



Gateshead Health
NHS Foundation Trust

Annual Report and Accounts 2020/21

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2020/21

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

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Overview of Performance: Chair and Chief Executive's Statement

Welcome to the Annual Report for Gateshead Health NHS Foundation Trust for the 2020/21 financial year.

This year has been unlike any other we've ever faced, the pandemic has had a huge effect on all of our lives both personally and professionally and has been the biggest challenge the NHS has ever faced.

During the year, our Gateshead team has had to work extremely hard in constantly changing circumstances to continue providing the outstanding care that we are known for. Whilst the year has been challenging professionally, it's also affected our personal lives as we've negotiated a new way of living, keeping our physical distance from our loved ones and friends and putting our normal lives on hold to protect the vulnerable amongst us. Throughout it all, our staff have been a constant source of inspiration and pride. For example, our community staff were presented with a Blaydon Angel Award in the summer as a result of providing outstanding care for Gateshead residents during the pandemic.

Our staff's health and wellbeing have been a priority for us during this difficult time. We have been lucky to have received charitable donations from NHS Charities and other local organisations which have helped us to support our staff in various ways, offering counselling and other services. One example is Project Wingman, which was introduced last year to allow the hard-working NHS staff in Gateshead the ability to enjoy a first-class airport lounge experience, courtesy of some volunteers from the airline industry. Following its success, 22 members of the crew were successful in securing new jobs here within the trust.

We are constantly amazed by our people's dedication, professionalism and commitment to constantly improving the care that we provide to the people who rely on us. This is reflected by our patients too, who rate us very highly for patient care. In the Adult Inpatient Survey, 98% of patients felt that they were treated with dignity and respect, and we scored highly in confidence and trusting the doctors, nurses, AHPs and other staff who work here. We have also been rated as one of the best trusts in the country by patients for cancer care with a rating of 9.1 out of 10 overall.

Our staff feel the same way, with the majority of the people who work here (84%) thinking that patient care is the number one priority and 71% recommending the trust as a place to work. Staff also endorsed the care provided; with the majority (80%) saying they would recommend Gateshead as a place to get treatment.

We have made great strides digitally. During the pandemic, we used technology to allow some of our most ill patients to keep in touch with their loved ones when we were unable to allow visitors to enter the hospital, which proved a huge boost for patients. Over the last 18 months, 350 of our community staff have delivered high-quality, seamless, connected care with our new mobile working system; EMIS mobile and we have offered virtual appointments for patients. Additionally, we have successfully connected to the Great North Care Record to make patient information available to frontline staff who are directly involved in patients' care.

Our COVID vaccine programme has gone from strength to strength and working with our partners we have vaccinated the top priority groups as well as health and social care staff in Gateshead. We've also contributed to global studies, with our research team recruiting over 200 participants to the study designed to find more effective treatments for Covid. We also set up the Patient Covid Assessment Service at the start of the pandemic and since opening last March, they have carried out more than 30,000 tests.

In January, we welcomed four GP practices into the Gateshead NHS family and are looking forward to exploring new ways of working across our GP, community and acute teams to further enhance the services we offer to our patients.

Finally, we have welcomed two new executive directors to the trust. Joanne Baxter, who joined in June, is our new Chief Operating Officer, and Lisa Crichton-Jones, Executive Director of People and Organisational Development, who joined in October. Anthony Robson, has also been appointed as the new managing director of QE Facilities.

The Gateshead NHS family has proved itself to be strong, resilient, but most importantly of all, a tight-knit team where we support each other and keep each other going. Everyone from all areas of the trust have stepped up and worked together from our frontline clinical colleagues to ward staff, community staff, our facilities colleagues through to admin and corporate services.

Each one of you has had a significant part to play and many of you have really gone beyond the call of duty. We are in awe of what you have achieved.

Our staff are what makes Gateshead a special place to be. And this year, our staff have been nothing short of heroic.



Alison Marshall
Chair



Yvonne Ormston, MBE
Chief Executive



Jackie Bilcliff
Acting Chief Executive

Performance Report

The Trust and its services

Gateshead Health NHS Foundation Trust was authorised as a Foundation Trust in January 2005. Under its terms of authorisation and constitution, the Trust's principal purpose is the provision of goods and services for the purposes of the Health Service in England, which may include for the prevention, diagnosis or treatment of illness, and the promotion and protection of public health. The Trust may also carry out activities for the purpose of making additional income available in order better to carry on its principal purpose.

The Trust is a provider of secondary care, community and older persons' mental health services to a local population of approximately 200,000. Wider populations are served for specialist screening services, gynaecology-oncology, pathology and breast services, including South of Tyne, Northumberland, Humberside, Cumbria and Lancashire.

The Trust was given an overall rating of 'good', with 'outstanding' for caring overall, and 'outstanding' for surgery and maternity and gynaecology services, by the Care Quality Commission in August 2019.

The Trust recognises that strong partnerships with other organisations are essential to delivery of its goals. During 2020/21 there was a continued focus on developing the Gateshead Health and Care Partnership, and collaborative work with fellow providers of acute services in Newcastle, North Tyneside and Northumberland.

The pandemic introduced significant challenges in meeting nationally mandated performance requirements as the NHS was forced to shut down or significantly reduce the ability to deliver non-covid care. In successfully implementing Infection, prevention and control measures to keep patients and our workforce safe we severely restricted our ability see patients by:

- Providing designated covid and non-covid areas in the hospital
- Reducing flow and footfall in outpatient and diagnostic facilities;
- Reducing the number of patients in theatre to allow for clean-down in between patient contacts;
- Reduced our inpatient beds to comply with 2m rule; and
- Increased pressure on critical care provision demanding skilled staff deployment

The above combined with fewer patients seeking care during 'lockdowns' coupled with covid workforce pressures has resulted in a significant reduction of elective in-patients and outpatient attendances in hospital.

Our clinical operating model and workforce response has remained agile during the three waves of the pandemic to cope with covid fluctuations interspersed with elective recovery periods where we have maximised available capacity to treat our patients waiting. Throughout covid our main challenge and priority has been balancing covid risks with treating patients safely whilst reducing the backlog of patients awaiting treatment.

We continue to pride ourselves on having high standards and consistently striving for excellence in delivering our health care, and have closely monitored and clinically prioritised our patients to ensure that all patients (especially those at risk and our long waiters) are monitored and have access to healthcare if conditions deteriorate.

Going into 2021/22 we will continue to provide our services safely and prioritise our sickest patients first whilst reducing our waiting times.

QE Facilities Ltd

QE Facilities Ltd (QEF), established in 2014, is a wholly owned subsidiary company of the Trust. Through a managed healthcare contract model QEF provides estates, facilities, procurement, materials and supply chain management, equipment maintenance and transport services to the Trust.

Whilst QEF's primary focus is the provision of efficient, effective and quality estates and facilities services to the Trust for the benefit of patient care, it operates as a separate legal entity, along commercial lines, with separate governance arrangements and the ability to employ its own staff and to deliver services to other organisations. The Company's operating model enables it to access the commercial benefits of a private company with the ethos and culture of a quality in-house service to maximise efficiencies and income generation opportunities. The financial benefits of this are returned to the Trust to support front line patient services.

The Company currently employs 770 people, of which 290 were transferred from the Trust under TUPE rules. This ensures that QEF staff retain the core values of the Trust as a whole.

QEF have protected its market brand by launching four trademarks primarily around its strong commercial brands, Pharmacy, Transport, Procurement and Consultancy services. The company has several successful external business contracts which deliver services across the whole of the country.

QEF continue to align its business and corporate objective to those of the Trust.

Service Development

Opportunities to expand QEF's customer base and services delivered will continue to be explored to expand the range of non-clinical services it provides. In the past year this has resulted in the continued expansions of QEF's Transport Services in creating two new hubs outside of the boundaries of Gateshead, one in Coventry and a second in Morley [Leeds] to support the delivery of the HPV contract which was a jointly successful tender in partnership with the Trust.

Delivery of medicine directly to home continues to be an area where we see substantial opportunities for growth both up and down the region and in areas where we now have an existing transport presence. We also continue to explore markets in the areas of consultancy, estates and in our security PMVA training services.

Internal service synergies will be explored, for example between domestic, catering and housekeeping services, to ensure services are provided efficiently and effectively delivering best value to the Trust.

In addition potential future opportunities include:

- Provision of estates services to other NHS organisations.
- Extension of pathology transport services to other UK locations.
- Patient transport services supporting hospital discharge processes (Hospital to Home scheme);
- Expansion of our pharmacy services.
- Expansion of our PMVA training.
- Expansion of our VAT consultancy services.
- Investigate expansion of transport services into none core activities such as Waste.
- Expansion of our procurement frameworks.
- Expansion of our social media presence.

All of the above however will only be allowed to continue on the provision they meet our corporate strategies and have been approved via our robust governance process.

Further Information on the Company and its services is available at www.qefacilities.co.uk or Linked in @qefacilitiesLtd

Performance Analysis

Financial

2020/21 has been an unprecedented financial year. In response to the Covid 19 outbreak, guidance was issued that suspended the 2020/21 national operational planning process. An interim financial framework was established to cover the period 1st April to 30th September 2020. During this period, the Trust received a level of income reflective of actual costs incurred sufficient to achieve a breakeven financial position. For the period 1st October 2020 to 31st March 2021 the Trust submitted a financial plan predicated on centrally calculated block contract values and North ICP system funding, which together formed the Trusts 'financial envelope' for the second half of the financial year.

The consolidated accounts for 2020/21 incorporate the results for the Trust's subsidiary company (QEF) and charitable funds, with the Group posting a surplus position. The Trust and NHS Improvement focus on the non GAAP measure of surplus/ (deficit) for the year, excluding impairments, revaluations and movements in charitable funds, as being the primary financial KPI, and against this measure the Group is reporting a surplus of £1.326m.

Table 1: Summary Financial Performance (prior to consolidation with Charitable Funds)

	Group £000
Income	348,971
Expenditure	(345,559)
Operating Surplus	3,412
Net Finance Costs	(2,169)
Other gains/losses	(3)
Corporation Tax	(904)
Surplus/(Deficit) for the Financial Year	337
I&E impairments/(reversals)	5,273
Surplus/(deficit) before impairments and transfers	5,610
Impact of DEL I&E (impairments)/reversals	(2,583)
Capital Donations/Grants	(640)
Consumables donated from other DHSC bodies	(1,060)
Surplus/(Deficit) for the year before impairments, revaluations and charitable funds	1,326

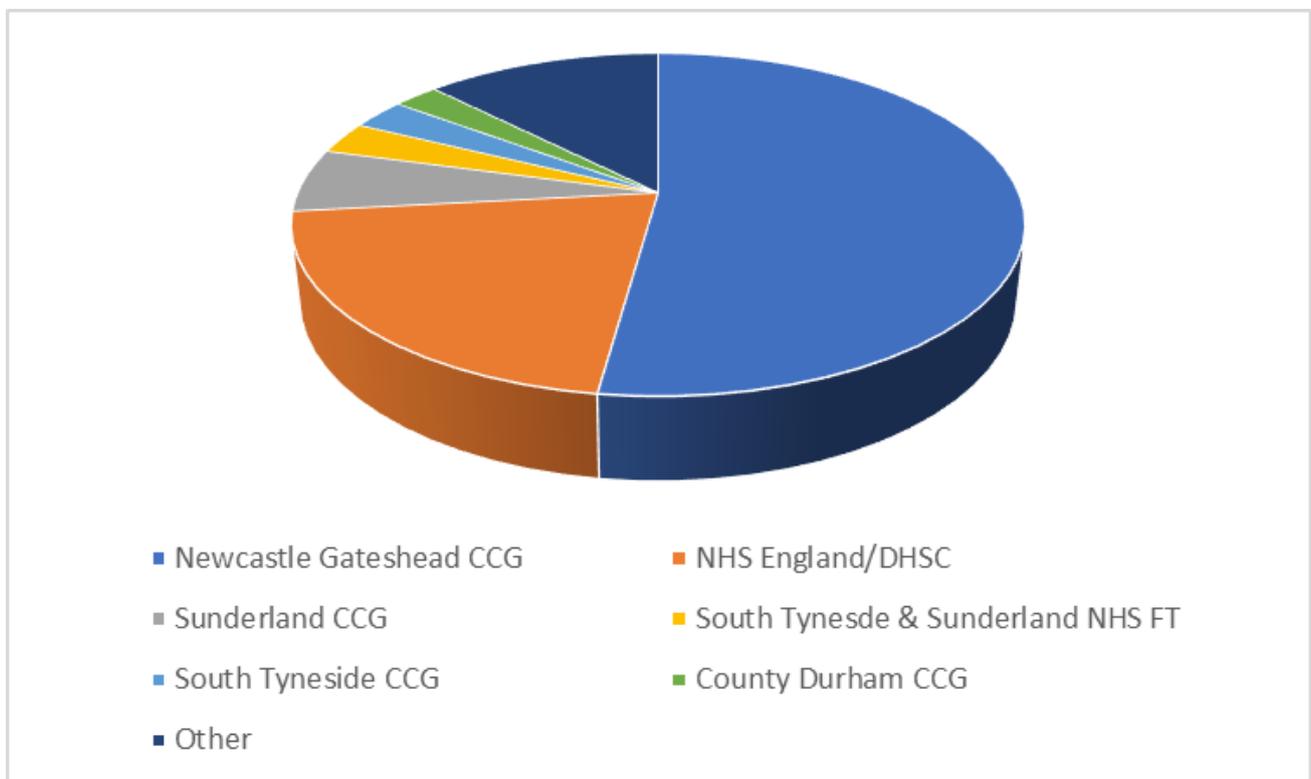
Basis of Accounts Preparation 2020/2021

The Trust prepares the accounts under International Financial Reporting Standards (IFRS) and in line with the HM Treasury Financial Reporting Manual, Annual Reporting Manual and approved accounting policies. The Group accounts include QE Facilities, a wholly owned subsidiary of the Trust, incorporated in 2014/15, as well as the Trust's Charitable Funds.

Income

The Trust received £348.971m of total income for 2020/2021, with NHS clinical revenue amounting to £293.592m, of which £280.175m (95%) came directly from CCGs for the commissioning of patient care and NHS England via the Area Teams, for specialised and screening services, with 52% directly from Newcastle Gateshead CCG for the treatment of our immediate local population. An analysis of the total income the Trust received in 2020/21 is shown in Chart 1.

Chart 1: Where we get our money from

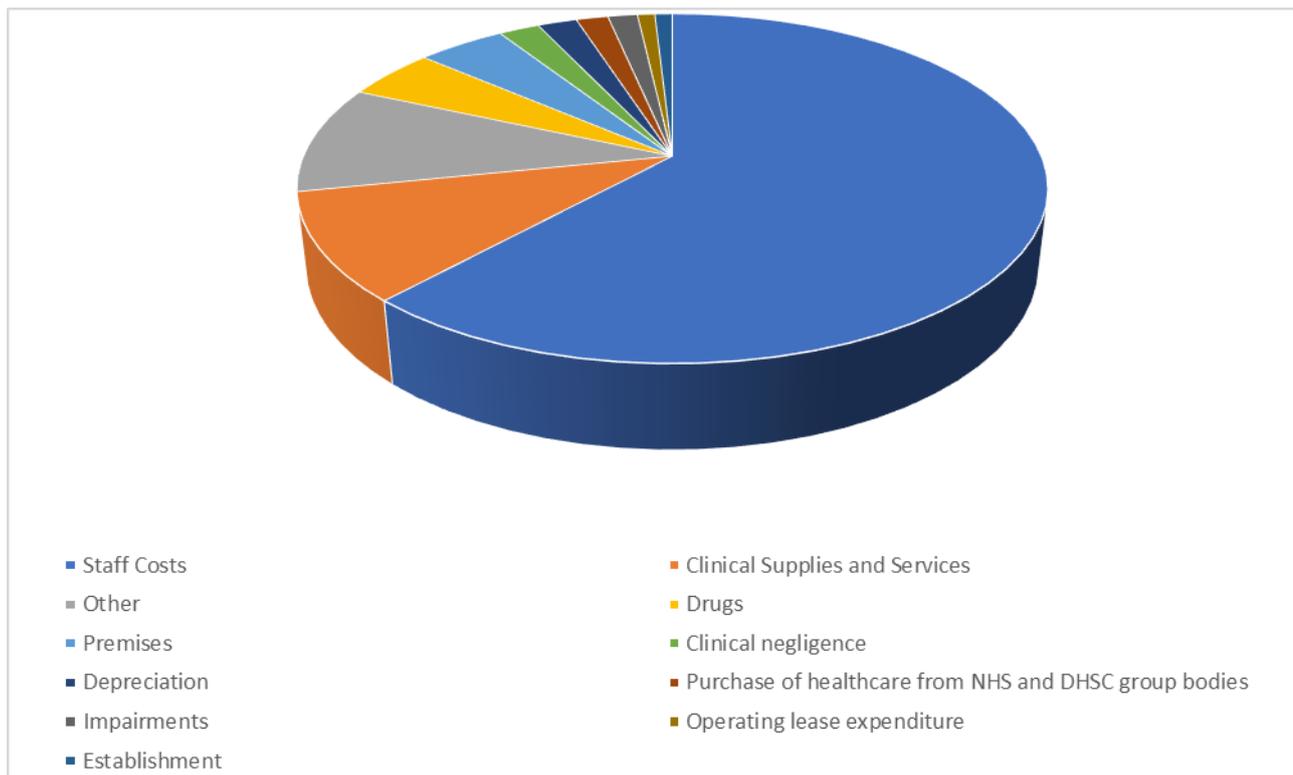


For 2020/2021 the Trust's income from private sources stood at 0.14% of total income, lower than previous years. Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012) requires that the income from the provision of goods and services for the purposes of the health service in England must be greater than its income from the provision of goods and services for any other purposes. The Trust has met this requirement.

Expenditure

Total expenditure for the year was £345.559m. By far the largest proportion is spending on pay and related expenses for our staff; this amounts to £216.514m (62%) of the total. Other material items of expenditure include medical and surgical consumables and drugs, amounting to £50.995m and premises costs of £17.217m. Chart 2 shows the full range of expenditure.

Chart 2: How do we spend our money, revenue



The Trust has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance. This is relevant to areas such as Payment by Results, the mechanism by which the Trust receives some of its income from CCGs and the production of the annual Reference Cost Return.

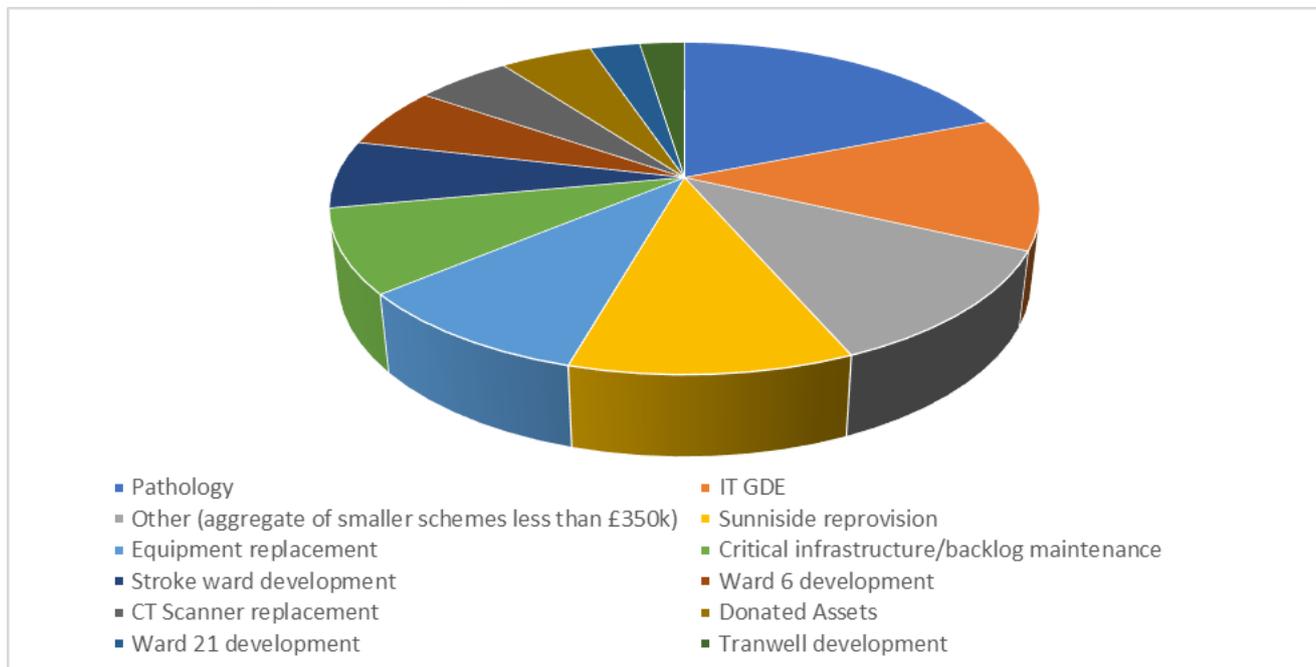
Better Payment Practice Code

We continue to work towards compliance with the Better Payment Practice Code which requires the Trust to aim to pay all valid invoices by the due date of within 30 days of receipt of goods or a valid invoice (note that during the Covid 19 outbreak this has been reduced to 7 days). In 2020/21 84.7% of invoices (93.9% of value) met this standard; detailed performance against the code can be found in note 3.4 to the Financial Statements. Following a recommendation from government and NHSI/E, we also aim to pay small to medium sized businesses within 10 days of receipt of goods and services wherever possible.

Capital Expenditure

Capital expenditure for the year was £17.242m. Funding for the capital programme was made available from internal depreciation, cash, charitable funds and external funding of £8.871m. The breakdown of the capital programme is shown in Chart 3.

Chart 3: How do we spend our money, capital



Key Financial Risks

The organisation continues to operate within a nationally implemented interim financial framework for 2021/22. The Trust has been allocated a funding envelope for the period April to September 2021 which is expected to fully cover the operational costs of the organisation. The financial projections, which indicate a break even position against the envelope, are based upon a continuation of 2020/21 rate of expenditure combined with activity, workforce and performance requirements within this six month period. Further guidance is expected in relation to the financial framework and funding for the second half of the financial year. Within this financial environment the Trust is working to maintain sustainable, high quality and safe services.

There are a number of significant risks to the position within the interim financial framework:

- **Insufficient cost reimbursement**

The interim financial framework for the period April to September 2021 expects the Trust to break even within the financial envelope whilst delivering set activity thresholds. New recurrent expenditure as a consequence of the Covid 19 outbreak and uncertain funding flows for the second half of the year result in an inherent risk that all costs being incurred may not be reimbursed fully or timely.

- **Liquidity**

The delivery of the indicative financial plan for 2021/22 could result in retained cash of £15.500m at the end of the year. However this plan is dependent on funding flows, the delivery of required efficiencies and projected expenditure plans and therefore represents a potential risk to the organisation.

- **Local System Working**

The introduction of the Elective Recovery Framework (as part of the interim financial arrangements) and organisational access to the associated funding are dependent upon the Integrated Care System (ICS) collectively achieving set activity and performance thresholds. There is no certainty that all partners across the ICS will be able to deliver the required thresholds; therefore, this is a significant risk to the delivery of the planned break even position.

Going Concern

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

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

The directors have considered whether there are any local or national policy decisions that are likely to affect the continued funding and provision of services by the Trust. The Trust is a member of the Cumbria and the North East Sustainability and Transformation Partnership (STP). In November 2019, the STP published its Strategic Delivery Plan and NHS Long Term Plan response for the five year period 2020/21 - 2024/25. This plan includes the continued provision of services by the Trust. No circumstances were identified that would cause the directors to doubt or question the continued provision of NHS services.

This year the Trust reported a £1.326m surplus and met its financial performance targets. Income from Commissioners was largely based on the simplified block payments system introduced in response to the COVID-19 pandemic, which improved liquidity and cash flow during the year. Additional costs due to the pandemic were supported on an actual cost reimbursement basis for the first half the year and on an advance block payment basis for the second half of the year.

In April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement (NHSE&I) announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue loans as at 31 March 2020 were extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow their repayment. This meant that the Trust received PDC of £12.235m to repay these loans which had accumulated from prior year deficits and thereby increased

the total net assets, strengthening the value of the balance sheet and meaning the Trust is no longer required to generate surpluses to service this historic debt.

For 2021/22 the current financial funding arrangements will remain in place for the first half of the year, with additional funding to support elective recovery post COVID also being available. Guidance remains outstanding for the second half of the year but the Trust is assuming continuation of expenditure trends and achievement of recovery trajectories as agreed through the national Accelerator Programme, North East and North Cumbria ICS being one of 13 approved programmes.

The Trust has produced its financial plans based on these assumptions which have been approved by the Trust Board.

The Trust has prepared a cash forecast modelled on the above expectations for funding during the going concern period to June 2022. The cash forecast shows sufficient liquidity for the Trust to continue to operate during that period and there is no expectation of cash support being required, although that option remains available to Foundation Trusts.

In conclusion, these factors, and the anticipated future provision of services in the public sector, support the Trust's adoption of the going concern basis for the preparation of the accounts.

Audit of Accounts

The full accounts are included at the end of this report. They have been prepared under the Direction issued by Monitor under the National Health Service Act 2006.

The accounts have been fully audited, and the appropriate certificate is included within the body of the accounts.

The Board of Directors acknowledge their responsibilities for the financial statements included in this report. All of the accounting records have been made available to the auditors for the purpose of their audit and all transactions undertaken by the Trust have been properly reflected and recorded in the accounting records. All other relevant records and related information has been made available to the auditors.

The Board is also satisfied that there are no issues arising since the Balance Sheet date that would materially affect the 2020/21 accounts.

Social, Community and Human Rights

Sustainability

As an NHS organisation, and as a spender of public funds, we have an obligation to work in a way that has a positive effect on the communities we serve. Sustainability means spending public money well, the smart and efficient use of natural resources and building healthy, resilient communities. By making the most of social, environmental and economic assets we can improve health both in the immediate and long term even in the context of the rising cost of natural resources.

Our Commitment

The recent Delivering a 'Net Zero' National Health Service report sets out a top-level commitment to be leaders in the field of sustainable healthcare setting ambitious targets of reaching net zero emissions by 2040 and 2045 and the required interventions needed. Our Sustainable Development Management Plan (SDMP) was originally approved in 2012, with updates provided on an annual basis, and monitored by the Trust Sustainability Committee. The Committee is currently working on developing the Trust Green Plan which will be a longer term strategy over several years, replacing the SDMP with measures and targets in line with the reports net zero targets.

Our SDMP's main aims are based upon the Sustainable Development Assessment Tool (SDAT), which was developed in line with the UN Sustainable Development Goals. However since the 'Net Zero' report was published late last year, and the establishment of the Greener NHS Team the SDAT has recently been removed from publication but not currently replaced at present. The SDAT was designed to help organisations understand their sustainable development work, measure progress and help focus future actions across ten modules. As a part of the NHS, it is our duty to contribute towards achieving net zero emissions to ensure a resilient NHS that can respond to the health emergency that climate change brings. The climate emergency is a health emergency which will have direct and immediate consequences on everyone's health for current and future generations to come. Our approach comes under the following headings:

Corporate Approach - To be a leading example organisation in sustainable development.

Asset Management and Utilities - To reduce our energy and water consumption across the Trust.

Travel and Logistics - To encourage staff to utilise sustainable forms of transport for both commuting and business travel, whilst working with suppliers to look at their travel emissions.

Adaptation - To ensure that climate change adaptation is effectively incorporated into the Trust's business continuity, emergency planning and risk assessment procedures. The design and operation of the Estate must adequately cater for the potential effects of climate change.

Capital Projects - To reduce CO2 emissions as part of all capital projects across our estate.

Green Space and Biodiversity – To improve and maximise the extent, use and accessibility of green spaces on site for staff, visitors, patients and the local community; whilst increasing biodiversity.

Sustainable Care Models - To ensure that sustainability forms part of the culture that transforms health care delivery.

Our People - To ensure that sustainable development objectives are reflected through the workforce, promoting social value across the organisation.

Sustainable Use of Resources – To continue the reduction of waste across the organisation and reduction of emissions through the food and procurement supply chain.

Carbon/Greenhouse Gases - To reduce the Trust's organisational carbon impact and become a low carbon organisation.

Our Recent Performance

Corporate Approach – The Trust's values and vision are an integral part of the organisation in regards to everything we do and who we are. Underpinning these values is a set of value based behaviours, both of which reflect the organisation's commitment to sustainability both socially and financially. These continue to be promoted and reflected throughout the Trust and demonstrated through staff behaviour and proactive attitude towards sustainability. Departments are now gradually discussing the topic of sustainability and larger departments have developed and set up their own groups alongside the five specific sub working groups which feed into the Trust Sustainability Committee on specific issues from travel and logistics to sustainable procurement. The Sustainability Committee is now chaired by the new lead Director, Anthony Robson. As a member of the ICS Sustainability Group the Trust inputs into regional and local strategies and shares best practice across the region to ensure we are aligned together on our ambitions.

Asset Management & Utilities - The Trust has been committed to reducing its carbon emissions and continued to invest in energy reduction technologies via the SALIX scheme, with continued investment in our ongoing LED lighting upgrades across the Trust. As part of the public sector decarbonisation fund QE Facilities were successful and will be awarded £1.6m for air source heat pumps, solar panels and upgrades to the building energy management system to further decarbonise the Trusts estate by April 22. These systems will work alongside our CHPs which have continued to help power and heat our Hospital providing zero carbon energy in our buildings with the remaining energy provided via a completely renewable energy tariff from the grid.

Travel and Logistics – The Trust's Green Travel Plan has been active since 2001 and over the years has implemented numerous measures, however as a result of the COVID-19 pandemic there have been significant changes with more staff working from home full or part time reducing journeys to site, an increase in virtual meetings and patient appointments and those staff taking up cycling. On the other hand it appears that car sharing and public transport use has reduced, however the Trust will not know the full extent until this year's travel survey. Electric charging points are also increasingly in demand as a result an additional ten charging points are to be installed across both the QE and Bensham sites over the next year for public and staff use, with further points required as we change Trust and QEF fleet

vehicles to electric or ultra-low emission alternatives in the coming months. All the offers available to staff regarding sustainable travel continue to be promoted to all new starters as part of welcome packs and we actively engage staff in cycle events such as Love to Ride Gateshead's Cycle September and Dr Bike sessions at the QE. The Trust cycle to work scheme also saw a significant increase in the value that could be borrowed to aid the purchase of items such as electric bikes. Going forward it will be interesting to see the full impact of the pandemic on staff, patient and visitor travel.

Adaptation - The Trust recognises that there is a need to adapt and plan for potential staff or supply shortages along with an increase in patient activity due to the effects of climate change, and is committed to the ongoing development and review of a comprehensive adaptation plan. The adverse weather plan is continually reviewed and assessed, and during periods of hot and cold weather over the last year several changes have since been implemented ensuring the Trust is continually adapting. The Trust's adaptation plan is near completion looking into how climate change may impact Trust operations and what mitigating factors we require. There also continues to be regular training tests of the Major Incident Plan, utilising the major incident coordination centre.

Capital Projects – The COVID-19 pandemic over the last year has led to lots of building work being undertaken to improve patient and staff safety developing COVID and non COVID areas, with a vast amount work undertaken moving or segregating wards and departments and improving ventilation and oxygen supply. Unfortunately the timescales worked on were incredibly tight due to the nature and movement of the pandemic that larger sustainable initiatives could not be factored in, however equipment and furniture were reused where possible. Larger projects such as the Cragside extension for Sunnyside will see both green spaces and travel included and going forward the estate decarbonisation group will work on how capital schemes factor in sustainability into all aspects of the refurbishment or build.

Green Space & Biodiversity - Green Space across the site is limited, though it remains well maintained staff are continually looking for ways to improve both staff and patient access to these areas to improve patient and staffs health and wellbeing. The jubilee wing courtyard is to receive a significant investment to turn the area into calming place for patients to enjoy as part of their recovery with planting, seating, sculptures and lighting. There are other plans to look at courtyard areas across both QE and Bensham site in collaboration with the health and well-being team solely for staff use with the potential development of a Trust gardening club and kitchen garden. The Cragside extension will also see the addition of wildflower meadows around large sections of the parameters to support local bio diversity and help improve patient's well-being.

Sustainable Care Models - The Trust is continually exploring new ways of working to aid efficiencies and the impact of COVID-19 has put precedent to that with increase in virtual appointments and digitalisation of services to improve patient pathways. The response to COVID-19 saw many services suspended and departments such as chemotherapy relocated to ensure the safety of patients protecting and segregating them from COVID-19 areas. Critical Care was segregated to service all patients safely and additional capacity created to cope with the pressures. The response has led to further reviews of how the estate can improve patient care and flow. Throughout the latter stages of the second wave the new acute stroke rehabilitation unit was completed, which has been designed with the needs of patients in mind and increase their chances of recovery, bringing together services to engage in activities and

exercises designed to promote independence. The Transformation Board continues to focus on five key areas including patient flow through the health and care system, integrated services, out patients, mental health and community services.

Our People - As one of the largest employers in the area the Trust takes great pride and care of its staff ensuring that their opinions are valued and acted upon through annual staff surveys whilst ensuring health and well-being is a priority. Over the last year the COVID-19 pandemic has truly emphasised the real need to support staffs health and well-being during an unprecedented situation with numerous measures and resources made available to staff, from health and well-being ambassadors, to snooze pods, snack boxes and thank you hampers. Going forward there is a real emphasis on the benefits of green space on staff's mental well-being and work will be undertaken to improve access. The creation and development of staff networks from LGBT, BAME, D-ability and women's network have been key in providing specific support, raising awareness and discuss changes whilst encouraging a diverse workforce. In February the Trust partnered with JML fitness to encourage staff to get active through competition and raising money for charity. In September the Trust linked with Love to Ride Gateshead for Cycle September encouraging staff to get out cycling, both partnerships link with active travel campaigns and promotion of local gym facilities. The Trust continues to actively engage with the community too, through work experience, apprenticeships, volunteers and community projects. There is also engagement on sustainability issues with both public and staff through training, communications and events; with staff encouraged to join the growing network of 'green champions' across the Trust.

Sustainable Use of Resources - The Trust is committed to reducing waste out puts, working not only with our waste contractors but with procurement as well to reduce waste volumes from the initial outset. The COVID-19 pandemic saw waste volumes significantly increase in some waste streams, due to COVID patients and the increase in PPE usage across the site to protect staff. The ongoing use of PPE will continue for a long time to come making waste reduction harder in some aspects, however with the successful trial and upcoming full roll out of 'Sharpsmart' reusable sharps bins and metal recycling the Trust hope to reduce sharps waste by approximately sixteen tonnes over the upcoming twelve months. The real emphasis going forward must be a move away from single use items and look at reuse where possible to reduce waste and emissions from the whole life cycle of products. A change in contracts for household waste collection has ensured the Trust is zero to landfill and allowed implementation of mixed recycling, capturing more materials than the previous collection of paper and cardboard. Areas such as catering the Trust have eliminated avoidable single use plastics, replacing polystyrene containers with compostable vegware containers and plastic cutlery with wooden alternatives. As well as waste there is also the issue of sustainable food sources, the catering department is focused on supplying healthier choices ensuring not only that patients receive the nutritional and hydration required for their needs and promoting healthy eating to both staff and patients, but also that they consider the sustainable procurement of these choices.

Carbon/Greenhouse Gases - This is an overarching area that reflects on many of the topics above in relation to reducing the Trust's carbon impact and emissions. The new net zero targets will be a challenge to meet and require staff at all levels to be actively involved in ensuring sustainability is a key factor in all decisions and business cases going forward. It will require the Sustainability Committee to

actively monitor and track progress of sub working groups and engage locally, regionally and nationally with the ICS Sustainability Group, Local Authority and suppliers. Overall as a health organisation we must prevent the effects of air quality and climate change affecting both the local community and wider population; climate change is a health emergency which could have far greater repercussions than the pandemic and impact present and future generations to come.

A handwritten signature in blue ink that reads "J. Bilcliff". The signature is stylized and includes a horizontal line through the middle of the letters.

Signed:

Jackie Bilcliff

Acting Chief Executive

Date: 10 June 2021

Accountability Report

Directors' Report

The Board of Directors is responsible for exercising the powers of the Trust. The Schedule of Reservation and Delegation of Authority sets out the types of decisions that must be taken by the Board of Directors and those which can be delegated to management. The Board sets the strategic direction within the context of NHS priorities, allocates resources, monitors performance against organisational objectives, ensures that clinical services are safe, of a high quality, and ensures high standards of clinical and corporate governance. The constitution defines which decisions must be taken by the Council of Governors and how disagreements between the Board and the Council of Governors should be resolved.

Composition of the Board

The Board comprises eight Non-Executive Directors (including the Chair), one Associate Non-Executive Director (appointed via the NHSE/NExT Director Scheme which is a positive action development programme designed to help find and support the next generation of talented people from groups who are currently under-represented on NHS Boards) and five Executive Directors (including the Chief Executive). The Chair and Non-Executive Director appointments are approved for terms of office of up to three years and terminated by the Council of Governors via the Governors' Remuneration Committee and may seek reappointment in line with the provisions set out in the Code of Governance.

The Board considers that all of the Non-Executive Directors are independent and Mr Mike Robson is the named Senior Independent Director. The Executive Directors are appointed on permanent contracts and all Directors undertake an annual appraisal process. Additional assurance of independence and commitment for those Non-Executive Directors serving longer than six years is achieved through a rigorous annual appraisal and review process in line with the recommendations outlined in the Code of Governance.

Declaration of Interests

The Board declare any interests before each meeting which may conflict with the business of the Trust and excuse themselves from any discussion where such conflict may arise. Interests are declared annually at a public meeting and these are recorded in a Register of Interests, available on the Trust website.

Directors' Declaration

The Directors of the Board at the time the annual report is approved can confirm that:

So far as they are aware, there is no relevant audit information of which the auditor is not aware and that they have taken all steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the NHS Foundation Trust's auditor is aware of that information.

All Directors understand that it is their responsibility to prepare the annual report and accounts, and that they consider the annual report and accounts, taken as a whole, to be fair, balanced and

understandable, and to provide the information necessary for patients, regulators and other stakeholders to assess the performance of Gateshead Health NHS Foundation Trust, including our business model and strategy.

Board meetings and committees

The Board supports the Nolan principles and makes the majority of its decisions in meetings open to the public. The Board met in public 6 times during the year followed by a confidential meeting. It also met in private a further 4 times and held 3 informal strategy sessions. In light of the Covid-19 pandemic, the Board agreed to establish a Covid Board Committee which operated whilst necessary to provide a mechanism through which the Non-Executive Directors could receive information for the purpose of assurance on key aspects of the organisational response to the pandemic. There were 5 private meetings which took during the year.

The Board delegates some of its work to committees. There is a standing item at each Board meeting to receive the assurance reports from the Board committee meetings.

Executive Directors		Attendance at Board of Director meetings
Name & Position	Background	Total number attended
Yvonne Ormston Chief Executive	Yvonne joined the organisation from the North East Ambulance Service in June 2019 where she has been a CEO for more than four years. Prior to that she was the Deputy CEO with this Trust for ten years.	6 of 6
Jo Baxter Chief Operating Officer From 1 June 2020	Joanne is an experienced executive director with more than 30 years' experience in the NHS. She joined from the North East Ambulance Service (NEAS) where she spent seven years as the Executive Director of Quality, Safety, Innovation and Improvement.	5 of 5
Andrew Beeby Medical Director	Andy was appointed as Medical Director in November 2016. He is a Consultant Obstetrician and Gynaecologist with a special interest in Urogynaecology and has worked in the Trust since 1995. He qualified from Newcastle upon Tyne in 1985 and trained across the North East prior to his appointment at Gateshead. He was Clinical Lead for Obstetrics & Gynaecology 2003-2016 and Associate Medical Director for Workforce and 7 day services 2015-16.	5 of 6
Jackie Bilcliff Group Director of Finance & Deputy Chief Executive from March 2021	Jackie was substantively appointed as the Group Director of Finance for the Trust in January 2019. She started her career in audit, training with the Audit Commission. She held various roles there as well as a period within the NHS before becoming Finance Director of Northumbria Probation Service prior to joining Gateshead.	6 of 6
Lisa Crichton-Jones Executive Director People & OD From 1 October 2020	Lisa joined the Trust in October 2020 and is an experienced NHS HR Director, having worked at Executive level since 2012 and in the NHS since 1999. She brings experience of working in a large complex trust as well as recent experience as Director of Workforce for the NENC Integrated Care System. She is a Governor at East Durham College, a trustee at Museums North and Chairs the North East and North Cumbria NHS HR Directors Network.	3 of 3

Executive Directors		Attendance at Board of Director meetings
Name & Position	Background	Total number attended
Hilary Lloyd Director of Nursing, Midwifery and Quality Up to 26 February 2021	Hilary was appointed as the Director of Nursing, Midwifery and Quality in 2014 having previously been the Deputy Director of Nursing, Midwifery and Quality since 2011. She qualified as a registered nurse in 1989 and has extensive clinical experience. She has held a number of senior nursing posts in acute health care, education and research. Hilary has a professional doctorate in improving quality in nursing practice.	4 of 5

Non-Executive Directors		Attendance at Board of Director meetings
Name & Position	Background	Total number attended
Alison Marshall Chair	Alison is a qualified lawyer and former partner at Dickinson Dees LLP. She joined the organisation from Northumbria Healthcare where she was a Non-Executive Director since 2017. She is also a Non-Executive Director at Northern Powergrid. Alison joined the Trust in October 2019 and her term of office ends on 30 September 2022.	6 of 6
Shaun Bowron Vice-Chairman and Senior Independent Director Up to 30 September 2020	Shaun has a background in media spanning 35 years in both the regional press and commercial radio. Prior to joining the board in July 2013, he was Group Operations Director with GMG Radio, part of the Guardian Media Group. His previous roles include Managing Director and Brand Managing Director. He has commercial, marketing and general management skills having worked at board level for over 20 years. Shaun's term of office ended on 30 September 2020.	2 of 3
Ruth Bonnington Non-Executive Director	Ruth has been a GP in Gateshead for 25 years and works in a small practice in Bensham where she has been a partner since 1995. She is passionate about good quality, patient-centred care that can only be delivered if staff (both clinical and non-clinical) are committed to these values and robust systems are in place to support its delivery and the staff themselves. Ruth was appointed in July 2017 and her term of office ends on 30 June 2023.	6 of 6
Martin Gannon Non-Executive Director	Martin was elected as a member of Gateshead Council in 1984 and served in various roles including Deputy Leader for six years, before being elected as Leader of the Council in May 2016. Prior to this, Martin worked for the GMB Trade Union for 23 years undertaking a number of roles including Regional Officer, Head of Research, Health and Safety and Media and Communications. As Leader of the Council, Martin is involved in several national and regional bodies. He is Chair of the North East Joint Transport Committee and a member of North East LEP, the North East Combined Authority, LGA City Regions Board and North Music Trust. Martin was appointed in July 2017 and his term of office ends on 30 June 2023.	4 of 6
Paul Hopkinson Non-Executive Director Up to 30 June 2021	Paul is a practising solicitor based in the North East but working for large scale public sector bodies in various parts of the country. He is also a trustee of a local cancer charity. His term of office ends on 30 June 2021.	5 of 6

Non-Executive Directors		Attendance at Board of Director meetings
Name & Position	Background	Total number attended
Andrew Moffat CBE Non-Executive Director and Audit Committee Chair	During his executive career he has gained experience in the water, telecommunications and ports sectors occupying senior financial, commercial and strategic roles. He joined Port of Tyne as Finance and Commercial Director in 2007 and was Chief Executive for 10 years. He was Chair of the CBI's Regional Council in 2018 and Deputy Chair in 2019 and is currently a private sector, North East LEP Board Member and also chairs its Investment Board. Andrew is a fellow of the Chartered Institute of Management Accountants.	5 of 5
Hilary Parker Non-Executive Director	Hilary qualified as a solicitor in 1985. She was previously a university lecturer. She was a partner at Sintons solicitors until 2015. She specialised in healthcare law and remains a consultant with Sintons. Hilary was a non-executive director at the Newcastle Hospitals Foundation Trust for many years. She chairs the Newcastle University Development Trust (a charity) and is on the board of Kingston Properties Limited a wholly owned subsidiary of Bernicia Housing (a registered housing association)	5 of 5
John Robinson DL Non-Executive Director Up to 30 September 2020	John has a professional background in Environmental Health, with over 40 years' experience of Local Government. He has developed and managed a wide range of services provided by Gateshead Council and led various partnerships involving the Local Community. Before retirement he was Strategic Director, Local Environmental Services. John is also a Deputy Lieutenant of Tyne and Wear. He became a Non-Executive Director on 1 July 2014 and his term of office ended on 30 September 2020.	2 of 3
Mike Robson Non-Executive Director and Senior Independent Director from 1 November 2020	Mike is a Fellow of both the Chartered Institute of Public Finance and Accountancy and of the Healthcare Financial Management Association. He qualified as an accountant in 1979 whilst working in local government and held Director of Finance posts within the NHS for 25 years. He is a Vice President of St Oswald's Hospice in Newcastle having retired by rotation from the role of Chair of Trustees in November 2018. Mike was appointed as a Non-Executive Director on 1 July 2018 and Senior Independent Director from 1 November 2020. Mike's term of office ends on 30 June 2024.	6 of 6
Mojgan Sani Associate Non-Executive Director	Mojgan is currently the Chief Pharmacist at North Tees NHS Foundation Trust. She joined the Trust on 1 December 2020 as an Associate Non-Executive Director via the NExT Director scheme. This is a 12 month placement to provide the opportunity to learn first-hand about challenges and opportunities associated with being a NED in the NHS today.	2 of 2
David Shilton Non-Executive Director	David qualified as a nurse in 1978 and after working in a range of clinical specialties moved into Nurse Management in 1984. He has worked at a senior management level in both the NHS and independent sector. His most recent role was as Executive Nurse Director with South Tyneside NHS Foundation Trust. He became a Non-Executive Director on 1 December 2015. His term of office ends on 30 September 2021.	6 of 6

Related Party Transactions

Gateshead Health NHS Foundation Trust is required under IAS 24 to disclose material transactions undertaken with a related party. See Notes 16.4 – 16.5 of the accounts.

During the year none of the Board Members or members of the key management staff or parties related to them, has undertaken any material transactions with Gateshead Health NHS Foundation Trust. The Foundation Trust has received revenue and capital payments from the Gateshead Health NHS Foundation Trust Charitable Fund.

NHS Improvement's well-led framework

The Trust's Vision places the patient at the centre of everything that we do, supported by the Trust values which every member of staff has signed up to.

The Trust Quality Governance Committee (QGC), a Committee of the Board, ensures that the governance of quality is its number one focus. This is evidenced by the presentations, papers and six-monthly reports which are received for assurance from the councils who report into QGC, with a focus on quality improvement, patient experience, clinical effectiveness, patient safety, research and development, risk and claims.

To ensure that the Clinical Business Units are responsive and effective and also have quality foremost in their plans, they are required to present their Quality Improvement plans to our clinical governance meeting (SafeCare) twice a year which they update following their departmental and Business Unit SafeCare meetings. To bring all this together and support the Business Units and staff the Trust has prepared a Quality Improvement Strategy 2018/21.

Patient Care

A new team will provide personalised overnight care for some of its most vulnerable patients. The Enhanced Care Team, which is made up of healthcare assistants and will be supported by the Acute Response Team (ART), will provide overnight therapeutic care to patients who may have dementia, cognitive issues or patients with conditions that may require more specialised interventions.

Cancer care at the QE Hospital has been rated one of the best in the country as well as the best in the North East. The National Cancer Patient Experience Survey is conducted each year and asks a range of questions about the care patients receive during their cancer journey, from first appointments, to treatment and their ongoing care. Patients gave us a rating of 9.1 out of 10 overall for their cancer care, the third highest score of the 143 trusts in England that took part.

Gateshead palliative care service launches, providing vital support for people who choose to spend their last weeks of life at home has been launched in Gateshead. The Gateshead Hospice at Home service works in the community to provide 24-hour care and support for patients at the end of life and their families within the borough of Gateshead, through a large team of healthcare assistants supported by a wider team of specialist practitioners. It is managed by two nurse coordinators who assess patient and

family needs to ensure the best package of care is put in place, providing the right support, at the right time and in the right place.

Patients have praised the NHS staff in Gateshead and awarded top ratings for patient care, according to the results of a national survey. The Adult Inpatient Survey is produced annually by the Care Quality Commission (CQC), who monitor, regulate and inspect health and social care services in England. It is based on feedback from people who spent time as a hospital inpatient during July 2019. Gateshead Health NHS Foundation Trust received excellent results which highlighted that 98% of patients felt they were treated with dignity and respect, while 98% had confidence and trust in their doctors.

We helping connect patients and loved ones during the pandemic. A delivery of technology has helped some of the most ill patients at the Queen Elizabeth Hospital to keep in touch with their loved ones – and it's proving to be a huge boost for patients. Due to the COVID outbreak, the NHS has had to introduce national restrictions on visitors so iPads were delivered to the critical care department, where some of the most ill patients are being cared for by the team. Using one of the available iPads has meant that patients have the opportunity to stay in touch with the outside world, keep in regular contact with their loved ones, and feel a sense of being part of the things happening in their communities at home. Additionally, several new services launched that are designed to help patients and their loved ones stay in touch while ward visits are suspended. For example, the 'Message to A Loved One' service helped keep patients and their family and friends in contact with one another during the Covid-19 crisis. People can send a message to a dedicated email address, which will then be passed on to the patient.

Innovations

Gateshead planned and set up a COVID vaccination hub – which reached the key milestone of offering the Covid-19 vaccine to all health and social care workers in the borough, and vaccinated more than 9,000 workers, including over 4,500 hospital employees. The drive to protect health and social care staff with their COVID vaccine dose moved at a rapid pace thanks to five GP-led centres and a vaccine hub at the Queen Elizabeth Hospital. Andy Beeby, medical director at Gateshead Health NHS Foundation Trust, said: "The dedication and drive to get the vaccine to thousands of people has been nothing short of heroic. Given the pressures the NHS is facing, it's fantastic that we have achieved so much, so quickly and helped protect so many of Gateshead's vital health and care staff." The programme involves staff from across the hospital's teams, alongside practice staff, volunteers and local partners including Gateshead Council and Community Based Care, and the Gateshead GPs' federation. Many NHS staff members have taken on vaccine work alongside their normal jobs like pharmacy, nursing or doctors, while others have returned from retirement to help out. Anaesthetist Fiaz Ahmad volunteered to give the vaccine to colleagues at the Queen Elizabeth Hospital. He said: "Most years I'd be getting on a plane, this year I volunteered to vaccinate NHS and care home staff. It's been emotional, vaccinating friends and colleagues I've worked with on the frontline of the fight against the pandemic."

The research team at Gateshead's NHS Trust celebrated recruiting 200 participants to a global study designed to find more effective treatments for COVID-19. The team of 35 medical and research staff at Gateshead Health NHS Foundation Trust contributed to the Randomised Evaluation of COVID-19 Therapy (RECOVERY) study, the world's largest clinical trial for COVID-19 treatments, and recruited their 200 participants – an amazing achievement. The RECOVERY trial was launched rapidly in the UK in

March 2020 to investigate whether any existing treatments were effective against COVID-19. The trial delivered results that have changed clinical care, including the findings that the inexpensive steroid, dexamethasone, and the anti-inflammatory treatment, tocilizumab, significantly reduce the risk of death when given to hospitalised patients with severe COVID-19. By giving their time to collect vital data, the team contributed to providing clear results on the effectiveness of six different treatments. Dr Dina Mansour, principal investigator, says: "Thank you so much to all colleagues and patients taking part in this worldwide effort to find more effective treatments for COVID-19 through the RECOVERY trial. We at the QE are proud to have contributed to its success." Research and development director, Dr Salman Razvi, also passes on his thanks: "Everyone involved in this team effort should justifiably be proud of themselves and their endeavours. Research never stops!"

Community staff have been enabled to deliver high-quality, seamless, connected care with a new mobile working system, EMIS Mobile. The new system shares information in real time and allows community healthcare professionals to view and update the same electronic patient records as their community colleagues, and some staff can also see the live records from primary care. This electronic system means they can:

- see what care patients have received since they last saw them;
- provide more informed and joined-up care;
- improve patient care and safety by working in multi-disciplinary teams;
- ensure patient information is kept safe and secure by reducing the risk of lost paper notes;
- and see the full picture of a patient's health as all their health and care information is in one place.

Accolades and Awards

Trust Chief Executive, Yvonne Ormston MBE was included in an annual list of the NHS's top leaders, and named one of the top 50 chief executives in the NHS. The list is judged on 3 main criteria, namely the personal example set by the chief executive, the performance of the organisation they lead and the contribution the chief executive has made to the wider health and social care system. As well as exhibiting strong leadership in Gateshead, Yvonne is also the deputy chair of Health and Care Women's Leaders Network, a Guiding group member for the LGBT Network, as well as ICS Lead for EDI & in particular developing staff networks. She is the ICS Pathology Network Director and has taken on both ICS, NE & Y and national roles to support testing throughout the pandemic. Alison Marshall, Chair of Gateshead Health NHS Foundation Trust, said: "Yvonne is an inspirational leader and we're so proud that she has been included on the top 50 list. She leads by example and has been one of the loudest advocates for equity among our staff, with her tireless work to promote our staff networks."

Our community staff were praised by the public for their hard work and commitment to providing outstanding care for Gateshead residents during the Covid-19 pandemic. Members of the public nominated the staff of the Community Business Unit, part of Gateshead Health NHS Foundation Trust, to receive an award for their dedication to looking after patients throughout the pandemic. The Community unit includes staff such as nurses, occupational therapists, podiatrists and healthcare assistants, who all support and care for patients in the community. They were presented with a Blaydon

Angel Award by Liz Twist, the Member of Parliament for Blaydon, at a socially-distanced ceremony at Blaydon Leisure Centre. Nicola Allen, Acting Director of Operations for Community Services, said: "We're beyond proud to have been given this award, and it's especially heartening to have been nominated by a member of the public. Like many NHS staff, the community team have worked tirelessly in very challenging circumstances to provide continuous quality care, so we want to thank the public, both for our nomination and for their ongoing support." Liz Twist said "I'd like to thank everyone for all the work you've been doing during these difficult circumstances and it's really appreciated. I am pleased to be able to present you with my Angel Award. We couldn't manage without you and I want to say a heartfelt thank you."

The Gateshead Fertility Unit at the Queen Elizabeth Hospital was highlighted as one of the best in the country with a higher than average track record of creating families in the North East and beyond. For women of all ages receiving treatment at Gateshead, 29% of embryos transferred resulted in live births, which makes it the most successful in the North East of England, and the third best in the north of the UK. The national average stands at 23%. For woman aged under 35, the figures are even better with 35% of embryos resulting in a live birth compared with a national average of 29%. Mr Ian Aird, consultant gynaecologist and clinical lead for fertility services at QE Gateshead, said: "We are very proud of the quality of the care offered at our unit. These fantastic results are a tribute to the vision and innovation of all our staff that have led to us bringing in new technologies to our treatments in the last few years."

Digital Optimisation and Transformation including the Global Digital Exemplar Fast Follower

Nervecentre to replace iBleep for out of hours tasks

Nervecentre's Hospital at Night module successfully went live across the trust in September 2020, replacing iBleep for raising tasks out of hours. The new system will improve safety and efficiency out of hours by digitally managing the distribution of tasks to the most appropriate doctor.

Going 'Paperlite'

As part of our GDE Fast Follower programme, there is a need to go paperlite within the Trust and digitise paper records. The digital teams have worked collaboratively with a number of staff across the organisation to capture the right information to digitise. Over time, paper will reduce on wards and across our services, this will support our front line teams in quicker decision making as information will be in the right place and accessible when needed.

Mobile working rolled-out to 350 staff in the community

Over the last 18 months, 350 of our Community staff have been enabled to deliver high-quality, seamless, connected care with our new mobile working system, EMIS Mobile.

The new system shares information in real time and allows community healthcare professionals to view and update the same electronic patient records as their community colleagues, and some staff can also see also see the live records from primary care. This electronic system means they can:

- see what care patients have had since they last saw them;

- provide more informed and joined-up care;
- improve patient care and safety by working in multi-disciplinary teams;
- ensure patient information is kept safe and secure by reducing the risk of lost paper notes;
- and see the full picture of a patient's health as all their health and care information is in one place.

This not only improves patient safety, but also saves time by reducing the need for community nurses and clinicians to travel back to site between appointments.

During our response to COVID-19, EMIS Mobile has also helped Community teams to maintain social distancing by allowing staff to work completely remotely while still being able to access a patient's latest information. It also enabled staff to support the COVID-19 vaccination programme and update the national system in real time. By April 2022, all Community staff who need it will have access to EMIS Mobile including training and mobile devices.

Digital's Covid Response

The pandemic has put a spotlight on Digital and led to some rapid changes in the way we work. Working together, we have enabled many staff to work from home and for over 2,500 appointments to take place online and over 4,000 by phone. Using digital tools to deliver care is nothing new but it certainly has been accelerated during the COVID-19 pandemic. The team felt a sense of pride in enabling our clinical teams to function digitally in difficult times, we will continue this into 2020/21 providing the opportunity to deliver real benefits for staff and patients.

Sharing Information to the Great North Care Record

The Trust have been successfully connected to the Great North Care Record since February 2021 and have started to make patient information available to frontline staff who are directly involved in a patient's care. Currently, the Trust is sharing patient demographics, visits, appointments, laboratory results, including microbiology results, radiology, and pathology reports.

Dr Claire McDonald, Consultant in Geriatric Care and a Chief Clinical Information Officer for the Trust recently shared the following quote in relation to having access to the data to support patient care; "Being able to access information from other hospitals, their GP practice, or the ambulance service really helps me to ask the right questions and better plan their care."

QE Charitable Funds

This last year will be one none of us will forget with the devastating impact the pandemic has had on the world. Despite these unprecedented times, QE Charitable Funds has been extremely humbled by the amazing support which we have received from our community and local businesses in our fight against Covid.

As a member Charity of NHS Charities Together, our Charity has benefited hugely from the Covid-19 Appeal which was launched by NHS Charities Together in March 2020 and which seen amazing fundraising from the likes of the late Captain Sir Tom Moore and thousands of others and donations from the public and large corporations which to date totalled over £150 million. Our Charity has been

successful in securing £280k of grant funding from this appeal in support of our frontline staff treating patients with Covid-19 and patients suffering from Covid-19.

The Charity's main priority has been to support the health and well-being of our workforce who have worked relentlessly over the last 12 months. Here are some of the ways in which the Charity has used the grant funding to support our workforce:

- Care boxes for frontline staff and care bags for our patients and shielded patients
- Water bottles, hand creams, lip balms, uniform bags and pens
- Food, snacks, refreshments and treats via Project Wingman
- Fridges, kettles, coffee machines and pods for wards without break rooms
- Sanctuary room (old WHS) for staff to spend quiet time off their busy wards
- Vivup Counselling Services for staff
- Diffuser Training for PTS for staff
- Nightingale Frontline Support Services for staff
- £10.00 meal, snack and drinks vouchers for all staff
- New internal comms officer post in support of the HWB of our workforce
- New staff Psychologist/Service Lead in support of the HWB of our workforce

The Charity has also supported our BAME and Hidden Communities in Gateshead who we know have been disproportionately affected by Covid-19 by using specific grant funding to support the following 6 projects:

- D-Ability – Sunflower Scheme for staff with hidden disabilities
- Jewish Community – Essential PPE for Hatzola Emergency Response Service
- Jewish Community – New DASH Advocacy Office to support the community
- BAME – Cultural Competencies Training for staff
- BAME – Box of Faith which will provide essential prayer items for patients and staff
- BAME – Renovated Trust prayer room for patients and staff

The Charity has also been able to fund additional equipment and support services:

- TV's and iPads for relocated wards for our patients to use
- Covid-19 research freezers which allowed our Pathology Research Team to carry out urgent Covid-19 Public Health Studies as we went into the 2nd wave of the pandemic.
- Additional Cancer Counselling Services via FACT for our patients and families

We have seen an amazing 49 new fundraisers sign up in support of our Charity this year taking part in everything from sky dives, bake sales, tombolas, raffles, head shaves and one fundraiser donating all of hers and her grans special birthday monies in support of our Charity. We have also seen an on-line sing-a-long, community street bingo, the "Rainbow Lady" who has made vinyl car rainbows in support of our Trust and numerous fitness challenges including our first "Team" fundraising effort by our Radiology Team. The Charity also received support from Gateshead born footballer, Danny Graham, who plays for Sunderland FC and who raised an amazing £10k by auctioning off some of his prized memorabilia in

support of our Charity and our hospital which is very close to his heart and where both himself and his brother were born.

All of this from our amazing fundraisers, donors, the very kind donations made in memory of loved ones and legacies which combined have raised an amazing total of £162,293 for our Charity.

The Charity has funded some very exciting projects for this year which would not be possible without the continued support of our fundraisers and donors. Here are just some of the exciting things to look out for over the coming months:

- The newly renovated Chapel of Rest – New less clinical waiting areas and new “home from home” style room for loved ones of our patients to spend time and say their final goodbyes
- The Jubilee Garden Project – outdoor rehabilitation area and patient/staff sanctuary space
- Chemo Day Unit Garden Project – a tranquil outside space for patients receiving treatment
- Children’s Outpatient Department Renovation Project – new artwork, waiting area, iPad station and with The Smile Campaign fundraiser, hopefully a new garden play area.
- Windy Nook Outpatient Department – 2x staff sanctuary courtyards space to support HWB
- St Bedes Garden Project – creating a new open, calming space for patients and their families to enjoy.

Over the next year, we hope to continue to raise the profile of QE Charitable Funds and as the last 12 months have shown our community and local businesses desire to support our Charity and our Trust, we will continue to build on these relationships and community working in the future and we hope that with the very exciting launch of the new Charity Website and social media networking, this will allow us to reach wider support across our community. We also feel that engagement with our staff groups across the Trust is vital to help us to continue to raise funds for our wards and departments to enable us to enhance the patients experience, continue to provide advanced training and development for our staff and essential research.

Audit Committee Report

During the year the Audit Committee considered the significant issues in relation to the Group's (both QEH and QEF) financial statements, operations and compliance.

In particular, in addition to regular reporting and discussion regarding internal audit work, counter fraud activity, risk management/board assurance framework, and losses and compensation payments, the Audit Committee had detailed discussions and monitored specific actions regarding:

- Impact of Covid 19
- The delivery of the audit programme to support the Audit Opinion
- Internal audit programme

The draft financial statements for 2020/21 were discussed and reviewed at a dedicated workshop in April 2021. The draft outturn position, risks and other significant issues were discussed at this meeting.

The Audit Committee also reviewed the Annual Governance Statement taking assurance from Internal Audit Reports, the work of the Quality Governance Committee, the Finance and Performance Committee and the Human Resources Committee and updates to the Board Assurance Framework, particularly in light of the COVID pandemic and its effects on the Trust and risks faced. The Committee has not been made aware of any concerns around governance or breaches of internal controls during the year, which would need to be reflected in the Annual Governance Statement. All reports in which Internal Audit reported that they had gained 'limited assurance' from their review were considered specifically by the Audit Committee. As a result of these specific reviews, the Committee was satisfied that none of the concerns raised were significant in the context of the Annual Governance Statement and the Committee's other responsibilities.

External audit provided their External Audit Plan for the audit of the annual accounts to the Audit Committee in March 2021. Other risks previously identified (with level of risk compared to previous financial year) were;

- Valuation of land and buildings – no change in risk
- Fraud risk from revenue and expenditure recognition – no change in risk
- Mis-statements due to fraud and error – no change in risk
- Going concern – no change in risk.

External Audit reported back on these risk areas in their ISA 260 as well as their view on Value for Money. The Accounts have been given an unqualified audit opinion and the auditors assured the Audit Committee and Board that the Trust has proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Members of the Committee take the opportunity to have a discussion with the auditors following the Committee meetings without any officer of the Trust being present. The purpose of these discussions is

to ensure that there were no matters of concern arising from internal or external audit regarding the running of the organisation that should be raised with the Audit Committee. Any matters discussed at these meetings are reported to the Board of Directors.

The 2020/21 audit year was the fourth and final year of the contract for external audit services provided by Ernst & Young, having been awarded a one year contract extension onto the original three year term. The fee for external audit work undertaken under the Code of Audit Practice issued by the National Audit Office included the opinion on the financial statements, the review of the Annual Governance Statement, the auditor’s commentary on the economy, efficiency and effectiveness of the Trust, work to support the Whole of Government Accounts and the Charity audit. EY were also the auditors for QEF. In total the value of this work was £49k excluding VAT. Ernst &Young have not provided non-audit services during the year. Following a tender process the contract for external audit services has been awarded to Mazaars.

There were five Audit Committee meetings in 2020/21, attendance was as follows.

Member	Attendance at Meetings
Mr M Robson (Chair from 1 July 2018 to December 2020)	4/4
Mr A Moffat (Chair from October 2020)	3/3
Mr P Hopkinson	5/5
Mr D Shilton	5/5
Mr John Robinson (Member until September 2020)	3/3
Mrs H Parker (Member since October 2020)	3/3

Council of Governors

The Council of Governors includes 16 public governors elected by members of the Foundation Trust. It also has six staff governors elected by hospital staff. They are joined by four nominated representatives from our partner organisations.

Our Governors play an important role in helping us communicate with our members and partner organisations about our vision, performance and strategy. It is their responsibility to maintain and review the Membership strategy and increase our membership. They also have specific responsibilities in regards to the appointment and remuneration of our Chair and Non-Executive Directors, the appointment of the external auditor and the holding to account of Non-Executive Directors individually and collectively for the performance of the Board of Directors.

The work of the Council of Governors has been impacted this year by the restrictions imposed by Covid. In normal times, the Board of Directors consults with them at a joint workshop when the operational plan is being prepared and at a mid-year review. Governors receive regular reports at meetings on financial/clinical performance and quality. Governors are also consulted on other issues such as revisions to our constitution. Whilst some of this activity continued, due to the late receipt of our planning guidance, it was not possible to consult with the Council of Governors in relation to an operational plan before the end of the financial year.

The Board of Directors also attend the meetings of the Council of Governors and members of the Council of Governors attend as observers at the Board of Directors' meetings. Papers and agendas for both meetings are shared. The Trust Chair chairs both the Board and the Council of Governors and acts as a link between the two.

A Non-Executive Director is a member of the Membership Strategy Group and, as members of the Trust, Non-Executive Directors receive all information sent to members. The relationship between the Council of Governors and the Board of Directors is key and the Trust continues to build upon opportunities for shared activities.

During 2020/21, the Council of Governors met in public three times. Agenda, papers and dates of meetings can be found on the website (details of which are on the back cover). In addition to attendance at formal Council of Governor meetings, Governors have also met as part of working groups and committees throughout the same period. Each Governor's attendance at the Council of Governors is shown in the constituency list on pages 36 and 37.

Attendance by the Board of Directors at Council of Governors' meeting was:

Name	Position	Meetings Attended
Jo Baxter	Chief Operating Officer	1 out of 3
Andrew Beeby	Medical Director	1 out of 3
Jackie Bilcliff	Group Director of Finance	2 out of 3

Name	Position	Meetings Attended
Ruth Bonnington	Non-Executive Director	2 out of 3
Shaun Bowron	Non-Executive Director up to 30 September 2020	0 out of 1
Lisa Crichton-Jones	Executive Director of People & OD	2 out of 2
Martin Gannon	Non-Executive Director	3 out of 3
Paul Hopkinson	Non-Executive Director	3 out of 3
Hilary Lloyd	Director of Nursing, Midwifery and Quality up to 28 February 2021	1 out of 3
Alison Marshall	Chair	3 out of 3
Andrew Moffat	Non-Executive Director	3 out of 3
Yvonne Ormston	Chief Executive	3 out of 3
Hilary Parker	Non-Executive Director	3 out of 3
John Robinson	Non-Executive Director up to 30 September 2020	1 out of 1
Mike Robson	Non-Executive Director	3 out of 3
Mojgan Sani	Associate Non-Executive Director	1 out of 1
David Shilton	Non-Executive Director	3 out of 3

Public Governors	Constituency	Appointment	Meetings Attended
Eileen Adams	Central	3 years from 2020	3 out of 3
John Bedlington	Central	3 years from 2019	2 out of 3
Helen Jones	Central	3 years from 2020	3 out of 3
Abe Rabin	Central	3 years from 2020	3 out of 3
John Stephens	Central	3 years from 2019	1 out of 3
Karen Tanriverdi re-elected	Central	6 years from 2018	2 out of 3
Des Costello	Eastern	3 years from 2020	0 out of 3
Alan Dougall	Eastern	2 years from 2020	0 out of 3
Esther Ward	Eastern	3 years from 2019	1 out of 3
Les Brown	Western	3 years from 2020	2 out of 3
Jenny Gill (Lead Governor from February 2020)	Western	2 years from 2020	3 out of 3
Grace Henderson	Western	2 years from 2020	3 out of 3
Chris Hulley	Western	3 years from 2020	0 out of 3
Mick Lamport re-elected	Western	6 years from 2018	1 out of 3
Janice Todd up to 4 January 2021	Western	3 years from 2018	2 out of 2
Geoffrey Riddell from 5 January 2021	Western	3 years from 2021	1 out of 1
Patrick Usher from 5 January 2021)	Out of Area	3 years from 2021	1 out of 1

Staff Governors	Constituency	Appointment	Meetings Attended
Joanne Coleman	Staff	3 years from 2019	3 out of 3
Claire Ellison	Staff	3 years from 2020	0 out of 3
Michael Loomer	Staff	3 years from 2020	3 out of 3
Kendra Marley	Staff	3 years from 2019	3 out of 3
Anna Richardson up to 4 January 2021	Staff	3 years from 2018	0 out of 2
Steve Connolly from 5 January 2021	Staff	3 years from 2021	1 out of 1

Marceline Ndam from 5 January 2021	Staff	3 years from 2021	1 out of 1
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Appointed Governors	Organisation	Appointed	Meetings Attended
Debbie Porteous	University of Northumbria	September 2020	1 out of 2
Aron Sandler	Gateshead Jewish Community	May 2009	1 out of 3
Laura Ternent	University of Newcastle	September 2016	2 out of 3
Chris Toon	Gateshead College	February 2020	3 out of 3
VACANCY	Gateshead Youth Council		
VACANCY	Voluntary Organisation Council		
VACANCY	Gateshead Diversity Forum		
VACANCY	Gateshead CCG		

Through its Governors and members, the Trust is making links with local communities to gain a greater understanding of people's needs to shape services. Our most successful recruitment method is through our Governors attending Out-Patient Clinics and through our website.

Governor Training and Development

We believe our Governors require effective training and development to carry out their role, and we provide this in a number of ways. On appointment all Governors receive a comprehensive induction which covers areas such as the NHS as a whole, the roles of our regulators, Non-Executives and the Senior Independent Director and NHS finance.

Governors are also provided with a handbook containing all relevant Monitor guidance and are also offered a meeting with the Chair to discuss any particular issues they may have. The Trust has been unable to hold onsite governor training events this year however governors have been given the opportunity to attend virtual NHS Providers GovernWell courses.

To help Governors fulfil their role they are invited as observers at the Trust Board and some Governors are appointed as observers at the Board Committee meetings. In September 2017, an additional agenda item was added to the Trust Board agenda to allow Governors in attendance to ask questions.

Governors also receive copies of all Board agendas and receive regular information from the Trust, which included a weekly briefing from the Chair during peak Covid times. They are consulted on the Trust's Quality Account, and receive presentations on key initiatives such as Charitable Funds and the Role of External Audit.

Declarations of Interest

All Governors have a responsibility to declare relevant interests as defined in the Trust's constitution. These are reported to the Council of Governors and entered into a register which is available on request from the Trust Secretary.

Expenses claimed by Governors

Whilst Governors do not receive payment for their work they are reimbursed for any necessary expenditure and may claim expenses at public transport rate or travel at 40p per mile. During 2020/21, the following expenses were claimed by our Governors:

	2020/21	2019/20	2018/19	2017/18
Total number of governors in office	32	32	33	37
Total number claiming expenses	Nil	2	5	5
Aggregate sum of expenses	Nil	£943.60	£937.26	£806.23

Elections Held During 2020/21

Elections in both public and staff constituencies are undertaken on behalf of the Trust by Civica Election Services who are engaged to act as the Returning Officer and Independent Scrutineer for the election process of Gateshead Health NHS Foundation Trust.

Elections for two staff and five public governors, whose tenure of office ended on 4 January 2021, were held during 2020/21. The results were announced on 4th November 2020 as follows:

Six nominations were received for four of the constituencies; one for central, two for western, two for staff, and one for out of area.

Public Governors – Central Constituency

Karen Tanriverdi was re-elected for a three-year tenure

One vacancy remains

Public Governors – Western Constituency

Michael Lamport was re-elected unopposed for a three-year tenure

Geoffrey Riddell was elected unopposed for a three-year tenure

Staff Governors

Steve Connolly was elected unopposed for a three-year tenure

Marceline Ndam was elected unopposed for a three-year tenure

Public Governors – Out of Area Constituency

Patrick Usher was elected unopposed for a three-year tenure

Related Party Transactions

The members of the Council of Governors have completed the required declaration forms and none of the governors or parties related to them has undertaken any material transactions with Gateshead Health NHS Foundation Trust.

Register of Interests

The register of Governors' interests is available for inspection by members of the public. Details on how to view the register are shown on the back page.

Membership

Membership is free and aims to give local people and staff a greater influence on how our services are provided and developed.

Membership of Gateshead Health NHS Foundation Trust is made up of three constituencies: Public; Patient; and Staff.

Public and Patient Members

Those eligible to become public members are people over the age of 16 who live in Gateshead and the immediate surrounding area which is divided into three constituencies: Western; Central; and Eastern Gateshead, and the Out of Area constituency which includes County Durham, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland (other than areas within the Gateshead constituency).



The map above shows the boundaries for the public membership.

People over 16 years of age, living in these areas who wish to become a public member of Gateshead Health NHS Foundation Trust, must complete and have accepted a membership application form. Members can vote to elect governors for their constituency and can choose to be nominated to stand for election as a governor.

Patient membership is available to individuals who live outside of the areas shown in the map above who have used any of the Trust's services within the seven years immediately preceding the date of their application for membership.

Population/Public Membership Ratio at 31st March 2021				
	Western	Central	Eastern	Out of Area
Population	77,471	92,828	41,615	Unknown
Membership	3,649	7,041	2,318	522
%	4.71	7.58	5.57	Unknown

Staff Members

Staff directly employed by the Trust or its subsidiary, QE Facilities, are automatically members for the duration of their employment, unless they choose to 'opt out'.

Staff whose services are contracted for by the Trust, staff not employed by the Trust but who in effect work in and with the Trust for most of their time, and volunteers are given the same status as staff, if they wish, provided they have worked with the Trust for a minimum of one year.

Employees of the Trust cannot be public members.

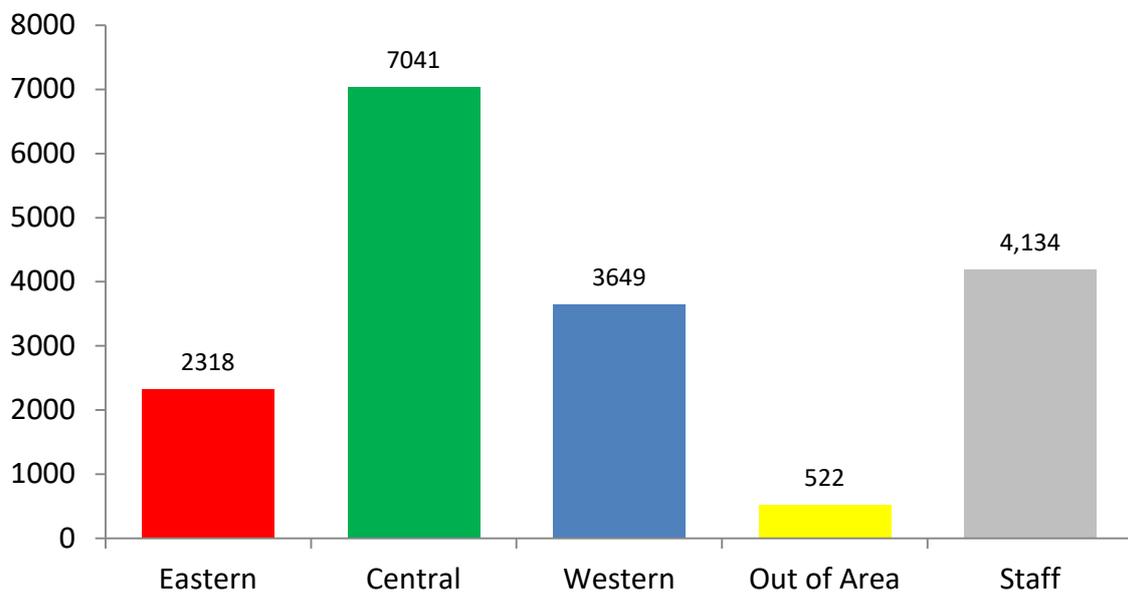
In September 2019, the Trust's Constitution was amended to allow volunteers with a minimum of 12 months' service to become staff members. All volunteers with 12 months' service or more were invited to become staff members. If they were existing public members, they were asked to choose which member type they would like to be registered as.

Membership Numbers

As at 31st March 2021, the total number of public members was 13,530, a slight decrease since April 2020 however as expected due to government restrictions. The number of staff members was 4,134.

The chart below shows the number of members per constituency:

Membership by Constituency (as at 31 March 2021)



Membership Strategy

Our Membership Strategy describes how we will maintain and develop an active and engaged membership.

Engagement events have not been able to take place this year due to the pandemic however when able, we will work to increase our engagement with members through regular events with existing community meetings such as WI meetings and local church groups. Attendance at the events allows governors to gain opinions and comments from their constituents on the Trust's services, any experiences and future plans. These comments are then fed back and shared at the Council of Governors meetings. Any queries raised at the events are investigated and a response is provided from the Membership Office.

In 2021/22 we hope to be able to:

- attend local community meetings to engage with members and the public
- communicate with members and provide information on services and developments within the Trust
- hold regular recruitment and engagement information stalls within the Queen Elizabeth Hospital
- carry out targeted recruitment to ensure our membership remains representative of the community we serve
- continue engagement work with local schools and colleges to increase the number of younger members

As at 31st March 2021, our public membership was as follows:

	Population Demographics	Membership Demographics
<i>Gender</i>		
Male	48.4%	35.2%
Female	51.6%	64.6%
Unknown		0.2%
<i>Age</i>		
Under 16*	19.3%	
16 – 19	4.9%	0.3%
20 – 29	11.4%	6.7%
30 – 59	41.6%	36.4%
60 – 74	15.2%	29.0%
75 and over	7.6%	26.2%
Age unknown		1.4%
<i>Ethnic Breakdown</i>		
White	98.4%	88.9%
Other	1.6%	7.5%
Unspecified		3.6%

*not able to become members

We are committed to ensuring that NHS Foundation Trust membership is representative of the whole community. We welcome membership applications from persons of any age (over 16), whatever their race, colour, religious beliefs, ethnic or national origin, gender, disability or marital status.

Analysis of membership in the tables above shows that ethnic makeup is higher than that of the Gateshead demographics. The membership is over represented by people aged over 60 and is under represented in all other age groups.

Communication and Involvement of Members

A joint members and staff newsletter, QE News, is normally published three times a year however this year resource was diverted toward the Covid response. The newsletter usually contains up to date information on service developments, features on departments and information on the Trust's Charitable Funds. It also includes membership information, governor activities, a calendar of events and contact details.

The members' area of the Trust's website continues to be a primary source of information and communication for members. We ensure that this section contains the most up to date information on governors, elections, events, how to apply for membership and useful links.

We have been unable to hold any Medicine for Members events this year due to government restrictions however we plan to reintroduce these during 2020/21. At these events, members are encouraged to ask questions and responses are provided by clinicians or medical staff present.

If Covid restrictions allow, the Membership Strategy Sub Group plans to organise another Membership Week later in the year and will involve information stands around the hospital, with governors on hand to recruit and engage with members, giving information on membership and the role of the Council of Governors.

Governors are in attendance for all Medicine for Members events and the Annual General Meeting. If you wish to contact a governor outside of these events, please email ghnt.governors@nhs.net or alternatively contact the Membership Office. Contact details are provided on the back page and on the Trust's website www.qegateshead.nhs.uk.

Remuneration Report

This report provides information on the remuneration and terms of service of both Executive and Non-Executive Directors of the Trust.

The Trust has two Remuneration Committees, one for Executive Directors' remuneration and one for Non-Executive Directors' remuneration. The Nominations and Remuneration Committee comprises the Non-Executive Directors and is chaired by the Chair of the Trust Board. The purpose of the Committee is to determine and keep under review the pay and terms of service of Executive and Associate Directors. The Governors' Remuneration Committee comprises 6 Trust Governors and is chaired by an appointed governor (Alison Machin from January 2020 and Chris Toon from January 2021). Its purpose is to review and make recommendations to the Council of Governors on levels of remuneration for the Chair and Non-Executive Directors and appointments/reappointments to these positions.

The Chief Executive and Executive Director of People & OD provide advice and support to the Committees but the Chief Executive is excluded from any discussions and decisions which affect their own pay. The Chair attends the Governors' Remuneration Committee but is excluded from any decisions which affect their own pay.

The Trust's wholly owned subsidiary, QE Facilities Ltd (QEF) has a remuneration committee to consider the remuneration of QEF Directors. The membership of the QEF Remuneration Committee comprises the Chair of QEF Board, the QEF Managing Director and the Chief Executive of the Trust. The QEF Chair and Managing Director are excluded from any decisions which affect their own pay.

Annual Statement - Executive Remuneration, Chair - Alison Marshall

During 2020/21 the Nominations and Remuneration Committee met four times and considered Executive team restructure, succession, recruitment and remuneration.

Annual Statement - Non Executive Remuneration, Chair – Alison Machin (from January 2020) and Chris Toon (from January 2021)

During 2020/21 the Governors' Remuneration Committee met once to consider the Succession planning for Non-Executive Directors as terms of office come to an end, and the remuneration of the Chair and Non-Executive Directors.

The Governors' Remuneration Committee made recommendations on the above matters to the Council of Governors' and the recommendations were accepted.

Annual Statement - QEF Director Remuneration, Chair – Hilary Parker (from October 2020)

The QEF Remuneration Committee met once during 2020/21. The Committee discussed and agreed the remuneration package and job description of the Chief Executive.

Senior Managers' Remuneration Policy

The following table sets out the senior managers' remuneration policy of the Group.

Component	Specific to:	Strategic link	Maximum possible	Description
Salary	All staff	To attract and retain suitably qualified individuals to lead and direct the Trust's activities.	Dependent on salary scale, mindful of the need to attract and retain suitable individuals, subject to periodic benchmarking.	Senior managers, clinical and non-clinical will attract an A4C/M&D nationally agreed salary. Executive Directors are subject to a locally determined 3 point scale and Associate Directors are subject to a locally determined 5 point scale.
Performance bonus	QEF Directors	To attract and retain suitably qualified individuals to lead and direct the Trust's activities.	Between 5 and 20% of annual salary.	Potential to attract a performance bonus subject to the achievement of key outcomes and the approval of the QEF Rem Com.
Lease car scheme	Some Directors and senior managers (length of service dependent)	To attract and retain suitably qualified individuals to lead and direct the Trust's activities.	£9.2k	Non-contributory lease car or cash equivalent, up to the maximum amount.
Pension	All staff	To attract and retain suitably qualified individuals to lead and direct the Trust's activities.	In line with NHS pensions	NHS pension scheme and set contribution rates
QEF salary	QEF Directors	To attract a suitable individual to lead and direct the specific activities of QEF	No limit applied	Additional payment for Company Directorship
Expenses	All staff	Reimbursement of necessary business expenses	No limit	Reimbursed in line with the Trust's travel and subsistence policy and national T&Cs.
Exceptional One off Payment	Trust Executive Directors and Associate Directors	To attract and retain suitably qualified individuals to lead and direct the Trust's activities.	£5k	To recognise additional temporary responsibilities or exceptional performance where an individual is at the top of their pay range.

Notes:

- There are no specific provisions for the recovery of sums paid to directors or for withholding payments.
- Executive Directors and Associate Directors are appointed to locally determined (3 point and 5 point scales respectively). This differs from the nationally agreed Agenda for Change and Medical and Dental pay scales applicable to all other employees. The Executive and Associate Director pay scales are periodically benchmarked against publicly available information.
- There have been no changes to the remuneration policy during 2020/21
- Senior Managers were awarded an uplift in line with guidance from NHS England

The following table sets out the Non-Executive Directors' remuneration policy of the Group.

Component	Specific To:	Strategic Link	Maximum possible	Description
Salary	All staff	To attract and retain suitably qualified individuals to provide the NED role on the Trust Board.	Dependent on salary scale, mindful of the need to attract and retain suitable individuals, subject to periodic benchmarking.	Locally determined scale
QEF Salary	QEF NED	To attract and retain suitably qualified individuals to provide the NED role on the QEF Board.	No limit applied. Initial Salary levels determined by independent benchmarking.	Additional payment for Company Non-Executive Director role
Expenses	All staff	Reimbursement of necessary business expenses	No limit	Reimbursed in line with the Trust's travel and subsistence policy.

Notes:

- No element of remuneration is subject to performance conditions.
- There are no specific provisions for the recovery of sums paid to directors or for withholding payments.
- There have been no changes to the remuneration package in 2020/21.

During the year, three senior managers of the Trust and its subsidiary were paid more than the threshold set by the Civil Service (the Prime Minister's ministerial and parliamentary salary). The policy on very senior manager pay is reviewed and benchmarked regularly. Payscales are set with reference to publicly available, independently produced, FT sector specific benchmarking information. This ensures that the Trust is able to offer salaries to recruit and retain the best candidates for these important roles which are proportionate to the market place.

All posts are permanent and may be terminated by mutual agreement, resignation or dismissal. The notice period for Executive Directors is six months. The Trust currently has no provision for compensation for early retirement or payments for loss of office.

An annual salary review is undertaken to determine whether an annual uplift should be awarded and if so the level of the uplift. In making this decision the Remuneration Committees take into consideration a number of factors including the level of pay awards made nationally to other staff groups within the NHS as well as Department of Health guidance and the affordability to the organisation. The Committees are authorised to appoint external consultants and advisers to assist in benchmarking exercises. No such consultants or advisers were employed during 2020/21.

Annual Report on Remuneration

The Nominations and Remuneration Committee membership and attendance was as follows:

	Meetings During the Year	Attended
Mrs Alison Marshall (Chair)	4	4
Mr Shaun Bowron (Vice Chairman until September 2020)	4	1
Mr Mike Robson (Vice Chair from September 2020)	4	4
Dr Ruth Bonnington - Non Executive Director	4	4
Cllr Martin Gannon – Non Executive Director	4	0
Mr Paul Hopkinson - Non Executive Director	4	4
Mr John Robinson -Non Executive Director	4	1
Mr David Shilton - Non Executive Director	4	4
Mrs Hilary Parker – Non Executive Director (from October 2020)	4	3
Mr Andrew Moffat – Non Executive Director (from October 2020)	4	3

The Governors’ Remuneration Committee membership and attendance was as follows:

	Meetings During the Year	Attended
Mr C Toon – Appointed Governor Chair (from January 2021)	1	1
Rev Jenny Gill – Lead Governor	1	1
Mr Michael Loome - Staff Governor (from January 2020)	1	1
Mr A Rabin – Public Governor	1	1
Mrs K Tanriverdi – Public Governor	1	1
Mrs Joanne Coleman – Staff Governor	1	1

The QEF Remuneration Committee membership and attendance was as follows:

	Meetings During the Year	Attended
Mrs Hilary Parker (Chair)	1	1
Mr John Robinson (Non –Executive Director)	1	1

Director/Governor Expenses

During 2020/21 the Trust had 32 governors. The Trust and its subsidiary had 20 Directors (Executive and Non-Executive), 11 of whom claimed expenses totalling £2,535.15.

In comparison during 2019/20 the Trust had 32 governors, 2 of whom claimed expenses totalling £943.60 and 19 Directors (Executive and Non-Executive), 9 of whom claimed expenses totalling £3,197.09.

These claims were in accordance with the Trust's Travel and Subsistence Policy.

Full details of Directors' and other senior employees' remuneration are summarised in the table overleaf.

Fair Pay Multiple

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

The following table shows the comparison between the median employee's pay and that of the highest paid Director in 2020/21. The banded remuneration of the highest paid director was £195-£200k. This was 6.6 times the median remuneration of the workforce which was £29,833, a reduction from 7.0 in 2019/20 resulting from the previously most highly paid director leaving. In 2020/21 6 employees received remuneration in excess of the highest paid director. The banding is calculated on a full time equivalent basis and full year effect basis and therefore is scaled proportionately to reflect for employees working less than a full time equivalent or whose employment was not for the full year period.

2019/20		2020/21
210-215*	Band of Highest Paid Director's Total Remuneration - £000	195-200*
30,212	Median Total Remuneration - £	29,833
7.0	Ratio	6.6

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



Signed:
Jackie Bilcliff
Acting Chief Executive

Date: 10 June 2021

4.5 Salary and pension entitlements of senior managers

A) Remuneration

Salary and fees	Expense payments & BiK	2019/20				Name and Title	2020/21					
		Performance Bonus	Long Term Performance Bonus	Pension-related Benefits	Total		Salary and fees	Expense payments & BiK	Performance Bonus	Long Term Performance Bonus	Pension-related Benefits	Total
		(bands of £5000) £000	(bands of £5000) £000	(bands of £2500) £000	(bands of £5000) £000		(bands of £5000) £000	(bands of £5000) £000	Rounded to the nearest £100	(bands of £5000) £000	(bands of £5000) £000	(bands of £2500) £000
25 - 30	0	0	0	0	25 - 30	Mrs AR Marshall Chairman (from October 2019)	50 - 55	0	0	0	0	50 - 55
20 - 25	0	0	N/A	0	20 - 25	Mrs JEA Hickey Chairman (to October 2019)	N/A	N/A	N/A	N/A	N/A	N/A
160 - 165	0	0	0	0	160 - 165	Mrs YA Ormston Chief Executive (from June 2019)	195 - 200	0	0	0	372.5 - 375	570 - 575
N/A	N/A	N/A	0	N/A	N/A	Mrs J Baxter Chief Operating Officer (from June 2020)	95 - 100	0	0	0	145 - 147.5	245 - 250
35 - 40	0	0	N/A	0	35 - 40	Mr JG Maddison Acting Chief Executive / Group Director of Finance & Informatics (to June 2019)	N/A	N/A	N/A	N/A	N/A	N/A
120 - 125	600	0	0	35.0 - 37.5	160 - 165	Mrs J Bilcliff Group Director of Finance	125 - 130	0	0	0	27.5 - 30	150 - 155
N/A	N/A	N/A	0	N/A	N/A	Mrs L Crichton-Jones Director of People & OD (from October 2020)	60 - 65	5,400	0	0	25 - 27.5	95 - 100
370 - 375 **	0	0	N/A	7.5 - 10.0	375 - 380	Mrs SE Watson Director of Strategy & Transformation (to April 2020)	0-5	0	0	0	0	0-5
130 - 135	11,200	0	0	7.5 - 10.0	145 - 150	Dr H Lloyd Director of Nursing, Midwifery & Quality (to February 2021)	125 - 130	1,900	0	0	60 - 62.5	185 - 190
355 - 360 ***	14,800	0	N/A	5.0 - 7.5	375 - 380	Mrs C Coyne Executive Director Clinical Support & Screening Services	N/A	N/A	N/A	N/A	N/A	N/A
150 - 155	0	10 - 15	0	0	165 - 170	Mr P Harding Managing Director QE Facilities Ltd (to February 2021)	190 - 195	0	0	0	0	190 - 195
110 - 115	19,800	10 - 15	0	7.5 - 10.0	150 - 155	Mr AJ Robson Acting Managing Director (from March 2021) / Finance Director QE Facilities Ltd	115 - 120	7,900	0	0	0	120 - 125
N/A	N/A	N/A	0	N/A	N/A	Mr B Walker, Acting Finance Director QE Facilities (from March 2021)	5 - 10	0	0	0	0 - 2.5	5 - 10
25 - 30	0	0	0	0	25 - 30	Mr S Bowron Non Executive Director, Chair of QEF (to October 2020)	5 - 10	0	0	0	0	5 - 10
15 - 20	0	0	0	0	15 - 20	Mr HJE Robinson Non Executive Director (Trust & QEF) (to September 2020)	5 - 10	0	0	0	0	5 - 10
10 - 15	0	0	0	0	10 - 15	Mr JP Hopkinson Non Executive Director	10 - 15	0	0	0	0	10 - 15
10 - 15	0	0	0	0	10 - 15	Mr DH Shilton Non Executive Director	10 - 15	0	0	0	0	10 - 15
10 - 15	0	0	0	0	10 - 15	Dr R Bonnington Non Executive Director	10 - 15	0	0	0	0	10 - 15
10 - 15	0	0	0	0	10 - 15	Clir M Gannon Non Executive Director	10 - 15	0	0	0	0	10 - 15
15 - 20	0	0	0	0	15 - 20	Mr M Robson Non Executive Director	15 - 20	0	0	0	0	15 - 20
N/A	N/A	N/A	0	N/A	N/A	Mr A Moffat Non Executive Director (From July 2020)	10 - 15	0	0	0	0	10 - 15
N/A	N/A	N/A	0	N/A	N/A	Mrs H Parker Non Executive Director (From July 2020)	10 - 15	0	0	0	0	10 - 15
N/A	N/A	N/A	0	N/A	N/A	Dr M Sanil Non Executive Director (from December 2020)	0 - 5	0	0	0	0	0 - 5
160 - 165	0	0	0	0	160 - 165	Mr AR Beeby Medical Director	165 - 170 *	0	0	0	102.5 - 105	270 - 275

* £70k - 75k relates to role as a consultant (2019/20 = £70k - £75k)

** £230k - £235k relates to Redundancy Payments and Payments in Lieu of Notice / Annual Leave as identified in Note 4.3 of the Accounts

*** £225k - £230k relates to Redundancy Payments and Payments in Lieu of Notice / Annual Leave as identified in Note 4.3 of the Accounts

Salary and Fees includes Basic Pay, Additional Programme Activity, Clinical Excellence Awards, Car Allowance, Redundancy Payments and Payments in Lieu of Notice / Annual Leave.

Benefits in Kind (BiK) relate to lease car payments made by the Trust.

No other remuneration or pensions contributions are paid to/for these senior managers.

There were no golden hellos or compensation for loss of office.

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation, and the median remuneration of the organisation's workforce.

2019/20		2020/21
210 - 215	Band of Highest Paid Director's Total Remuneration - £000	195 - 200 *
30,212	Median Total Remuneration - £	29,833
7.0	Ratio	6.6

The banded remuneration of the highest-paid director in Gateshead Health NHS Foundation Trust, excluding payments in lieu of employer pension contributions, in the financial year 2020/21 was £195k - £200k. This was 6.6 times the median remuneration of the workforce, which was £29,833. The ratio has decreased in year as there has been a change of the most highly paid director as a result of Peter Harding leaving and Yvonne Ormston assuming this position

In 2020/21, 6 employees received remuneration in excess of the highest paid director. Total remuneration ranged from £0k - £5k to £210k - £215k (bands of £5,000).

* Total remuneration includes salary, non-consolidated performance-related pay and taxable benefits. It does not include severance payments, employer pension contributions (including payments in lieu of benefits) and the cash equivalent transfer value of pensions.

The figures provided by NHS Pensions have not taken into account any potential impact of the McCloud judgement on pension entitlements

4.5 Salary and pension entitlements of senior managers

B) Pension Benefits

Name and title	Real increase in pension at pension age	Real increase in 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	Employers Contribution to Stakeholder Pension
	(bands of £2500) £000	(bands of £2500) £000	(bands of £5000) £000	(bands of £5000) £000	£000	£000	£000	£000
Mrs Y Ormston, Chief Executive	15.0 - 17.5	47.5 - 50.0	80.0 - 82.5	240.0 - 245.0	1,459	390	1,938	0
Mrs J Baxter, Chief Operating Officer	5.0 - 7.5	10.0 - 12.5	40.0 - 45.0	120.0 - 125.0	727	103	891	0
Mrs J Bilcliff Group Director of Finance	0.0 - 2.5	(2.5) - 0.0	25.0 - 30.0	30.0 - 35.0	374	20	418	0
Mrs L Crighton-Jones, Director of People & OD	0.0 - 2.5	(2.5) - 0.0	35.0 - 40.0	65.0 - 70.0	571	7	614	0
Dr H Lloyd Director of Nursing, Midwifery & Quality	0.0 - 2.5	7.5 - 10.0	45.0 - 50.0	140.0 - 145.0	919	71	1,031	0
Mr AR Beeby, Medical Director	5.0 - 7.5	15.0 - 17.5	60.0 - 65.0	190.0 - 195.0	1,426	0	0	0

Mr P Harding is excluded from this table as he had no employer contribution pension arrangements during the year. Mr B Walker is not included as he participates in a defined contribution scheme not a defined benefit scheme.

Mr A.J. Robson, Acting Managing Director of QE Facilities Limited, received no pension contributions in the year but does have previous benefits accrued. However no disclosure has been made as to the total of these benefits as the Trust have been informed by the NHS Pension Agency that the information cannot be provided for individuals who did not contribute to the NHS Pension Scheme in year.

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

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

4.1 Employee expenses (Including Executive Directors' Costs)

	Group				Foundation Trust			
	2020/21 Total	Permanently Employed	Other	2019/20 Total	2020/21 Total	Permanently Employed	Other	2019/20 Total
	£000	£000	£000	£000	£000	£000	£000	£000
Salaries and wages	168,779	159,391	9,388	151,435	153,589	145,046	8,543	137,315
Capitalised Salaries and wages	1,155	1,155		1,442	1,155	1,155		1,442
Social Security Costs	15,242	14,502	740	14,052	13,910	13,193	717	12,871
Apprenticeship levy	757	720	37	701	678	643	35	630
Pension costs - defined contribution plans								
Employers' contributions to NHS Pensions	17,604	16,745	859	16,720	16,755	15,887	868	15,780
Pension cost - employer contributions paid by NHSE on provider's behalf (6.3%)	7,677	7,304	373	7,326	7,302	6,926	376	6,913
Pension costs - Other	84	84		47	84	84	0	47
External bank	898	0	898	285	898	0	898	285
Agency/contract staff	4,126	0	4,126	3,977	2,778	0	2,778	2,612
NHS Charitable Funds staff	0	0	0	0	0	0	0	0
Termination Benefits	192	192	0	3,972	192	192	0	3,972
Total Gross Staff Costs	216,514	200,093	16,421	199,957	197,341	183,126	14,215	181,867

4.2 Number of persons employed at 31st March

(The figures shown represent the Whole Time Equivalent as opposed to the number of employees)

	Group				Foundation Trust			
	2020/21 Total Number	Permanently Employed Number	Other Number	2019/20 Total Number	2020/21 Total Number	Permanently Employed Number	Other Number	2019/20 Total Number
Medical and dental	426	417	9	408	426	417	9	408
Ambulance staff	0	0	0	0	0	0	0	0
Administration and estates	908	889	19	884	743	724	19	727
Healthcare assistants and other support staff	978	964	14	880	543	543	0	508
Nursing, midwifery and health visiting staff	1,294	1,168	126	1,209	1,293	1,167	126	1,208
Healthcare scientists	422	417	5	348	364	359	5	338
Scientific, therapeutic and technical staff	375	370	5	421	422	417	5	421
Other *	13	13	0	29	6	6	0	20
Total	4,416	4,238	178	4,179	3,797	3,633	164	3,630

* Other relates to Apprentices employed by the Trust

Focus on Staff - Valuing Our People



Sickness absence data

Sickness absence rates are published by NHS Digital via the link below:

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

Staff policies and actions applied during the financial year:

The Trust has an active D-Ability network and are working with them to continue to develop in this area of practice, ensuring our policies are fit for purpose and accessible to all of our diverse staff.

Policies applied during the financial year for giving full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities

The Trust's Recruitment and Selection policy ensure those individuals who identify themselves as disabled and meet the essential criteria for the role are guaranteed an interview. In addition, again where someone has identified themselves as disabled reasonable adjustments would be considered, where needed as part of any selection and subsequent interview process.

We have an excellent Occupational Health team who managers work closely with to ensure our staff are supported to remain healthy and at work. Within Occupational Health we have a clinical ergonomics team who ensure that staff have the equipment and training to safely and effectively carry out their roles. The People & OD team are always available for advice and guidance on reasonable adjustments that may be necessary.

Actions taken in the financial year to provide employees systematically with information on matters of concern to them as employees

This year we have appointed a new Head of Communications and Engagement. There are a number of reviews underway, including the commencement of work too develop a new comms strategy. Work has been commissioned on both our internal and external websites to ensure they are user friendly and engaging in nature.

During the pandemic, we introduced the covid briefing that was sent to all staff on a frequent basis, sometimes daily and a fortnightly Team Brief, which is a virtual briefing to all senior managers for onwards cascade. We also launched a staff Facebook group in December and at the end of March, had nearly 400 members.

We communicate with our staff using several different channels. These include our intranet (StaffZone), the weekly newsletter (QE Weekly) which is sent out to all staff and departmental team meeting.

Actions taken in the financial year to consult employees or their representatives on a regular basis so that the views of employees can be taken into account in making decisions which are likely to affect their interests

There are a number of consultative forums in existence on a formal and informal basis, the Trusts JCC and LNC are the most formal arenas for consultation with staff side colleagues, these are also supported by a number of sub-committees (such as policy sub-committee and working groups such as Medical Workforce Group). In addition there are 'forums' such as Junior Doctor Forum and staff side colleagues are involved in all our of formal staff network groups (D-Ability, BAME and LGBT+). As a specific response to the Covid-19 pandemic, the Trust established a 'workforce cell' as part of its formal EPRR response, staff side and staff network colleagues were part of the core membership of this group which enabled them to raise concerns and feedback as they emerged and also be part of tactical decision making in respect of issues affecting the workforce.

The senior people and od team have met informally with staff side on a regular basis to maintain strong lines of communication and partnership working

Actions taken in the financial year to encourage the involvement of employees in the NHS foundation trust's performance

As part of the COVID response throughout the course of 2020-21 a cell meeting structure was set up to ensure that key issues and messages were cascade and resolved quickly, so as not to have a detrimental impact on patients. A core element of the cell structure was the Clinical Advisory Group which enabled oversight of emerging risks and issues and the necessary clinical models or interventions to manage covid v non covid patients; this was led by the Executive Medical Director with clinicians from across the organisation.

The cell structure also included a workforce cell covering several workstreams including data, insight and systems, education and training, equality diversity and inclusion, health and wellbeing, workforce supply and medical workforce.

In May 2020 we ran an engagement exercise inviting views of all staff surrounding learning from the pandemic and how we might improve. Further work was also undertaken in early 2021 to capture any other learning that had been gathered at various stages throughout the response and recovery phases of COVID over the last 9 months, to help facilitate and create SMART Actions to capture and maximise Trust-wide improvement. Key themes to emerge from this which provide opportunity for further development include communications, incident response management, Trust operations, workforce and outbreak management (including test and trace).

Information on health and safety performance and occupational health

As part of the Trust's overall response to COVID-19 we implemented a Safer Working Practices group in addition to a Group COVID 19 Workplace Safety Policy RM86. We also report on various health and safety related performance around accidents and incidents at the Health and Safety Committee.

Throughout the course of the year we have implemented measures around:

- The introduction of COVID staff risk assessments;
- The introduction of COVID environmental risk assessments;
- Social distancing;
- Improved signage;
- Improved communications via QE weekly;
- Infection Prevention Control team ward audits;
- Health, safety and fire self-assessment audits;
- Access to work based Personal Protective Equipment;
- Improved fit testing of respiratory face masks and provision of alternative respiration equipment;
- Limiting visitation;
- Reduction in unnecessary staff movements between units, departments and areas including the increased and consistent use of Microsoft Teams as a communication media;
- Working from home policies;
- Support for clinically and extremely vulnerable staff.

We have a well-established in house Occupational Health service and they had a critical role in the covid response. Overseeing test and trace, flu, the vaccination programme and core business this team did an amazing job in some of the most difficult circumstances.

The activity around COVID-19 started for Occupational Health department in February 2020 and remains an ongoing activity and a core function of the service offer for the Occupational Health Nurses and Occupational Health Physician. The table below breaks down the COVID related activity on the service between February 2020 and 2021.

	Feb 2019- Feb 2020	Feb 2020– Feb 2021	Difference from 2020-2021
COVID – Queries	N/a	1036	+1036

COVID – Underlying Health Condition	N/a	629	+629
COVID – Symptoms	N/a	124	+124
COVID – Test and trace	N/a	609	+609
COVID – BAME queries	N/a	6	+6
COVID Swabbing	N/a	86	+86
COVID Swab Result	N/a	112	+112
COVID Vaccine	N/a	49	+49
COVID RTW Management Referral	N/a	24	+24
TOTAL	N/a	2675	+2675

Due to the pandemic the majority of standard Occupational Health management referral clinics with their Nurse Practitioner or Occupational Health Physician were stood down due to COVID work activity, with less management referral appointments taking place compared to the previous year as covid response was prioritised.

During 2020-21 as a Trust we saw an increase in pre-employment medicals taking place compared to the same period the previous year and again, this was as a result of supporting the pandemic response and the increased recruitment activity to ensure we had appropriate workforce supply.

Reporting and management of reported sharps injuries remains quite static. Although staff have been working through a pandemic period, this is good in reflection that staff did not get more injuries due to lack of concentration and rushing, and still reported the injuries they did have and made time to attend occupational health for assessment.

We recognise the significant contribution our OH service have made and as we move into this next year we will be developing a new HWB strategy as part of a post covid HWB response in line with our new strategic objectives and this will include a review of our current function. The NHS People Plan places HWB at the heart of its approach, and makes some explicit recommendations which will drive this agenda forwards.

Information on policies and procedures with respect to countering fraud and corruption

The Trust has strong working relationship with their Counter Fraud Specialists who provide a service for us via Audit One. The Trust takes its responsibilities to protect its resources against fraud, bribery and corruption seriously and we have several policies which cover the topic including our Anti-Fraud Bribery and Corruption Policy, Managing Conflicts of Interest Policy, Investigation and Disciplinary Policy, Recruitment Policy, Leave Policy, Freedom to speak up – Raising Concerns Policy and Submission of Staff Expenses Policy.

In 2020-21 the Trust participated in the Cabinet Office’s National Fraud Initiative (NFI), which includes the data matching of payroll records to identify indicators of working whilst sick and timesheet fraud. These matches are ongoing. The resourcing team have also provided a completed counter fraud questionnaire to our Counter Fraud team as part of the annual self-review exercise

into the trust's compliance with pre-employment checks, as identified by standard 3.4 of the NHS Counter Fraud Authority (NHSCFA); standards for providers 2020/21. A section on counter fraud is included within a new starter email which is provided to all staff upon commencing employment with the trust. As a Trust we also have section on our public website containing information on fraud, bribery and corruption.

The Trust have continued to work closely with our Counter Fraud Specialists to raise awareness of fraud and share fraud alerts in a timely manner. This has included:

- Counter fraud messages, advising staff on how to contact the fraud team (should they have any concerns) were included on payslips for the months of September 2020 and January 2021
- 4 x quarterly counter fraud newsletters (Fraud Insight) were issued to the Trust for inclusion on the trust fraud web page and circulation within QE Weekly. These were May 2020, September 2020, November 2020, and March 2021. These provide staff with fraud awareness information but also act as a fraud deterrent.
- In January 2021, QE Weekly included an article in relation to identified fraud scams, following the rollout of COVID 19 vaccine. This provided information to raise staff awareness to help them, their family and the public keep safe from the risk of fraud.
- A series of fraud alerts have been issued throughout the course of the year which have covered the likes of COVID-19 scams, cyber security incidents, timesheet overpayments and pre-employment checks.

Information on diversity and inclusion policies, initiatives and longer term ambitions.

As a Directorate and Trust we were shocked and saddened at the events which unfolded at the beginning of the year with regards to the murder of George Floyd, the emergence of the Black Lives Matter work and our understanding of the health inequalities of covid. Our CEO wrote to every member of staff sharing her observations, reflections and commitment to driving and supporting change, whilst also continuing to learn and asked every member of staff to think about their contribution and personal responsibility in this regard.

During 2020-21 the Trust has also welcomed a new Equality, Diversity, Inclusion (EDI) and Engagement Manager who is working closely with the Executive Director of People and OD to explore commencement of work on a new EDI strategy , comprehensive work plans and assure ourselves we are fully engaged with the EDI agenda, bringing areas of good practice together under one umbrella so that our direction of travel is a collective one.



We will work to ensure that the Board level commitment to supporting our networks is embraced by the organisation. Each network chair now has half a day protected time to support network duties and we will support them

as they promote and raise the profiles of a huge number of campaigns including, stress awareness, International Woman's Day, Autism awareness, LGBT History Month to name just a few.

This post reports in to the Chief Executive office, confirming the Trusts commitment to the vital importance of this work.

The Trust has rewritten a Human Rights, Diversity and Inclusion Policy which covers the nine protected characteristics. This Policy will be used as the bedrock of ensuring Equality and Inclusion are mainstreamed in our everyday work cross referencing both patients and members of staff. The Trust has also revised its Equality and Quality Impact assessment toolkits so as to ensure there is no detrimental impact upon the delivery of care.

The Workforce Race Equality Standards, Workforce Disability Equality Standards and staff survey results from the last year are being analysed and will form part of the wider EDI, time assessed action plan. We have involved our staff networks in developing the actions, and then presented these to the HR Committee.

The Equality Delivery System is also being reassessed and will form part of the EDI key performance indicators and standards, as will the WRES, WDES and staff survey data.

The EDI and Engagement Manager is establishing an EDI steering group, chaired by an executive director, to ensure senior level engagement of the EDI agenda. This group will include the Trust network chairs and provide a strategic forum to discuss the broad remit of EDI issues and priorities for the Trust

As a senior People & OD team we have reviewed the letters from the NHSE/I Chief People Officer on improving people practices. These letters set out the stark lessons that had been learned from a tragic employee relations case, and highlighted the practical changes that should be implemented to prevent further similar occurrences. The letters and our subsequent action plan were considered at our public march board. We know we have work to do in this area and are committed to making improvements

There is research evidence to demonstrate that in the NHS nationally staff from BAME backgrounds are more likely to be investigated or disciplined than any other ethnic group. During 2020-21 we have specially trained a team of 10 cultural ambassadors across different departments within the organisation. The programme is an RCN (Royal College of Nursing) initiative that and the aim is that by introducing a Cultural Ambassador and embedding the role in formal process staff from BAME are supported through formal investigation, disciplinary and grievance processes, hopefully increasing their confidence in these processes and having a positive impact on their experiences.

In addition, we are pleased to provide senior leadership to the ICS work on EDI, with our CEO being the CEO sponsor for the ICS programme of work and our Executive Director of People and OD, SRO on behalf of the ICS workforce board. As part of this work we were delighted to sign the ICS Collective Promise and our network chairs are participating in ICS networks and development sessions.

Information on staff turnover

Staff turnover rates are published by NHS Digital via the link below:

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

Gender Pay Gap

The gender pay gap is the difference between the average (mean or median) earnings of men and women across a workforce.

Since 2017, as an employer with a head count of 250 people or more, as a Trust we have been required to comply with the Gender Pay Gap Reporting regulations.

Gender pay gap calculations are based on the Trust's payroll data on a snapshot date of 31 March. We must report and publish our gender pay gap information by 30 March the following year.

Due to the impact of Coronavirus, the Equality and Human Rights Commission (EHRC) have announced that enforcement of gender pay gap reporting for the 20/21 reporting year will not begin until 5 October 2021.

The Trust remains on track for publishing our Gender Pay Gap data in advance of the 5 October 2021 ensuring that the report is discussed with our networks, execs and Board before publication. We will review the last action plan and ensure we have a co-produced and robust approach plan to tackle any ongoing pay gap issues

Staff Survey

The annual NHS Staff Survey is a critical tool in enabling the Trust to benchmark itself against similar NHS organisations and the NHS as a whole, on a range of measures of staff engagement and satisfaction.

The Trust is classified as a Combined Acute and Community Trust and there are 128 Acute & Community Trusts in total. The Trust once again chose to include all staff in the Staff Survey rather than using a sample, with the aim of ensuring all colleagues had the opportunity to provide feedback. This year's survey was predominantly delivered to colleagues electronically and our response rate, compared with previous years, is illustrated in the table below. The drop in response rate will most likely be a result of the pandemic given that the survey was live for 8 weeks in October and November 2020.

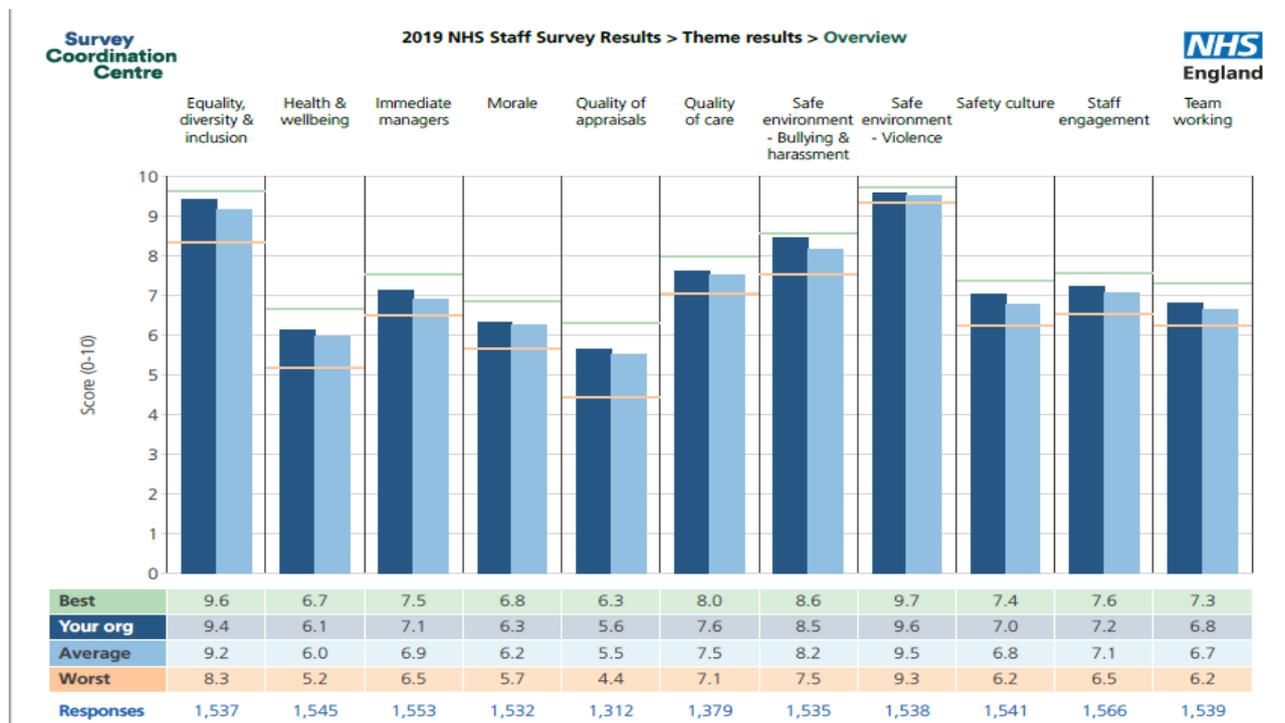
Survey Year	2018/19	2019/20	2020/21
National Average	41%	46%	45%
Trust Response Rate	40%	42%	39%
Variation on previous year	-4%	+2%	-3%

The results are organised into 10 key themes and the Trust performed very well scoring above average in 9 out of the 10 areas. The full results are shown below:

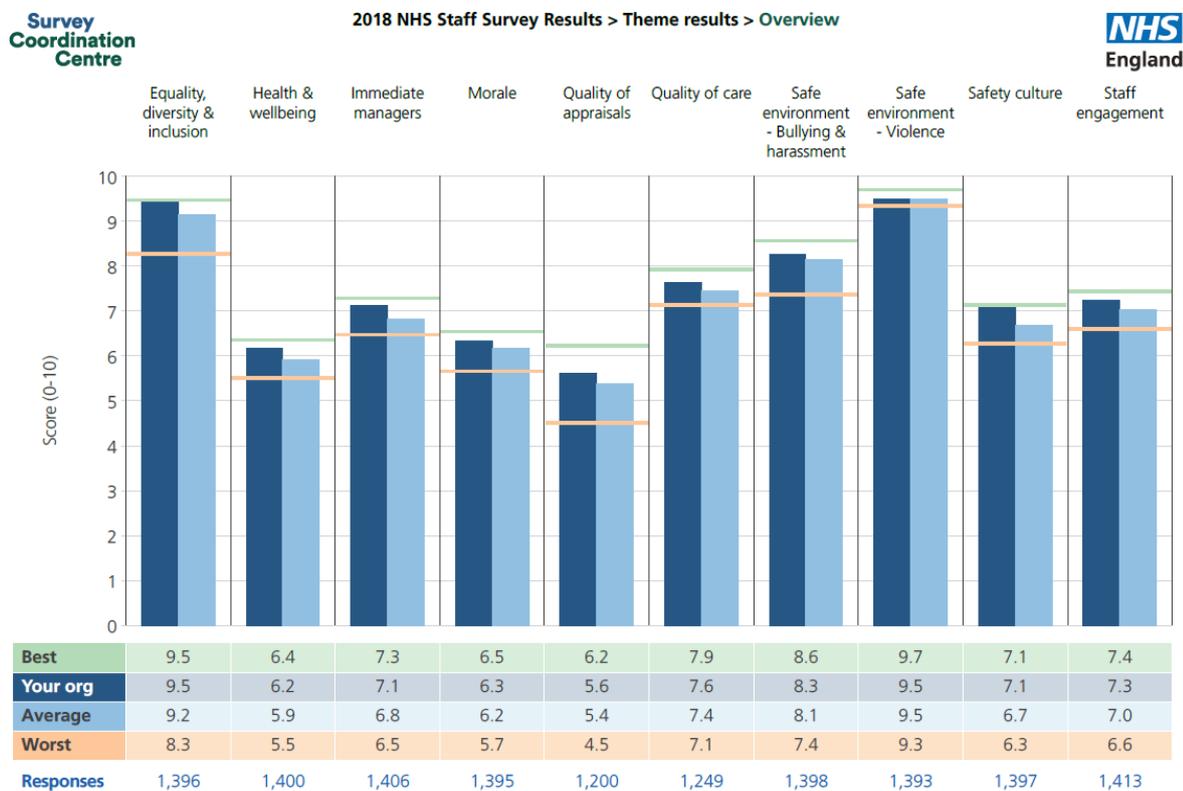


To compare, below is an overview of the Trust's performance in each of the 10 key themes for both 2019/20 and 2018/19:

2019 Overview



2018 Overview



Our results show staff feel a high level of engagement, with the staff engagement score, which is calculated as an average across advocacy, motivation and involvement, reaching 7.14 out of 10. This is higher than the sector score and in the area of advocacy the number of colleagues who would recommend our Trust as a place to work and receive care scored significantly higher than the sector average at 7.46 out of 10.

The results show that 91% of our staff recognise the difference that they make to our patients and service users, compared with the sector score of 90% and 84% agree that the care of patients/service users is the organisations top priority, compared with a sector score of 80%.

Our colleagues report feeling that they are treated fairly regardless of ethnic background, gender, religion, sexual orientation, disability or age, and feel safe to raise concerns.

Our key areas of focus include:

- Continuing to open up communication channels between senior managers and staff
- Ensure we celebrate our successes
- Focus on the role of line managers and supporting those in management positions
- Continue our focus on health & wellbeing
- Refocus on the importance of appraisals
- Continue to raise the profile of the Freedom to Speak Up Guardian, ensuring staff are aware of the opportunity this role provides

A number of actions are already underway in our key areas of focus and include the appointment of a new Head of Communications, with a review of the Trust's communication strategy currently underway and the introduction of a fortnightly Executive Team Brief. Leadership & OD and Health & Wellbeing both feature in the Trust's strategic priorities and a post-covid Health & Wellbeing recovery programme has begun.

We have also facilitated a series of themed focus groups for all staff, exploring Equality, Diversity and Inclusion, Health & Wellbeing, Our Managers, Team Working and Communications. These workshops aimed to provide a forum for staff to discuss the survey results in more detail and explore thoughts and ideas for improvement.

In addition and to provide a coordinating body that can lead, support and promote the staff survey, as well as encourage engagement at an operational level, we have launched a Staff Survey Steering Group with representatives from key business areas. This group will play a pivotal role in determining priorities, overseeing the cascade of results and working within their area to support the development of action plans. A key deliverable of this group will be to increase the 2021 response rates.

To encourage ownership and increase the accessibility of the data, we have arranged access to Quality Health’s online results portal to a number of key colleagues across the organisation including the EDI and Engagement Manager, Communications Manager and People & OD colleagues. This access will allow them to investigate areas of particular interest, view results on-demand and share them as appropriate. This devolved model allows the data to be more widely accessed, with the aim of increasing its visibility and practical application.

Trade Union Facility Time

1st April 2020 - 31st March 2021

The Trade Union (Facility Time Publications Requirements) Regulations 2017 requires specified public-sector employers, including NHS Trusts, to report annually a range of data in relation to their usage and spend on trade union facility time. The cost of facility time in the public sector is paid for out of public funds and therefore the objective of the legislation is to ensure that taxpayers’ money is properly monitored, reported and spent on appropriate and accountable trade union work that represents value for money.

The duty to report covers specific information (set out in detail in Schedule 2 of the regulations) relating to paid time off taken for trade union duties, for example negotiations with employers, representing members in the workplace, the duties of a learning representative, or to carry out duties and receive training under relevant safety legislation. Employers may also grant paid time off for trade union activities for which there is no statutory right to paid time off (i.e., wider partnership development, trade union specific work, supporting Trust-wide campaigns, training etc). Please see tables below:

Table One - Relevant Union Official

Number of employees who were relevant union officials during the relevant period	Full-time equivalent (FTE)
13	12.99

Table Two - Percentage of time spent on facility time

Percentage of time	Number of employee
a) 0%	7
b) 1% - 50%	5
c) 51% - 99%	1
d) 100% of their working hours	0

Table Three - Percentage of pay bill spent on facility time

Total pay bill	£399,761.40
Total cost of facility time	£32,234.42
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	8.06%

Table Four - Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	100%
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Here in Gateshead, whether providing support to individual members of Trust staff or teams going through changes, or by playing a valuable role in contributing to Trust-wide agendas (for example: Joint Consultative Committees, Policy development, Job Evaluation Panels, Health and Safety and Staff Surveys) the Trust recognises that the participation of trade union representatives supports our partnership approach and our ICORE values of openness, respect and engagement.

Freedom to Speak Up Guardian (FTSUG)

We continue to work closely with our FTSUG and are thankful for this additional route for staff to feel able to raise issues in a safe and supportive way. We meet regularly to ensure that any themes are addressed and that we take a proactive approach in dealing with staffing issues.

Hilary Parker has this year taken up the NED lead role for FTSU and we look forward to working with her in this regard.

Health & Wellbeing



Health and wellbeing of staff is now one of our strategic objectives, placing it at the heart of what we do as a directorate.

Our staff have been amazing during 2020 and the first few months of 2021, responding to the pandemic in a way that none of us could have planned for, setting up new services, working in ways and in roles that have stretched and challenged teams and individuals, yet supporting and caring for each other.

The pandemic has affected everyone within our organisation; clinical staff have faced a daily challenge like nothing we have ever seen, our corporate staff have taken on different roles to support services; numerous staff have been working from home and our clinically extremely vulnerable staff have had a 12 months they will not care to repeat. The primary focus at the workforce cell was to support staff in all these groups and agree the best ways to ensure their physical and psychological wellbeing.

In order to support our staff during this period a variety of health and wellbeing support was made available including counselling via Occupational Health and through an external partner, Talkworks, the Vivup Employee Assistance Programme, coaching and the development of a Health and Wellbeing intranet page.

We actively engaged with the national and regional resources which were made available electronically, promoting these regularly to staff.

We crafted a number of bespoke ways in which we could respond ie counselling support to staff and bringing in external partners and increased psychological support to do all we could to help and support them with ongoing work, reflections and the beginning of recover.

In addition the Trust introduced a sanctuary room – to provide a space where all staff can come to, to take a quiet time out, have a hot drink, pick up some HWB information, and generally just relax.

Throughout the pandemic the Trust has provided a provided a COVID testing service to all our staff and also extended this to cover household and index case testing. The service offer was able to provide results within 24 hours which is notably faster than other services. This was supported for an extended period of time by a dedicated HR Advisory Advice line which was available 7 days a week, between the hours of 8am and 8pm. The People and OD team also supported welfare calls to those who were shielding and isolating on a regular basis to minimise the prospect of people feeling isolated and their mental health suffering as a result.

Free car parking has been made available to all staff throughout the course of the pandemic, in keeping with the NHS people plan. Out of hours catering provisions have also been provided so that those working night shift are able to access a hot meal from the staff restaurant. Also staff were able to access a provision of frozen ready meals during the course of the night. Staff can choose to either heat it up in the microwave, or take it back to their ward or department. During

the night, a small number of tables were made available if staff prefer to eat their meals away from their work area. Free coffee provisions have also been made during the night.

In their seasonal greeting before Christmas the Executive Team wanted to express their thanks to every member of staff for their extraordinary efforts during 2020. Part of that thanks was in the form of an extra day's holiday for everyone, where individuals were encouraged to use this to focus on a health and wellbeing related activity and share this on the Trust Health and Wellbeing Twitter account @HWBGatesheadHE1. Also, by way of a further thank you, the Executive team commissioned a hamper in the spring time for every member of staff.

Project Wingman, has also been a key feature of the Trust's health and wellbeing offer throughout the course of the pandemic. Project Wingman started life as a result of ground aircrew coming together during unprecedented times to make a difference. Our Wingman have provided their time on a voluntary basis and staff have been encouraged to visit them there for a drink, a snack and most importantly, a friendly chat! Their first class service continues to provide some much needed light relief thanks to the volunteering efforts of the crew.



Our staff are in the process of individually receiving a spring hamper to say a sincere thank you from the Trust for their hard work and dedication over the last 12 months. It's a small token in light of the huge sacrifices many staff have made, and we hope it can provide some comfort and joy to everyone.



In the latter part of 2020, the Trust has run an extremely successful staff COVID vaccination programme which has continued into the first quarter of 2021. To date our vaccination team have vaccinated over 4000 health and care staff. In addition to this individual risk assessments have been introduced for all staff across the Trust to protect them from harm, injury and illness, employing risk scoring, stratifications to assess individual's levels of risk and if adjustments are in place. As a Trust we are pleased to report that over 85% of our workforce have been risk assessed.

In addition to what is provided internally within the Trust within the North East and North Cumbria ICS a Staff Support and Wellbeing Hub has been formed to complement the existing support for staff, ensuring that they can quickly and confidentially access the best advice and treatment through a range of:

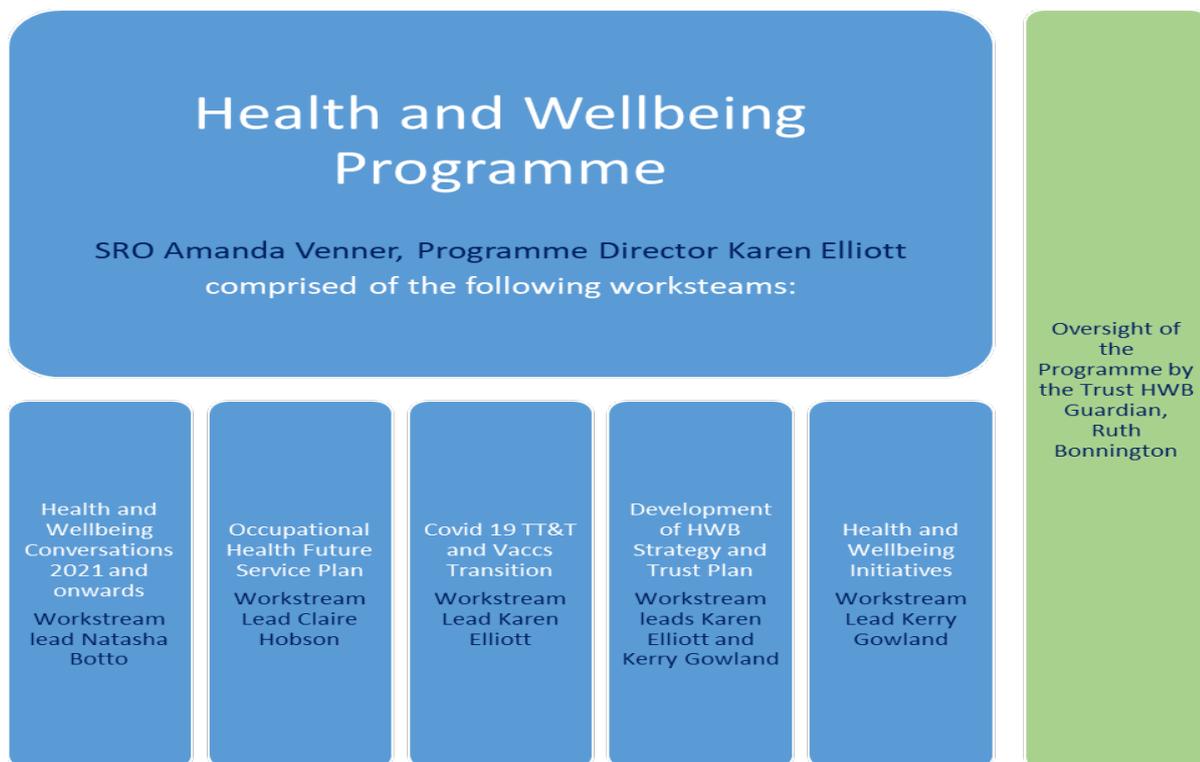
- Proactive outreach work
- Resources and tools to help staff stay well

- A confidential helpline offering advice, guidance and access to therapists
- Training courses, webinars and workshops
- Other clinical interventions

As we move out of the worst of the stages of the pandemic we need as a Trust to find a way to ensure the care and compassion our staff have shown, and continue to show, is also shown to them. Many need to reflect, unwind and reset before the next challenges are upon us.

As a result the Trust is launching a Health and Wellbeing Programme to provide strategic support to the successful development and delivery of 5 key work streams which will play a fundamental role in keeping our staff, volunteers, bank and agency staff in good physical and psychological health and make Gateshead NHS FT and QEF services a great place to work.

The workstreams are shown below:



Communications, training and digital enablement will be cross cutting themes to support this work.

We will support our staff out of the pandemic, maintaining the services we have put in place to keep staff, their families and our patients safe, and developing approaches to make sure our staff know they are valued, and are supported in their own health and wellbeing. The programme will link with the ICS, Gateshead Council, and with other partner organisations throughout the duration to ensure it remains connected into the national and regional programme, maximising the use of at scale support while ensuring delivery meets our local needs.

Finally, as part of our work to review and refresh our approach to wellbeing and drive these efforts, we are expanding our Health and Wellbeing team with the introduction of a Health and Wellbeing Lead, Health and Wellbeing Facilitator, Health and Wellbeing Administrator to increase and build capacity into the team.

People Plan



On 30 July 2020 the NHS People Plan was published. This first national workforce strategy for some time. The plan sets out what our NHS people can expect from their leaders and each other. The plan focuses on how we must look after each other and foster a culture of inclusion and belonging, as well as action to grow and train our workforce, and work together differently to deliver patient care. This is focused primarily on the immediate term (2020-21) with an intention for the

principles to create longer lasting change. It is anticipated that a further plan will be published during 2021-22 following further engagement and collaboration with stakeholders.

The plan and associated actions cover five key areas; health and wellbeing, flexible working, equality & diversity, new ways of working, recruitment and retaining staff.

It also includes 'Our People Promise,' which sets out ambitions for what people working in the NHS say about it by 2024. It has been developed to help embed a consistent and enduring offer to all staff in the NHS. From 2021 the annual NHS Staff Survey will be redesigned to align with Our People Promise.

In 2020-21 a new post was established and appointed to as an Executive Director or People and OD. This was a newly established role and is the first time in approximately 15 years that Gateshead Health NHS Foundation Trust has had an executive level people lead within the organisation. A new Deputy Director of People and OD was appointed at the start of 2021, again strengthening the strategic overview and operational focus of the People & OD team. As part of their appointments work has begun to explore what we do and how we do this and how we position ourselves as a Trust to ensure that 'Our People Promise' is at the heart of what we do.

We have explored our progress against the People Plan actions at HRC and whilst some progress has been made, there remains a lot of work to do and the review and modernisation of the People Function is a core enabler to this.

We have had a number of team sessions to discuss strategic objectives and our areas of focus as we hopefully move on from the pandemic – an exciting journey lies ahead.

Staff Networks

Throughout the course of the pandemic our three established staff networks have still continued to meet, albeit it virtually and continue with their tremendous work.



The BAME network have focused on supporting risk assessments and the roll out of vaccinations for BAME staff, along with commencement of cultural ambassador training, delivered in partnership with CNTW NHS Trust.

THE LGBTQ+ network have recently secured a flagpole at the front of the site which will be used for all network flags and celebrate LGBTQ+ history month in February.



The D-Ability Network continue with their work to improve the lived experiences of staff with disabilities and have promoted time to change day, world cancer day and help to bust myths related to the covid vaccine. Finally, on the 8 March, international Woman's Day) we launched the new women's network within the trust. This is a new network whose purpose is to create a vibrant community for women to support each and grow. It'll be a space to share experiences, gain advice without judgement and help tackle the challenges that women face, as with our other networks, Executive level sponsorship is being given to this network.



Consultancy

The Trust spent £485k on consultancy during 2020/21.

Exit Packages (subject to audit)

Exit packages provided during 2020/21 are detailed in the following table. All payments made were due to contractual or legal obligations..

Exit package cost band	2020/21 Group				2019/20 Group			
	Number of compulsory departures agreed	Cost of compulsory departures agreed £000s	Number of other departures agreed	Cost of other departures agreed £000s	Number of compulsory departures agreed	Cost of compulsory departures agreed £000s	Number of other departures agreed	Cost of other departures agreed £000s
< £10,000	5	29	14	48	10	73	21	23
£10,001 - £25,000	0	0	3	47	9	180	0	0
£25,001 - £50,000	1	32	0	0	20	750	0	0
£50,001 - £100,000	2	131	0	0	17	1,146	0	0
£100,001 - £150,000	0	0	0	0	4	461	0	0
£150,001 - £200,000	0	0	0	0	5	877	0	0
> £200,001	0	0	0	0	2	485	0	0
Total	8	192	17	95	67	3,972	21	23
Redundancy	8	192	0	0	67	3,972	0	0
Voluntary Severance Scheme	0	0	0	0	0	0	0	0
Total	8	192	0	0	67	3,972	0	0

NHS Foundation Trust Code of Governance

Gateshead Health NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance, most recently reviewed in 2014, on a comply or explain basis. The NHS Foundation Trust Code of Governance is based on the principles of the UK Corporate Governance Code issued in 2012.

Provision	Requirement	Location / Section of Report
A.1.1	The schedule of matters reserved for the Board of Directors should include a clear statement detailing the roles and responsibilities of the Council of Governors. This statement should also describe how any disagreements between the Council of Governors and the Board of Directors will be resolved. The annual report should include this schedule of matters or a summary statement of how the Board of Directors and the Council of Governors operate, including a summary of the types of decisions to be taken by each of the Boards and which are delegated to the executive management of the Board of Directors.	Accountability Report "Directors Report"
A.1.2	The annual report should identify the Chairperson, the Deputy Chairperson (where there is one), the Chief Executive, the Senior Independent Director (see A.4.1) and the Chairperson and members of the nominations, audit and remuneration committees. It should also set out the number of meetings of the Board and those committees and individual attendance by Directors.	Accountability Report "Directors Report"
A.5.3	The annual report should identify the members of the Council of Governors including a description of the constituency or organisation that they represent, whether they were elected or appointed, and the duration of their appointments. The annual report should also identify the nominated Lead Governor.	Accountability Report "Council of Governors"
Additional Requirement of FT ARM	The annual report should include a statement about the number of meetings of the council of governors and individual attendance by governors and directors.	Accountability Report "Council of Governors"
B.1.1	The Board of Directors should identify in the annual report each Non-Executive Director it considers to be independent, with reasons where necessary.	Accountability Report "Directors Report"
B.1.4	The Board of Directors should include in its annual report a description of each Director's skills, expertise and experience. Alongside this, in the annual report, the Board should make a clear statement about its own balance, completeness and appropriateness to the requirements of the NHS Foundation Trust.	Accountability Report "Directors Report"

Provision	Requirement	Location / Section of Report
Additional Requirement of FT ARM	The annual report should include a brief description of the length of appointments of the non-executive directors, and how they may be terminated.	Accountability Report "Directors Report"
B.2.10	A separate section of the annual report should describe the work of the nominations committee(s), including the process it has used in relation to board appointments.	Accountability Report "Remuneration Report"
Additional Requirement of FT ARM	The disclosure in the annual report on the work of the nominations committee should include an explanation if neither an external search consultancy nor open advertising has been used in the appointment of a chair or non-executive director.	Accountability Report "Remuneration Report"
B.3.1	A Chairperson's other significant commitments should be disclosed to the Council of Governors before appointment and included in the annual report. Changes to such commitments should be reported to the Council of Governors as they arise, and included in the next annual report.	Accountability Report "Directors Report"
B.5.6	Governors should canvass the opinion of the Trust's members and the public and for appointed Governors the body they represent, on the NHS Foundation Trust's forward plan, including its objectives, priorities and strategy, and their views should be communicated to the Board of Directors. The annual report should contain a statement as to how this requirement has been undertaken and satisfied.	Accountability Report "Council of Governors"
Additional Requirement of FT ARM	If, during the financial year, the Governors have exercised their power* under paragraph 10C** of schedule 7 of the NHS Act 2006, then information on this must be included in the annual report. This is required by paragraph 26(2)(aa) of schedule 7 to the NHS Act 2006, as amended by section 151 (8) of the Health and Social Care Act 2012. *Power to require one or more of the directors to attend a governors' meeting for the purpose of obtaining information about the foundation trust's performance of its functions or the directors' performance of their duties (and deciding whether to propose a vote on the foundation trust's or directors' performance). **As inserted by section 151(6) of the Health and Social Care Act 2012)	Governors have not exercised this power
B.6.1	The Board of Directors should state in the annual report how performance evaluation of the Board, its committees, and its Directors, including the Chairperson, has been conducted.	Accountability Report "Directors Report"
B.6.2	Where an external facilitator is used for reviews of governance, they should be identified and a statement made as to whether they have any other connection with the Trust.	Not Applicable

Provision	Requirement	Location / Section of Report
C.1.1	The Directors should explain in the annual report their responsibility for preparing the annual report and accounts, and state that they consider the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess the NHS Foundation Trust's performance, business model and strategy. There should be a statement by the external auditor about their reporting responsibilities. Directors should also explain their approach to quality governance in the Annual Governance Statement (within the annual report).	Accountability Report "Directors Report & Annual Governance Statement"
C.2.1	The annual report should contain a statement that the Board has conducted a review of the effectiveness of its system of internal controls.	Annual Governance Statement
C.2.2	A Trust should disclose in the annual report: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Annual Governance Statement
C.3.5	If the Council of Governors does not accept the audit committee's recommendation on the appointment, reappointment or removal of an external auditor, the Board of Directors should include in the annual report a statement from the audit committee explaining the recommendation and should set out reasons why the Council of Governors has taken a different position.	Not Applicable
C.3.9	A separate section of the annual report should describe the work of the committee in discharging its responsibilities. The report should include: <ul style="list-style-type: none"> • The significant issues that the committee considered in relation to financial statements, operations and compliance, and how these issues were addressed; • An explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or re-appointment of the external auditor, the value of external audit services and information on the length of tenure of the current audit firm and when a tender was last conducted; and • If the external auditor provides non-audit services, the value of the non-audit services provided and an explanation of how auditor objectivity and independence are safeguarded. 	Accountability Report "Audit Committee Report"
D.1.3	Where an NHS Foundation Trust releases an Executive Director, for example to serve as a Non-Executive Director elsewhere, the remuneration disclosures of the annual report should include a statement of whether or not the Director will retain such earnings.	Not Applicable

Provision	Requirement	Location / Section of Report
E.1.5	The Board of Directors should state in the annual report the steps they have taken to ensure that the members of the Board, and in particular the Non-Executive Directors, develop an understanding of the views of Governors and members about the NHS Foundation Trust, for example through attendance at meetings of the Council of Governors, direct face-to-face contact, surveys of members' opinions and consultations	Accountability Report "Council of Governors"
E.1.6	The Board of Directors should monitor how representative the NHS Foundation Trust's membership is and the level and effectiveness of member engagement and report on this in the annual report.	Accountability Report "Membership"
E.1.4	Contact procedures for members who wish to communicate with governors and/or directors should be made clearly available to members on the NHS foundation trust's website and in the annual report.	Contact Details Back Page
Additional requirement of FT ARM	The annual report should include: <ul style="list-style-type: none"> • A brief description of the eligibility requirements for joining different membership constituencies, including the boundaries for public membership; • Information on the number of members and the number of members in each constituency; and • A summary of the membership strategy, an assessment of the membership and a description of any steps taken during the year to ensure a representative membership, including progress towards any recruitment targets for members 	Accountability Report "Membership"
Additional requirement of FT ARM	The annual report should disclose details of company directorships or other material interests in companies held by governors and/or directors where those companies or related parties are likely to do business, or are possibly seeking to do business, with the NHS foundation trust. As each NHS foundation trust must have registers of governors' and directors' interests which are available to the public, an alternative disclosure is for the annual report to simply state how members of the public can gain access to the registers instead of listing all the interests in the annual report.	Accountability Report "Directors Report"

Comply or Explain		
The trust is satisfied that it complies with the provisions of the code with the exception of point B.2.4 below		
B.2.4	The Chairperson or an independent Non-Executive Director should Chair the nominations committee	The Trust's Governors' Remuneration Committee which advises the Council of Governors on appointment and remuneration of Non-Executive Directors is chaired by a nominated governor. The Council of Governors, with the support of the Chairman of the Trust, has confirmed that this is the appropriate governance model, due to the potential conflict of interest of the Trust Chairman or any Non-Executive Director, in the decisions taken by the Committee.

Single Oversight Framework

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

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

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

Segmentation

The position as at 31 March 2021 as per the current segmentation information for NHS Trusts and Foundation Trusts is published on the NHS Improvement website is 2 ('targeted support') as a consequence of the decline in financial performance during 2018/19 compared to previous years.



Signed:
Jackie Bilcliff
Acting Chief Executive

Date: 10 June 2021

Modern Slavery and Human Trafficking Act 2015 Annual Statement 2020/21

Gateshead Health NHS Foundation Trust offers the following statement regarding its efforts to prevent slavery and human trafficking in its supply chain.

Section 54 of the Modern Slavery Act 2015 requires all organisations to set out the steps the organisation has taken during the financial year to ensure that slavery and human trafficking is not taking place in any of its supply chains and in any part of its own business or supply chain.

The Organisation

Gateshead Health NHS Foundation Trust provides secondary care, community and older persons' mental health services to a local population of approximately 200,000. Wider populations are served for specialist screening services, gynaecology-oncology services and some breast services, including South of Tyne, Northumberland, Humberside, Cumbria and Lancashire. Our annual turnover is around £349m and we have a workforce of around 4,417 people.

Our Commitment

The Trust considers the potential social impact and effect of its supply chain prior to the commencement of a procurement. It is committed to ensuring its suppliers adhere to the highest standards of ethics and undertakes due diligence when considering new suppliers as well as regularly reviewing existing suppliers.

The Trust recognises that it has a responsibility to take a robust approach preventing and addressing any concerns to slavery and human trafficking.

The organisation is committed to preventing slavery and human trafficking in its corporate activities and to ensuring that its supply chains are free from slavery and human trafficking.

We are committed to acting ethically and with integrity and transparency in all business dealing and to putting effective systems and controls in place to safeguard against any form of modern slavery taking place within the business of our supply chain.

Training

Advice and training regarding modern slavery and human trafficking is available to staff through our safeguarding children and adults training programmes, our safeguarding policies and procedures and our safeguarding lead.

Although specific training has not been undertaken for staff, Trust staff undertake safeguarding training as part of core training which references Modern Day Slavery and informs staff how to raise concerns regarding any vulnerable adult.

Members of the Procurement senior team are Chartered Institute of Purchasing and Supply (CIPS) qualified and abide by the CIPs code of professional conduct.

The Trust's Policy Framework

The Trust has a number of policies in place which support this agenda including-

- a Recruitment and Selection policies
- b Safeguarding policies
- c Raising Concerns – Freedom to Speak Up
- d Managing Conflicts of Interest

Our Due Dilligence

As part of our efforts to monitor and reduce the risk of slavery and human trafficking occurring within our supply chain we have taken the following steps:

- Gathered information from the business concerning existing suppliers;
- Identified tier 1 suppliers to our business;
- Sought confirmation from those suppliers of their own compliance with the Modern Slavery Act (where appropriate) and their commitment to ethical business practices and transparency in their own supply chains.

These steps have been taken to enable us to:

- Establish and assess areas of potential risk in our business and supply chains;
- Monitor potential risk areas in our business and supply chains;
- Train our employees on what to look for (the signs of modern slavery);
- Reduce the risk of slavery and human trafficking occurring in our business and supply chains;
- Provide adequate protection for whistle blowers.

As a result, we undertake a process of due diligence to provide assurance to all relevant interested parties (ie our staff and our customers) that we work alongside reputable organisations.

We also confirm the identities of all new employees and their right to work in the United Kingdom in line with NHS employment check standards within our recruitment and selection practices and pay all our employees above the National Living Wage.

Our ICORE values, Harassment and Bullying, Grievance and Raising Concerns policies give staff a platform for our employees to raise concerns about poor working practices or behaviours not in line with those expected.

Risk and Compliance

The Trust has taken steps to evaluate the nature and extent of its exposure to the risk of modern slavery occurring within our supply chain, measured against legislative and regulatory requirements.

A handwritten signature in blue ink that reads "J. Bilcliff". The signature is stylized and includes a horizontal line through the middle of the name.

Signed:

Jackie Bilcliff

Acting Chief Executive

Date: 10 June 2021

Statement of the Chief Executive's responsibilities as the accounting officer of Gateshead Health NHS Foundation Trust

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

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

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

- observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the *NHS Foundation Trust Annual Reporting Manual (and the Department of Health and Social Care Group Accounting Manual)* have been followed, and disclose and explain any material departures in the financial statements.
- ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance
- confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS foundation trust's performance, business model and strategy and
- prepare the financial statements on a going concern basis and disclose any material uncertainties over going concern.

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

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

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

A handwritten signature in blue ink that reads "J. Bilcliff". The signature is written in a cursive style with a horizontal line through the middle of the letters.

Signed
Jackie Bilcliff
Acting Chief Executive

Date: 10 June 2021

Annual Governance Statement 2020/21

Scope of responsibility

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

The purpose of the system of internal control

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

Capacity to handle risk

As Accounting Officer and Chief Executive, I have overall responsibility for ensuring that there are effective risk management and integrated governance systems in place in the Trust and systems for meeting all statutory requirements in respect of governance and risk management.

The leadership and accountability arrangements for all levels, from the Chief Executive Officer, to all staff, as well as the Board and Committees, are set out in the Trust's Risk Management Policy.

All Executive Directors have clear portfolios of responsibilities and areas for which they are accountable. Areas of risk are delegated to the Trust's Executive Directors:

- The Medical Director leads on clinical effectiveness, outcomes, and mortality;
- The Medical Director and Chief Nurse jointly lead on clinical governance, infection prevention and control, patient safety and patient experience;
- The Chief Nurse is the lead for risk management;
- The Chief Nurse is the lead for safeguarding;
- The Group Director of Finance leads on Charitable Funds, financial risk and the effective co-ordination of financial controls throughout the Trust;

- The Chief Information Officer and nominated SIRO is the lead for information, cyber, information technology, health records and information governance risks;
- The Chief Operating Officer leads on emergency preparedness, managing risks within the Business Units, planning, and performance;
- The Managing Director of QE Facilities (QEF), the Trust's subsidiary, is responsible for the Commercial success of QEF ventures as well as leading on health and safety and security across the group;
- The Director of People and Organisational Development (OD) leads on the People Strategy and associated risks.

The Trust has a strong, effective Board comprising eight Non-Executive Directors (including the Chair), one Associate Non-Executive Director (appointed via the NHSE/NExT Director Scheme which is a positive action development programme designed to help find and support the next generation of talented people from groups who are currently under-represented on our NHS Boards into NED roles) and five Executive Directors. An annual appraisal process is in place to ensure knowledge and skills of Board members continue to reflect the strategic needs of the organisation and roles and responsibilities of Board members. The Trust recognises the need for its Board to respond to changing external circumstances and the composition contains an appropriate balance of clinical and management leadership skills and experience, key requirements for the successful delivery of the forward plan.

There is a comprehensive Board Committee structure, with agreed terms of reference and clear lines of reporting, and each Committee has Executive and Non-executive members (except the Remuneration Committee & Audit Committee).

All Committees are focused on seeking assurance that action is being taken and achieving desired outcomes where risks and issues are identified and have procedures in place to escalate risk to the Board through assurance reports from the Chair. Each Committee reviews the Board Assurance Framework extract reflective of the areas within their remit.

The Quality Governance Committee had overall responsibility for risk management for the majority of the 2020-21, however this was changed at the end of the year as the Trust introduced a new Executive Risk Management Group in March 2021. The Finance and Performance Committee and Human Resources Committee have responsibility for finance and people risks respectively. The Health & Safety Committee provide an overarching view of health, safety and welfare and assurance that non-clinical risks are managed effectively on behalf of the organisation. Risks relating to data security are monitored by the Digital Programme Board chaired by the Chief Information Officer, which reports to the newly created Digital Committee. In addition risk reports provide relevant risks for discussion at other meetings; for example Safeguarding Committee, Infection Prevention and Control Committee. This ensures the best leadership, coordination and prioritisation is received, on a strategic and operational basis, of the risk management agenda in

relation to clinical, quality, people, operational and financial risks. This includes the identification of the full range of risks that are inherent in the delivery of healthcare.

The risk management arrangements needed to adapt to accommodate the response to COVID-19, with a COVID-19 risk register and reporting directly via the established command and control structure.

Changes to the Board of Directors with some new Executive and Non-Executive members across the year, as well as changes in risk reporting processes as a result of Covid-19 raised the profile of risk management and identified some areas for improvement. A peer review of risk management arrangements was invited and the findings from this, as well as internal observations, resulted in a change to the governance and reporting structure, including the establishment of the Executive Risk Management Group in March 2021. This group replaced the Quality Governance Committee as the overarching group responsible for risk, and now has the responsibility for setting the strategic approach to risk management across the organisation, ensuring that the approach is proactive, the risk management policy is robust and being followed, and the risk appetite and maturity for the Trust set by the Board is realised. The group also oversees the overall co-ordination of risk management activity, ensuring that the necessary processes are in place to achieve compliance with statutory requirements and to protect the Trust's patients, staff and assets.

The risk management structure is detailed in the Trust's risk management policy. It describes the responsibilities and accountabilities of all directors, managers and staff, including the duty to identify and report risks of all kinds, and the duty to act upon these using their own skills and competencies in the management of risk. The Trust ensures, through our management structure, that we provide training and support on the delivery of risk management activities such as:

- Local and corporate induction training
- Mandatory core skills programme
- Health, safety and risk awareness
- Incident reporting and monitoring
- Risk management systems and processes

Learning from good practice and when things go wrong is embedded in the Trust values and is reported through the monthly Integrated Quality and Learning Report, monthly Business Unit Quality and Safety reports, good practice bulletins and SafeCare briefings.

Impact of COVID-19

The emergence of COVID-19 in the latter part of 2019/20 resulted in changes to the overall systems of control in the Trust. The challenge to respond to the COVID-19 pandemic impacted on the Trust's governance arrangements.

In early March 2020 the Trust enacted emergency planning systems to respond to the threat of a global pandemic. This very quickly escalated nationally to a level 4 major incident, the nature of which has not previously been experienced. The Trust rapidly developed a command and control incident structure and adjusted governance arrangements, standing down Board Committees to focus on the management of COVID-19. Early planning and decision making with strategic, tactical and operational levels were implemented to maintain overall control and manage risk. A COVID-19 risk register was developed to monitor associated risks.

Notably business continuity was affected as COVID-19 activity increased and non-COVID health care demand reduced. Throughout, the management of risk to patient and staff safety was paramount, resulting in significant redesign of services to meet COVID-19 capacity demands, both within COVID-19 heightened activity periods, and to introduce additional safety measures and social distancing as non-COVID services were able to resume. The pandemic has had a significant impact on our people, and absences increased, putting further pressure on existing staff and services. Inevitably, we saw deterioration in some levels of training compliance, but as we have moved into our recovery phase a recovery plan is in development. Staff wellbeing, recovery of services, emergency planning and business continuity issues will continue to impact the organisation into 2021/22 and are identified in the emerging risks.

The risk and control framework

The Trust's Risk Management Policy sets out the framework for the management of risk including how risks are identified, evaluated and controlled. The risk management framework is currently being fully reviewed, and an updated policy will be approved in 2021/22. This will reflect the new governance framework and leadership from the Executive Risk Management Group.

The Trust has a proactive approach to risk management to identify, control, and where possible eliminate the risk before incidents of actual loss or harm occur. The Trust risk management policies incorporate the following key elements:

- Corporate Board Assurance Framework;
- A well-founded risk register;
- Involvement/participation of all staff;
- Integration of risk management into operational management;
- Active local risk management processes;
- Clear arrangements/designated responsibilities for risk management;
- Training in risk assessment and risk management;
- Training and compliance with 'Being Open' and Duty of Candour;
- A robust integrated incident reporting system;

- Development of risk management within a fair and just culture. The Trust's human factors system approach following adverse incidents focuses on 'what went wrong' not 'who did wrong';
- Sound clinical practice which is evidence based and undertaken by appropriately skilled and equipped staff in accordance with policies, procedures and guidelines;
- Effective communication within and between Business Units, Wards, and Departments, and with patients, the public, and stakeholders;
- Proactive management of incidents, complaints and claims (including serious incidents and Never Events);
- Ongoing monitoring of actions/controls put in place to minimise the organisation's risk exposure for all risks identified from the risk register, incidents, complaints and claims;
- Systems in place to ensure lessons learned from incidents and near misses; and
- Robust monitoring, audit and reporting arrangements from Ward to Board.

The Board Assurance Framework (BAF) for 2020/21 refers to risks that potentially threaten achievement of strategic goals and corporate objectives to ensure they are proactively identified. The Quality Governance Committee, Finance and Performance Committee and the Human Resources Committee each had assigned strategic goals within the Board Assurance Framework and these are updated with assurances received at each meeting and are brought together to provide updates for the Trust Board. Each Board Committee also completes an assurance report following each meeting, providing a summary of the assurances received and these are presented to the following Trust Board meeting.

Internal Audit has provided a 'Reasonable level of assurance' over the Risk Management and Assurance Framework processes across the year, providing reasonable assurance that the risks identified are managed effectively, but reflecting that compliance with the control framework was not found to be taking place in a consistent manner. This reflected the decisions made by the Trust during the latter part of the year to receive only the Covid-19 risk register and not the full "high risk" register (all risks above a set threshold) and Board Assurance Framework. Some moderate remedial action was identified, and plans are in place to address these. The Trust is currently reviewing how risk appetite and risk maturity can be further developed.

The Audit Committee performs a key role in reviewing and monitoring the systems of internal control. The Committee receives regular reports on the findings of the internal and external auditors and provides an assurance report to the Board following each meeting.

Audits undertaken by our Internal Audit Provider have highlighted concerns regarding the assurance available to support and evidence staff training on medical devices. The Trust is currently in the process of introducing a new integrated electronic system to replace the current system for the monitoring of staff training in the use of medical devices. Progress in implementing this will be reported regularly to the Health & Safety Committee.

An open reporting culture is promoted and supported throughout the organisation. The Trust incident reporting system is used to capture incidents and near misses (failings in processes or systems that could have resulted in harm), enabling all information relating to the incident to be captured, investigated, and actions taken to address any failings, correct systems, or identify ongoing risks.

The Serious Incident Review Panel, chaired by the Medical Director, reviews all incidents that may potentially or actually have led to serious harm occurring. Action plans, developed to ensure measures are taken to avoid future harm or mitigate risks, are signed off by this panel. These processes are managed through the Trust's Serious Incident Reporting Policy.

Regular engagement takes place with governors on strategic service and quality risks as well as engagement on quality priorities and the development of the quality account. The Trust has a Patient and Public Involvement Forum to recruit patients, members of the public and governors to initiatives across the Trust that may benefit from patient representation.

The quality of performance information is assessed through a rolling multi-year programme of audit; data quality spot-checks and reviews against updated guidance. The Audit Programme in 2020/21 reviewed the Faster Diagnostics standard, the findings of which are not yet reported.

The Trust has a framework in place to systematically analyse a new or revised policy, function, service or business activity to identify what impact or likely impact it will have on different groups of people. The primary concern is to identify any discriminatory or negative consequences for a particular group and the action necessary to overcome any disadvantage. It is also important to understand any positive impact which can help in the Trust's decision making. The Trust publishes the resulting 'equality analysis' on a dedicated equality section of the internet, so this is accessible to the public (as per the requirements of the NHS Equality Delivery System 2).

The Trust publishes an annual equality report to help to comply with the specific duties of the Equality Act. Full details can be accessed at: <http://www.qegateshead.nhs.uk/edhr>

Update on clinical risks identified for 2020/21

The transformation portfolio's overall aim is to: *Improve quality and greater efficiency of services to help support the sustainability of the organisation into the future.*

The Trust's Transformation Portfolio was identified in August 2019 and the Transformation Board was established in September 2019 to lead on the development and implementation of the Trust's transformational agenda via the agreed programmes of work which consist of:

- Patient Flow
- Integrated Services
- Outpatients
- Mental Health
- Community

Due to Covid-19 activity transformation programmes were reviewed with Flow and Elective Care being the priority to support recovery and winter preparedness.

Covid-19 activity throughout the year had a significant impact on operational resilience, requiring a flexible and varied response as services were stood down and covid-19 wards established and appropriately staffed as required. The commencement of a newly created executive post of Chief Operating Officer in the year provided additional leadership over operational delivery and resilience.

Recruitment of competent and skilled workforce continues to be a risk in 2021/22; whilst the Trust's workforce has been adaptable, responsive and resilient during the Trust's management of the Covid-19 pandemic, there is a need to support and retain our people as well as fill vacancies or consider new ways of working. The Executive Director of People and OD commenced in post in October and as a result a number of external reviews have been commissioned across some of the core people functions. As a result, some new people related risks were identified and these are currently being better understood and improvement actions taken to develop services to deliver legislative, sector and where possible best practice standards.

The ongoing Covid-19 pandemic resulted in services being suspended. Restarting services was undertaken as timely as possible, however these needed to be changed to meet social distancing requirements. The unpredicted future Covid-19 health needs may continue to influence service change as we continue to manage demand, and the Trust recognises the impact this may have on patient outcomes and reflects this as a current risk in 2021/22.

Update on non-clinical risks identified for 2020/21

The unknown financial framework for 2020/21 led to the Trust being given enough funding to cover its costs for the period April to September 2020. From October 2020 to March 2021 the Trust was allocated a financial envelope and was also able to access a share of system funding, at an Integrated Care Partnership (ICP) level. Integral to the success of this was the ability of the system partners to work collectively to ensure costs remained within the overall ICP funding that was made available. The Trust was able to return a draft surplus of £1.3m for the financial year 2020/21

The pandemic continued throughout 2020/21, the Trust needed to respond and adapt with urgency, consequently, as previously stated, the transformation programme was paused to allow staff to concentrate fully on the operational response.

Limited capital spending was identified for 2020/21, but the Department of Health made additional funding available to support the purchase of essential capital equipment and enable the organisation to undertake urgent estates works required in response to the pandemic.

2021/22 major clinical risks

The following major clinical risks have been identified:

Risk of not having the right people in right place at the right time with the right skills, due to a lack of workforce capacity, resources and expertise across the organisation, which will result in failure to maintain current and future levels of performance, safety and quality.

Risk that the Trust is unable to deliver the People Plan around health and wellbeing due to insufficient capacity to support these needs. This includes occupational health capacity pressures and high workloads resulting in backlog of work and slow turnaround times for management referrals, counselling and proactive management of staff health and wellbeing, which may impact on staff resilience levels, with mental and physical health needs emerging, potentially resulting in higher levels of absence and turnover, thus impacting on patient safety.

There is a risk of unintended harm to patients, due to the impact of reduced services, delayed treatment and pathway starts, health and inequalities, resulting in patients accessing treatment who are more unwell than otherwise would have been, longer stay in hospital and longer recovery periods.

Risk of a further wave (s) of Covid -19 and heightened activity, due to different strains of the virus being prevalent in the community and current vaccination not providing the intended protection, resulting in failure to deliver corporate objectives.

Failure to embed the CQC fundamental standards in everyday practice and governance processes increases the risk of non-compliances against the standards and potential regulatory action.

There are risks relating to the Trust's maternity estate that have the potential to impact on the delivery of safe maternity services and the ability to satisfactorily address actions from local and national requirements. Maternity services are in a separate building to the main hospital with only 1 theatre. The risk of emergency surgery being required when the theatre is already in use could introduce delays in treatment, whether as a result of staff traveling to the maternity building where transporting the patient is not an option, and using a non-theatre environment, or transporting patient by ambulance to main theatres.

2021/22 major non clinical risks

The following major clinical risks have been identified:

As per 2020/21 there is uncertainty as to the financial framework that will apply for the full 2021/22 financial year. This is a risk for the Trust (along with other Foundation Trusts). The implications are therefore as yet unknown, and this presents a risk to cash and cash flow. Added to this is the introduction of the Elective Recovery framework, and the restriction that access to additional funding in support of additional costs is dependent on the Integrated Care System (ICS) collectively achieving nationally set activity thresholds.

Despite the uncertain framework it is clear that the financial pressures and the need to provide effective and efficient services remains. There is also an expectation that organisations expedite recovery of elective activity, particularly cancer, against a backdrop of recovering activity resulting

from the pandemic. Therefore the Trust will continue to need a comprehensive plan, including transformation work that will deliver this. The Trust needs to progress this whilst supporting all staff in their recovery from their individual experiences over the past year.

For the first time capital expenditure limits have been imposed at an ICS level. The limited capital spend available to the Trust will be a risk for 2021/22; particularly the need to maintain an effective equipment replacement programme.

Significant capital resources have been spent in order to manage the COVID outbreak. As yet, funding for these has not been confirmed and therefore remains a risk to the whole capital programme and other competing priorities.

Responding to risk

The Trust recognises that the delivery of high quality and respectful care is dependent upon a skilled and effective workforce. A new post of Executive Director of People and OD was established and successfully appointed to, providing an executive level people lead within the organisation. The Trust has a People Strategy to ensure the Trust's commitment to and investment in staff development, their health and wellbeing and the importance of listening and responding to staff views. The Trust has robust policies for the recruitment and development of staff. Core training and appraisal are key performance indicators and are reported via the Performance Report on a monthly basis. The Trust continues to perform well in the national staff survey.

The Trust's goal is to have an engaged and motivated workforce living the values and behaviours of the organisation, and who are responsive and adaptive to the changing needs of our environment. The recognition, involvement and development of staff throughout the year has ensured the Trust remains a high quality, patient focused organisation. The Trust remains committed to supporting and developing staff to reach their full potential, and to attracting and retaining the best calibre of people to provide our services.

The workforce goals were underpinned by a robust People Strategy which was actively monitored by the Human Resources Committee. This has now expired and a new strategy is in development, with a work plan aligned to the national People Plan. The Committee oversees the development and implementation of the Trust's People Strategy which aims to maximise the contribution of staff in the delivery of the Trust's objectives and provide assurance in relation to any people risks that could impact on the ability to deliver against these. Strategies and plans are developed in line with the 'developing workforce safeguards' requirements.

The standard workforce metrics received by the Board, include fill rates, ratios, vacancies and safety impacts on the nursing, midwifery, allied health profession and medical workforce. There is a clear process of review of staffing levels within the Trust, however it has also been recognised that we need to further develop and expand our workforce metrics and an improvement plan has been received by the Human Resources Committee.

Risk relating to our people has led to the strengthening of the People and Organisational Development (OD) Directorate. As well as the new post of Executive Director of People and OD providing the executive level people lead within the organisation, a new Deputy Director of People and OD was appointed at the start of 2021, strengthening the strategic overview and operational focus of the People & OD team. As a specific response to the Covid-19 pandemic, the Trust established a 'workforce cell' which allowed concerns to be raised and addressed, which facilitated tactical decision making in respect of issues affecting the workforce. As part of the Trust's commitment to striving to be a culturally inclusive organisation in 2020/21, a new Equality, Diversity, Inclusion (EDI) and Engagement Manager role has been implemented and the CEO is the sponsor for the ICS EDI programme, with the Trust signed up to the ICS collective promise. Also a team of cultural ambassadors have been trained across the organisation to support individuals from a BAME background who are subject to a formal process. There is ongoing work to refresh the Trust's People Strategy and align this to the Trust's new strategic aims and objectives. During 2020/21 a fortnightly Executive Team brief was established to cascade communication to the wider organisation.

Compliance with CQC

The Trust is fully compliant with the registration requirements of the Care Quality Commission. The CQC has not taken enforcement action against Gateshead Health NHS Foundation Trust during 2020/21. The Trust's last CQC review of compliance inspection visit was in April 2019. This included acute, community and mental health services and a well led inspection. The Trust received an overall rating of 'Good' with 'Outstanding' for acute services, 'Good' for community services and 'Requires Improvement' for older people's mental health services. An action plan was developed and the Trust has systems and processes for ongoing monitoring in line with the CQC inspection methodology and the five key lines of inquiry: safe, effective, caring, responsive and well led. The action plan is monitored by the Quality Governance Committee.

There were no unannounced inspections by the CQC and no Mental Health Act (1983) Monitoring visits throughout 2020/21.

Compliance with Foundation Trust Licence Condition

The Trust ensures compliance with 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 and Audit Committee ensure the Trust has robust and effective governance structures. The constitution and terms of reference for all standing Committees of the Board are reviewed annually and any proposed amendments are subject to Board approval. Assurance reports from Board Committees are presented by the Non-Executive Chair of the Sub-Committee to the Board as a standing item. The responsibilities of Directors and Sub-Committees are clarified in the Trust's governance structure which includes clear reporting lines and the accountabilities of Committees and individuals. Systems are in place to ensure the Trust 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, the Care Quality Commission, NHS England, NHS Improvement and statutory regulators of healthcare professions.

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

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

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

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

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

The Board of Directors as required under NHS Foundation Trust condition 4(8) (b) assures itself of the validity of its Corporate Governance Statement every year to ensure that declarations being made can be supported with evidence. The external auditors, through their audit of the Annual Report and Accounts, provide a degree of assurance to the Audit Committee and Board that financial control systems are robust.

The Board of Directors and Board Committees all play a role in ensuring the Trust has a robust governance structure in place.

The Trust reviews economy, efficiency and effectiveness through the review of finance and performance at budget manager, service director and overall Trust level. In addition to a system of devolved budget management, the Trust operates a service review process where achievement of performance, quality standards and financial targets is considered. There is also a system of reporting finance and performance to the Board of Directors, supported by detailed performance and financial reporting to the Finance & Performance Committee.

Levels of delegation are in place and are reported in the Corporate Governance Manual, Reservation and Delegation of Powers, and Trust Constitution.

With regard to the Annual Corporate Governance Statement to NHS Improvement, the Board satisfies itself of compliance through ongoing measurement and returns against the Single Oversight Framework.

During 2020/21 the Trust’s overall financial performance was monitored and managed on a regular basis by the Trust’s Executive and Senior Management Team, the Finance and Performance Committee and the Board of Directors. The Board (or COVID Board), supported by the Finance and Performance Committee, reviewed key aspects of financial and operational performance of the Trust in detail on a monthly basis.

As discussed previously the financial framework for the second half of 2021/22 is as yet unknown. However the requirement to deliver economic, efficient and effective services remains a priority. Therefore the Trust continues to review all areas of its cost base to identify further opportunities for savings and improve efficiency.

Information governance

The Trust has a robust governance structure in place to oversee the management of data security and information risks. Throughout the year, there has been continuing progress in improving the effectiveness and raising awareness of Information Governance, including associated policies and procedures. All Information Governance incidents are reported through the Trust’s incident reporting system.

The Data Protection and Security Toolkit provides a measure of performance against the National Data Guardian’s 10 data security standards. Compliance is normally measured against the financial year, however as a result of the COVID-19 pandemic; the compliance period was extended until 30 June 2021. An initial assessment of the toolkit has been undertaken by our Internal Auditors in April 2021 and gave only limited assurance. Full details of exceptions and recommendations have been supplied and a final assessment will be made in 2021/22 prior to the June 2021 submission to provide assurance on the progress made in responding to the recommendations made.

The EU General Data Protection Regulation (GDPR) makes it a legal obligation to notify any personal data breaches within 72 hours to the Information Commissioner’s Office (ICO), the Data Protection regulator, which result in a risk to the rights and freedoms of the individuals and any network and systems incidents which have a “significant impact” on the continuity of the essential service we provide. The Trust has reported 3 incidents detailed in the following table:

IG Reported Incidents 2020-21		
Datix		
Total	Closed	Under Investigation
87	63	24
ICO		
Total	Closed	Under Investigation
3	2	1

Datix Incident ID	ICO Ref	Service	Summary of Incident	ICO Outcome
80510	IC-81720-Q1K4	Cancer Services	Inappropriate access and disclosure of patient records by a staff member	Open – waiting GHFT Investigation outcome
27333	IC-65947-Q5V8	Department of Trauma & Orthopaedics	Inappropriate access and disclosure of patient records by a staff member	Closed - No further action
72206	IC-42609-J9B7	Clinical Operations – Scheduled Care Locality Community Nursing Teams	Inappropriate access and disclosure of patient records by a staff member	Closed - No further action

Data quality and governance

The Trust has continued to iteratively develop its data reporting functionality, introducing new live bed dashboards and site reporting to provide greater visibility of site management to all staff.

In the latter part of 2020/21 the Trust embarked on a 3 year Programme to revolutionise its reporting functions to make the best use of data to support direct care, operational planning and delivery and performance. The plan is to have a golden thread of linking the CQC’s key lines of enquiry from ward to Board with a single version of the truth. Utilising Business Intelligence (BI) and automation to remove waste, inefficiencies and duplication of resource working on manual manipulation of data has enabled more focus on value adding activities.

During 2020/21 the Trust continued to carry out a significant amount of validation of its elective care waiting list to ensure that data about the longest waiters is accurate, introducing clinical prioritisation in support of technical waiting-list validation to prioritise our patients in light of the capacity restrictions introduced throughout the pandemic.

During 2020/21, the Trust has participated in the NECS elective care data support for implementing the clear patient list national project where waiting list improvements are feedback via a live dashboard on thematic data quality issues to guide future improvement work.

The Trust is participating in local audit programmes to assure its data and data processing procedures, auditing the systems, processes and reporting function involved in the faster Diagnostic target in preparation for go-live in 2021/22.

People metrics reports continue to be presented to the Human Resources Committee, and at present the Trust is reviewing and developing the workforce information provision, in terms of

quality and accessibility, and developing a solution that positions improved people metrics within the Integrated Oversight Report.

The Trust policy is that staff are only able to access systems when they have undertaken the appropriate training and been given the relevant access managed through structured role based access. Staff are provided with comprehensive training material and standard operating procedures with a suite of automated data quality reports being visible to the services for action. Any areas of exception have identified task groups to address any anomalies or deviation from the standard operating procedures and the outcomes of this are reported via the Digital Assurance Group to the Trust Board. These processes for system management and training are regularly externally audited and reported the Audit Committee as well as yearly audits for performance reporting.

Review of effectiveness

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

The Board receives regular comprehensive information to provide assurance on all aspects of quality, safety and risk issues including infection prevention and control. The Audit Committee continues to oversee the maintenance of an effective system of internal control.

The Trust ensures that the Quality Governance, Human Resources, Digital and Finance and Performance Committees, which are all Committees of the Board, receive regular reports and are therefore able to provide an assurance process to the Board that the governance processes are robust and provide high quality care.

The Trust remains committed to continuous improvement of its risk management and assurance systems and to ensuring improved effectiveness and efficiency. To assist with this, Internal Audit reviewed and reported upon control, governance and risk management processes. This review has been based on an audit plan approved by the Audit Committee. The plan included identifying and evaluating controls and testing their effectiveness in accordance with Public Internal Audit Standards. Where improvement or remedial actions have been found, Internal Audit has made recommendations and the Trust has put action plans in place. These internal audit reports, if relevant, are used to inform the Board Assurance Framework.

The Internal Auditor's Head of Audit Opinion for 2020/21 to the Chief Executive and the Board on the adequacy and effectiveness of the risk management, control and governance processes to support the Annual Governance Statement (AGS) identified that good assurance can be given that there is a sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. The basis of this opinion included an assessment of the design and operation of the underpinning Assurance Framework and supporting processes.

Conclusion

The overall opinion is that no significant internal control issues have been identified therefore significant assurance can be given that there is a generally sound system of internal control designed to meet the organisation's objectives and that controls are generally being applied consistently.



Signed
Jackie Bilcliff
Acting Chief Executive

Date: 10 June 2021

Annual Accounts 2020/21

Foreword to the Accounts

These accounts for the year ended 31 March 2021 have been prepared, on a going concern basis, by Gateshead Health NHS Foundation Trust under Schedule 7 (paragraphs 24 and 25) of the National Health Service Act 2006 in a form which NHSI has, with the approval of the Treasury, directed.

A handwritten signature in blue ink, appearing to read 'J. Bilcliff'.

Jackie Bilcliff
Acting Chief Executive

Date: 10 June 2021

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
31 March 2021**

		Group 2020/21	Foundation Trust 2020/21	Group 2019/20	Foundation Trust 2019/20
	Note	£000	£000	£000	£000
Revenue					
Operating Income from patient care activities	2	293,592	293,217	267,736	267,323
Other operating income	2	55,821	47,008	33,152	26,163
Operating expenses	3	(345,891)	(340,740)	(297,785)	(293,306)
Operating (deficit)/surplus from continuing operations		3,522	(515)	3,103	180
Finance Costs					
Finance income	6	81	670	181	1,032
Finance expense - financial liabilities	6.1	(587)	(2,136)	(836)	(2,435)
PDC Dividends payable		(1,635)	(1,635)	(2,104)	(2,104)
Net Finance Costs		(2,141)	(3,101)	(2,759)	(3,507)
Other Gains/ (Losses)		(3)	(3)	(48)	(48)
Corporation tax (expense)/income	5.0	(904)	0	(646)	0
(Deficit)/Surplus from continuing operations		474	(3,619)	(350)	(3,375)
Surplus / (Deficit) of discontinued operations		0	0	0	0
Surplus/(Deficit) for the financial year		474	(3,619)	(350)	(3,375)
Other comprehensive income					
Impairments	7.0	(2,411)	(2,411)	(657)	(657)
Revaluations	7.0	0	0	0	0
Other recognised gains and losses		0	0	(63)	0
Actuarial gains/(losses) on defined benefit pension schemes		0	0	0	0
Other reserve movements		147	0	(15)	0
Total Comprehensive (Expense)/Income for the year		(1,790)	(6,030)	(1,085)	(4,032)

The notes on pages 104 to 142 form part of these accounts.

	Group 2020/21	Trust 2020/21	Group 2019/20	Trust 2019/20
	£000	£000	£000	£000
Analysis of (deficit)/surplus for the year				
(Deficit)/surplus for the financial period	474	(3,619)	(350)	(3,375)
Movement in fair value of investment property and other investments	0	0	0	0
Net Impairments	5,273	5,273	566	566
Retain Impact of DEL I&E (Impairments)	(2,583)	(2,583)	0	0
Charitable Funds (surplus)/deficit	(137)	0	168	0
Impact of Capital Donations I&E Impact	(641)	0	(29)	0
Remove Prior year PSF Post Accounts Allocation	0	0	(262)	(262)
Remove Net Impact of DHSC Centrally Procured Inventories	(1,060)	(1,060)	0	0
Surplus/(Deficit) for the financial period before impairments, revaluations and charitable funds	1,326	(1,989)	93	(3,071)

The result for the financial period before impairment, revaluation and the impact of the charitable funds is one of the primary financial KPIs used by the Trust and NHSIE. This Non-GAAP measure has been referred to as 'operational surplus' in the Annual Report.

**STATEMENT OF FINANCIAL POSITION AS AT
31 March 2021**

		Group 31 March 2021	Foundation Trust 31 March 2021	Group 31 March 2020	Foundation Trust 31 March 2020
	Note	£000	£000	£000	£000
Non-current assets					
Property, plant and equipment	8.1-8.4	118,618	117,374	116,085	115,698
Investment Property	8.5	80	0	80	0
Investments in Subsidiaries	8.9	0	16,824	0	16,824
Loans to Subsidiaries	8.9	0	15,789	0	19,771
Other Investments (Charitable)	22	1,146	0	972	0
Trade and other receivables	10.1	2,093	1,363	2,381	1,492
Total non-current assets		121,937	151,350	119,518	153,785
Current assets					
Inventories	11.1	5,017	2,598	4,294	2,155
Trade and other receivables	10.1	20,969	22,015	21,429	23,370
Cash and cash equivalents	12	44,223	35,022	14,551	8,897
Total current assets		70,209	59,635	40,274	34,422
Current liabilities					
Trade and other payables	13.1	(58,151)	(53,870)	(38,239)	(36,826)
Borrowings	14.1	(1,204)	(1,877)	(13,635)	(15,313)
Provisions	15	(6,342)	(5,488)	(781)	(781)
Other liabilities	13.2	(4,228)	(3,303)	(2,830)	(2,058)
Total current liabilities		(69,925)	(64,538)	(55,485)	(54,978)
Total assets less current liabilities		122,221	146,447	104,307	133,229
Non-current liabilities					
Trade and other payables	13.1	0	0	0	0
Borrowings	14.1	(14,010)	(56,753)	(15,188)	(58,604)
Provisions	15	(2,565)	(2,565)	(2,717)	(2,717)
Other Liabilities	13.2	(2,007)	(901)	(2,080)	(757)
Total non-current liabilities		(18,582)	(60,219)	(19,985)	(62,078)
Total assets employed		103,639	86,228	84,322	71,151
Financed by taxpayers' equity					
Public Dividend Capital		139,315	139,315	118,208	118,208
Revaluation reserve		6,611	6,611	9,022	9,022
Charitable Fund Reserve		1,350	0	1,066	0
Other Reserves		99	99	99	99
Income and expenditure reserve		(43,736)	(59,797)	(44,073)	(56,178)
Total taxpayers' equity		103,639	86,228	84,322	71,151

The financial statements on pages 98 to 142 were approved by the Board on:
and signed on its behalf by:



Jacqueline Bilcliff
Acting Chief Executive

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

	Group						Foundation Trust					
	Total £000	Public Dividend Capital £000	Revaluation Reserve £000	Charitable Fund Reserve £000	Other Reserves £000	Income and Expenditure Reserve £000	Total £000	Public Dividend Capital £000	Revaluation Reserve £000	Other Reserves £000	Income and Expenditure Reserve £000	
Taxpayers' Equity at 1 April 2020	84,322	118,208	9,022	1,066	99	(44,073)	71,151	118,208	9,022	99	(56,178)	
Changes in taxpayers' equity for 2020/21												
Retained surplus/(deficit) for the year	474	0	0	137	0	337	(3,619)	0	0	0	(3,619)	
Impairments	(2,411)	0	(2,411)	0	0	0	(2,411)	0	(2,411)	0	0	
Transfer from Revaluation Reserve to I & E reserve	0	0	0	0	0	0	0	0	0	0	0	
Revaluations Property, Plant and Equipment	0	0	0	0	0	0	0	0	0	0	0	
Asset disposals	0	0	0	0	0	0	0	0	0	0	0	
Other Recognised gains / losses	0	0	0	0	0	0	0	0	0	0	0	
Other reserve movements	147	0	0	147	0	0	0	0	0	0	0	
	82,532	118,208	6,611	1,350	99	(43,736)	65,121	118,208	6,611	99	(59,797)	
Public Dividend Capital received	21,107	21,107	0	0	0	0	21,107	21,107	0	0	0	
Public Dividend Capital repaid	0	0	0	0	0	0	0	0	0	0	0	
Taxpayers' Equity at 31 March 2021	103,639	139,315	6,611	1,350	99	(43,736)	86,228	139,315	6,611	99	(59,797)	

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

	Group						Foundation Trust				
	Total £000	Public Dividend Capital £000	Revaluation Reserve £000	Charitable Fund Reserve £000	Other Reserves £000	Income and Expenditure Reserve £000	Total £000	Public Dividend Capital £000	Revaluation Reserve £000	Other Reserves £000	Income and Expenditure Reserve £000
Taxpayers' Equity at 1 April 2019	82,647	115,447	9,743	1,248	99	(43,890)	72,486	115,447	9,743	99	(52,803)
Changes in taxpayers' equity for 2019/20											
Retained surplus/(deficit) for the year	(350)	0	0	(167)	0	(183)	(3,375)	0	0	0	(3,375)
Impairments	(658)	0	(658)	0	0	0	(658)	0	(658)	0	0
Transfer from Revaluation Reserve to I & E reserve	0	0	0	0	0	0	0	0	0	0	0
Revaluations Property, Plant and Equipment	0	0	0	0	0	0	0	0	0	0	0
Asset disposals	0	0	0	0	0	0	0	0	0	0	0
Other Recognised gains / losses	(63)	0	(63)	0	0	0	(63)	0	(63)	0	0
Other reserve movements	(15)	0	0	(15)	0	0	0	0	0	0	0
	81,561	115,447	9,022	1,066	99	(44,073)	68,390	115,447	9,022	99	(56,178)
Public Dividend Capital received	2,761	2,761	0	0	0	0	2,761	2,761	0	0	0
Public Dividend Capital repaid	0	0	0	0	0	0	0	0	0	0	0
Taxpayers' Equity at 31 March 2020	84,322	118,208	9,022	1,066	99	(44,073)	71,151	118,208	9,022	99	(56,178)

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED
31 March 2021

	Note	Group		Foundation Trust	
		2020/21 £000	2019/20 £000	2020/21 £000	2019/20 £000
Cash flows from operating activities					
Operating surplus /(deficit) from continuing operations		3,522	3,103	(515)	180
Operating surplus /(deficit) of discontinued operations		0	0	0	0
		<u>3,522</u>	<u>3,103</u>	<u>(515)</u>	<u>180</u>
Non-cash or non-operating income and expense:					
Depreciation and amortisation		7,026	6,084	6,959	6,034
Impairment		5,273	566	5,273	566
Reversals of Impairments		0	0	0	0
Non Cash Donations credited to Income	22	(864)	(237)	(864)	0
Change in Trade and Other Receivables		1,039	(4,293)	5,772	(1,276)
Change in Inventories		(723)	(1,271)	(443)	(887)
Change in Trade and other Payables		19,699	10,450	16,970	9,279
Change in Other Liabilities		1,325	(255)	1,388	(168)
Change in Provisions		5,424	328	4,570	341
Tax (paid)/received		(720)	(530)	0	0
Other movements in operating cash flows		(186)	(180)	(9)	252
NHS Charitable Funds - working Capital adjustments	22	148	(28)	0	0
Net cash (outflows)/inflows from operating activities		<u>40,963</u>	<u>13,737</u>	<u>39,101</u>	<u>14,321</u>
Cash flows from investing activities					
Interest received		53	151	670	1,032
Purchase of Property, Plant and Equipment		(16,304)	(6,579)	(15,379)	(6,579)
NHS Charitable Funds - net cash flow from investing activities	22	0	150	0	0
Net cash outflow from investing activities		<u>(16,251)</u>	<u>(6,278)</u>	<u>(14,709)</u>	<u>(5,547)</u>
Net cash (outflow) / inflow before financing		<u>24,712</u>	<u>7,459</u>	<u>24,392</u>	<u>8,774</u>
Cash flows from financing activities					
Public dividend capital received		21,107	2,761	21,107	2,761
Public dividend capital repaid		0	0	0	0
Movement in Loans from the DHSC		(13,591)	(1,356)	(13,591)	(1,356)
Movement in Finance Lease		0	0	(1,678)	(2,073)
Loan Interest paid		(620)	(837)	(620)	(837)
Finance Lease Interest		0	0	(1,549)	(1,599)
PDC Dividend paid		(1,936)	(2,603)	(1,936)	(2,603)
Net cash inflow / (outflow) from financing activities		<u>4,960</u>	<u>(2,035)</u>	<u>1,733</u>	<u>(5,707)</u>
Increase in cash and cash equivalents		<u>29,672</u>	<u>5,424</u>	<u>26,125</u>	<u>3,067</u>
Opening Cash and Cash equivalents at 1 April		<u>14,551</u>	<u>9,127</u>	<u>8,897</u>	<u>5,830</u>
Closing Cash and Cash equivalents at 31 March		<u>44,223</u>	<u>14,551</u>	<u>35,022</u>	<u>8,897</u>

Notes to the Accounts

1 Accounting policies and other information

Basis of preparation

NHS Improvement, in exercising the statutory functions conferred on Monitor, has directed that the financial statements of the 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 to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the 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.

Accounting convention

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

Going concern

These accounts have been prepared on a going concern basis. As an NHS Foundation Trust, the directors are required to make an assessment as at the balance sheet date as to whether the Trust remains a going concern.

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

The directors have considered whether there are any local or national policy decisions that are likely to affect the continued funding and provision of services by the Trust. The Trust is a member of the Cumbria and the North East Sustainability and Transformation Partnership (STP). In November 2019, the STP published its Strategic Delivery Plan and NHS Long Term Plan response for the five year period 2020/21 - 2024/25. This plan includes the continued provision of services by the Trust. No circumstances were identified that would cause the directors to doubt or question the continued provision of NHS services.

This year the Trust reported a £1.3m surplus and met its financial performance targets. Income from Commissioners was largely based on the simplified block payments system introduced in response to the COVID-19 pandemic, which improved liquidity and cash flow during the year. Additional costs due to the pandemic were supported on an actual cost reimbursement basis for the first half the year and on an advance block payment basis for the second half of the year.

In April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement (NHSE&I) announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue loans as at 31 March 2020 were extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow their repayment. This meant that the Trust received PDC of £12.235m to repay these loans which had accumulated from prior year deficits and thereby increased the total net assets, strengthening the value of the balance sheet and meaning the Trust is no longer required to generate surpluses to service this historic debt.

For 2021/22 the current financial funding arrangements will remain in place for the first half of the year, with additional funding to support elective recovery post COVID also being available. Guidance remains outstanding for the second half of the year but the Trust is assuming continuation of expenditure trends and achievement of recovery trajectories as agreed through the national Accelerator Programme, North East and North Cumbria ICS being one of 13 approved programmes.

The Trust has produced its financial plans based on these assumptions which have been approved by the Trust Board.

The Trust has prepared a cash forecast modelled on the above expectations for funding during the going concern period to June 2022. The cash forecast shows sufficient liquidity for the Trust to continue to operate during that period and there is no expectation of cash support being required, although that option remains available to Foundation Trusts.

In conclusion, these factors, and the anticipated future provision of services in the public sector, support the Trust's adoption of the going concern basis for the preparation of the accounts.

Accounting policies and other information (continued)

Consolidation

NHS Charitable Fund

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

The 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 foundation trust's accounting policies and
- eliminate intra-group transactions, balances, gains and losses.

Other subsidiaries

QE Facilities Limited is a wholly owned subsidiary of the Trust. Subsidiary entities are those over which the Trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated in full into the appropriate financial statement lines.

Where subsidiaries' accounting policies are not aligned with those of the trust (including where they report under UK FRS 102) then amounts are adjusted during consolidation where the differences are material. Inter-entity balances, transactions and gains/losses are eliminated in full on consolidation.

Revenue from contracts with customers

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

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 Trust accrues income relating to performance obligations satisfied in that year. Where the Trust's entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

Revenue from NHS Contracts

The main source of income for the Trust is contracts with commissioners for health care services. A performance obligation relating to delivery of a spell of health care is generally satisfied over time as healthcare is received and consumed simultaneously by the customer as the Trust performs it. The customer in such a contract is the commissioner, but the customer benefits as services are provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligns with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that are substantially the same and have a similar pattern of transfer. At the year end, the Trust accrues income relating to activity delivered in that year, where a patient care spell is incomplete. This accrual is disclosed as a contract receivable as entitlement to payment for work completed is usually only dependent on the passage of time.

Provider sustainability fund (PSF) and Financial recovery fund (FRF)

The PSF and FRF enable 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.

Accounting policies and other information (continued)

Grants and donations

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.

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 for the benefit.

Expenditure on employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

Pension costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Both schemes are unfunded, defined benefit schemes that cover NHS employer, general practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care, in England and Wales. The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore the scheme is accounted for as though it is a defined contribution scheme; the cost to the Trust is taken as equal to the employer's contributions payable to the scheme for the accounting period. The contributions are charged to operating expenses as they become due.

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 the operating expenses at the time the trust commits itself to the retirement, regardless of the method of payment.

Expenditure on other goods and services

Expenditure on goods and services is recognised when, and to the extent that, they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

Discontinued operations

Discontinued operations occur where activities either cease without transfer to another entity, or transfer to an entity outside of the boundary of Whole of Government Accounts, such as private or voluntary sectors. Such activities are accounted for in accordance with IFRS 5. Activities that are transferred to other bodies within the boundary of Whole of Government Accounts are 'machinery of government changes' and treated as continuing operations.

Accounting policies and other information (continued)

Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes
- it is probable that future economic benefits will flow to, or service potential be provided to, the trust
- it is expected to be used for more than one financial year and
- the cost of the item can be measured reliably; and
- assets individually have a cost of at least £5,000, or collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control.

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 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 above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Measurement

Valuation

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

Assets are measured subsequently at valuation. 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 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. Current values in existing use are determined as follows:

Land and non-specialist buildings - market value for existing use

Specialist buildings - depreciated replacement cost on a modern equivalent asset basis

For specialist assets, current value in existing use is interpreted as the present value of 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 local requirements.

Valuation guidance issued by the Royal Institute of Chartered Surveyors and adopted by the Trust states that valuations are performed net of VAT where the VAT is recoverable by the entity.

Accounting policies and other information (continued)

Property, plant and equipment (continued)

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the 31 March 2021 valuation, property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, the 2021 valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

For the avoidance of doubt this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared for year end 2021 and 2020. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date.

The previous year's valuation exercise was carried out in April 2020 with a valuation date of 31 March 2020. In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 (Red Book), the valuer has declared a 'material valuation uncertainty' in the valuation report. This was on the basis of uncertainties in markets caused by Covid-19. The values in the report had been used to inform the measurement of property assets at valuation in the 2019/2020 financial statements. With the valuer having declared this material valuation uncertainty, the valuer continued to exercise professional judgement in providing the valuation and this remained the best information available to the Trust.

The material Valuation Uncertainty clause was standard throughout the industry and is in accordance with RICS guidance. This was a standard clause and our valuer's were of the opinion that the uncertainty associated with valuing the Trust's property assets was lower than that for other asset classes for the following reasons:

1. All property inspections were completed in advance of the Covid-19 lockdown.
2. 100% of the value of the Trust's assets was in respect of specialised properties, therefore valued on a Depreciated Replacement Cost basis. The valuation for such assets excluding the Land component (3.8% of total land and buildings), is based on comparable build cost information published by the RICS Building Cost Information Service (BCIS), up to and including the valuation date of 31 March 2020.
3. COVID 19 will not impact NHS property values as it will other property sectors, for example leisure and retail, the demand for which at least in the short term has significantly reduced. There is no associate reduction in the occupancy/use and therefore demand for NHS property.
4. The valuation was based on the BCIS 'All in' TPI published on 31 March 2020, and was therefore the most current information available as at the valuation date.
5. The value of the land, where uncertainty is greater than for assets valued on a Depreciated Replacement Cost basis, was reviewed as at the valuation date, and therefore represents the Valuer's opinion of value as at 31 March 2020.

IT equipment, transport equipment, furniture and fittings, and plant and machinery that are held for operational use are valued at depreciated historical cost where the assets have short useful lives or low values or both, as it is not considered to be materially different from current value in existing use.

Depreciation

Items of property, plant and equipment are depreciated over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated.

Property, plant and equipment which has been reclassified as 'held for sale' ceases to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the trust, respectively.

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 expenditure.

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

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

Accounting policies and other information (continued)

Property, plant and equipment (continued)

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 income to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

De-recognition

Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met. The 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 economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

Donated, government grant and other grant funded assets

Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to 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/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.

Investment property

Investment properties are measured at fair value. Changes in fair value are recognised as gains or losses in income/expenditure.

Only those assets which are held solely to generate a commercial return are considered to be investment properties. Where an asset is held, in part, to support service delivery objectives, then it is considered to be an item of property, plant and equipment. Properties occupied by employees, whether or not they pay rent at market rates, are not classified as investment properties.

Accounting policies and other information (continued)

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 cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the Trust's cash management. Cash, bank and overdraft balances are recorded at current values.

Inventories

Inventories are valued at the lower of cost and net realisable value. Inventories were valued using the weighted average cost method until August 2019. From August 2019, due to a change in software, inventories are now valued on a first in first out basis by reference to supplier information.

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 value for the transaction based on the cost of acquisition by the Department.

Financial assets and financial liabilities

Recognition

Financial assets and financial liabilities arise where the Trust is party to the contractual provisions of a financial instrument, and as a result has a legal right to receive or a legal obligation to pay cash or another financial instrument. The GAM expands the definition of a contract to include legislation and regulations which give rise to arrangements that in all other respects would be a financial instrument and do not give rise to transactions classified as a tax by ONS. This includes the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust's normal purchase, sale or usage requirements and are recognised when, and to the extent which performance occurs, i.e. when receipt or delivery of the goods or services is made.

Classification and measurement

Financial assets and financial liabilities are initially measured at fair value plus or minus directly attributable transaction costs. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques.

After initial recognition, these financial assets and financial liabilities are measured at amortised cost using the effective interest method less any impairment (for financial assets), except where the asset or liability is measured at fair value through income and expenditure. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

Interest revenue or expense is calculated by applying the effective interest rate to the gross carrying amount of a financial asset or amortised cost of a financial liability and recognised in the Statement of Comprehensive Income and a financing income or expense. In the case of loans held from the Department of Health and Social Care, the effective interest rate is the nominal rate of interest charged on the loan.

Accounting policies and other information (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 Trust recognises an allowance for expected credit losses.

The Trust adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses. For other financial assets, the loss allowance is initially measured at an amount equal to 12-month expected credit losses (stage 1) and subsequently at an amount equal to lifetime expected credit losses if the credit risk assessed for the financial asset significantly increases (stage 2).

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Expected losses are charged to operating expenditure within the Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Statement of Financial Position.

De-recognition

Financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired or the Trust has transferred substantially all the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

The trust as lessee

Finance leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the 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 charge 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.

Contingent rentals are recognised as an expense in the period in which they are incurred.

Leases of land and buildings

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately.

Accounting policies and other information (continued)

The Trust as lessor

Finance leases

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Trust's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the trust's net investment outstanding in respect of the leases.

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.

Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount for which it is probable that there will be a future outflow of cash or other resource and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective for 31 March 2021.

HM Treasury's discount rates effective for 31 March 2021

Up to 5 years nominal rate (0.02%)

After 5 years up to 10 Years nominal rate 0.18%

Exceeding 10 years nominal rate 1.99%

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the 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 trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at note 15 but is not recognised in the Trust's accounts.

Non-clinical risk pooling

The Foundation Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the trust pays an annual contribution to NHS Resolution and in return receives assistance with the costs of claims arising. The annual membership contributions, and any "excesses" payable in respect of particular claims are charged to operating expenses when the liability arises.

Contingencies

Contingent liabilities are not recognised, but are disclosed in note 16.3, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

Accounting policies and other information (continued)

Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS trust. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32. The Secretary of State can issue new PDC to, and require repayment of PDC from, the Trust. PDC is recorded at the value received.

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 adjustment to net assets occur as a result of the audit of the annual accounts.

Value added tax

Most of the activities of the NHS Foundation Trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

Corporation tax

QE Facilities Limited is a wholly owned subsidiary of Gateshead Health NHS Foundation Trust and is subject to corporation tax on its profits.

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided for is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

In the March 2021 Budget the UK Government announced that legislation will be introduced in Finance Bill 2021 to increase the main rate of UK corporation tax from 19% to 25%, effective 1 April 2023. As the changes had not been substantively enacted at the balance sheet date, the deferred tax balances as at 31 March 2021 continue to be measured at a rate of 19%. If the 25% tax rate had been used at the balance sheet date, the deferred tax asset would have been c.£230k higher

Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's Financial Reporting Manual.

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 is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses.

Gifts

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and remunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

Standards, amendments and interpretations in issue but not yet effective or adopted

IFRS 16 Leases

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 lease will remain and the accounting will largely be unchanged.

IFRS 16 changes the definition of a lease compared to IAS 17 and IFRIC 4. The Trust will apply this definition to new leases only and will grandfather its assessments made under the old standards of whether existing contracts contain a lease.

On transition to IFRS 16 on 1 April 2022, the Trust will apply the modified retrospective approach to transition with right of use assets and remaining lease liabilities measured at equal amounts at the transition date with no restatement of comparable figures. For existing 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 if an interest rate implicit in any individual lease cannot be readily determined. The Trust's incremental borrowing rate will be a rate defined by HM Treasury. Currently the 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 2022/2023, 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.

Note 1.1 Segmental analysis

The Foundation Trust operates within a single reportable segment i.e. healthcare. This primarily covers the provision of a wide range of healthcare related services to the community of Gateshead and additionally the provision of an increasing range of more specialised services to patients outside of the area.

The Board of Directors/Chief Executive acts as the Chief Operating Decision Maker for the Foundation Trust and the monthly financial position of the Foundation Trust is presented/reported to them as a single segment.

	Group		Foundation Trust	
	2020/21 Total £000	2020/21 Healthcare £000	2020/21 Total £000	2020/21 Healthcare £000
Income				
Income from activities	293,592	293,592	293,217	293,217
Other operating income	55,821	55,821	47,008	47,008
Total Operating Income	349,413	349,413	340,225	340,225

The majority of the Trust's total income from activities is received/derived from CCGs and NHS England. Of the £293,592k reported in 2020/21 (2019/20: £267,736k), an amount of £280,175k i.e. 95.43% was attributable to CCGs and NHS England (2019/20: £247,305k i.e. 92.36%)

	Group		Foundation Trust	
	2019/20 Total £0	2019/20 Healthcare £0	2019/20 Total £0	2019/20 Healthcare £0
Income				
Income from activities	267,736	267,736	267,323	267,323
Other operating income	33,152	33,152	26,163	26,163
Total Operating Income	300,888	300,888	293,486	293,486

Note 2. Income

2.1 Operating Income from activities by classification	Group		Foundation Trust	
	2020/21 £000	2020/21 £000	2019/20 £000	2019/20 £000
Block contract/system envelope income*	233,611	233,611	118,447	118,447
High Cost Drug Income from Commissioners	13,514	13,514	13,561	13,561
Other NHS Clinical income*	12,951	12,951	105,145	105,145
Community Income	21,073	21,073	20,303	20,303
Additional Income for the delivery of healthcare services	90	90	107	107
Private patient income	413	413	651	651
Additional pension contribution central funding	7,677	7,302	7,326	6,913
Other clinical income	4,263	4,263	2,196	2,196
Total Income from Activities	293,592	293,217	267,736	267,323
Research and Development	693	693	844	844
Education and training	6,922	6,878	7,566	7,537
Charitable and other contributions to expenditure	23	23	237	237
Non-patient care services to other bodies	6,777	1,564	7,883	3,068
Sustainability & Transformation Funds	0	0	9,455	9,455
Re-imburement & Top Up Funding	28,969	28,969	0	0
Other income	4,549	1,799	5,200	3,637
Income in respect of staff costs	810	810	946	946
Notional Income from Apprentice Fund	319	274	436	403
Donated Equipment from DHSC for Covid response non cash	841	841	0	0
Contributions to expenditure - inventory donated by DHSC for Covid response	187	187	0	0
Contributions to expenditure - inventory donated by NHSE for Covid response	4,939	4,939	0	0
Rental revenue from operating leases	350	31	340	36
NHS Charitable Funds Incoming resources excluding investment income	442	0	245	0
	55,821	47,008	33,152	26,163
Total Operating Income	349,413	340,225	300,888	293,486

All services are commissioner requested except private patients

* A revised funding regime was put in place in 2020/21 to deal with the impact of the COVID 19 pandemic . This resulted in additional funding and reclassification between Block System and Other NHS Clinical Income.

2.1.1 Private patient income

	Group	
	2020/21 £000	2019/20 £000
Private patient income	413	651
Total patient related income	293,592	267,736
Proportion (as percentage)	0.14%	0.24%

	Foundation Trust	
	2020/21 £000	2019/20 £000
Private patient income	413	651
Total patient related income	293,217	267,323
Proportion (as percentage)	0.14%	0.24%

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

2.2 Operating lease income

	Group & Foundation Trust	
	2020/21 £000	2019/20 £000
Rents recognised as income in the period	350	340
Total	350	340
Future minimum lease payments due		
- not later than one year	467	340
- later than one year and not later than five years	310	310
- later than five years	1,726	1,771
Total	2,503	2,421

2.3 Income from activities by source

	Group	Foundation Trust	Group	Foundation Trust
	2020/21	2020/21	2019/20	2019/20
	£000	£000	£000	£000
NHS Foundation Trusts	12,108	12,108	11,690	11,690
NHS Trusts	0	0	0	0
CCGs and NHS England	280,176	279,801	254,631	254,218
Local Authorities	90	90	107	107
Department of Health - grants	0	0	0	0
Department of Health - other	0	0	0	0
Department of Health - social care	0	0	0	0
NHS Other	0	0	1	1
Non-NHS Private patients	413	413	651	651
Non-NHS Overseas patients (non-reciprocal)	47	47	0	0
NHS injury scheme	296	296	623	623
Non NHS other	462	462	33	33
Additional Income for the delivery of healthcare services	0	0	0	0
Total Income from continuing Activities	293,592	293,217	267,736	267,323

Injury cost recovery income is subject to a provision for impairment of receivables of 22.43% to reflect expected rates of collection

2.4 Other Operating Income

	Group	Foundation Trust	Group	Foundation Trust
	2020/21	2020/21	2019/20	2019/20
	£000	£000	£000	£000
Research and development	693	693	844	844
Education and Training	6,922	6,878	7,566	7,537
Charitable and other contributions to expenditure	23	23	237	237
Non-patient care services to other bodies	6,777	1,564	7,883	3,068
Sustainability & Transformation Funds	0	0	9,455	9,455
Re-imburement and Top-Up funding	28,969	28,969	0	0
Rental revenue from operating leases	350	31	340	36
Income in respect of staff costs	810	810	946	946
Notional Income from Apprentice Fund	319	274	436	403
Charitable Funds NHS income excluding investing	442	0	245	0
Donated Equipment from DHSC for Covid response non cash	841	841	0	0
Contributions to expenditure - inventory donated by DHSC for Covid response	187	187	0	0
Contributions to expenditure - inventory donated by NHSE for Covid response	4,939	4,939	0	0
Car Parking	91	87	909	905
Pharmacy Sales	94	7	189	7
Creche Services	137	137	277	277
Clinical Test Services	298	298	396	396
Clinical Excellence Awards	0	0	88	88
Catering	542	0	599	0
Other (note 2.4.1)	3,388	1,270	2,742	1,964
Total Other Operating income	55,821	47,008	33,152	26,163

2.4.1 Other Operating Income - Other

	Group	Foundation Trust	Group	Foundation Trust
	2020/21	2020/21	2019/20	2019/20
	£000	£000	£000	£000
Central Sterile Supplies Dept.	2	0	5	0
Sponsorship	0	0	0	0
Tyneside Surgical Services	0	0	62	62
Salary sacrifice	450	437	418	402
Other	2,936	833	2,257	1,500
Total Other Operating Income - other	3,388	1,270	2,742	1,964

Note 3. Expenses

Notes to the Accounts

3.1 Operating expenses comprise:

	Group	Foundation Trust	Group	Foundation Trust
	2020/21	2020/21	2019/20	2019/20
	£000	£000	£000	£000
Purchase of healthcare from NHS and DHSC Bodies	5,695	5,689	8,918	8,917
Purchase of healthcare from non NHS Bodies	1,178	952	1,566	1,392
Staff and Executive Director Costs	214,363	193,988	193,643	175,783
Employee Expenses - Non-executive directors	189	178	180	163
Supplies and services - clinical (excluding drugs costs)	31,968	18,322	28,588	15,094
Supplies and services - consumables donated from DHSC group bodies for Covid response				
Supplies and services - general	8,258	4,885	2,216	48
Supplies and services - general: notional cost of equipment donated from DHSC for Covid response below capital threshold	187	187	0	0
Supplies and services - general notional cost of equipment donated from NHSE for Covid response below capital threshold	0	0	0	0
Establishment	3,112	1,985	3,069	1,932
Research and development - (not included in employee expenses)	12	3	44	44
Research and development - (included in employee expenses)	593	593	671	671
Change in Provisions discount rates	83	83	214	214
Transport (Business travel only)	526	490	856	774
Transport (Other)	516	121	610	169
Premises	17,217	63,349	14,062	54,708
Increase/(decrease) in bad debt provision	166	86	359	471
Drugs Inventories consumed	16,266	9,727	16,939	11,391
Inventories written down (consumables donated from DHSC group bodies for Covid response)	1,118	1,118	0	0
Operating Lease Expenditure Net	3,114	742	3,032	731
Depreciation on property, plant and equipment	7,026	6,923	6,084	6,034
Net Impairments of Property, Plant & Equipment	5,273	5,273	566	566
Audit fees				
* audit services- statutory audit	76	65	58	51
Other auditors' remuneration				
Other services	34	23	8	8
Audit Fees payable to external auditor of charitable funds accounts	4	0	4	0
Clinical negligence	7,292	7,292	5,758	5,758
Legal Fees	378	349	193	191
Consultancy Costs	485	501	58	57
Internal Audit costs - (not included in employee expenses)	221	166	228	170
Training, courses and conferences	1,304	1,170	1,408	1,029
Car parking & Security	271	31	234	25
Voluntary Severance Payments	0	0	0	0
Redundancy	192	97	3,972	3,972
Insurance	559	427	225	46
Other Services	4,275	4,344	2,359	2,367
NHS Charitable funds other resources expended	328	0	439	0
Protective Clothing	7,122	6,879	0	0
Professional Fees	1,044	31	0	0
Other	2,685	1,910	1,224	530
	<u>345,891</u>	<u>340,740</u>	<u>297,785</u>	<u>293,306</u>

* EY LLP Limited liability of £2,000,000.

3.2 Operating leases

Group & Foundation Trust

Payments recognised as an expense

	2020/21 £000	2019/20 £000
Minimum lease payments	4,219	4,169
Sub-lease payments *	(1,105)	(1,137)
	3,114	3,032

Total future minimum lease payments

	2020/21 £000	2019/2020 £000
Payable:		
Not later than one year	3,423	3,276
Between one and five years	3,279	3,372
After 5 years	173	94
Total	6,875	6,742

* Sub-lease payments relate to contributions from employees in the Trust's Green Car Salary Sacrifice scheme

3.3 The Late Payment of Commercial Debts (Interest) Act 1998/ Public Contract Regulations 2015

	2020/2021 £000	2019/2020 £000
Total liability accruing in the year under this legislation as a result of late payments	12	6

No claims were made against the Foundation Trust during the accounting period under this legislation. No compensation was paid to cover debt recovery under this legislation.

3.4 Better Payment Policy

	2020/21		2019/20	
	Number	£000	Number	£000
Total bills paid in the year	24,025	156,403	31,103	125,795
Total bills paid within target	20,354	146,889	23,677	112,237
Percentage of bills paid within target	84.7%	93.9%	76.1%	89.2%

The Better Payment Practice Code recommends the Trust to aim to pay all valid invoices by the due date or within 30 days of receipt of goods or a valid invoice, with the exception of small to medium sized businesses which, under the recommendation of central government, are paid within 10 days of receipt of goods and services wherever possible.

Note 4. Employee expenses, numbers and benefits

4.1 Employee expenses (Including Executive Directors' Costs)

	Group				Foundation Trust			
	2020/21 Total	Permanently Employed	Other	2019/20 Total	2020/21 Total	Permanently Employed	Other	2019/20 Total
	£000	£000	£000	£000	£000	£000	£000	£000
Salaries and wages	168,779	159,391	9,388	151,435	153,589	145,046	8,543	137,315
Capitalised Salaries and wages	1,155	1,155		1,442	1,155	1,155		1,442
Social Security Costs	15,242	14,502	740	14,052	13,910	13,193	717	12,871
Apprenticeship levy	757	720	37	701	678	643	35	630
Pension costs - defined contribution plans								
Employers' contributions to NHS Pensions	17,604	16,745	859	16,720	16,755	15,887	868	15,780
Pension cost - employer contributions paid by NHSE on provider's behalf (6.3%)	7,677	7,304	373	7,326	7,302	6,926	376	6,913
Pension costs - Other	84	84		47	84	84		47
External bank	898	0	898	285	898	0	898	285
Agency/contract staff	4,126	0	4,126	3,977	2,778	0	2,778	2,612
NHS Charitable Funds staff	0	0	0	0	0	0	0	0
Termination Benefits	192	192	0	3,972	192	192	0	3,972
Total Gross Staff Costs	216,514	200,093	16,421	199,957	197,341	183,126	14,215	181,867

4.2 Number of persons employed at 31st March

(The figures shown represent the Average Whole Time Equivalent as opposed to the number of employees)

	Group				Foundation Trust			
	2020/21 Total	Permanently Employed	Other	2019/20 Total	2020/21 Total	Permanently Employed	Other	2019/20 Total
	Number	Number	Number	Number	Number	Number	Number	Number
Medical and dental	426	417	9	408	426	417	9	408
Ambulance staff	0	0	0	0	0			0
Administration and estates	908	889	19	884	743	724	19	727
Healthcare assistants and other support staff	978	964	14	880	543	543	0	508
Nursing, midwifery and health visiting staff	1,294	1,168	126	1,209	1,293	1,167	126	1,208
Healthcare scientists	422	417	5	348	364	359	5	338
Scientific, therapeutic and technical staff	375	370	5	421	422	417	5	421
Other *	13	13	0	29	6	6	0	20
Total	4,416	4,238	178	4,179	3,797	3,633	164	3,630

* Other relates to Apprentices employed by the Trust

4.3 Staff Exit Packages

Exit package cost band	2020/21 Group				2019/20 Group			
	Number of compulsory departures agreed	Cost of compulsory departures agreed £000s	Number of other departures agreed	Cost of other departures agreed £000s	Number of compulsory departures agreed	Cost of compulsory departures agreed £000s	Number of other departures agreed	Cost of other departures agreed £000s
< £10,000	5	29	14	48	10	73	21	23
£10,001 - £25,000	0	0	3	47	9	180	0	0
£25,001 - £50,000	1	32	0	0	20	750	0	0
£50,001 - £100,000	2	131	0	0	17	1,146	0	0
£100,001 - £150,000	0	0	0	0	4	461	0	0
£150,001 - £200,000	0	0	0	0	5	877	0	0
> £200,001	0	0	0	0	2	485	0	0
Total	8	192	17	95	67	3,972	21	23
Redundancy	8	192	0	0	67	3,972	0	0
Voluntary Severance Scheme	0	0	0	0	0	0	0	0
Total	8	192	0	0	67	3,972	0	0

	Group	Group
	2020/21	2019/20
	£000	£000
5. Corporation Tax		
UK corporation tax expense	744	665
Adjustments in respect of prior years	0	0
Current tax expense	<u>744</u>	<u>665</u>
Origination and reversal of temporary differences	160	88
Change in tax rate	0	(103)
Adjustment in respect of previous years	<u>0</u>	<u>(4)</u>
Deferred tax charge/(credit)	<u>160</u>	<u>(19)</u>
Total corporation tax expense in Statement of Comprehensive Income	<u>904</u>	<u>646</u>

The Foundation Trust has no corporation tax expense (2018/19 £nil)

	2020/21	2019/20
	£000	£000
Reconciliation of effective tax rate		
Surplus for the year	3,853	3,313
Total tax expense	<u>904</u>	<u>646</u>
	<u>4,757</u>	<u>3,959</u>
Tax using the UK corporation tax rate of 19% (2019:19%)	904	752
Adjustments to current tax charge in respect of prior years	0	(4)
Tax exempt revenues	0	0
Recognition of previously unrecognised deferred tax asset	0	0
Change in tax rate	0	(103)
Other	<u>0</u>	<u>1</u>
Total tax (income)/expense	<u>904</u>	<u>646</u>

	Group	Foundation Trust	Group	Foundation Trust
	2020/21	2020/21	2019/20	2019/20
	£000	£000	£000	£000
6. Finance Income				
Interest received on commercial bank accounts	54	54	151	151
NHS Charitable Funds Investment Income	27	0	30	0
Intragroup Loan Interest	<u>0</u>	<u>616</u>	<u>0</u>	<u>881</u>
	<u>81</u>	<u>670</u>	<u>181</u>	<u>1,032</u>

	Group	Foundation Trust	Group	Foundation Trust
6.1 Finance Expense	2020/21	2020/21	2019/20	2019/20
	£000	£000	£000	£000
Finance Leases - external	0	0	0	0
Finance Leases - inter group	0	1,549	0	1,598
Loan Interest	587	587	836	837
	<u>587</u>	<u>2,136</u>	<u>836</u>	<u>2,435</u>

	Group & Foundation Trust	
7. Impairment / Revaluation of Assets	2020/21	2019/20
	£000	£000
Gross Impairment (Reversal of Impairment)/Impairment SOCI Charge	<u>(7,684)</u>	<u>(1,223)</u>
Increase/(Decrease) in valuation of assets	5,273	566
Total (Impairment) / Revaluation in OCI	<u>0</u>	<u>0</u>
	<u>(2,411)</u>	<u>(657)</u>

In 2020/21 £5.273m has been debited to operating expenses and £2.411m debited as an impairment in other comprehensive income.

In 2019/20 £0.566m has been debited to operating expenses and £0.657m debited as an impairment in other comprehensive income.

The Foundation Trust had no recorded intangible assets at the Statement of Financial Position date nor in the prior period.

8.1 Property, plant and equipment 2020/21 - Group

	Total	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and Machinery	Transport Equipment	Information Technology	Furniture & fittings
	£000	£000	£000	£000	£000	£000	£000	£000	£000
2020/21									
Cost or valuation at 1 April 2020	201,102	4,216	150,023	0	0	22,814	172	23,626	251
Additions purchased	16,379	0	7,633	0	2,481	3,306	103	2,845	10
Additions donated	864	0	0	0	0	864	0	0	0
Impairments	(2,411)	0	(2,411)	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Disposals	(41)	0	0	0	0	(23)	(18)	0	0
Cost or valuation at 31 March 2021	215,893	4,216	155,245	0	2,481	26,961	257	26,471	261
Accumulated Depreciation at 1 April 2020	85,017	286	48,874	0	0	18,555	97	16,948	251
Provided during the year	7,026	0	2,919	0	0	1,360	29	2,716	2
Impairments	5,273	70	5,203	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0
Revaluation surpluses	0	0	0	0	0	0	0	0	0
Transferred to disposal group as asset held for sale	0	0	0	0	0	0	0	0	0
Disposals	(36)	0	0	0	0	(23)	(13)	0	0
Accumulated Depreciation at 31 March 2021	97,275	356	56,996	0	0	19,892	113	19,664	253
Net book value - 31st March 2020									
- Owned	115,347	3,930	101,149	0	0	3,638	69	6,561	0
- Finance lease	0	0	0	0	0	0	0	0	0
- Donated	738	0	0	0	0	621	0	117	0
Total NBV at 31 March 2020	116,085	3,930	101,149	0	0	4,259	69	6,678	0
Net book value at 31st March 2021									
- Owned	117,238	3,860	98,249	0	2,481	5,780	143	6,717	8
- Finance lease	0	0	0	0	0	0	0	0	0
- Donated	1,380	0	0	0	0	1,290	0	90	0
Total NBV at 31 March 2021	118,618	3,860	98,249	0	2,481	7,070	143	6,807	8
8.1 Analysis of tangible fixed assets									
	Total	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & Machinery	Transport Equipment	Information Technology	Furniture & fittings
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value									
- Protected assets at 31 March 2021	104,598	3,860	98,249	0	2,481	0	0	0	8
- Unprotected assets at 31 March 2021	14,020	0	0	0	0	7,070	143	6,807	0
Total at 31 March 2021	118,618	3,860	98,249	0	2,481	7,070	143	6,807	8

Notes to the Accounts

Note 8. Property, plant and equipment

8.2 Property, plant and equipment 2020/21 - Foundation Trust

	Total	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and Machinery	Transport Equipment	Information Technology	Furniture & fittings
2020/21	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2020	200,549	4,216	149,747	0	0	22,794	64	23,477	251
Additions purchased	15,454	0	7,580	0	1,877	3,142	0	2,845	10
Additions donated	864	0	0	0	0	864	0	0	0
Additions -transfer of assets from QEF Limited	0	0	0	0	0	0	0	0	0
Impairments	(2,411)	0	(2,411)	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Disposals	(23)	0	0	0	0	(23)	0	0	0
Cost or valuation at 31 March 2021	214,433	4,216	154,916	0	1,877	26,777	64	26,322	261
Accumulated Depreciation at 1 April 2020	84,851	286	48,862	0	0	18,547	62	16,843	251
Provided during the year	6,959	0	2,915	0	0	1,352	2	2,688	2
Transfer of assets from QEF Limited	0	0	0	0	0	0	0	0	0
Impairments	5,273	70	5,203	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0
Revaluation surpluses	0	0	0	0	0	0	0	0	0
Transferred to disposal group as asset held for sale	0	0	0	0	0	0	0	0	0
Disposals	(23)	0	0	0	0	(23)	0	0	0
Accumulated Depreciation at 31 March 2021	97,059	356	56,980	0	0	19,876	64	19,531	253
Net book value - 31 March 2020									
- Owned	114,960	3,930	100,886	0	0	3,625	2	6,517	0
- Finance lease	0	0	0	0	0	0	0	0	0
- Donated	738	0	0	0	0	621	0	117	0
Total NBV at 31 March 2020	115,698	3,930	100,886	0	0	4,246	2	6,634	0
Net book value - 31 March 2021									
- Owned	115,996	3,860	97,937	0	1,877	5,613	0	6,701	8
- Finance lease	0	0	0	0	0	0	0	0	0
- Donated	1,378	0	0	0	0	1,289	0	89	0
Total NBV at 31 March 2021	117,374	3,860	97,937	0	1,877	6,902	0	6,790	8
8.2 Analysis of tangible fixed assets									
	Total	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & Machinery	Transport Equipment	Information Technology	Furniture & fittings
Net book value	0	0	0	0	0	0	0	0	0
- Protected assets at 31 March 2021	103,682	3,860	97,937	0	1,877	0	0	0	8
- Unprotected assets at 31 March 2021	13,692	0	0	0	0	6,902	0	6,790	0
Total at 31 March 2021	117,374	3,860	97,937	0	1,877	6,902	0	6,790	8

Property is deemed "protected" if it is required for the purposes of providing either the mandatory goods and services or the mandatory education and training as defined in the Terms of Authorisation of the Trust.

8.3 Property, plant and equipment 2019/20 - Group

	Total	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and Machinery	Transport Equipment	Information Technology	Furniture & fittings
2019/20	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2019	195,072	4,214	148,414	0	0	22,184	151	19,858	251
Additions purchased	7,142	0	2,474	0	0	1,012	21	3,635	0
Additions donated	237	0	0	0	0	104	0	133	0
Impairments	(658)	0	(658)	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Reclassifications	0	2	1	0	0	(3)	0	0	0
Revaluations	0	0	0	0	0	0	0	0	0
Disposals	(691)	0	(208)	0	0	(483)	0	0	0
Cost or valuation at 31 March 2020	201,102	4,216	150,023	0	0	22,814	172	23,626	251
Accumulated Depreciation at 1 April 2019	79,010	285	45,807	0	0	17,751	85	14,863	219
Provided during the year	6,084	0	2,707	0	0	1,231	18	2,096	32
Impairments	566	0	566	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Reclassifications	0	1	2	0	0	8	0	(11)	0
Revaluation	0	0	0	0	0	0	0	0	0
Revaluation surpluses	0	0	0	0	0	0	0	0	0
Transferred to disposal group as asset held for sale	0	0	0	0	0	0	0	0	0
Disposals	(643)	0	(208)	0	0	(435)	0	0	0
Accumulated Depreciation at 31 March 2020	85,017	286	48,874	0	0	18,555	103	16,948	251
Net book value - 31 March 2019									
- Owned	115,352	3,930	102,605	0	0	3,725	66	4,994	32
- Finance lease	0	0	0	0	0	0	0	0	0
- Donated	710	0	0	0	0	708	0	2	0
Total NBV at 31 March 2019	116,062	3,930	102,605	0	0	4,433	66	4,996	32
Net book value at 31st March 2020									
- Owned	115,347	3,930	101,149	0	0	3,638	69	6,561	0
- Finance lease	0	0	0	0	0	0	0	0	0
- Donated	738	0	0	0	0	621	0	117	0
Total NBV at 31 March 2020	116,085	3,930	101,149	0	0	4,259	69	6,678	0

8.1 Analysis of tangible fixed assets

	Total	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & Machinery	Transport Equipment	Information Technology	Furniture & fittings
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value									
- Protected assets at 31 March 2020	105,079	3,930	101,149	0	0	0	0	0	0
- Unprotected assets at 31 March 2020	11,006	0	0	0	0	4,259	69	6,678	0
Total at 31 March 2020	116,085	3,930	101,149	0	0	4,259	69	6,678	0

Notes to the Accounts

Note 8. Property, plant and equipment

8.4 Property, plant and equipment 2019/20 - Foundation Trust

	Total	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and Machinery	Transport Equipment	Information Technology	Furniture & fittings
2019/20	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2019	194,542	4,214	148,141	0	0	22,164	63	19,709	251
Additions purchased	7,117	0	2,473	0	0	1,006	0	3,637	0
Additions donated	237	0	0	0	0	104	0	133	0
Additions -transfer of assets from QEF Limited	0	0	0	0	0	0	0	0	0
Impairments	(657)	0	(657)	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Reclassifications	0	2	(2)	0	0	2	1	(3)	0
Revaluations	0	0	0	0	0	0	0	0	0
Disposals	(691)	0	(208)	0	0	(483)	0	0	0
Cost or valuation at 31 March 2020	200,548	4,216	149,747	0	0	22,793	64	23,477	251
Accumulated Depreciation at 1 April 2019	78,893	285	45,804	0	0	17,748	58	14,778	220
Provided during the year	6,034	0	2,703	0	0	1,229	2	2,069	31
Transfer of assets from QEF Limited	0	0	0	0	0	0	0	0	0
Impairments	566	0	566	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Reclassifications	0	1	(4)	0	0	5	2	(4)	0
Revaluation	0	0	0	0	0	0	0	0	0
Revaluation surpluses	0	0	0	0	0	0	0	0	0
Transferred to disposal group as asset held for sale	0	0	0	0	0	0	0	0	0
Disposals	(643)	0	(208)	0	0	(435)	0	0	0
Accumulated Depreciation at 31 March 2020	84,850	286	48,861	0	0	18,547	62	16,843	251
Net book value - 31 March 2019									
- Owned	114,939	3,930	102,337	0	0	3,706	5	4,929	32
- Finance lease	0	0	0	0	0	0	0	0	0
- Donated	710	0	0	0	0	708	0	2	0
Total NBV at 31 March 2019	115,649	3,930	102,337	0	0	4,414	5	4,931	32
Net book value - 31 March 2020									
- Owned	114,960	3,930	100,886	0	0	3,625	2	6,517	0
- Finance lease	0	0	0	0	0	0	0	0	0
- Donated	738	0	0	0	0	621	0	117	0
Total NBV at 31 March 2020	115,698	3,930	100,886	0	0	4,246	2	6,634	0
8.2 Analysis of tangible fixed assets									
	Total	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & Machinery	Transport Equipment	Information Technology	Furniture & fittings
	0	0	0	0	0	0	0	0	0
Net book value									
- Protected assets at 31 March 2020	104,816	3,930	100,886	0	0	0	0	0	0
- Unprotected assets at 31 March 2020	10,882	0	0	0	0	4,246	2	6,634	0
Total at 31 March 2020	115,698	3,930	100,886	0	0	4,246	2	6,634	0

Property is deemed "protected" if it is required for the purposes of providing either the mandatory goods and services or the mandatory education and training as defined in the Terms of Authorisation of the Trust.

8.5 Investment property

Valuation	£000
At 1 April 2020	80
At 31 March 2021	80
Net Book Value	
at 31 March 2021	80

Group

	2020/21	2019/20
	£000	£000
Carrying value at 1 April 2020	80	80
Carrying value at 31 March 2021	80	80

8.6 Economic life of property, plant and equipment

Group & Foundation Trust

	Min Life	Max Life
	Years	Years
Buildings excluding dwellings	2	87
Plant & Machinery	4	15
Transport Equipment	5	7
Information Technology	5	5
Furniture & Fittings	5	6

Group & Foundation Trust

8.7 Profit /loss on disposal of fixed assets

	2020/21	2019/20
	£000	£000
Profit / Loss on the disposal of fixed assets is made up as follows:		
Profit / Loss on disposal of Property, Plant & Equipment	(3)	(48)
	(3)	(48)

8.8 Revaluation reserve - property, plant and equipment

Group & Foundation Trust

	Total
	£000
Revaluation reserve at 1 April 2020	9,022
Impairments	(2,411)
Revaluations	0
Other reserve movements	0
Revaluation reserve at 31 March 2021	6,611

Revaluation reserve at 1 April 2019	9,743
Impairments	(658)
Revaluations	0
Other reserve movements	(63)
Revaluation reserve at 31 March 2020	9,022

8.9 Investments in subsidiary undertakings

	Foundation Trust	Foundation Trust
	2020/21	2019/20
	£000	£000
Shares in subsidiary undertakings	16,824	16,824
Loans to subsidiary undertakings > 1 Year	15,789	19,771
	32,613	36,595
Loans to subsidiary undertakings < 1 Year	3,982	3,847
	36,595	40,442

The shares in the subsidiary company QE Facilities Limited comprises a 100% holding in the share capital consisting of 16,824,382 ordinary £1 shares.

The principal activity of QE Facilities Limited is to provide estate management and facilities services.

Note 9. Finance leases**Note 9.1 Finance lease receivables**

Foundation Trust	31 March 2021 £000	31 March 2020 £000
Gross lease receivables	1,045	1,136
of which those receivable		
- not later than one year	89	91
- later than one year and not later than five years	336	344
- later than five years	620	701
Unearned interest income	(217)	(248)
Net lease receivables	828	888
of which those receivable		
- not later than one year	60	60
- later than one year and not later than five years	240	240
- later than five years	528	588
	828	888

Note 9.2 Finance lease details

Group & Foundation Trust	31 March 2021 £000	31 March 2020 £000
The unguaranteed residual value accruing to the FT	1,500	1,500
The accumulated allowance for uncollectable minimum lease payments receivable	828	888
Contingent rents recognised as income in the period	60	60

Note 10. Receivables**10.1 Trade and other receivables**

	31st March 2021	Financial assets	Non-financial assets	31st March 2020	Financial assets	Non-financial assets
	£000	£000	£000	£000	£000	£000
Current - Group						
NHS Contract Receivables *	9,070	9,070	0	12,434	12,434	0
Other receivables with related parties	2,392	0	2,392	1,213	26	1,187
Provision for impaired receivables	(911)	(726)	(185)	(750)	(525)	(225)
Prepayments	4,454	0	4,454	2,634	0	2,634
Accrued Income	1,667	0	1,667	549	0	549
Other receivables	4,297	3,474	823	5,349	4,404	945
Total Current Trade and Other Receivables	20,969	11,818	9,151	21,429	16,339	5,090
Current - Foundation Trust						
NHS Contract Receivables *	8,591	8,591	0	12,003	12,003	0
Other receivables with related parties	2,553	161	2,392	1,214	27	1,187
Provision for impaired receivables	(873)	(688)	(185)	(706)	(491)	(215)
Prepayments	3,912	0	3,912	2,183	0	2,183
Accrued Income	221	0	221	154	0	154
Loan repayments from QEF Limited (note 8.9)	3,982	3,982	0	3,847	3,847	0
Other receivables	3,626	1,556	2,070	4,675	3,730	945
Total Current Trade and Other Receivables	22,012	13,602	8,410	23,370	19,116	4,254
* The majority of NHS receivables are with Clinical Commissioning Groups and NHS England, as commissioners for NHS patient care services. NHS receivables that are neither past due date nor impaired are expected to be paid within their agreed terms.						
Non-Current Group						
NHS Contract Receivables *	768	768	0	828	828	0
Provision for impaired receivables	(228)	(43)	(185)	(311)	(98)	(213)
Deferred tax	729	0	729	889	0	889
Other receivables	824	0	824	975	0	975
Total Non Current Trade and Other Receivables	2,093	725	1,367	2,381	730	1,651
Non-Current Foundation Trust						
NHS Receivables *	768	768	0	828	828	0
Provision for impaired receivables	(228)	(43)	(185)	(311)	(98)	(213)
Other receivables	824	0	824	975	0	975
Non current trade and other receivables (excluding loans)	1,363	725	638	1,492	730	762
Loan repayments from QEF Limited (note 8.9)	15,789	15,789	0	19,771	19,771	0
Total Non Current Trade and Other Receivables	17,153	16,515	638	21,263	20,501	762

Note 10.2 Allowances for Credit Losses - 2020/2021**Group & Foundation Trust**

	Group	
	Receivables and contract assets	All other
	£000's	£000's
At 1 April 2020 brought forward	1,061	0
Transfers by absorption	0	0
New allowances arising	862	0
Changes in existing allowances	(414)	0
Reversals of allowances	(282)	0
Utilisation of allowances (write offs)	(88)	0
Changes arising following modification of contractual cash flows	0	0
Foreign exchange and other changes	0	0
At 31 March 2021	1,139	0

Note 10.3 Allowances for credit losses - 2019/2020

	£000's
At 1 April 2019 brought forward	899
Transfers by absorption	0
New allowances arising	867
Changes in existing allowances	(137)
Reversals of allowances	(371)
Utilisation of allowances (write offs)	(197)
Changes arising following modification of contractual cash flows	0
Foreign exchange and other changes	0
At 31 March 2020	1,061

Note 10.4 Deferred Tax Asset**Recognised deferred tax assets**

Deferred tax assets are attributable to the following:

	Group	Group
	2020/2021	2019/2020
	£000	£000
Property, plant and equipment	713	873
Temporary tax differences	16	16
Total deferred tax asset	729	889

Movement in deferred tax during the year

	2020/2021	2019/2020
	£000	£000
Recognised in income	0	2
Property, plant and equipment	160	17
	160	19

Note 11. Inventory

Note 11.1 Inventory Balances

	Group		Foundation Trust	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Drugs	1,537	1,768	872	1,205
Consumables	3,387	2,426	1,726	950
Energy	93	100	0	0
Work in Progress	0	0	0	0
Total Inventories	5,017	4,294	2,598	2,155

Note 11.2 Inventories Recognised as an Expense

	Group		Foundation Trust	
	2020/2021 £000	2019/2020 £000	2020/2021 £000	2019/2020 £000
Inventories recognised in expenses	26,546	24,090	14,002	11,173
	26,546	24,090	14,002	11,173

	Group		Foundation Trust	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Note 12. Cash and cash equivalents				
At 1 April	14,551	9,127	8,897	5,870
Net change in year	29,672	5,424	3,027	3,027
At 31 March	44,223	14,551	11,924	8,897
Broken down into:				
Cash at commercial banks and in hand	9,200	5,654	0	0
Cash with Government Banking Service	35,022	8,897	35,022	8,897
Other current investments	0	0	0	0
Cash and cash equivalents as in Statement of Financial Position	44,223	14,551	35,022	8,897
Bank overdraft	0	0	0	0
Cash and cash equivalents as in Statement of Cashflows	44,223	14,551	35,022	8,897

Note 13. Payables and other Liabilities**13.1 Trade and other payables**

Group	Total	Financial	Non-financial	Total	Financial	Non-financial
Current	31st March	liabilities	liabilities	31st March 2020	liabilities	liabilities
	2021	£000	£000	£000	£000	£000
	£000					
NHS payables and accruals	5,095	5,095	0	3,758	3,758	0
Trade Payables-Capital	891	891	0	816	816	0
Other payables	20,463	15,623	4,840	13,246	9,066	4,180
Corporation Tax	395	0	395	372	0	372
Accruals	31,307	31,307	0	20,047	20,047	0
Total current trade and other payables	58,151	52,916	5,235	38,239	33,687	4,552

Trust	Total	Financial	Non-financial	Total	Financial	Non-financial
Current	31st March	liabilities	liabilities	31st March 2020	liabilities	liabilities
	2021	£000	£000	£000	£000	£000
	£000					
NHS payables and accruals	5,095	5,095	0	3,758	3,758	0
Trade Payables-Capital	891	891	0	816	816	0
Other payables	25,380	21,575	3,805	16,501	13,175	3,326
Accruals	22,504	22,504	0	15,751	15,751	0
Total current trade and other payables	53,870	50,065	3,805	36,826	33,500	3,326

13.2 Other Liabilities

	Group		Foundation Trust	
	31st March	31st March	31st March	31st March
	2021	2020	2021	2020
	£000	£000	£000	£000
Current				
Deferred Income	4,228	2,830	3,303	2,058
Total other current liabilities	4,228	2,830	3,303	2,058
Non-current				
Deferred Income	2,007	2,080	901	757
Total other non current liabilities	2,007	2,080	901	757

Note 14. Borrowings	Group		Foundation Trust	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
14.1 Borrowings				
Current				
Loans from Independent Trust Financing Facility	1,204	1,382	1,204	1,382
Revenue Support Working Capital Loans	0	12,253	0	12,253
Obligations under finance leases	0	0	673	1,678
Total current borrowing	1,204	13,635	1,877	15,313
Non-current				
Loans from Independent Trust Financing Facility	14,010	15,188	14,010	15,188
Revenue Support Working Capital Loans	0	0	0	0
Obligations under finance leases	0	0	42,743	43,416
Total other non current liabilities	14,010	15,188	56,753	58,604

The Trust Finance Leases have been accounted for in accordance with the GAM.

The £43m obligation under finance leases in the Foundation Trust arises from the arrangements between the Foundation Trust and its subsidiary undertaking, QEF Ltd, for the supply of operational healthcare facilities. This liability and the associated property have both been recognised in the balance sheet of the Foundation Trust following a detailed consideration of the lease terms and the risks and rewards of the arrangement.

14.2 Finance lease obligations - Foundation Trust	31 March 2021 £000	31 March 2020 £000
Gross Lease Liabilities	43,416	45,094
<i>Of which liabilities are due:-</i>		
- Not later than one year	2,173	3,214
- Later than one year and not later than five years	8,690	8,690
- Later than five years	93,556	95,729
Finance charges allocated to future periods	(61,003)	(62,539)
Net Lease Liabilities	43,416	45,094
- Not later than one year	673	1,678
- Later than one year and not later than five years	2,928	2,837
- Later than five years	39,815	40,579
	43,416	45,094

The Group does not have any Finance Lease Obligations.

Note 15. Provisions for liabilities and charges - Group

	Current		Non Current	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£000	£000	£000	£000
Pensions early departure costs	148	149	967	1,086
Pensions injury benefits	109	104	1,598	1,631
Restructuring	0	0	0	0
Equal pay	0	0	0	0
Redundancy	183	396	0	0
Legal claims	92	132	0	(0)
Other	5,810	0	0	0
	6,342	781	2,565	2,717

	Pensions early departure costs	Pensions injury benefits	Legal claims	Restructuring	Equal Pay	Redundancy	Other	Total
	£000	£000	£000		£000	£000	£000	£000
At 1 April 2020	1,235	1,734	133	0	0	396	0	3,498
Change in the discount rate	22	61	0	0	0	0	0	83
Arising during the year	24	25	57	0	0	0	5,810	5,916
Utilised during the year	(149)	(105)	(11)	0	0	(213)	0	(478)
Reversed unused	(11)	0	(86)	0	0	0	0	(97)
Unwinding of discount	(6)	(9)	0	0	0	0	0	(15)
At 31 March 2021	1,115	1,706	93	0	0	183	5,810	8,907

Expected timing of cash flows:

-not later than one year;	148	109	93	0	183	5,810	6,343
-later than one year and not later than five years;	586	445	0	0	0	0	1,031
-later than five years;	381	1,152	(0)	0	0	0	1,533
	1,115	1,706	93	0	183	5,810	8,907

	Pensions early departure costs	Pensions injury benefits	Legal claims	Equal Pay	Redundancy	Other	Total
	£000	£000	£000	£000	£000	£000	£000
At 1 April 2019	1,348	1,603	210	0	0	0	3,161
Change in the discount rate	92	123	0	0	0	0	215
Arising during the year	93	107	0	0	396	0	596
Utilised during the year	(149)	(103)	0	0	0	0	(252)
Reversed unused	(152)	0	(78)	0	0	0	(230)
Unwinding of discount	3	5	0	0	0	0	8
At 31 March 2020	1,235	1,735	132	0	396	0	3,498

Expected timing of cash flows:

-not later than one year;	149	104	132	0	396	0	781
-later than one year and not later than five years;	597	431	0	0	0	0	1,028
-later than five years;	489	1,200	0	0	0	0	1,689
	1,235	1,735	132	0	396	0	3,498

£71,747k is included in the provisions of the NHS Resolution at 31/3/2021 in respect of clinical negligence liabilities of the trust which are managed through the NHS risk pooling scheme on behalf of the Foundation Trust (31/3/2020 £83,081k).

i) Pensions relating to directors and other staff represents the present value of quarterly payments to the NHS Pensions Agency in respect of the unfunded element of the pensions of staff and directors who have taken early retirement. The provisions are uncertain to the extent that the period over which payments will be made is an estimate.

ii) Other Legal claims £93k relates to a provision for Employer Liability claims which are covered under the terms of the Trust's commercial insurance. The Trust is liable for excess payments against each claim under the terms of the commercial insurance.

iii) Pensions Injury Provisions £1,706k relate to Service Injury Benefit payments reimbursed to the NHS Pensions Agency in respect of former staff with service related injuries. The provision represents the present value of quarterly payments to the NHS Pensions Agency. The provisions are uncertain with regard to the value of the cash reimbursements and the period of time over which the contribution will be made.

Note 15. Provisions for liabilities and charges - Trust

	Current		Non Current	
	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000
Pensions early departure costs	148	149	967	1,086
Pensions injury benefits	109	104	1,598	1,631
Restructuring	0	0	0	0
Redundancy	183	396	0	0
Legal claims	92	132	0	(0)
Other	4,956	0	0	0
	5,488	781	2,565	2,717

	Pensions early departure costs £000	Pensions injury benefits £000	Legal claims £000	Equal Pay £000	Redundancy £000	Other £000	Total £000
At 1 April 2020	1,235	1,734	133	0	396	0	3,498
Change in the discount rate	22	61	0	0	0	0	83
Arising during the year	24	25	57	0	0	4,956	5,062
Utilised during the year	(149)	(105)	(11)	0	(213)	0	(478)
Reversed unused	(11)	0	(86)	0	0	0	(97)
Unwinding of discount	(6)	(9)	0	0	0	0	(15)
At 31 March 2021	1,115	1,706	93	0	183	4,956	8,053

Expected timing of cash flows:

-not later than one year;	148	109	93	0	183	4,956	5,489
-later than one year and not later than five years;	586	445	0	0	0	0	1,031
-later than five years;	381	1,152	(0)	0	0	0	1,533
	1,115	1,706	93	0	183	4,956	8,053

	Pensions early departure costs £000	Pensions injury benefits £000	Legal claims £000	Equal Pay £000	Redundancy £000	Other £000	Total £000
At 1 April 2019	1,348	1,603	210	0	0	0	3,161
Change in the discount rate	92	123	0	0	0	0	215
Arising during the year	93	107	0	0	396	0	596
Utilised during the year	(149)	(103)	0	0	0	0	(252)
Reversed unused	(152)	0	(78)	0	0	0	(230)
Unwinding of discount	3	5	0	0	0	0	8
At 31 March 2020	1,235	1,735	132	0	396	0	3,498

Expected timing of cash flows:

-not later than one year;	149	104	132	0	396	0	781
-later than one year and not later than five years;	597	431	0	0	0	0	1,028
-later than five years;	489	1,200	0	0	0	0	1,689
	1,235	1,735	132	0	396	0	3,498

£71,747k is included in the provisions of the NHS Resolution at 31/3/2021 in respect of clinical negligence liabilities of the trust which are managed through the NHS risk pooling scheme on behalf of the Foundation Trust (31/3/2020 £83,081k).

i) Pensions relating to directors and other staff represents the present value of quarterly payments to the NHS Pensions Agency in respect of the unfunded element of the pensions of staff and directors who have taken early retirement. The provisions are uncertain to the extent that the period over which payments will be made is an estimate.

ii) Other Legal claims £93k relates to a provision for Employer Liability claims which are covered under the terms of the Trust's commercial insurance. The Trust is liable for excess payments against each claim under the terms of the commercial insurance.

iii) Pensions Injury Provisions £1,706k relate to Service Injury Benefit payments reimbursed to the NHS Pensions Agency in respect of former staff with service related injuries. The provision represents the present value of quarterly payments to the NHS Pensions Agency. The provisions are uncertain with regard to the value of the cash reimbursements and the period of time over which the contribution will be made.

16.1 Contractual capital commitments - Group and Foundation Trust

Contractual capital commitments at 31 March 2021 not otherwise included in these financial statements:

	31 March 2021 £000	31 March 2020 £000
Property, plant and equipment	<u>0</u>	<u>0</u>
Total	<u><u>0</u></u>	<u><u>0</u></u>

16.2 Events after the reporting period - Group and Foundation Trust

There have been no events after the reporting period.

16.3 Contingent liabilities - Group and Foundation Trust

	31 March 2021 £000	31 March 2020 £000
Gross estimated value of Non-Clinical Liabilities	0	(26)
Expected recoverable amount	0	0
Net value contingent liabilities	<u><u>0</u></u>	<u><u>(26)</u></u>

16.4 Related Party Transactions - Group and Foundation Trust

The Department of Health and Social Care is regarded as a related party. During the year the Group has had a significant number of material transactions with the Department and with other entities for which the Department is regarded as the parent Department in addition to those in the public sector. These entities are listed below:-

NHS England
Newcastle Gateshead CCG
North Durham CCG
Northumberland CCG
South Tyneside CCG
Sunderland CCG
Durham Dales, Easington and Sedgfield CCG
Health Education England
South Tyneside and Sunderland NHS Foundation Trust
The Newcastle upon Tyne Hospitals NHS Foundation Trust
HMRC
NHS Pension Scheme

16.5 Related Party Transactions - Group and Foundation Trust

Gateshead Health NHS Foundation Trust is required under IAS 24 to disclose material transactions undertaken with a related party.

During the year none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions with the Trust.

The Foundation Trust has received revenue and capital payments from the Gateshead Health NHS Foundation Trust Charitable Fund. The Foundation Trust acts as the Corporate Trustee for the Charitable Fund.

The total value of Funds Held on Trust at 31st March 2021 was £1,351k. The Foundation Trust owed the Charity £0k and the Charity owed the Trust £129.2k.

On 1st February 2017, North East Transformation System Limited (Company Number 10178726) commenced trading. The controlling parents are Gateshead Health NHS Foundation Trust and Tees, Esk and Wear Valleys NHS Foundation Trust, with each party holding 50% of the £50,000 share capital. 2 directors of Gateshead Health NHS Foundation Trust were also directors of the joint venture whose purpose is to deliver training and coaching on organisational change. The North East Transformation System Limited received income of £35k (2020: £59k) and spent £35k (2020: £47k) inclusive of £ nil staff costs (2019: £15k), making a loss of £64 (2019:£12k surplus). The Trust has not incorporated these figures into the main accounts on the grounds of materiality as per the guidance within the group accounting manual.

On 18th January 2018, Gateshead Health NHS Foundation Trust were allocated 50 shares in Healthcall Solutions Limited (Company Number 10218146), with a further 100 shares allocated in March 2019 (total equity 150 shares; 25% shareholding). The controlling parents are County Durham and Darlington NHS Foundation Trust (25%), Gateshead Health NHS Foundation Trust (25%), The Newcastle Upon Tyne Hospitals NHS Foundation Trust (25%), North Tees and Hartlepool NHS Foundation Trust (8.33%), Northumbria Healthcare NHS Foundation Trust (8.33%) and South Tees Hospitals NHS Foundation Trust (8.33%). Draft unaudited results for Healthcall Solutions Limited year ended 31 December 2020 show income of £844k (2020: £343k), expenses of £833k (2020: £314k) and profit of £11k (2020:£29k). The Trust has not incorporated these figures into the main accounts on the grounds of materiality as per the guidance within the group accounting manual.

Note 17. Financial assets/liabilities - Group and Foundation Trust

Note 17.1 Carrying Value of Financial Assets

Assets as per Statement of Financial Position	Group		Foundation Trust	
	Total £000	Loans and receivables £000	Total £000	Loans and receivables £000
Trade and other receivables excluding non financial assets - Note 10	12,542	12,542	30,116	30,116
Cash and cash equivalents at bank and in hand - Note 12	44,223	44,223	35,022	35,022
Charitable Fund Financial Assets - Note 22	1,146	1,146	0	0
Total at 31 March 2021	57,911	57,911	65,138	65,138
Trade and other receivables excluding non financial assets - Note 10	17,069	17,069	39,617	39,617
Cash and cash equivalents at bank and in hand - Note 12	14,551	14,551	8,897	8,897
Charitable Fund investments - Note 22	972	972	0	0
Total at 31 March 2020	32,592	32,592	48,514	48,514

Note 17.2 Financial liabilities by category

Liabilities as per Statement of Financial Position	Group		Foundation Trust	
	Total £000	Other financial liabilities £000	Total £000	Other financial liabilities £000
Borrowings excluding Finance lease liabilities - Note 14	15,214	15,214	15,214	15,214
Obligations under finance leases - Note 14	0	0	43,416	43,416
NHS Trade and other payables excluding non financial liabilities - Note 13	52,916	52,916	50,065	50,065
Provisions under contract - Note 15	0	0	0	0
Charitable Fund Financial Liabilities	163	163	0	0
Total at 31 March 2021	68,293	68,293	108,695	108,695
Borrowings excluding Finance lease liabilities - Note 14	28,823	28,823	28,823	28,823
Obligations under finance leases - Note 14	0	0	45,094	45,094
NHS Trade and other payables excluding non financial liabilities - Note 13	33,687	33,687	33,500	33,500
Provisions under contract - Note 15	3,498	3,498	3,498	3,498
Charitable Fund Financial Liabilities	25	25	0	0
Total at 31 March 2020	66,033	66,033	110,915	110,915

17.3 Liquidity Risk

The Foundation Trust's net operating costs are incurred for the provision of services commissioned under the NHS standard contract with local Clinical Commissioning Groups and other sources, which are financed from resources voted annually by Parliament. The Foundation Trust also finances its Capital expenditure from retained depreciation and accumulated surpluses. The Foundation Trust has a loan financed by the Independent Trust Financing Facility for £22m which partly funded the construction of the Emergency Care Centre. A further £2.5m loan was approved from the ITFF to fund Radiology Equipment. Deficit support loans totalling £12.235m were drawn in 2018/2019, these loans were converted to PDC in 2020/2021.

17.4 Interest rate risk

17% of the Foundation Trust's current financial assets consist of cash which carries a floating rate of interest.
Finance Lease arrangements are subject to a fixed rate of interest.
The current ITFF loan of £22m is subject to a fixed interest repayment rate of 3.78%
The current ITFF loan of £2.5m is subject to a fixed interest repayment rate of 1.15%

17.5 Foreign currency risk

The Trust has no foreign currency income or expenditure.

17.6 Credit Risk

Due to the continuing service provider relationship that the Trust has with local commissioning bodies and the way those bodies are financed, the NHS Foundation Trust is not exposed to the degree of financial risk faced by other business entities. No collateral is held as security and there are no other credit enhancements.

The carrying value of financial instruments held by the Trust is equal to their fair value and as such this represents the maximum exposure to risk as at the operating date.

Financial assets held by the Trust are made up of cash and other cash equivalents and trade receivables. As the majority of these trade receivables are due from related parties (mainly commissioning bodies) the Trust expects that all non-impaired financial instruments are fully recoverable.

Note 18. Carrying Values - Group and Foundation Trust

The Trust considers book value (carrying value) to be a reasonable approximation of fair value

Note 18.1 Carrying values of financial assets

	Group			
	31 March 2021	31 March 2021	31 March 2020	31 March 2020
	Book Value £000	Fair value £000	Book Value £000	Fair value £000
Cash & cash equivalents	44,223	44,223	14,551	14,551
Current Receivables	11,818	11,818	16,339	16,339
Non Current Receivables	a 725	725	730	730
Charitable Fund Financial Assets	1,146	1,146	972	972
Total	57,913	57,913	32,592	32,592

	Foundation Trust			
	31 March 2021	31 March 2021	31 March 2020	31 March 2020
	Book Value £000	Fair value £000	Book Value £000	Fair value £000
Cash & cash equivalents	35,022	35,022	8,897	8,897
Current Receivables	13,602	13,602	19,116	19,116
Non Current Receivables	a 725	725	730	730
Loan to Subsidiary	15,789	15,789	19,771	19,771
Total	65,138	65,138	48,514	48,514

Note 18.2 Carrying values of financial liabilities

	Group			
	31 March 2021	31 March 2021	31 March 2020	31 March 2020
	Book Value £000	Fair value £000	Book Value £000	Fair value £000
Provisions under Contract	0	0	3,498	3,498
Trade & Other Payables	52,916	52,916	33,687	33,687
Loans	15,214	15,214	28,823	28,823
Charitable Fund Financial Liabilities	163	163	25	25
Total	68,292	68,292	66,033	66,033

	Foundation Trust			
	31 March 2021	31 March 2021	31 March 2020	31 March 2020
	Book Value £000	Fair value £000	Book Value £000	Fair value £000
Provisions under Contract	0	0	3,498	3,498
Obligations under finance leases - Note 14	43,416	43,416	45,094	45,094
Trade & Other Payables	50,065	50,065	33,500	33,500
Loans	15,214	15,214	28,823	28,823
Total	108,695	108,695	110,915	110,915

a This relates to a long term finance lease of a property to another NHS body.

Note 18.3 Maturity of financial liabilities

	Group	Trust	Group	Trust
	31 March	31 March	31 March	31 March
	2021	2021	2020	2020
	£000	£000	£000	£000
In one year or less	54,817	53,977	47,922	50,924
In more than one year but not more than five	5,852	14,542	6,185	14,875
In more than five years	12,008	44,561	13,413	46,603
Total financial liabilities	<u><u>72,677</u></u>	<u><u>113,080</u></u>	<u><u>67,520</u></u>	<u><u>112,402</u></u>

Note 19. Third party assets

The Trust held £2,559 cash at bank and in hand at 31/03/21 (£680 at 31/03/20) which relates to monies held on behalf of patients. This has been excluded from the cash at bank and in hand figure reported in the accounts as the Trust holds no beneficial interest.

Note 20. Public dividend capital dividend

The Foundation Trust is required to absorb the cost of capital at a rate of 3.5% of average relevant net assets. The resulting calculation of PDC (Public Dividend Capital) dividend, totalling £1,635,000 was calculated on the average relevant net assets of £46,714,286.

Note 21. Losses and special payments - Group and Foundation Trust

NHS Foundation Trusts are required to follow the guidance issued by the Department of Health and Social Care in accounting for losses and special payments:

- These 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 divided into different categories, which govern the way each individual case is handled.

The number and value of losses and special payment cases:

Ref.	Category of loss / special payment	1 April 2020 - 31 March 2021		1 April 2019 - 31 March 2020	
		Number of cases	Value of cases £000	Number of cases	Value of cases £000
Losses					
1a	Losses of cash due to theft, fraud etc.	1	1	0	0
1b	Losses of cash due to overpayment of salaries etc.	11	15	4	2
1c	Losses of cash due to other causes	0	0	1	0
2	Fruitless payments	0	0	0	0
3a	Bad debts and claims abandoned – private patients	48	15	37	18
3b	Bad debts and claims abandoned – overseas visitors	12	43	29	74
3c	Bad debts and claims abandoned – other	20	8	39	4
4a	Damage to buildings, loss of equipment and property due to theft, fraud etc.	0	0	0	0
4b	Damage to buildings, loss of equipment and property due to other causes	0	0	3	19
4c	Other	2	38		
Total Losses		94	119	113	118
Special Payments					
5	Compensation under legal obligation	0	0	0	0
7a	Ex-gratia payments for loss of personal effects	4	1	19	4
7b	Clinical Negligence with advice	0	0	0	0
7c	Ex-gratia payments for personal injury with advice	0	0	0	0
7d	Other negligence and injury	0	0	0	0
7e	Ex-gratia payments - other	0	0	0	0
7f	Ex gratia maladministration, no financial loss	0	0	0	0
Total Special Payments		4	1	19	4
Total Losses and Special Payments		98	119	132	122

The above values have been calculated on an accruals basis whereby expenditure is recognised in the period in which the associated liability was incurred.

22 Charitable fund reserve

The Trust is the corporate trustee to Gateshead Health NHS Foundation Trust Charitable Fund. The Trust has assessed its relationship to the charitable fund and determined it to be a subsidiary in accordance with IFRS 10, because the Trust has the power to govern the financial and operating policies of the charitable fund so as to obtain benefits from its activities for itself, its patients or its staff. Prior to 2013/14 the Treasury had directed that IFRS 10 should not be applied to NHS Charities, and therefore the FT ARM did not require the Trust to consolidate the charitable fund.

The main financial statements disclose the Foundation Trust's financial position alongside that of the group (which comprises the Foundation Trust, subsidiary and charitable fund).

Gateshead Health NHS Foundation Trust Charity - Summary Statement of financial activities;

	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Donated income	148	219
Income from legacies	14	25
Investment income	27	30
Grant Income	280	0
Total incoming resources	<u>469</u>	<u>275</u>
Patients' welfare and amenities	123	154
Staff welfare and amenities	180	34
Medical research	0	11
Contributions to the Foundation Trust	23	237
Governance costs	6	6
Total outgoing resources	<u>332</u>	<u>442</u>
Unrealised gain/(loss) on investments	147	(15)
Net incoming/(outgoing) resources	<u>284</u>	<u>(182)</u>

Gateshead Health NHS Foundation Trust Charity - Summary Statement of financial position;

	Year ended 31 March 2021	As at 31 March 2020 £000'
Investments	1,146	972
Receivables	6	16
Cash	361	103
Payables	(163)	(25)
Total net assets	<u>1,350</u>	<u>1,066</u>
Represented by:		
Unrestricted funds	1,016	864
Restricted funds	274	152
Endowment funds	60	50
	<u>1,350</u>	<u>1,066</u>

The total funds are represented in the Group accounts as Charitable Funds Reserve.

Restricted funds are funds donated for a specific purpose. Unrestricted funds may be designated for a particular area but are not restricted on the purpose of expenditure. Endowment funds relate to capital funds where the charity does not hold the power to convert capital into income. The capital must generally be held indefinitely; the income generated by the investment of the funds can be used for charitable purposes at the discretion of the Trustee.

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF GOVERNORS OF GATESHEAD HEALTH NHS FOUNDATION TRUST

Opinion

We have audited the financial statements of Gateshead Health NHS Foundation Trust for the year ended 31 March 2021 which comprise the Trust and Group's Statement of Comprehensive Income, the Trust and Group Statement of Financial Position, the Trust and Group Statement of Changes in Taxpayers' Equity, the Trust and Group Statement of Cash Flows and the related notes 1 to 22, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2020/21 HM Treasury's Financial Reporting Manual (the 2020/21 FReM) to the extent that they are meaningful and appropriate to NHS foundation trusts.

In our opinion the financial statements:

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

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the

Foundation Trust's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

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

Other information

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

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

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

We have nothing to report in this regard.

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

Basis for qualification on the Remuneration Report

The Remuneration Report, set out on pages 45 to 53 of the Annual Report and Accounts 2020/21, does not include the Acting Managing Director of QE Facilities Limited within the disclosures of Table 4.5B: Pension Benefits as the NHS Pension Agency are unable to provide this information for individuals who did not contribute to the NHS Pension Scheme in year.

Qualified opinion on the Remuneration Report

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

Opinion on the Staff Report

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

Opinion on Other Information

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

Matters on which we are required to report by exception

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

- We issue a report in the public interest under schedule 10(3) of the National Health Service Act 2006;
- We refer the matter to the regulator under schedule 10(6) of the National Health Service Act 2006 because we have reason to believe that the Trust, or a director or officer of the Trust, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency;
- We are not satisfied that the Trust has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources;
- we have been unable to satisfy ourselves that the Annual Governance Statement, and other information published with the financial statements meets the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2020/21 and is not misleading or inconsistent with other information forthcoming from the audit; or
- we have been unable to satisfy ourselves that proper practices have been observed in the compilation of the financial statements.

We have nothing to report in respect of these matters.

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

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

We have nothing to report in respect of these matters.

Responsibilities of Accounting Officer

As explained more fully in the Accounting Officer's responsibilities statement set out on page 80, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Accounting Officer is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council of Governors intend to cease operations, or have no realistic alternative but to do so.

As explained in the statement of the Accounting Officer's responsibilities, as the Accounting Officer of the Trust, the Accounting Officer is responsible for the arrangements to secure economy, efficiency and effectiveness in the use of the Trust's resources.

Auditor's responsibility for the audit of the financial statements

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Trust and determined that the most significant are the National Health Service Act 2006 (as amended by the Health and Social Care Act 2012), as well as relevant employment laws of the United Kingdom. In addition, the Trust has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection and health & safety;
- We understood how Gateshead Health NHS Foundation Trust is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, internal audit and those charged with governance and obtaining and reviewing documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our review of the Trust's board minutes and through inspection of the Trust's policies. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation;
- We assessed the susceptibility of the Trust's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified manipulation of reported financial performance (through improper recognition or revenue or expenditure), inappropriate capitalisation of revenue expenditure and management override of controls to be our fraud risks.

- To address our fraud risk around the manipulation of reported financial performance through improper recognition of revenue and expenditure, we compared amounts to the revenue and expenditure reported by counter-parties through the NHS Agreement of Balances (AoB) exercise, corroborated income to appropriate evidence and tested a sample of accrual balances to ensure that a genuine liability existed and that their valuation was appropriately supported. We also undertook cut-off testing of expenditure as at month 6 of the financial year to establish whether the Trust had incorrectly included expenditure relating to later months that would trigger reimbursement and top-up funding for that period of the financial year that it would otherwise not be entitled to.
- To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the Trust's capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine;
- To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we confirmed that there was an appropriate rationale for the journal and agreed the amounts to supporting documentation.

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

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

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

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

We are required under schedule 10(1)(d) of the National Health Service Act 2006 to be satisfied that the Foundation Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Under the Code of Audit Practice, we are required to report to you if the Trust has not made proper arrangement for securing economy, efficiency and effectiveness in the use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Foundation Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

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

Use of our report

This report is made solely to the Council of Governors of Gateshead Health NHS Foundation Trust in accordance with Schedule 10 of the National Health Service Act 2006 and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors, for our audit work, for this report, or for the opinions we have formed.

Helen Henshaw
Ernst & Young LLP.

Helen Henshaw

for and on behalf of Ernst & Young LLP Birmingham

17 June 2021

Contact Information

Trust Secretary

If you would like:

- to view the register of Board of Directors interests which are also available on the Trust internet site
- to contact the Chairman or any of the Board of Directors
- detailed information about Board of Directors meetings of Gateshead Health NHS Foundation Trust, which are open to the public. Details of meetings are displayed in all Trust premises, clinics, health centres and libraries throughout Gateshead and on the Trust's website
- to contact the Chief Executive's office for more information or if you have any comments
- further copies of this report or copies of the full accounts

Telephone: 0191 445 3712

Email: ghnt.foundation.enquiries@nhs.net

Website: www.qegateshead.nhs.uk

Membership Office

If you would like:

- to become a member of Gateshead Health NHS Foundation Trust
- to contact any of the governors
- to view the register of Council of Governors interests also available on the Trust's internet site
- to view the register of Members
- detailed information about the meetings of the Council of Governors

Write to: Freepost NAT14353
Gateshead Health NHS Foundation Trust
Queen Elizabeth Hospital
Sheriff Hill, Gateshead, NE9 6BR

Telephone: 0191 445 6043

Email: ghnt.foundation.enquiries@nhs.net

Patient Advice and Liaison Service (PALS)

If you would like information, support or advice about the Trust's services.

Telephone: (freephone) 0800 953 0667

Fax: 0191 445 3542

Direct Dial: 0191 445 6129

Email: ghnt.pals.service@nhs.net

Gateshead Health NHS Foundation Trust

Trust Headquarters, Queen Elizabeth Hospital, Gateshead

