u>7,627</u>	<u>3,821</u>
Amounts included within interest payable arising from claims made under this legislation	<u>0</u>	<u>0</u>
Compensation paid to cover debt recovery costs under this legislation	<u>1</u>	<u>0</u>

7. Finance income

Finance income represents interest received on assets and investments in the period.

	GROUP		NHS FOUNDATION TRUST	
	2020/21 £000	2019/20 £000	2020/21 £000	2019/20 £000
Interest on bank accounts	17	913	17	913
Interest on loans and receivables	21	2	21	2
NHS Charitable fund - investment income	<u>961</u>	<u>1,103</u>	<u>0</u>	<u>0</u>
Total finance income	<u>999</u>	<u>2,018</u>	<u>38</u>	<u>915</u>



8. Finance expense - financial liabilities

Finance expenditure represents interest and other charges involved in the borrowing of money.

GROUP and NHS FOUNDATION TRUST	2020/21	2019/20
	£000	£000
PFI - Main finance costs	14,688	15,125
PFI - Contingent finance costs	11,097	10,685
Capital loans from the Department of Health and Social Care	0	11
Interest on the late payment of commercial debt	0	0
Total interest expense	25,785	25,821
Unwinding of discount on provisions	20	7
Total finance expense	25,805	25,828

9. PDC dividends payable

GROUP and NHS FOUNDATION TRUST

The NHS Foundation Trust is required to pay a dividend to the Department of Health and Social Care equal to 3.5% of the average of opening and closing net relevant assets for the year.

As set out in the Department of Health and Social Care Group Accounting Manual (DHSC GAM), the calculation of the dividend excludes donated assets, with some further concessions linked to the COVID 19 pandemic. Details of this calculation are available within the DHSC GAM section 4.191.

PDC dividend payable for the year is £2,342k (2019/20 £7,163k).

10. Impairments and gains/(losses) on disposal

10.1. Impairments of assets

GROUP AND NHS FOUNDATION TRUST

	2020/21 £000 Net impairments	2020/21 £000 Impairments	2020/21 £000 Reversals	2019/20 £000 Net impairments	2019/20 £000 Impairments	2019/20 £000 Reversals
Changes in market price and optimal site valuation	321	1,964	(1,643)	3,724	4,217	(493)
Total impairments (credited)/ charged to operating surplus	321	1,964	(1,643)	3,724	4,217	(493)
Net impairments credited to the revaluation reserve	(1,867)	1,633	(3,500)	7,853	8,532	(679)
Total impairments	(1,546)	3,597	(5,143)	11,577	12,749	(1,172)

10.2. Gains/(losses) on disposal/derecognition of assets

	GROUP		NHS FOUNDATION TRUST	
	2020/21 £000	2019/20 £000	2020/21 £000	2019/20 £000
Gains on disposal of other property, plant and equipment	76	10	76	10
Losses on disposal of other property, plant and equipment	(76)	(401)	(76)	(401)
Fair value gains/(losses) on charitable fund investments & investment properties	6,556	(25)	0	0
	6,556	(416)	0	(391)



11. Intangible Assets

GROUP AND NHS FOUNDATION TRUST	Software licences £000	Under development £000	Total £000
Cost at 1 April 2020	10,206	4,577	14,783
Additions purchased	1,900	287	2,187
Reclassifications*	7,765	(4,822)	2,943
Disposals	0	0	0
Cost at 31 March 2021	19,871	42	19,913
Accumulated amortisation at 1 April 2020	7,657	0	7,657
Provided during the year	2,688	0	2,688
Accumulated amortisation at 31 March 2021	10,345	0	10,345
Net book value			
Purchased	9,526	42	9,568
Total at 31 March 2021	9,526	42	9,568
Cost at 1 April 2019	9,391	1,340	10,731
Additions purchased	804	3,237	4,041
Reclassifications	11	0	11
Cost at 31 March 2020	10,206	4,577	14,783
Accumulated amortisation at 1 April 2019	6,422	0	6,422
Provided during the year	1,235	0	1,235
Accumulated amortisation at 31 March 2020	7,657	0	7,657
Net book value			
Purchased	2,549	4,577	7,126
Total at 31 March 2020	2,549	4,577	7,126

There is no difference between the Group and the NHS Foundation Trust's intangible assets.

The NHS Foundation Trust does not hold any donated or leased intangible assets (31 March 2020 £Nil) and has no intangibles funded by government grant (31 March 2020 £Nil).

Reclassifications *

Reclassifications relate to the transfer of software and licence costs from information technology within note 12.

Revaluations

At the year end a review was carried out to determine if the fair value of intangible assets was still appropriately stated. No adjustment to fair value was deemed necessary.

12. Property, Plant and Equipment

12.1. Property, plant and equipment at the Statement of Financial Position date comprise the following elements:

2020/21 Financial Year GROUP

	Land £000	Buildings £000	Dwellings £000	Assets under construction £000	Plant and Machinery £000	Transport Equipment £000	Information Technology £000	Furniture & fittings £000	Charity assets £000	Total £000
Cost or valuation at 1 April 2020	19,829	385,675	559	35,830	173,657	482	24,079	837	0	640,948
Additions purchased	0	1,765	0	32,989	14,249	0	1,052	0	0	50,055
Additions purchased from cash donations	0	0	0	0	72	0	0	0	0	72
Additions - equipment donated from DHSC for COVID response (non-cash)	0	0	0	0	3,339	0	0	0	0	3,339
Reclassifications	0	27,679	0	(35,408)	217	0	4,569	0	0	(2,943)
Impairments charged to operating expenses	0	(1,863)	(101)	0	0	0	0	0	0	(1,964)
Impairments charged to the revaluation reserve	0	(1,515)	(118)	0	0	0	0	0	0	(1,633)
Reversal of impairments credited to the revaluation reserve	0	3,490	10	0	0	0	0	0	0	3,500
Depreciation eliminated on revaluation	0	(22,879)	(17)	0	0	0	0	0	0	(22,896)
Reversal of impairments credited to operating expenses	0	1,643	0	0	0	0	0	0	0	1,643
Disposals	0	0	0	0	(791)	0	0	(6)	0	(797)
Cost or valuation at 31 March 2021	19,829	393,995	333	33,411	190,743	482	29,700	831	0	669,324
Accumulated Depreciation at 1 April 2020	0	154	0	0	112,622	439	19,775	830	0	133,820
Provided during the year*	0	22,986	17	0	10,336	13	2,309	3	0	35,664
Depreciation eliminated on revaluation	0	(22,879)	(17)	0	0	0	0	0	0	(22,896)
Reclassifications	0	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(702)	0	0	(6)	0	(708)
Accumulated Depreciation at 31 March 2021	0	261	0	0	122,256	452	22,084	827	0	145,880
Net book value as at 31 March 2021	19,829	393,734	333	33,411	68,487	30	7,616	4	0	523,444
Net book value As at 31 March 2020	19,829	385,521	559	35,830	61,035	43	4,304	7	0	507,128
Financing of property, plant and equipment										
Owned	19,829	220,057	333	33,411	62,747	30	7,586	4	0	343,997
PFI	0	165,886	0	0	0	0	0	0	0	165,886
Owned - donated/granted	0	7,791	0	0	2,577	0	30	0	0	10,398
Owned - equipment donated from DHSC and NHSE for COVID response	0	0	0	0	3,163	0	0	0	0	3,163
Total at 31 March 2021	19,829	393,734	333	33,411	68,487	30	7,616	4	0	523,444

* Depreciation charges increased during 2020/21 as a result of the Trust adopting changes in guidance issued by the Royal Institution of Chartered Surveyors (RICS) which came effective from January 2019. As a result the Trust has included additional depreciation charges in relation buildings which ordinarily would have been reported in 2018/19 and 2019/20 accounts. As the value is not material, the charge is taken in year and is not a prior period adjustment.



12. Property, Plant and Equipment (continued)

12.1. Property, plant and equipment at the Statement of Financial Position date comprise the following elements (continued)

2020/21 Financial Year

Reclassifications

The reclassifications relate to transfers from assets under construction to other asset categories once the projects to which they relate to have been completed.

Impairments and revaluations

During 2020/21 the following took place which resulted in movements to the statement of comprehensive income, the revaluation reserve and the income and expenditure reserve.

A desktop update of the NHS Foundation Trust's estate was carried out as at 31 March 2021 by a qualified valuer within the Valuation Office Agency. The resulting valuation was based on both national and regional Building Cost Indices. The district valuer was instructed, as in the prior year, to prepare the valuation on a single site basis. This recognises any efficiencies that could be obtained if the NHS Foundation Trust's buildings were to be rebuilt maintaining the current level of service provision on a single site. In addition the district valuer was instructed to prepare the valuation excluding VAT from the value of buildings acquired via PFI procurement methods and NHS Foundation Trust direct purchases. The valuation resulted in the following income and reserve movements:

Statement of Comprehensive Income

- i) a £1,964k (2019/20 £4,217k) charge to operating expenditure relating to impairments in year.
- ii) a £1,643k (2019/20 £493k) credit to operating expenditure reversing prior year impairments.

Revaluation reserve

- i) an £1,633k (2019/20 £8,532k) charge to the revaluation reserve for impairments in year.
- ii) a £3,500k (2019/20 £679k) credit to the revaluation reserve relating to an increase in asset values.

Depreciation

Depreciation eliminated on revaluation amounted to £22,896k (2019/20 £7,406k).

Donated assets

None of the assets donated during the financial year have had restrictions in use imposed upon them by the donor.

There is no difference between the cash donated and the fair value of the assets acquired.

The NHS Foundation Trust received Donated equipment during the year from the Department of Health and Social Care in relation to the COVID response to the value of £3,339k.

12. Property, Plant and Equipment (continued)

12.1. Property, plant and equipment at the Statement of Financial Position date comprise the following elements (continued)

2020/21 Financial Year

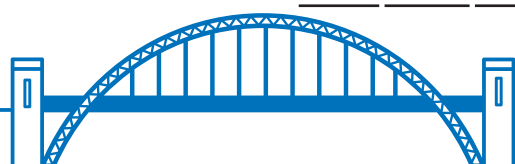
NHS FOUNDATION TRUST

The only differences between the Group property, plant and equipment and the NHS Foundation Trust property, plant and equipment is in the treatment of donated assets.

For the NHS Foundation Trust this would result in a movement of £71k (2019/20 £120k) between additions purchased and additions donated in the financial year. As a result the NHS Foundation Trust's property, plant and equipment note has not been included within the accounts.

2019/20 Financial Year GROUP

	Land £000	Buildings £000	Dwellings £000	Assets under construction £000	Plant and Machinery £000	Transport Equipment £000	Information Technology £000	Furniture & fittings £000	Charity assets £000	Total £000
Cost or valuation at 1 April 2019	19,660	394,769	545	12,830	169,922	482	22,544	837	555	622,144
Additions purchased	0	6,022	0	32,871	9,136	0	802	0	0	48,831
Additions purchased from cash donations	0	0	0	0	197	0	13	0	0	210
Reclassifications	0	4,050	0	(9,871)	4,899	0	911	0	0	(11)
Impairments charged to operating expenses	0	(4,217)	0	0	0	0	0	0	0	(4,217)
Impairments charged to the revaluation reserve	0	(8,532)	0	0	0	0	0	0	0	(8,532)
Reversal of impairments credited to the revaluation reserve	169	480	30	0	0	0	0	0	0	679
Depreciation eliminated on revaluation	0	(7,390)	(16)	0	0	0	0	0	0	(7,406)
Reversal of impairments credited to operating expenses	0	493	0	0	0	0	0	0	0	493
Disposals	0	0	0	0	(10,497)	0	(191)	0	(555)	(11,243)
Cost or valuation at 31 March 2020	19,829	385,675	559	35,830	173,657	482	24,079	837	0	640,948
Accumulated Depreciation at 1 April 2019	0	43	0	0	112,713	423	18,633	823	67	132,702
Provided during the year	0	7,501	16	0	9,980	16	1,333	7	0	18,853
Depreciation eliminated on revaluation	0	(7,390)	(16)	0	0	0	0	0	0	(7,406)
Reclassifications	0	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	(10,071)	0	(191)	0	(67)	(10,329)
Accumulated Depreciation at 31 March 2020	0	154	0	0	112,622	439	19,775	830	0	133,820
Net book value as at 31 March 2020	19,829	385,521	559	35,830	61,035	43	4,304	7	0	507,128
Net book value As at 31 March 2019	19,660	394,726	545	12,830	57,209	59	3,911	14	488	489,442
Financing of property, plant and equipment										
Owned	19,829	200,862	559	35,830	57,501	43	4,237	7	0	318,868
PFI	0	176,034	0	0	0	0	0	0	0	176,034
Owned - donated/granted	0	8,625	0	0	3,534	0	67	0	0	12,226
Total at 31 March 2020	19,829	385,521	559	35,830	61,035	43	4,304	7	0	507,128



12. Property, Plant and Equipment (continued)

12.2. Assets held at open market value

Of the closing balances at 31 March 2021 £6,621k (2019/20 £6,621k) related to land valued at open market value.

12.3. Analysis of assets held under PFI contracts

PFI assets	£000
Valuation at 1 April 2020	176,187
Additions	1,804
Revaluation - including depreciation eliminated	(11,846)
Valuation at 31 March 2021	166,145
Accumulated Depreciation at 1 April 2020	153
Provided during the year	10,943
Depreciation eliminated on revaluation	(10,837)
Accumulated Depreciation at 31 March 2021	259
Net book value at 31 March 2021	165,886
Valuation at 1 April 2019	181,390
Additions	1,415
Revaluation - including depreciation eliminated	(6,618)
Valuation at 31 March 2020	176,187
Accumulated Depreciation at 1 April 2019	42
Provided during the year	3,377
Depreciation eliminated on revaluation	(3,266)
Accumulated Depreciation at 31 March 2020	153
Net book value at 31 March 2020	176,034

The PFI arrangements relate to the Transforming Newcastle Hospitals scheme and the Boiler Houses at the RVI and Freeman sites. See note 21 for further information.

The PFI assets detailed above are included within the column headed 'Buildings excluding dwellings' in note 12.1.

VAT is excluded from the valuation of the Trust's PFI buildings in both the current and prior year.

13. Investments in Subsidiaries and Joint Ventures

GROUP and NHS FOUNDATION TRUST

	2020/21 £000	2019/20 £000
Cost and NBV at 1 April and 31 March	0	0

The investments relate to the shareholdings detailed below. The investments in companies which would qualify as subsidiaries have not been consolidated into the group accounts on the basis of immateriality. The results of the Newcastle upon Tyne Hospitals NHS Charity are consolidated.

The investments in subsidiaries and joint ventures are not supported by the underlying net assets of these companies and therefore the investments are impaired to £Nil (2019/20 £Nil).

Pulse Diagnostics Limited

The NHS Foundation Trust holds 89% (2019/20 89%) of the total share capital of Pulse Diagnostics Limited (86% of the ordinary share capital and 93% of the preference share capital). The company is incorporated in the UK for the purpose of developing a method of measuring and analysing pulse wave data for application in early detection of Peripheral Vascular Disease. The NHS Foundation Trust's investment at cost of £113k (2019/20 £113k) has previously been impaired. The company has not yet commenced trading.

The NHS Foundation Trust also has a shareholding in the following dormant company

Newcastle Healthcare Property Company Limited

The NHS Foundation Trust owns 100% of the £1 ordinary share capital of Newcastle Healthcare Property Company Limited, a company incorporated in the UK for general commercial activities. The company has not yet commenced trading.

The NHS Foundation Trust acts as Corporate Trustee for the Newcastle upon Tyne Hospitals NHS Charity the results of which are consolidated into the Group accounts.



14. Other investments

GROUP

	2020/21	2019/20
	£000	£000
Fair value at 1 April	30,011	32,076
Additions	1,816	0
Fair value gains / (losses) taken to income and expenditure.	6,556	(25)
Fair value movement taken to Other Comprehensive Income	0	(2,040)
Fair value at 31 March	<u>38,383</u>	<u>30,011</u>

* The fair value movement in 2019/20 has been taken to income and expenditure (fair value through income and expenditure), but also includes a reversal in 2019/20 of the movement taken to Other Comprehensive Income (fair value through Other Comprehensive Income) during 2018/19 incorrectly.

The 'other investments' are held within the Newcastle upon Tyne Hospitals NHS Charity. The NHS Foundation Trust does not hold any 'other investments'.

The Investments are held in a (i) Charities Ethical Investment Fund* and a (ii) Growth & Income Fund for Charities ** and are administered on behalf of the Newcastle upon Tyne Hospitals NHS Charity by CCLA Investment Management Ltd * and Newton Investment Management **. The investments include equities, property and cash. The equities comprise shareholdings in public companies with stock market quotations, however the portfolio manager refrains from direct investment in companies that derive a substantial amount of their profit from investment in tobacco.

15. Inventories

GROUP	2020/21	2020/21	2020/21	2020/21	2020/21
	£000	£000	£000	£000	£000
	Total	Drugs	Consumables	Consumables donated from DHSC	Charitable funds inventory
As at 1 April	18,294	8,181	10,088	0	25
Additions	339,026	204,219	122,351	12,456	0
Inventories recognised in expenses	(339,206)	(205,060)	(122,329)	(11,817)	0
Write down of inventories	(271)	(88)	(50)	(133)	0
Movement in Charitable funds inventories	10	0	0	0	10
As at 31 March	<u>17,853</u>	<u>7,252</u>	<u>10,060</u>	<u>506</u>	<u>35</u>
	2019/20	2019/20	2019/20	2019/20	
	£000	£000	£000	£000	
	Total	Drugs	Consumables	Charitable funds inventory	
As at 1 April	17,242	7,373	9,843	26	
Additions	303,459	191,478	111,981	0	
Inventories recognised in expenses	(302,073)	(190,337)	(111,736)	0	
Write down of inventories	(333)	(333)	0	0	
Movement in Charitable funds inventories	(1)	0	0	(1)	
As at 31 March	<u>18,294</u>	<u>8,181</u>	<u>10,088</u>	<u>25</u>	
NHS FOUNDATION TRUST	2020/21	2020/21	2020/21	2020/21	
	£000	£000	£000	£000	
	Total	Drugs	Consumables	Consumables donated from DHSC	
As at 1 April	18,269	8,181	10,088	0	
Additions	339,026	204,219	122,351	12,456	
Inventories recognised in expenses	(339,206)	(205,060)	(122,329)	(11,817)	
Write down of inventories	(271)	(88)	(50)	(133)	
As at 31 March	<u>17,818</u>	<u>7,252</u>	<u>10,060</u>	<u>506</u>	
	2019/20	2019/20	2019/20		
	£000	£000	£000		
	Total	Drugs	Consumables		
As at 1 April	17,216	7,373	9,843		
Additions	303,459	191,478	111,981		
Inventories recognised in expenses	(302,073)	(190,337)	(111,736)		
Write down of inventories	(333)	(333)	0		
As at 31 March	<u>18,269</u>	<u>8,181</u>	<u>10,088</u>		

All stock is held at the lower of cost and net realisable value.

In response to the COVID 19 pandemic, the Department of Health and Social Care centrally procured personal protective equipment and passed these to NHS providers free of charge. During 2020/21 the NHS Foundation Trust received £12,456k of items purchased by DHSC.

These inventories were recognised as additions to inventory at deemed cost with the corresponding benefit recognised in income. The utilisation of these items is included in the expenses disclosed above.



16. Receivables

16.1. Receivables

	GROUP		NHS FOUNDATION TRUST	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Current				
Contract receivables invoiced	44,876	39,344	44,876	39,344
Contract receivables not yet invoiced	36,400	39,730	36,691	40,020
Contract assets	0	8,468	0	8,468
Allowance for impaired contract receivables / assets	(7,333)	(5,501)	(7,333)	(5,501)
PFI prepayment (lifecycle replacement)	1,846	1,801	1,846	1,801
Other prepayments	7,494	4,375	7,494	4,375
PDC dividend receivable	2,202	1,399	2,202	1,399
VAT receivable	8,729	2,744	8,729	2,744
Clinician pension tax provision reimbursement funding from NHSE	30	27	30	27
Interest receivable	0	16	0	16
Other receivables	262	294	262	294
NHS Charitable funds: Receivables	299	419	0	0
Total current receivables	94,805	93,116	94,797	92,987
Non-current				
PFI prepayment (lifecycle replacement)	14,781	13,992	14,781	13,992
Other prepayments	569	347	569	347
Clinician pension tax provision reimbursement funding from NHSE	268	227	268	227
Total non - current receivables	15,618	14,566	15,618	14,566
Total receivables	110,423	107,682	110,415	107,553
Of which:		* restated		* restated
NHS and DHSC group bodies	33,019	55,462	33,019	55,462
Non NHS and DHSC group bodies	77,404	52,220	77,396	52,091
	110,423	107,682	110,415	107,553

* restated as £227k Clinician pension tax provision incorrectly excluded from NHS and DHSC in 2019/20.

16. Receivables (continued)

16.2. Allowances for credit losses (doubtful debts)

GROUP and NHS FOUNDATION TRUST

	2020/21 £000 Total	2019/20 £000 Total
At 1 April	5,501	5,845
New allowances arising	6,306	4,369
Reversals of allowances	(2,896)	(2,912)
Utilisation of allowances	(1,578)	(1,801)
At 31 March	<u>7,333</u>	<u>5,501</u>
Loss/gain recognised in expenditure	<u>3,410</u>	<u>1,457</u>

Included within the above is a provision of £1,725k (2019/20 £1,731k) relating to the NHS Injury Cost Recovery Scheme. The Compensation Recovery Unit have advised that the probability of not receiving income is 22.43% (2019/20 21.79%).

16.3. Receivables past due but not impaired

	2020/21 £000
31 to 90 days	8,763
91 to 180 days	2,371
By more than 180 days	9,581
Total	<u>20,715</u>

17. Non current assets held for sale

The Group does not hold any "non current assets held for sale" as at 31 March 2021.



18. Cash and cash equivalents

	GROUP		NHS FOUNDATION TRUST	
	2020/21 £000	2019/20 £000	2020/21 £000	2019/20 £000
Balance at 1 April	135,337	103,135	125,322	94,724
Net change in year	111,945	32,202	112,361	30,598
Balance at 31 March	247,282	135,337	237,683	125,322
Made up of:				
Cash at commercial banks and in hand	18,845	10,123	9,246	108
Government Banking Service	228,437	125,214	228,437	125,214
Deposits with the National Loans Fund	0	0	0	0
Cash and cash equivalents as per the Statement of Financial Position	247,282	135,337	237,683	125,322

There is no difference between cash and cash equivalents as detailed above and cash and cash equivalents in the Statement of Cash Flows.

19. Trade and other payables

	GROUP		NHS FOUNDATION TRUST	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Current				
Trade payables	31,043	17,551	31,043	17,551
Capital payables	14,328	10,083	14,328	10,083
Accruals	109,529	65,494	109,529	65,494
Annual leave accrual	8,245	3,570	8,245	3,570
Social security costs	9,000	0	9,000	0
Other taxes payable	14,030	12,173	14,030	12,173
Other payables	21,166	23,726	21,166	23,726
NHS Charitable funds: Trade and other payables	6	6	0	0
Total trade and other payables	207,347	132,603	207,341	132,597
Of which payable to NHS and DHSC group bodies - current	25,043	6,915	25,043	6,915

The Group and NHS Foundation Trust have no non-current trade and other payables.

20. Other liabilities

GROUP and NHS FOUNDATION TRUST

	31 March 2021 £000	31 March 2020 £000
Current		
Deferred income	49,835	36,602
Other *	9,600	0
Total other liabilities	59,435	36,602

The NHS Foundation Trust has received funding in advance for a number of COVID 19 schemes delivered during the 2020/21 year. This has resulted in a significant increase in deferred income as the funding is ultimately repayable, as these projects are funded on a cost and open book basis.

* Other liabilities relate to funding received from Department of Health and Social Care in relation to the NHS Foundation Trusts involvement with the Lighthouse Laboratory, Integrated Covid Hub North East (ICHNE) which the Trust accounts for on an agency basis.

21. Borrowings

21.1. Total Borrowings

GROUP and NHS FOUNDATION TRUST

	31 March 2021 £000	31 March 2020 £000
Current		
Obligations under PFI agreements	6,264	5,387
Total current borrowings	6,264	5,387
Non-current		
Obligations under PFI agreements	216,091	223,247
Total non-current borrowings	216,091	223,247
Total borrowings	222,355	228,634



21. Borrowings (continued)

21.2. Reconciliation of liabilities arising from financing activities - 2020/21

GROUP and NHS FOUNDATION TRUST

	31 March 2021 £000	31 March 2021 £000
	PFI obligations	Total
Carrying value at 31 March 2020 brought forward	228,634	228,634
Cash movements		
Financing cash flows - principal	(6,280)	(6,280)
Financing cash flows - interest (for liabilities measured at amortised cost)	(14,687)	(14,687)
Non-cash movements		
Application of effective interest rate (interest charge arising in year)	14,688	14,688
Carrying value at 31 March 2021	222,355	222,355

21.3. Obligations under PFI arrangements

GROUP and NHS FOUNDATION TRUST

	31 March 2021 £000	31 March 2020 £000
Gross liabilities which are due:		
Not later than one year	20,529	20,075
Later than one year and not later than five years	77,682	79,220
Later than five years	315,364	335,247
Total gross liabilities	413,575	434,542
Finance charges allocated to future periods	(191,220)	(205,908)
Net obligations	222,355	228,634
Net PFI obligations which are due:		
Not later than one year	6,264	5,387
Later than one year and not later than five years	25,080	24,891
Later than five years	191,011	198,356
	222,355	228,634

21. Borrowings (continued)

21.4. PFI schemes

The NHS Foundation Trust has three PFI schemes which are included within the Statement of Financial Position.

The NHS Foundation Trust has determined that in accordance with the relevant accounting standards, it should recognise an asset of the relevant buildings as an item of property, plant and equipment and a corresponding finance lease liability.

This then requires the NHS Foundation Trust to apportion the Unitary Payment for accounting purposes only into the following components: (a) a finance lease rental/asset financing component, (b) a services component and (c) a component in respect of funding for the replacement of parts of the asset over the life of the contract (lifecycle replacement).

Transforming Newcastle Hospitals (TNH) PFI scheme:

Original Capitalised value	£281,635k
Contract Start date	May 2005
Contract End date	May 2043

The Transforming Newcastle Hospitals PFI scheme, for a major service configuration at the Freeman Hospital and Royal Victoria Infirmary, reached financial close on 27 April 2005. After a negotiated settlement the final phase of the scheme, Phase 9, was handed over to the NHS Foundation Trust during 2016/17.

The initial Unitary Payment became payable from April 2005, when the scheme became partly operational (Freeman Multi-Storey Car Park). Construction of the Freeman Multi-Storey Car Park commenced prior to contract completion and was subsequently incorporated into the scheme. The District Valuer has prepared a Modern Equivalent Asset valuation for the separate elements of the scheme and this value was used when capitalising the assets.

The NHS Foundation Trust pays the operator a monthly Unitary Payment covering the provision of the assets and services. These cash flows can vary due to the following factors:

- a. The Unitary payment is adjusted each year for the effects of price changes by applying changes in the RPI to the whole Unitary Payment.
- b. The contract provides for the NHS Foundation Trust to deduct amounts from the Unitary Payment to the extent that any part of the buildings are unavailable for use, or if services are not provided to the standards set out in the contract.

The operator is responsible for ensuring the buildings remain in the required condition over the life of the contract, undertaking property maintenance and replacement of components of assets when required. The contract does not include the provision of any 'soft' facilities management provision, e.g. security, cleaning or portering.

At the completion of the PFI contract the buildings will revert to the NHS Foundation Trust at no additional cost. There is no option in the contract for its extension.



21. Borrowings (continued)

21.4. PFI schemes (continued)

RVI Boiler House PFI scheme:

Capitalised value	£5,704k
Contract Start date	October 2002
Contract End date	June 2023

The RVI Boiler House PFI scheme is for the provision of energy through the RVI Boiler House. The scheme commenced on 22 December 2000, with the NHS Foundation Trust paying the PFI contractor to run the transferred plant.

The Unitary Payment became payable from October 2002 when the PFI scheme became fully operational.

Freeman Boiler House PFI scheme:

Capitalised value	£5,428k
Contract Start date	December 1997
Contract End date	June 2027

The Freeman Boiler House PFI scheme covers two stages, both for the upgrade of facilities and the provision of energy through the Freeman Boiler House. The first stage became operational on 1 December 1997 and the second on 1 January 2008.

21.5. Analysis of amounts payable to service concession operators

	31 March 2021 £000	31 March 2020 £000
Unitary payment payable to service concession operators	<u>43,483</u>	<u>41,279</u>
Consisting of:		
Service element	8,779	7,446
Repayment of finance lease liability	6,281	5,454
Interest charge	14,688	15,125
Contingent rent	11,097	10,685
Capital lifecycle costs- including prepayment element	<u>2,638</u>	<u>2,569</u>
Total amount paid to service concession operators	<u>43,483</u>	<u>41,279</u>

The NHS Foundation Trust made no additional payments to the PFI operator during the current or prior year and recognised no PFI support income within the Statement of Comprehensive Income in the current or prior year.

21. Borrowings (continued)

21.6. Total PFI arrangements - commitments

Maturity analysis of unitary payments

The NHS Foundation Trust is committed to make the following Unitary Payments over the remaining period of the PFI schemes:

	31 March 2021 £000	31 March 2020 £000
Total future payments committed	1,145,137	1,200,521
Of which payments due:		
Not later than one year	43,921	43,053
Later than one year and not later than five years	174,882	176,291
Later than five years	926,334	981,177
	1,145,137	1,200,521

The amounts shown in the category 'Not later than one year' include an actual inflation rate charge of 1.7% (2019/20 2.5%). Other amounts are shown inclusive of an anticipated annual inflation rate of 2.5% as per the contract. The actual inflation rate incorporated into the Unitary Payment is based on the Retail Price Index (RPI) issued in the February preceding the financial year, therefore the figures above will vary depending on the actual rate issued.

21.7. Asset financing component of PFI schemes

	Gross payments		Present value of payments	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Not later than one year	20,529	20,075	6,264	5,387
Later than one year and not later than five years	77,682	79,220	25,080	24,891
Later than five years	315,364	335,247	191,011	198,356
Sub-total	413,575	434,542	222,355	228,634
Less: finance cost attributable to future periods	(191,220)	(205,908)		
Total	222,355	228,634		

The RPI indexation increase which would be applied to the lease element of the unitary payment is not included in payments detailed above. Instead, and in accordance with IAS17, the RPI indexation amount is treated as contingent rent when paid and, because in substance it is part of the cost of financing, it is treated and disclosed as a finance cost.

During 2020/21 £11,097k (2019/20 £10,685K) was expensed as a contingent finance cost.



21. Borrowings (continued)

21.8. Services component of PFI schemes

	Gross payments	
	31 March 2021 £000	31 March 2020 £000
Not later than one year	8,690	8,350
Later than one year and not later than five years	30,877	31,654
Later than five years	122,858	128,510
	<u>162,425</u>	<u>168,514</u>

The services component excludes the impact of inflation in future years.

The amount charged to operating expenses during the year in respect of services was £8,779k (2019/20 £7,446k).

The actual amounts paid vary to forecast due to inflation, contract variations and credits received for service failures.

21.9. Lifecycle replacement component of PFI schemes

	Gross payments	
	31 March 2021 £000	31 March 2020 £000
Not later than one year	2,675	2,638
Later than one year and not later than five years	10,701	10,554
Later than five years	45,475	47,486
	<u>58,851</u>	<u>60,677</u>

The lifecycle component excludes the impact of inflation in future years.

22. Provisions

GROUP and NHS FOUNDATION TRUST	31 March 2021 £000	31 March 2020 £000			
Pensions - Injury benefits	2,711	2,614			
Legal claims - other	547	643			
Clinician pension tax reimbursement	298	254			
Other	18,513	1,689			
Total	22,069	5,200			
Analysed by:					
Current	19,208	2,475			
Non-current	2,861	2,725			
Total	22,069	5,200			
	Pensions - Injury benefits £000	Legal claims - other £000	Other £000	Clinician pension tax reimbursement £000	Total £000
Movement in year:					
At 1 April 2020	2,614	643	1,689	254	5,200
Change in the discount rate	154	0	0	0	154
Arising during the year	41	416	17,454	44	17,955
Utilised in the year - accruals	0	0	0	0	0
Utilised during the year - cash	(117)	(258)	(630)	0	(1,005)
Reversed unused	(1)	(254)	0	0	(255)
Unwinding of discount *	20	0	0	0	20
At 31 March 2021	2,711	547	18,513	298	22,069
Expected timing of cash flows					
-not later than one year	118	547	18,513	30	19,208
-later than one year and not later than five years	483	0	0	119	602
-later than five years	2,110	0	0	149	2,259
Total	2,711	547	18,513	298	22,069

Pensions - relates to sums payable to former employees having retired prematurely due to injury at work. The outstanding liability is based upon current and expected benefits advised by the NHS Pensions Agency and the computed life expectancies of pension recipients.

Legal Claims - based upon professional assessments, which are uncertain to the extent that they are an estimate of the likely outcome of individual cases. Due dates of settlement of claims are based upon estimates supplied by the NHS Litigation Authority and/or Legal Advisers.



22. Provisions (continued)

Other - the opening balance relates to building related provisions resulting from the on-going development of the Royal Victoria Infirmary (RVI), Freeman and the Campus for Ageing and Vitality (CAV) sites. The provision arising in year relates to building relation provisions which includes fire remediation works required across the Trust estate as obligated under Article 4 of the Regulatory Reform (Fire Safety) Order 2005. The remediation works are expected to be carried out within the immediate future.

The NHS Foundation Trust has an insurance arrangement through the NHS Litigation Authority in respect of clinical negligence, with liabilities covered by an annual insurance premium payment. Excluded from this note therefore is a sum of £460,950k (2019/20 £473,655k) which is included within the provisions of the NHS Litigation Authority in respect of clinical negligence liabilities of the NHS Foundation Trust.

Where it is not considered probable that a payment will be made, non-provided amounts are disclosed in note 26, Contingent Liabilities.

* Unwinding of discount relates to the inflation effect on existing provisions of their payment in the future.

23. Notes to the Statement of Cash Flows

23.1. Reconciliation of operating surplus to net cash flow from operating activities

	GROUP		NHS FOUNDATION TRUST	
	2020/21 £000	2019/20 £000	2020/21 £000	2019/20 £000
Total operating surplus/(deficit)	35,031	41,526	34,703	41,246
Depreciation and amortisation	38,352	20,088	38,352	20,088
Net impairments	321	3,724	321	3,724
Income recognised in relation to donated assets - cash	(3,340)	(90)	(3,411)	(210)
(Increase) in inventories	451	(1,053)	451	(1,053)
(Increase)/decrease in trade and other receivables	(1,240)	2,772	(1,241)	3,045
Increase in trade and other payables	70,499	19,009	70,499	19,009
Decrease in other liabilities	22,833	27,407	22,833	27,407
Decrease in provisions	16,849	1,235	16,849	1,235
Other movements in operating cash flows	4	(17)	4	(17)
Notional repayment of PDC	(37,844)	0	(37,844)	0
NHS Charitable funds - net adjustments for working capital movements, non-cash transactions and non-operating cash flows	109	494	0	0
Net cash generated from operating activities	142,025	115,095	141,516	114,474

24. Financial Commitments

24.1. Contractual Capital Commitments

Commitments under capital expenditure contracts as at 31 March 2021 amount to £6,025k (2019/20 £27,636k).

	31 March 2021 £000	31 March 2020 £000
Property, plant and equipment	5,747	26,073
Intangible assets	278	1,563
	<u>6,025</u>	<u>27,636</u>

24.2. Other financial commitments

The NHS Foundation Trust is committed to making payments under non-cancellable contracts (which are not leases, PFI contracts or other service concession arrangement), analysed by the period during which the payment is made:

	31 March 2021 £000	31 March 2020 £000
Not later than 1 year	17,096	15,405
After 1 year and not later than 5 years	19,333	17,579
Paid thereafter	2,172	4,897
Total	<u>38,601</u>	<u>37,881</u>

25. Events after the Reporting Date

There were no events after the reporting date which are required to be incorporated into the accounts in the current or prior year.



26. Contingent Liabilities

GROUP and NHS FOUNDATION TRUST	31 March 2021 £000	31 March 2020 £000
Gross and net value of contingent liabilities - other	<u>(25)</u>	<u>(38)</u>

The contingent liability figure relates to the non-provided risks for Employer and Public Liability claims based upon risk assessments supplied by the NHS Litigation Authority.

27. Related Party Transactions

27.1. Ultimate parent

The NHS Foundation Trust is a public benefit corporation established under the National Health Service Act 2006. Monitor (operating as NHS Improvement) the Independent Regulator for NHS Foundation Trusts, has the power to control the NHS Foundation Trust within the meaning of IAS 27 Consolidated and Separate Financial Statements. Monitor does not prepare group accounts but does prepare separate NHS Foundation Trust Consolidated Accounts. The NHS Foundation Trust Consolidated Accounts are included within the Whole of Government Accounts. Monitor is accountable to the Secretary of State for Health and Social Care (DHSC) and therefore the NHS Foundation Trust's parent department is the DHSC and ultimate parent is HM Government.

27.2. Whole of Government Accounts Bodies

All government bodies which fall within the Whole of Government accounts boundary are regarded as related parties because they are all under the common control of HM Government and Parliament. This includes for example all NHS bodies, all local authorities and central government bodies.

27. Related Party Transactions (continued)

27.3 Transactions with other related parties

The NHS Foundation Trust had no direct transactions with board members other than remuneration which is disclosed in the Remuneration Report in the current or previous financial year and had no outstanding payable or receivable balances at 31 March 2021 or 31 March 2020. The table below details the total value of other related party transactions in the current and previous year and the outstanding balances as at 31 March 2021 and 31 March 2020. Further details can be found in note 27.7. This table excludes balances with other whole of government entities.

	31 March 2021 £000 Payables	31 March 2021 £000 Receivables	31 March 2021 £000 Income	31 March 2021 £000 Expenditure
Other bodies or persons outside of the whole of government accounting boundary	1,703	1,929	9,679	7,028
Total value of transactions with other related parties and balances as at 31 March	1,703	1,929	9,679	7,846
	31 March 2020 £000 Payables	31 March 2020 £000 Receivables	31 March 2020 £000 Income	31 March 2020 £000 Expenditure
Non-consolidated subsidiaries and associates/joint ventures	0	0	0	233
Other bodies or persons outside of the whole of government accounting boundary	1,467	2,310	8,155	7,028
Total value of transactions with other related parties and balances as at 31 March	1,467	2,310	8,155	7,261



27. Related Party Transactions (continued)

27.4 Significant transactions and balances with other NHS and whole of government bodies

The table below identifies the ten organisations with which the NHS Foundation Trust has had the largest value of revenue transactions during the current and previous year. The NHS Pension Scheme and HM Revenues and Customs (excluding VAT) are also included due to the material value of payments made.

	31 March 2021 £000 Payables	31 March 2021 £000 Receivables	31 March 2021 £000 Income	31 March 2021 £000 Expenditure
NHS England	5,689	7,548	573,439	0
NHS Newcastle Gateshead CCG	25	995	314,037	(65)
NHS North Tyneside CCG	0	0	65,939	(9)
NHS Northumberland CCG	1	0	70,018	(4)
Health Education England	0	676	51,463	0
DHSC (excluding PDC)	31,622	8,842	34,681	0
NHS North Durham CCG	0	8	24,973	(4)
NHS South Tyneside CCG	0	0	14,930	0
NHS North Cumbria CCG	0	0	13,517	105
NHS Sunderland CCG	0	385	11,722	89
NHS Pension Scheme (Employer's contributions)	0	0	0	89,904
HM Revenues and Customs (excluding VAT)	14,030	0	0	50,938

	31 March 2020 £000 Payables	31 March 2020 £000 Receivables	31 March 2020 £000 Income	31 March 2020 £000 Expenditure
NHS England	66	29,176	487,607	2
NHS Newcastle Gateshead CCG	0	6,980	280,695	123
NHS North Tyneside CCG	0	1,140	65,422	9
NHS Northumberland CCG	0	623	67,867	4
Health Education England	0	438	51,246	0
DHSC (excluding PDC)	0	240	26,437	14
NHS North Durham CCG	0	846	17,422	0
NHS South Tyneside CCG	0	401	14,912	0
NHS North Cumbria CCG	0	969	13,592	0
NHS Sunderland CCG	0	812	11,770	0
NHS Pension Scheme (Employer's contributions)	8,516	0	0	84,659
HM Revenues and Customs (excluding VAT)	12,173	0	0	47,400

None of the receivable or payable balances are secured. Amounts are usually due within 30 days and will be settled in cash.

27. Related Party Transactions (continued)

27.5. Commitments at 31 March 2021

The NHS Foundation Trust continues to negotiate new income contracts with the organisations detailed above. Negotiations are expected to be concluded at an overall value not significantly different to those entered into for 2020/21. In addition, the NHS Foundation Trust was eligible for additional COVID 19 related funding up to 31 March 2021, the overall value is not expected to differ from those disclosed in the 2020/21 accounts.

27.6. Charitable funds

The NHS Foundation Trust receives revenue and capital payments from a number of charitable funds, including the Newcastle upon Tyne Hospitals NHS Charity, for which the NHS Foundation Trust acts as 'Corporate Trustee'. The results for this Charity are consolidated within these group accounts.

27.7. Directors

The NHS Foundation Trust's Chairman, Professor Sir J Burn holds the post of Senior Strategic Advisor with Newcastle University and Mr W MacLeod holds the post of Chair of International Advisory Board and is also a Lay Member of Council. Transactions with the University were both financial and non financial relating principally to income received of £6,706k (2019/20 £4,776k) and expenditure of £7,745k (2019/20 £6,935k) in relation to staff who work across both organisations. The year end receivable balance was £1,908k (2019/20 £1,759k) and payable balance was £1,744k (2019/20 £1,467k).

The NHS Foundation Trust's deputy chief executive / medical director Mr A Welch

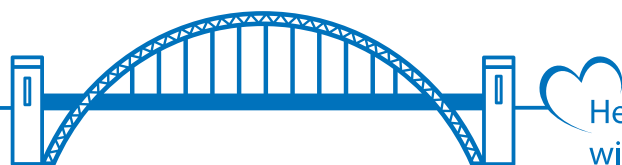
and estates director Mr R Smith were directors of Newcastle Healthcare Property Company Limited during the year. The company has not started trading.

The NHS Foundation Trust's chairman, Professor Sir John Burn, continues as a director of Pulse Diagnostics Limited alongside senior manager Dr A J Sims. The company is not currently trading.

The NHS Foundation Trust's Chief Executive Dame Jackie Daniel is a directors of Academic Health Science Network North East and North Cumbria (AHSN NENC). The NHS Foundation Trust provides financial services support to AHSN NENC. Transactions during the year, including funds transfers in respect of receipts and payments made to and by the NHS Foundation Trust on behalf of AHSN NENC, were income of £2,972k (2019/20 £3,377k) and expenditure of £64k (2019/20 £56k). Year end balances were £21k (2019/20 £551k) receivable and £41k credit position (2019/20 £Nil) payable.

The NHS Foundation Trust's Chief Executive Dame Jackie Daniel is a Board Director of Northern Health Science Alliance (NHSA). During the year the NHS Foundation Trust had transactions of £36k of expenditure with NHSA (2019/20 £36k). There were no outstanding balances at the year end.

A non-executive director, Professor K McCourt is a Convenor of Fellows of Royal College of Nursing. During the year the NHS Foundation Trust had the following transaction with Royal College of Nursing, income of £Nil (2019/20 £2k) and expenditure of £1k (2019/20 £1k). There were no outstanding balances at the year end.



27. Related Party Transactions (continued)

27.8. Remuneration of key management personnel

The remuneration of the executive and non-executive directors, who are the key management personnel of the NHS Foundation Trust, is set out in note 5.5. Further information about the remuneration of individual directors is provided in the Remuneration report.

There were no amounts owing to key management personnel at the beginning or end of the financial year.

28. Financial Instruments and Financial Risk Management

IFRS 7 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. Because of the continuing service-provider relationship that the NHS Foundation Trust has with local Clinical Commissioning Groups (CCGs) and the way those CCGs are financed, the NHS Foundation Trust is not exposed to the degree of financial risk faced by business entities. Also, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which the financial reporting standards mainly apply. Financial assets and liabilities are generated by day-to-day operational activities rather than being held in order to change the risks facing the NHS Foundation Trust.

The NHS Foundation Trust's capital and treasury management operations are carried out by the finance department, within parameters defined formally within the NHS Foundation Trust's standing financial instructions and policies agreed by the Board of Directors.

The impact of COVID 19 throughout the year has been fully funded from the Department of Health and Social Care and is not thought to have any significant impact on the financial risk management.

IFRS 7 also requires disclosures relating to the risks associated with financial instruments. There are three types of risk which the NHS Foundation Trust has assessed which are detailed below:

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. For the NHS Foundation Trust, credit risk arises mainly from NHS and other receivable balances. Credit risk is mitigated as a substantial part of the NHS Foundation Trust's activity is carried out with other Health Bodies. For other transactions specific checks are made regarding credit worthiness before the NHS Foundation Trust enters into any new contracts. The NHS Foundation Trust manages this risk by regular review of aged receivable balances, prompt follow up on those which are overdue and provides for any deemed to be impaired. Once the balance is determined to be irrecoverable the amount is written off.

Of the Group's cash and cash equivalents balance at the year end, 92% was held with the Government Banking Service and the remaining 7% with the NHS Foundation Trust's and Charity's bankers, HSBC, Barclays and Clydesdale Bank plc. (Yorkshire Bank). The credit risk arising,

28. Financial Instruments and Financial Risk Management (continued)

i.e., that the banks may default on repayment, is considered to be low.

The NHS Foundation Trust held no short term deposits at the year end. During the 2020/21 year the NHS Foundation Trust placed no deposits with the National Loans Fund due to the low Bank of England base rate. During the prior year 2019/20 the NHS Foundation Trust placed deposits with the National Loans Fund until 22 March 2020, however, when the Bank of England base rate reduced, investment ceased.

An analysis of aged and impaired receivables is given in note 16.2.

The credit risk associated with all other financial instruments is considered to be low. The Group's maximum exposure to credit risk at the balance sheet date is £359,907k (2019/20 £248,372k). There are no amounts held as collateral against these balances.

At 31 March 2021 a review was undertaken of financial assets not past their due date. Those where the credit risk was anticipated to be significant were impaired. Therefore the credit risk of those remaining financial assets neither past their due date nor impaired is deemed to be low.

At 31 March 2021 there are £Nil (2019/20 £Nil) financial assets that would otherwise be past due or impaired whose terms have been renegotiated.

Liquidity risk

Liquidity risk is the risk that the NHS Foundation Trust will encounter difficulty in meeting obligations associated with financial liabilities. The NHS Foundation Trust's net operating costs are incurred under contracts with various commissioning bodies, which are financed from resources voted annually by Parliament. During the year, due to the COVID 19 pandemic the NHS Foundation Trust received income month by month, based on a block contracted annual level of expenditure, with reconciliations corrections made to adjust for actual expenditure incurred carried out and resultant income due.

The NHS Foundation Trust largely finances its capital expenditure from internally generated resources. In addition, funds have also been made available from Government, in the form of additional Public Dividend Capital, to progress specific capital schemes. The NHS Foundation Trust can borrow from commercial sources to finance capital schemes. Such financing would be drawn down to match the spend profile of the scheme concerned and the NHS Foundation Trust is not, therefore, exposed to significant liquidity risk in this area.

The NHS Foundation Trust is also subject to liquidity risk in relation to the long term PFI contracts into which it has entered. The maturity analysis for payments under these schemes can be found in note 21. Expenditure savings have been identified to mitigate the liquidity risk of the PFI contracts. Prior to the contract being entered into the scheme was reviewed by HM Treasury and, subsequently, by Monitor when the NHS Foundation Trust was applying for Foundation Trust status.



28. Financial Instruments and Financial Risk Management (continued)

Market Risk - Interest-rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Of the NHS Foundation Trust's cash and cash equivalents predominantly none of the funds attracted any interest due to the low Bank of England base rate which reduced on 19 March 2020 to 0.10% amid concerns linked with COVID 19. Deposits held with HSBC attracted no interest throughout 2020/21, however, these are minimal. Deposits with the Government banking service (RBS) have attracted no interest since 19 March 2020 following the decrease in the Bank of England base rate. Any reduction in the base rate or interest rate would have an immaterial impact on cash flows and hence interest rate risk on these financial assets is deemed to be immaterial.

An element of the Newcastle upon Tyne Hospitals NHS Charity's cash balance is

held on a 95 day fixed term deposit with Yorkshire Bank plc. The interest rate on this deposit is currently fixed at 0.45%. The Newcastle upon Tyne Hospitals NHS Charity also holds a variable cash balance with HSBC which attracts an interest rate at 0.01%.

A significant area of uncertainty that affects the carrying value of assets held by the Charity is the performance of investment markets. The Charity utilises Investment advisors and regularly reviews their performance in line with the Charity Investment Policy.

The NHS Foundation Trust's PFI arrangements are on fixed interest terms.

Other than as described above, none of the other remaining NHS Foundation Trust financial assets or liabilities carry interest rates which vary with market rates and therefore interest rate risk is not deemed material and a sensitivity analysis is not considered necessary.

29. Financial Assets and Liabilities

29.1 Carrying values of financial assets

	GROUP		NHS FOUNDATION TRUST	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Receivables (excluding non financial assets) - with NHS and DHSC bodies	30,144	53,484	30,144	53,484
Receivables (excluding non financial assets) - with other bodies	44,061	29,121	44,352	29,411
Cash and cash equivalents	237,683	125,322	237,683	125,322
Consolidated NHS Charitable fund financial assets - Investments	38,383	30,011	0	0
Consolidated NHS Charitable fund financial assets - Cash and cash equivalents	9,636	10,434	0	0
Total	359,907	248,372	312,179	208,217

The Group and NHS Foundation Trust financial assets are held at amortised costs, with the exception of the Charitable Investments which are held at fair value through profit and loss.



29. Financial Assets and Liabilities (continued)

29.2 Carrying values of financial liabilities

	GROUP		NHS FOUNDATION TRUST	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Other financial liabilities				
Trade and other payables (excluding non financial liabilities) - with other bodies	159,420	110,793	159,420	110,793
Trade and other payables (excluding non financial liabilities) - with NHS and DHSC bodies	24,891	6,301	24,891	6,301
PFI finance lease obligations	222,355	228,634	222,355	228,634
Total	406,666	345,728	406,666	345,728

All of the Group and NHS Foundation Trust other financial liabilities are carried at amortised cost. Fair value is not considered significantly different from book value.

Maturity of other financial liabilities *

In one year or less	204,840	137,169	204,840	137,169
In more than one year but not more than five years	77,682	79,220	77,682	79,220
In more than five years	315,364	335,247	315,364	335,247
Total	597,886	551,636	597,886	551,636

* 2019/20 values have been restated and the analysis was previously performed on book values, however, IFRS 7 requires this analysis to be based on undiscounted future contractual cash flow. The restated value for 2019/20 has increased by £205,908k, which is solely linked to the PFI finance lease obligations now being disclosed on a gross liability basis.

30. Application of new standards

The NHS Foundation Trust did not adopt any new standards during 2020/21.

31. Third Party Assets

The NHS Foundation Trust held £5k (2019/20 £1k) cash at bank, which relates to monies held by the NHS Foundation Trust on behalf of patients. These monies have not been included in the cash and cash equivalents figure reported in the accounts.

32. Losses and Special Payments

There were 1,024 cases of losses and special payments totalling £1,021k during the year (2019/20 267 cases totalling £935k). No cases in the current year or prior year cost the NHS Foundation Trust £300k or more. Losses and special payments are accounted for on an accruals basis but excluding provisions for future losses. An analysis of losses and special payments by category is given in the table below.

Analysis of losses and special payments by category

Category	2020/21	2020/21	*restated	*restated
	Total number of cases No	Total value of cases £000	2019/20 Total number of cases No	2019/20 Total value of cases £000
Losses				
Cash losses - theft and fraud	0	0	1	0
Cash losses - overpayment of salaries	9	4	21	11
Bad debts and claims abandoned in relation to :				
a. private patients	30	9	10	12
b. overseas visitors	73	158	35	224
c. other	779	378	66	272
Damage to buildings, property etc. (including stores losses) due to:				
a. stores losses	8	322	2	333
b. other	64	12	69	12
Total losses	963	883	204	864
Special payments				
Ex-gratia payments in respect of:				
a. loss of personal effects	29	19	27	7
b. personal injury with advice	21	111	10	51
c. other	11	8	26	13
d. special severance payments	0	0	0	0
Total special payments	61	138	63	71
Total losses and special payments	1,024	1,021	267	935

*restated figures for 2019/20 include special severance payments previously omitted. Further details are disclosed in note 5.6.4



33. Pension Costs

33.1. NHS Retirement Benefit 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.

33. Pension Costs (continued)

33.1. NHS Retirement Benefit Scheme (continued)

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.

The NHS Foundation Trust estimates that its employer contributions into the scheme in 2021/22 will be £65,248k, which is based on the 14.38% contribution. The additional contributions from 14.38% to 20.6%, estimated to be £28,223k is expected to be paid directly by the Department of Health and Social Care on behalf of the NHS Foundation Trust during the financial year 2021/22.

33.2. National Employment Savings Trust (NEST)

During the year the NHS Foundation Trust made contributions into the National Employment Savings Trust. This is a defined contribution scheme into which eligible staff are automatically enrolled.

These employees are not eligible to join the NHS Retirement Benefit scheme. Employers contributions by the NHS Foundation Trust for the year were £212k (2019/20 £178k).



34. The Newcastle upon Tyne Hospitals NHS Charity

34.1. Funds

	31 March 2021 £000	31 March 2020 £000
Restricted	12,881	11,911
Unrestricted	35,138	28,263
	48,019	40,174

As at 31 March 2021 the total funds as disclosed in the Newcastle upon Tyne Hospitals NHS Charity accounts amount to £39,351k. This balance has been adjusted for IFRS accounting policies and is disclosed in the group accounts as £48,019k. The adjustment to funds of £8,668k has been included within unrestricted funds.

Restricted funds

Restricted funds may be accumulated income funds which are expendable at the trustee's discretion only in furtherance of the specified conditions of the donor and the objects of the charity. They may also be capital funds (e.g. endowments) where the assets are required to be invested, or retained for use rather than expended.

Unrestricted funds

Unrestricted income funds are accumulated income funds that are expendable at the discretion of the trustees in furtherance of the charity's objects. Unrestricted funds may be earmarked or designated for specific future purposes which reduces the amount that is readily available to the charity.

The aim of the Charitable fund is to use the available funds to complement NHS resources in The Newcastle upon Tyne Hospitals NHS Foundation Trust to increase patient comfort and enhance facilities for both patients and staff.

34.2 Further information

Further information relating to the use of the Charitable funds and the Trustees' report can be found within the Newcastle upon Tyne Hospitals NHS Charity Annual Report and Accounts which form part of The Newcastle upon Tyne Hospitals NHS Foundation Trust Annual Report and Accounts.

