



Gateshead Health
NHS Foundation Trust

Annual Report and Accounts 2019/20

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2019/20

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: Chairman and Chief Executive's Statement

Welcome to the Annual Report for Gateshead Health NHS Foundation Trust for the 2019/20 financial year.

As this financial year came to a close, the NHS in Gateshead was in the grip of arguably the biggest challenge it has ever faced with the onset of the Coronavirus (COVID-19) pandemic.

Our staff have, once again, risen to the occasion by showing some amazing teamwork to provide the best possible care for people with COVID-19, as well as our non-COVID patients, in Gateshead. They have shown inspirational courage and tenacity, working around the clock during an ever-changing situation - and setting aside their own anxieties to be there for our patients and their families.

We're extremely proud of everything they have done to keep the community safe and for the continuous hard work and care they provide. We are humbled and inspired to see such commitment, dedication to patients and compassion to one another. Thank you to each and every one of the Gateshead Health family.

The year brought other significant challenges, such as increased pressure on our services, rising numbers of patients requiring our care and greater strain on the resources that we need to run the Trust. In recent years the Trust has come under increasing financial pressures and, like many other NHS organisations, we worked hard to meet our cost reduction target of £9m.

A number of corporate actions were taken, including looking at our use of things like agency staff, enhanced care or overtime - as well as closer scrutiny when filling vacancies and a number of longer-term transformation schemes.

Despite the challenges we faced, there has also been much cause for celebration throughout the year with the Trust officially rated as good with outstanding care by the national healthcare regulator, the Care Quality Commission (CQC), with improvements noted in every area.

Within the hospital our surgery, maternity and gynaecology services were also rated as outstanding overall.

Meanwhile, a survey of patients carried out by the CQC found that patients rated their experience with us highly, giving us a score of 8.4 out of 10. Respondents singled out our emergency department for praise, as well as the Queen Elizabeth Hospital.

QE Gateshead also won two awards in the CHKS Top Hospitals programme. We were named one of the top 40 hospitals in the country and we won the award for national patient experience – an award which is based on what the public and patients say about us, making it especially gratifying for our hardworking staff.

Other awards included our radiography team being named the best in the North for their hard work and dedication to providing a round-the-clock service for patients. We were also commended for being the highest rated Trust under the Freedom to Speak Up scheme, for making sure staff are able to speak up when things go wrong.

QE Gateshead won a new contract to provide Human papillomavirus (HPV) screening for the North East, Yorkshire and Humber areas. (Screening for HPV helps protect against cancer).

This was a major achievement and a significant new contract for the pathology unit. The Trust was competing with several much larger organisations and won the contract with a safe, compliant bid that many people across the Trust worked hard to complete.

Other achievements included the relocation of the Woodside Unit, which looks after dementia patients, after a major redevelopment, the introduction of pioneering technology to detect breast cancer, and we were recognised as a leading provider of clinical data that helps improve patient safety during joint replacement operations.

NHS organisations are becoming increasingly aware of the benefits staff networks can bring as an important part of making continuous improvements to the workforce equality agenda. QE Gateshead is committed to providing an inclusive environment in which diverse employees can work together and feel valued.

The Trust engaged with staff this year to establish three staff networks: the LGBT network, BAME network and D-Ability network, each focusing on promoting awareness of equality and inclusion and supporting a fairer and more diverse NHS for everyone.

These were all amazing achievements by everyone working for the Trust and it provided recognition for all the hard work by our staff. Everyone in Gateshead should be proud of the high-quality care that we're providing to patients day in, day out at a very challenging time for the NHS.

The hard work, dedication and passion of all our teams in both clinical and support roles, in the hospital and across the community, continues to shine through and we owe everyone across the Gateshead Health family a huge thank you.

Alison Marshall
Chair

Yvonne Ormston MBE
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 2019/20 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.

In 2019/20 a new Chairman and Chief Executive came into post in the Trust. They are leading work to set the future strategy of the Trust which will include setting new strategic objectives for a future at a time of unprecedented change for the NHS due to the impact of coronavirus.

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 QE Facilities' 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 679 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.

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

The Trust judges its performance across all key domains including quality, workforce, finance and operational performance. For each domain of performance, the Board and its Committees receive regular reports on key indicators to provide assurance and to allow discussion of key issues and trends. These include, but are not limited to:

- **Quality:** Safety thermometer, incidents, Duty of Candour, Friend and Family Test, mortality, nurse staffing, complaints, healthcare associated infections.
- **Workforce:** Appraisal, Core Skills Training, staff in post, retention, absence, employee relations, recruitment.
- **Finance:** Run rate, income and expenditure, liquidity, achievement of efficiency programme, contract performance, use of resources.
- **Operational performance:** A&E waiting times, Referral to Treatment waiting times, cancer treatment waiting times, diagnostic waiting times, long stay patients.

In the operational performance domain, the Trust remained a high performer across the year when benchmarked to other Trusts across the country, in a year when operational performance across the NHS as a whole continued to deteriorate. As the NHS emerges into the new post-coronavirus world, the Trust will likely need to assess itself against very different future performance standards.

Indicator	Target	2016/17	2017/18	2018/19	2019/20
Urgent & Emergency care 4 hours maximum waiting time	95%	96.1%	94.6%	94.0%	89.6%
2 week wait for 1 st cancer outpatient appointment	93%	96.8%	95.8%	95.6%	91.3%
2 week wait for breast symptomatic referrals	93%	96.5%	96.7%	95.1%	95.8%
62 day wait for 1 st definitive cancer treatment	85%	86.8%	88.4%	83.6%	76.9%
RTT incomplete pathways – waiting < 18 weeks Aggregation of month end positions.	92%	93.5%	97.1%	92.6%	91.1%
6 week wait for diagnostic procedure. Aggregation of month end positions	99%	99.4%	99.1%	99.5%	98.8%

Performance Analysis

Financial

2019/20 has been a demanding financial year both at a national and a local level, and the Trust continues to operate in a challenging financial environment. The Trust had a challenging planned break even target, and conditional upon delivery of this target, the Trust was allocated £6.5m of non-recurrent national funding (made up from the Provider Sustainability Fund (PSF), Financial recovery Fund (FRF) and Marginal Rate Emergency Tariff (MRET)), designed to provide short term stability in the NHS to enable development and implementation of required transformational and structural change.

During the year, ongoing system support discussions led to a revision to the Trust plan and subsequent forecast outturn. This partnership working across the Integrated Care Partnership (ICP) resulted in an amended control total for the Trust of a £3m deficit.

The consolidated accounts for 2019/20 incorporate the results for the Trust's subsidiary company (QEF) and charitable funds, with the Group posting a break even position for the year. 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 break even.

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

	Group £000
Income	300,643
Expenditure	(297,342)
Operating Surplus	3,301
Net Finance Costs	(2,789)
Other gains/losses	(48)
Corporation Tax	(646)
Surplus/(Deficit for the Financial Year	(182)
Revaluation adjustments	566
Charitable fund adjustments	(29)
Prior period PSF post accounts allocation	(262)
Surplus/(Deficit) for the year before impairments, revaluations and charitable funds	93

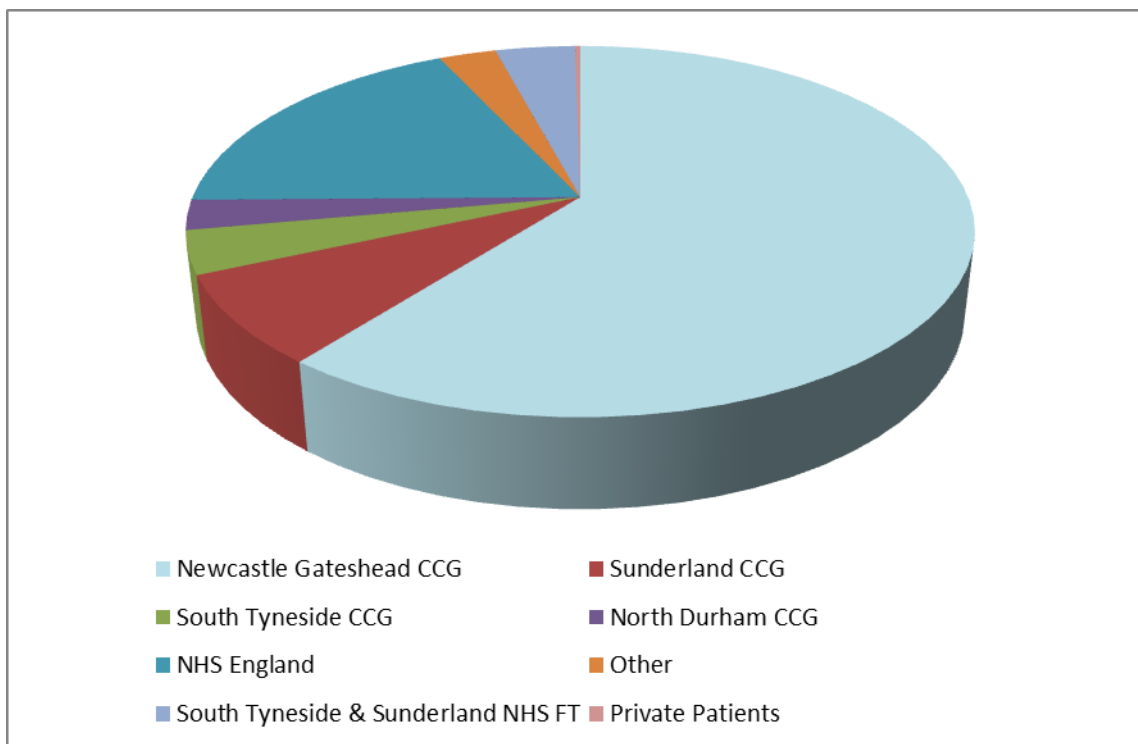
Basis of Accounts Preparation 2019/2020

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 £301m of total income for 2019/2020, with NHS clinical revenue amounting to £268m, of which £255m came directly from CCGs for the commissioning of patient care and NHS England via the Area Teams, for specialised services. Together these account for 85% of the Trust's income base, with 52% directly from Newcastle Gateshead CCG for the treatment of our immediate local population. (The NHS England figure includes income of £0.8m to cover lost income as a result of (and additional costs incurred in response) to the Covid 19 outbreak and this has a net neutral effect on the financial position). An analysis of the total income the Trust received in 2019/20 is shown in Chart 1.

Chart 1: Where we get our money from

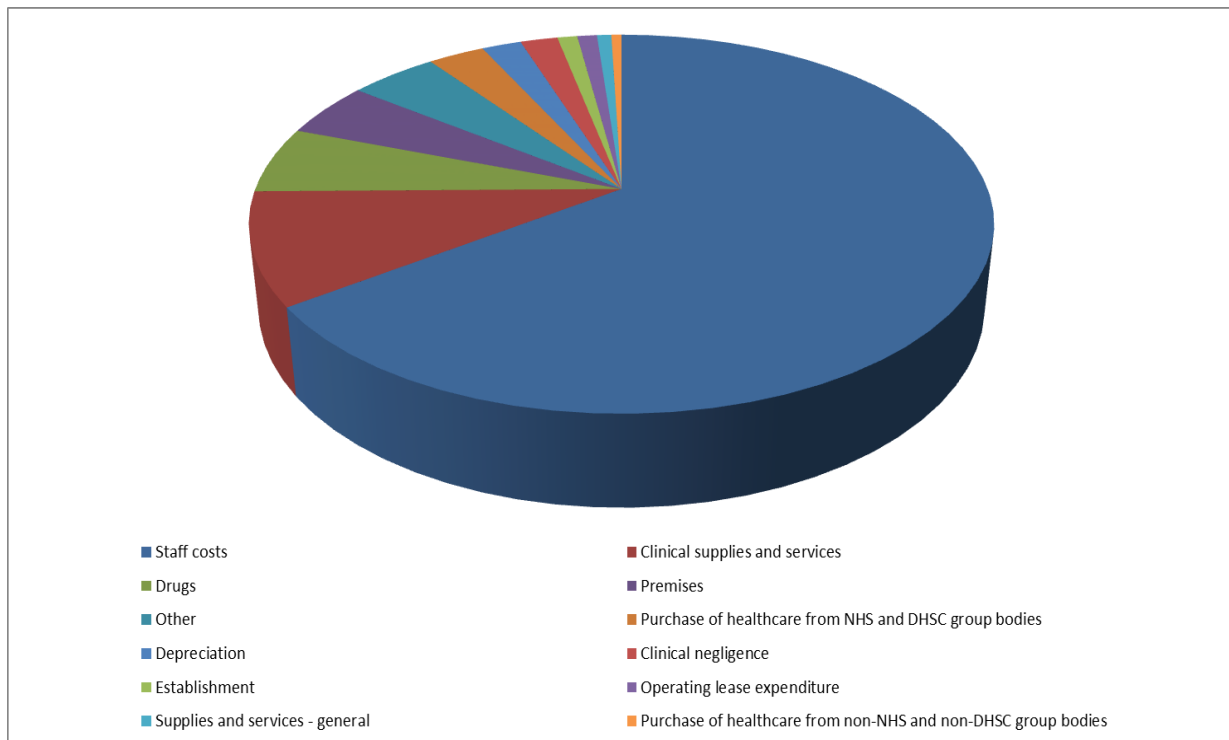


For 2019/2020 the Trust's income from private sources stood at 0.22% of total income, in line with previous years. Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012) requires that the income from the provision of goods and services for the purposes of the health service 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 £298m. By far the largest proportion is spending on pay and related expenses for our staff; this amounts to £200m (67%) of the total. Other material items of expenditure include medical and surgical consumables and drugs, amounting to £46m and premises costs of £14m. Inherent in the figures are costs of £0.8m incurred in response to the Covid 19 outbreak, these have a net neutral impact as funding has been provided to cover these costs. 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 the majority of its income from CCGs and the production of the annual Reference Cost Return.

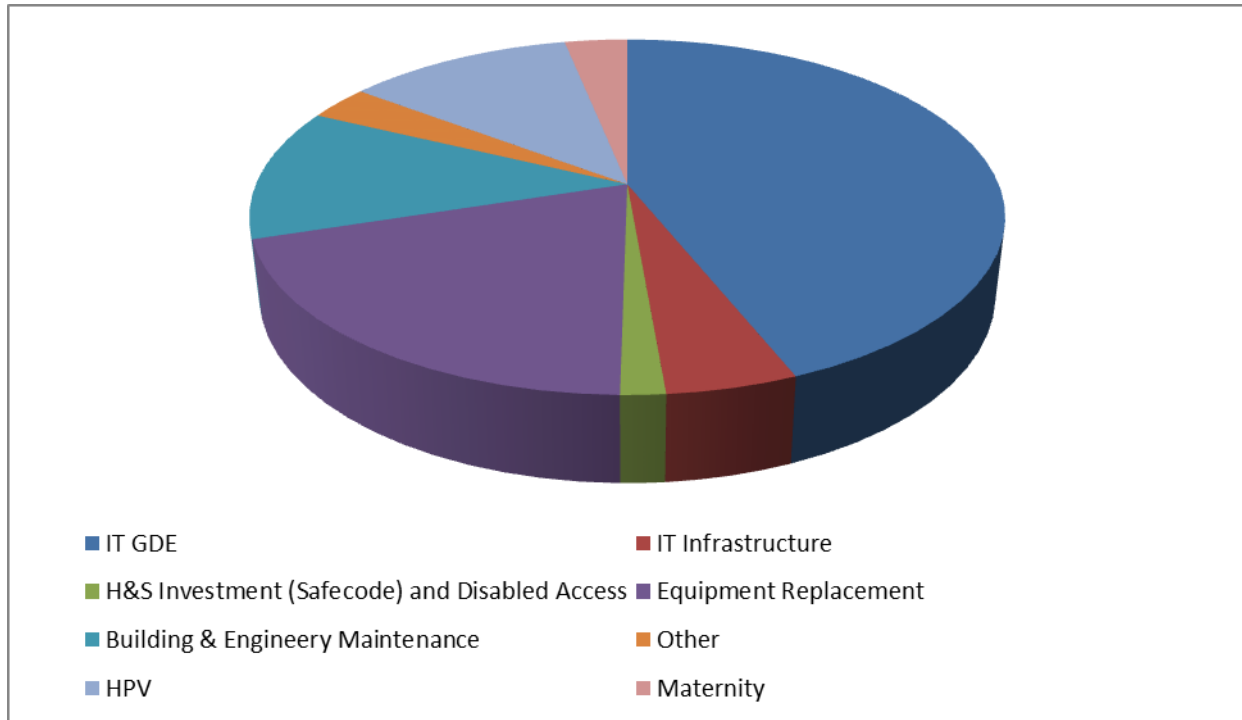
Better Payment Practice Code

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). We have had difficulty meeting this target in 2019/20 resulting from an adverse cash flow, but have met this standard for 76% of invoices (89% of value); detailed performance against the code can be found in the full accounts. Following a recommendation from government and Monitor, 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 £7.4m. Funding for the capital programme was made available from internal depreciation and external funding of £2.8m. The breakdown of the capital programme is shown in Chart 3.

Chart 3: How do we spend our money, capital



Key Financial Risks

The original 2020/21 financial projections built on the actual financial performance delivered in 2019/20 and took account of the activity, workforce and performance requirements, as well as the impact of the contracts proposed with Commissioners and the national changes to PSF, FRF, MRET and trajectories. The financial plan for 2020/21 aimed to improve the financial performance and, working as part of the Integrated Care Partnership (ICP), meet the required financial outturn for the ICP, as set by NHSI.

In response to the Covid 19 outbreak, usual operational planning has been suspended and an interim financial framework introduced, which will result in the Trust delivering a nationally supported break even financial position for the period of April to July 2020; with further guidance expected in relation to the remainder of the financial year. Within this financial environment, and whilst responding to the Covid 19 outbreak, 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:

- **Delivering of Value for Money**

The Trust is responding at speed to the Covid 19 outbreak, and due to specific supply and time constraints, may consequently be unable to achieve its usual high standard of value for money.

- **Insufficient cost reimbursement**

The interim financial framework expects the Trust to break even during the period of the Covid 19 outbreak. There are some underlying assumptions inherent as part of the interim framework leading to the risk that all costs being incurred may not be reimbursed fully or timely.

- **Liquidity**

The delivery of the original financial plan for 2020/21 would have resulted in retained cash of £1.4m at the end of the year. However this plan was dependent on the delivery of the efficiency programme and projected expenditure plans and therefore represented a potential risk to the organisation.

Going Concern

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

In carrying out its assessment, the directors have taken into account the statement published by NHS England and NHS Improvement on 27th May 2020.

([https://improvement.nhs.uk/documents/6615/Statement to support forecasting.pdf](https://improvement.nhs.uk/documents/6615/Statement%20to%20support%20forecasting.pdf)).

This states that “the financial statements of all NHS providers and CCGs will be prepared on a going concern basis unless there are exceptional circumstances where the entity is being or is likely to be wound up without the provision of its services transferring to another entity in the public sector.” It also states that “Providers can therefore continue to expect NHS funding to flow at similar levels to that previously provided where services are reasonably still expected to be commissioned.”

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.

The actions taken by the NHS to respond to the COVID-19 pandemic included the suspension in March of operational planning for 2020/21. Contract negotiations and financial plans for the 2020/21 financial year were not concluded and an interim financial framework, with simplified contracting and funding arrangements, was introduced for the period April 2020 - July 2020. The financial framework that will apply beyond July 2020 is not yet clear. The directors have considered a range of scenarios to understand the impact of different funding arrangements and funding levels may have. These scenarios have considered cash flows for a period of 12 months from the date of approval of the annual accounts i.e. until June 2021. In each of these scenarios the Trust is in a positive cash position at the end of the review period.

The directors have also considered the financial governance framework that operates within the Trust and its flexibility and preparedness to respond to financial challenge. The new financial performance framework introduces greater grip and control and following its introduction during 2019/20 is becoming embedded in the governance of the organisation.

Taking into account these planning scenarios and the robust financial framework and governance structures in place within the Trust, the directors have a reasonable expectation that the NHS Foundation Trust will have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts.

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 2019/20 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 Sustainability Development Strategy for the NHS, Public Health and Social Care System 2014 – 2020 sets out a top-level commitment to be leaders in the field of healthcare sustainability. Our Sustainable Development Management Plan (SDMP) was originally approved in 2012, with updates provided on an annual basis, and is monitored and developed by the Trust Sustainability Group. Our SDMP's main aims are based upon the Sustainable Development Assessment Tool, which was developed on from the previous Good Corporate Citizenship Model in line with the UN Sustainable Development Goals. It is designed to help organisations understand their sustainable development work, measure progress and help focus future actions. It consists of ten modules and all utilise four cross-cutting themes including governance and policy, core responsibilities, procurement and supply chain and working with staff. As a part of the NHS, public health and social care system, it is our duty to contribute towards reducing the carbon footprint of the NHS, public health and social care system by 35% by 2020, of which we are on track to do particularly at the Queen Elizabeth Hospital site.

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 at team meetings and larger departments such as Pathology who have developed and set up their own Sustainability Committee to work on specific issues and ideas, feeding into the Trust Sustainability Group chaired by the new lead Director, Peter Harding.

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 (interest free government funding to public sector organisations to improve energy), with continued investment in our ongoing LED lighting upgrades across the Trust. Our CHPs (Combined Heat and Power – a highly efficient process

of combusting gas to generate both electricity and thermal energy simultaneously) have continued to help power and heat our Hospital providing zero carbon energy in to our buildings, helping significantly reduce our carbon emissions, year on year.

Travel and Logistics – The Trust’s Green Travel Plan has been active since 2001 and over the years has implemented numerous measures, however this year’s staff travel survey did note a significant increase in single use car occupancy from the last survey in 2016, however this could be attributed to the increase in community staff and doesn’t take into consideration the potential use of electric cars by staff. Electric charging points are well used by staff across the site and demand is high, so there is scope to install further electric charging points next year and continue the programme on an annual basis. All the offers available to staff regarding sustainable travel continue to be promoted to all new starters as part of welcome packs. Going forward to the next survey results it may be that the type of vehicle used is accounted for, as we look to drive change but accept that it is not always possible for staff to use public transport or cycle into work. It is also likely that the upcoming introduction of the local clean air zone will impact how some staff decide to travel going forward and this may be visible in the next survey.

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 weather last year several changes have since been implemented ensuring the Trust is continually adapting. The Trust’s adaptation plan is also underway as to how climate change may impact the Trust 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 – Despite the limited financial spend for capital projects over the last year, sustainability is a fundamental part of any capital projects we do undertake. An example of this is the relocation of services from Dunston Hill Hospital to Bensham Hospital which has reduced the Trusts environmental impact by removing the requirement to power, heat and service this facility. Alongside this and other refurbishments across Bensham and the Queen Elizabeth hospital has provided opportunities to install LED lighting. At the Queen Elizabeth Hospital window replacement in the surgical block is ongoing to improve efficiency in heating and ventilation.

Green Space & Biodiversity - Green Space across the site is limited, however it continues to be well maintained and staff are continually looking for ways to improve patient access to these areas to improve patient health. St Bede’s unit benefited from community volunteers to maintain and improve their garden area for patients and their relatives to enjoy. The Trust is continually looking to improve and maintain the limited existing green areas; there is also an emphasis on improving access for patients as part of their care and going forward there are plans for other courtyards to be developed for this purpose.

Sustainable Care Models - The Trust is continually exploring new ways of working to aid efficiencies and as a result the Transformation Board was established to ensure that delivery is focused on the overall aims of improved quality and greater efficiency to help support the sustainability of the organisation into

the future. The work will focus closely on five key areas including patient flow through the health and care system, integrated services, out patients, mental health and community services. The programme will be looking at things like digital, workforce needs and organisational development to support each key area and ensure they are successful, with an overarching plan to be developed to include key activities to deliver the required transformational change. Elsewhere the Digital Healthcare Gateshead Team has also been recognised at the Health Tech Awards where it was highly commended within the 'Best Administration Time Savings' category of the national awards for the Digitisation of Paediatric Outpatient Letters project. Alongside this the teams much celebrated Smoking Cessation Text Message Service was also shortlisted as a finalist. The integrated Falls Rapid Response Service pilot scheme was also extended for another year, which operates across Newcastle and Gateshead is made up of occupational therapists from the Trust who work with paramedics to undertake falls risk assessments in patient's homes to help reduce hospital admissions and provide a holistic approach in helping and supporting patients.

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 not only have existing measures continued including the SALS service but staff now have greater access to help and support through the Trust 'My QE' phone app. The app provides resources linking staff to different avenues and information on local campaigns and initiatives to help support them. There has been work undertaken around specific areas including support for carers, smoking cessation, those experiencing the menopause, access to mental health first aiders and more recently providing access to financial advice and support to help support staffs financial well-being. The annual Pedometer Challenge continues to be a great success encouraging staff to get active through healthy team competition, linking nicely with active travel 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 and working towards a zero to landfill approach, working not only with our waste contractors but also with procurement to reduce waste volumes from the initial outset. Reducing waste is becoming more challenging as patient activity increases and more clinical areas switch to single use items; therefore there is a real emphasis on reuse including those items that can go through a sterilisation process in the Sterile Services Department (SSD). Outside of clinical areas we have pledged to eliminate avoidable single use plastics by 2021, and have already achieved the first step with plastic cutlery no longer in use across the Trust. Waste segregation is also a key element of the new National Waste Strategy that is being developed by NHSE with national targets being set for all Trusts to meet, although we are further along than some there is still some way to go to meet this over the next 12 months. 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 nutrition 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 section is an overarching area that reflects on many of the topics above in relation to reducing the Trust's carbon impact and emissions. The Trust has already met the first target set in the Climate Change Act 2008, and we are on track to meet this year's target as well. As staff become more active and involved within their departments and across the wider organisation, the focus should move towards extending this into the local community and trying to get them involved in taking steps to lower their own carbon emissions. Overall as a health organisation we must help to prevent the effects of air quality and climate change affecting the local community and wider population, which in turn will help reduce admissions.



Signed:

Date: 24 June 2020

Yvonne Ormston MBE

Chief Executive

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) and six Executive Directors (including the Chief Executive). In 2019/20 both a new Chair and Chief Executive were appointed to the Trust. 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.

In April 2019 an Acting Executive Director of Medicine joined the Executive Team. His term of office ended April 2020.

The Board considers that all of the Non-Executive Directors are independent and Mr Shaun Bowron 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 7 times during the year followed by a confidential meeting. It also met in private a further 2 times and held 3 informal away days 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.	7 of 7
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.	7 of 9
Jackie Bilcliff Group Director of Finance from January 2019	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.	8 of 9
Claire Coyne Director of Clinical Support and Screening Services	Claire joined the NHS in 1986 as a student nurse and has worked for the Trust since 1990 holding a number of nursing and management positions. She was appointed as Director of Clinical Support and Screening services in July 2016 until March 2020.	5 of 8
Michael Laing Acting Executive Director of Medicine from April 2019 – April 2020	Michael was appointed as Associate Director for Community Services in August 2016. He joined the Trust having previously worked at director level in the health and care sector. In April 2019 Michael was appointed as Acting Executive Director of Medicine.	7 of 9

Executive Directors		Attendance at Board of Director meetings
Name & Position	Background	Total number attended
Hilary Lloyd Director of Nursing, Midwifery and Quality	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.	8 of 9
John Maddison Group Director of Finance and Informatics to September 2018 Acting Chief Executive from September 2018	John Maddison joined the Trust as Interim Director of Finance in August 2014 until his substantive appointment in January 2015. John joined the NHS as a Graduate trainee in 1982 and has many years' experience as a Finance Director in the acute FT sector both locally and further afield. He was appointed as Deputy Chief Executive in August 2016 and Acting CEO from September 2018. John left the Trust in July 2019.	2 of 2
Susan Watson Director of Strategy and Performance	Susan joined the Trust in December 2014 as Director of Strategy and Transformation and worked closely with partner organisations across the health and care community to develop the Trust's approach to integrated care. Susan left the Trust in February 2020.	6 of 7

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.	4 of 4
Shaun Bowron Vice-Chairman and Senior Independent Director	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 ends on 30 June 2020.	7 of 9
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 2020.	9 of 9

Non-Executive Directors		Attendance at Board of Director meetings
Name & Position	Background	Total number attended
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 2020.	5 of 9
Julia Hickey Chairman	Julia was the Trust Chairman from 1 July 2012, having previously served as a Non-Executive Director and Audit Committee Chair on the Board since 2004. Julia's term of office ended on 30 September 2019.	5 of 5
Paul Hopkinson Non-Executive Director	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.	8 of 9
John Robinson DL Non-Executive Director	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 ends on 30 June 2020.	8 of 9
Mike Robson Non-Executive Director and Audit Committee Chair from July 2018	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 is Chair of the Audit Committee. Mike's term of office ends on 30 June 2021.	8 of 9
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 June 2021.	8 of 9

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

Patients enjoyed a classical performance when the Royal Northern Sinfonia (RNS) gave an exclusive performance on one of the hospital's older persons' wards. The wonderful performance by a string quartet of musicians brightened the day of patients and staff alike on Ward 22, as they spent a relaxing afternoon listening to classical sounds

The QE hospital was recognised as a top provider of clinical data, which helps support improvements in patient safety and standards of care.

The surgery centre at Queen Elizabeth Hospital has been named as a Quality Data Provider by the National Joint Registry (NJR) after successfully completing a national programme of data audits. The NJR monitors the performance of hip, knee, ankle, elbow and shoulder joint replacement operations to improve clinical outcomes for the benefit of patients, clinicians and industry. The registry collects orthopaedic data in order to gain insights to support patient safety, standards in quality of care, and overall cost effectiveness in joint replacement surgery.

Patients coming to the Queen Elizabeth Hospital in Gateshead for a joint replacement can now find helpful advice and information about their surgery whenever and wherever they choose. Two new videos were released via YouTube, which are designed to give patients more time and choice on how they prepare themselves for their joint replacement surgery. The first video, Information about your joint replacement, gives a run through of what to expect during the surgery journey, including tips on how best to prepare and which members of staff patients will meet pre- and post-operation. It features a consultant surgeon, anaesthetist, physiotherapist, occupational therapist and other staff. The second video is a testimonial from Walter, a patient who came to the hospital for a hip replacement.

A dayroom on a hospital ward was transformed into a 1950's style sitting room to help create a relaxing environment where both patients and their relatives can meet. Now instead of the usual hospital colours patients are transported back to a time when Newcastle United were regular FA Cup winners and Frankie Laine topped the charts. The room is proving beneficial for a range of patients, including those with dementia or mental health problems. Now patients on the ward can enjoy the nostalgia of the 50's which provides a calming setting, in an environment where both families and male patients can meet and spend time together. The hospital charity has been able to fund the project after kind donations from the local families and the public.

A leading dementia unit for younger people had a major refurbishment after moving to a new home in Gateshead. The specialist Woodside Unit provides a wide range of support for local people who have been diagnosed with dementia in their thirties or forties. The unit offers a unique service providing care for people with young onset dementia using a specialised day hospital and community outreach support.

Innovations

Patients at the Queen Elizabeth Hospital in Gateshead were the first in the UK to undergo pioneering breast cancer surgery. Around 700 women with breast cancer from Gateshead, South Tyneside, Sunderland, and Durham, are diagnosed and treated every year at the Trust. Some tumours that are identified by mammogram and ultrasound need to be marked so that a surgeon can remove them. Current practice in Gateshead is to insert a thin wire into the breast, which is left visible until surgery has taken place. This can be uncomfortable for some patients and so the team is keen to find an alternative solution. Now, by implanting innovative radio frequency identification (RFID) tags, which evolved from World War II radar systems, surgeons are guided to the exact location of tiny tumours that are too small to feel. The size of a grain of rice, the tags, can be implanted up to 30 days before surgery by a radiologist during a straightforward outpatient appointment. They may be used to replace the current practice of inserting wires into the tumour on the day of the operation. The result is a more comfortable experience for patients, with less time spent in hospital. The system, called Hologic LOCALizer RFID tag is used in America and Europe, but Gateshead is the first trust in the UK to trial the equipment with excellent feedback from patients and staff.

The Pathology Department in Gateshead attracted national attention and hosted a visit from the UK's leading pathology organisation. Staff at the innovative Pathology Centre at the Queen Elizabeth Hospital welcomed Professor Jo Martin, President of the Royal College of Pathologists, for a guided tour of the facilities and an overview of the work it does to deliver cutting-edge testing services. The £12m Pathology Centre is a cutting edge facility which provides health professionals with all the

medical testing needed to deliver fast, accurate results for patients. Some of the technology used is so innovative that clinical teams from China, Israel, Australia, Germany, USA and the Middle East have visited the centre in the past few years. The centre provides most of the pathology services for the NHS across Gateshead, Sunderland and South Tyneside and also offers testing in a range of medical and other sectors. One of the main advantages of the centre is that it is fully automated, minimising human interaction with samples, reducing the chance of incorrect results.

Accolades and Awards

QE Gateshead win two national awards as part of the Top Hospitals programme. The awards celebrate excellence throughout the UK and are given to healthcare organisations for their achievements in quality and improvement. Gateshead is the CHKS Top Hospitals programme national patient experience award winner for 2019 and was also named as one of the Top 40 hospitals in the country. The patient experience award is a national award that recognises what patients think of their experience when they visit a hospital. It is based on a range of patient experience indicators including inpatient surveys, the most recent surveys from A&E, outpatient or maternity, and Friends and Family Test scores. CHKS, part of Capita Healthcare Decisions, has used over 28 years of experience in the analysis of hospital data to decide the indicators on which each of the Top Hospitals programme awards are judged. The data is regularly submitted by hospitals to NHS Digital to help track performance.

A team of radiographers at the Queen Elizabeth Hospital won a national award for their hard work and dedication to providing a round-the-clock service for patients. The Computerised Tomography (CT) team has been named the Northern Team of the Year 2019 by the Society and College of Radiographers, for their work to make sure that scans are provided quickly and seamlessly. At a time of increasingly high demand, the team has worked hard to establish a seven-day working week, which helps reduce waiting times significantly for patients. They also aim to scan all inpatients within 24 hours of a request and have a specialist radiographer on site at all times to make sure they provide the most efficient service

Patients praised the care they received in a high-profile feedback survey. The research carried out by the Care Quality Commission (CQC) found that patients overall rated their experience at the hospital as 8.4 out of 10. The new figures also showed that Gateshead scored higher than average in two key areas: Emergency/A&E care; The hospital and ward. More than 500 Gateshead patients responded to the survey where they were asked to rate various NHS services with a score out of ten. QE Gateshead was rated as 9.1/10 for its waiting lists and planned admissions answered by people referred to the hospital. Gateshead was judged to be either better or the same as other NHS trusts in every single category and had no areas where it was thought to be worse.

Digital Optimisation and Transformation including the Global Digital Exemplar Fast Follower

Windows 10 provides the Trust with advanced threat protection functionality. Thanks to the Global Digital Exemplar Fast Follower programme providing the ability to roll out Windows 10, the Trust now has in place Advanced Threat Protection which means improved device and network security and has enabled a number of improvements to the end user experience e.g. faster start-up time, decrease in user downtime.

Cardiology start their digital journey. In order to meet the Trusts paperless agenda the echocardiogram (ECG) system has recently been upgraded and the images and reports will soon be available across the Trust. Myocardial Perfusion Studies (Nuclear Medicine) are now available Trust Wide. Many of the Trust ECG machines have been upgraded to make them Wi-Fi connectable with work continuing this year. The next step is to implement the system which will connect the ECG images to the main hospital system. This ensures all Cardiology investigations can be accessed 24/7 and at the point of care.

JAC Stock Management system now in place. The JAC Stock Management is a replacement stock control of medicines that replaced Ascribe in January 2020. It supports various Pharmacy workflows including dispensing, ward stock supply and goods receipt. It has the functionality to support the dispensing and labelling of patient medicines and facilitates the supply of goods to wards against agreed stock lists. It also provides a module to produce aseptic products including Centralised Intravenous Additive Services (CIVAS) and Chemotherapy. The Medicines Systems Team successfully prescribed, printed and dispensed the first electronic Outpatient prescription start to finish in Rheumatology on the 15th January. The next steps are to rollout across the wider Outpatients Services.

Community teams go digitally mobile. The introduction of mobile working across Community Services in September 2019 has enabled teams to work in a paper free, agile way rather than routinely returning to base to view and update patient information. Mobile Working allows community nursing teams secure access to patient records when on the go, data entry at the point of care and improved patient safety with real time alerts and warnings. There has also been a reduction in travel time allowing increased patient visits along with the reduction of paper notes. The next step for mobile working is the implementation into Community Mental Health Services.

Realtime patient management improves with the introduction of Nervecentre. Nervecentre is an electronic observation, escalation and clinical noting system that replaced VitalPac. It was implemented on the 6th January 2020 across all Inpatient wards. It allows users to record patient observations on a hand held mobile device, removing the need for bedside paper charts. It also alerts the user when patient observations are due or overdue. Nervecentre also tracks the management of the deteriorating patient by escalating visual and audible alerts to medical registrars or acute responders. It is also National Early Warning Score (NEWS2) compliant. Nurses also have access to several assessments that can be completed electronically at the patient bedside. The Handover module has been implemented early to support the COVID-19 pandemic and the next step is to implement the Hospital at Night module. All continuing the journey to delivering paper free ward based care.

QE Charitable Funds

During 2019/20, around £275,000 was donated, left in kind legacies or fundraised by patients, their families, our wider community and staff. Our fundraisers have excelled themselves this year taking part in mini runs, a special park run, bag pack's, tombola's, cake sales, step challenges, yoga events, sky dive's, bike rides, and even a climb of Ben Nevis. With 26 people participating in the Great North Run and various social events including a charity ball, the lengths our fundraisers will go to is truly amazing.

QE Charitable Funds aims to enhance patient experience and this year we have been able to start planning some amazing projects to do just that. Here are just a few examples of projects Charitable Funds have supported:

St Bede's charitable funds will provide 2 single private patient rooms, a complementary therapy room and also a relatives room which can be used for our patients right across the Trust. St Bede's were also lucky enough to secure a £25,000 donation from Kavli Trust which will be used to fund the redevelopment of their patient garden area. There are also plans for the redevelopment of the Jubilee garden.

The Charity has also helped fund a mural of the patient pathway in Critical Care, funded counselling services for cancer patients, purchased specialist equipment and electric blankets for our babies in the Special Care Baby Unit as well as state of the art equipment for Pathology.

All of this is from the amazing efforts of our fundraisers and the kind donations we have received.

Over the next year, we hope to raise the profile of the QE Charitable Funds via social media and networking to help us form even closer relationships with our community and also with local businesses to encourage working in partnership with our Charity. We also feel the 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, 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 IFRS 16
- Reference cost results
- Cyber security and IT disaster recovery
- The delivery of the audit programme to support the Audit Opinion

The draft financial statements for 2019/20 were discussed and reviewed at a dedicated workshop in April 2020. The draft outturn position, risks and other significant issues were discussed at this meeting.

New in 2019/20 was the potential impact of IFRS 16 – leases. A replacement for IAS 17, there is a requirement that QEF and other subsidiary companies adopt the standard from 2020. Audit Committee took assurance from QE Facilities contracting with external consultancy support to help with the preparation and transition, also becoming a standard agenda item for the committee.

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 2020. As noted above, this outlined a new area of focus as being the adoption of IFRS 16. External audit reviewed the risks within the plan in May 2020 again, to ensure risks arising from the pandemic were being appropriately assessed and to reflect the revised focus on going concern and value for money. Other risks previously identified (with level of risk compared to previous financial year) were;

- Valuation of land and buildings – decrease in risk
- Fraud risk from revenue and expenditure recognition – no change in risk
- Mis-statements due to fraud and error – no change of risk
- Arrangements for managing financial resources – 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. There were no issues identified this year.

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 Committee completed a further self-assessment in the last quarter of 2019/20 alongside the terms of reference to ensure they enable continued robust challenge and adherence to the Committee's purpose.

The 2019/20 audit year was the third year of a 3 year contract for external audit services won by Ernst & Young. 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 opinion on the economy, efficiency and effectiveness of the Trust, work to support the Whole of Government Accounts and the review of the Quality Report (did not take place for 19/20) and Charity audit. EY were also the auditors for QEF. In total the value of this work was £59k excluding VAT. Ernst&Young have not provided non-audit services during the year. Within procurement rules, a one year contract extension has been awarded to Ernst & Young.

There were five Audit Committee meetings in 2019/20, attendance was as follows.

Member	Attendance at Meetings
Mr P Hopkinson	5/5
Mr John Robinson	4/5
Mr M Robson (Chair from 1 July 2018)	5/5
Mr D Shilton	5/5

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 nine 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 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.

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 2019/20, the Council of Governors met in public four 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 33 and 34.

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

Name	Position	Meetings Attended
Andrew Beeby	Medical Director	1 out of 4
Jackie Bilcliff	Group Director of Finance	4 out of 4
Ruth Bonnington	Non-Executive Director	4 out of 4
Shaun Bowron	Non-Executive Director	4 out of 4
Claire Coyne	Director of Diagnostic and Screening Services (to February 2020)	2 out of 3

Name	Position	Meetings Attended
Martin Gannon	Non-Executive Director	2 out of 4
Julia Hickey	Chairman (to October 2019)	2 out of 2
Paul Hopkinson	Non-Executive Director	2 out of 4
Hilary Lloyd	Director of Nursing, Midwifery and Quality	3 out of 4
John Maddison	Acting Chief Executive (to July 2019)	1 out of 1
Alison Marshall	Chair (from October 2019)	2 out of 2
Yvonne Ormston	Chief Executive (from July 2019)	3 out of 3
John Robinson	Non-Executive Director	3 out of 4
Mike Robson	Non-Executive Director	3 out of 4
David Shilton	Non-Executive Director	3 out of 4
Susan Watson	Director of Strategy and Performance (to February 2020)	3 out of 3

Public Governors	Constituency	Appointment	Meetings Attended
Eileen Adams	Central	3 years from 2020	4 out of 4
John Bedlington	Central	3 years from 2019	1 out of 4
Helen Jones	Central	3 years from 2020	3 out of 4
Margaret Monaghan	Central	3 years from 2019	3 out of 4
Abe Rabin	Central	3 years from 2020	2 out of 4
John Stephens	Central	3 years from 2019	3 out of 4
Karen Tanriverdi	Central	3 years from 2018	3 out of 4
Des Costello	Eastern	3 years from 2020	1 out of 1
Alan Dougall	Eastern	2 years from 2020	1 out of 1
Margaret Jobson****	Eastern	3 years from 2019	3 out of 3
Esther Ward	Eastern	3 years from 2019	4 out of 4
Leslie Brown	Western	3 years from 2020	1 out of 1
Jenny Gill (Lead Governor from February 2020)	Western	2 years from 2020	4 out of 4
Grace Henderson	Western	2 years from 2020	4 out of 4
Chris Hulley	Western	3 years from 2020	1 out of 1
Mick Lamport	Western	3 years from 2018	3 out of 4
Janice Todd	Western	3 years from 2018	3 out of 4
Elizabeth Vanner***	Western	3 years from 2019	1 out of 1

Staff Governors	Constituency	Appointment	Meetings Attended
Joanne Coleman	Staff	3 years from 2019	4 out of 4
Claire Ellison	Staff	3 years from 2020	0 out of 4
Michael Loomer	Staff	3 years from 2020	1 out of 1
Kendra Marley	Staff	3 years from 2019	3 out of 4
Anna Richardson	Staff	3 years from 2018	1 out of 4
Rob Stead***	Staff	3 years from 2017	1 out of 2

Appointed Governors	Organisation	Appointed	Meetings Attended
Judith Doyle***	Gateshead College	January 2016	0 out of 3
Mary Foy***	Gateshead Council	September 2016	1 out of 2
Sarah Keegan	Gateshead Youth Council	December 2019	1 out of 1
Josh Smith***	Gateshead Youth Council	January 2018	0 out of 2
Alison Machin	University of Northumbria	January 2018	1 out of 4
Aron Sandler	Gateshead Jewish Community	May 2009	1 out of 4
Laura Ternent	University of Newcastle	September 2016	1 out of 4
Chris Toon	Gateshead College	February 2020	1 out of 1
VACANCY	Voluntary Organisation Council		
VACANCY	Gateshead Diversity Forum		
VACANCY	Gateshead CCG		

*** Governor resigned from post mid-term

**** Governor resigned from post mid-term due to serving a maximum of nine years

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.

During 2019/20, Governors attended the following local community meetings and venues:

- Diabetes Uk Local Meeting
- Arthritis UK Regional Meeting
- Governors manned an information bus situated at the Trust's Out-Patient Department

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 held a number of governor training events throughout the year which have included:

- Feedback from the National Governors' Conference,
- Patient Safety and Risk Workshop
- Feedback from a Rapid Improvement Workshop
- Rehabilitation – Changing Models Workshop
- Just Try It Programme Workshop
- The Trust's Involvement Strategy
- A workshop to enable Governors to input into the Trust's Vision and Values survey

Governors take part in two workshops with Non-Executive Directors during the year to discuss the operational plan and the Non-Executive Director's role in assuring the Council of Governors that actions are being delivered.

To help Governors fulfil their role they are invited as observers at the Trust Board and at their workshop with Non-Executive Directors they discuss the role of the Non-Executive Director, and are given detailed information on the roles held by Non-Executive Directors on Trust committees. 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, including a weekly briefing. They have been consulted on the Trust's Quality Account, and have received presentations on key initiatives such as Charitable Funds and the Role of External Audit.

Governors are also represented on a number of Trust committees including SafeCare Council, Patient Experience Group and the Safeguarding Committee.

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 2019/20, the following expenses were claimed by our Governors:

	2019/20	2018/19	2017/18	2016/17
Total number of governors in office	32	33	37	33
Total number claiming expenses	2	5	5	1
Aggregate sum of expenses	£943.60	£937.26	£806.23	£24.23

Elections Held During 2019/20

Elections in both public and staff constituencies are undertaken on behalf of the Trust by the Electoral Reform Ballot Services Limited which is engaged to act as the Returning Officer and Independent Scrutineer for the election process of Gateshead Health NHS Foundation Trust.

Elections for three staff and ten public governors, whose tenure of office ended on 4 January 2020, were held during 2019/20. The results were announced on 11th December 2019 as follows:

Staff Governors

Claire Ellison was re-elected unopposed for a three-year tenure

Michael Looe was elected unopposed for a three-year tenure

Public Governors – Western Constituency

Leslie Brown was elected for a three-year tenure

Chris Hulley was elected for a three-year tenure

Jenny Gill was re-elected for a two-year tenure

Grace Henderson was re-elected for a two-year tenure

Public Governors – Central Constituency

Eileen Adams was re-elected for a three-year tenure

Helen Jones was re-elected for a three-year tenure

Abe Rabin was re-elected for a three-year tenure

Public Governors – Eastern Constituency

Des Costello was elected for a three-year tenure

Alan Dougall was elected for a two-year tenure

Public Governors – Out of Area Constituency

One vacancy remains

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 2020				
	Western	Central	Eastern	Out of Area
Population	77,471	92,828	41,615	Unknown
Membership	3,719	7,144	2,355	534
%	4.80	7.70	5.66	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.

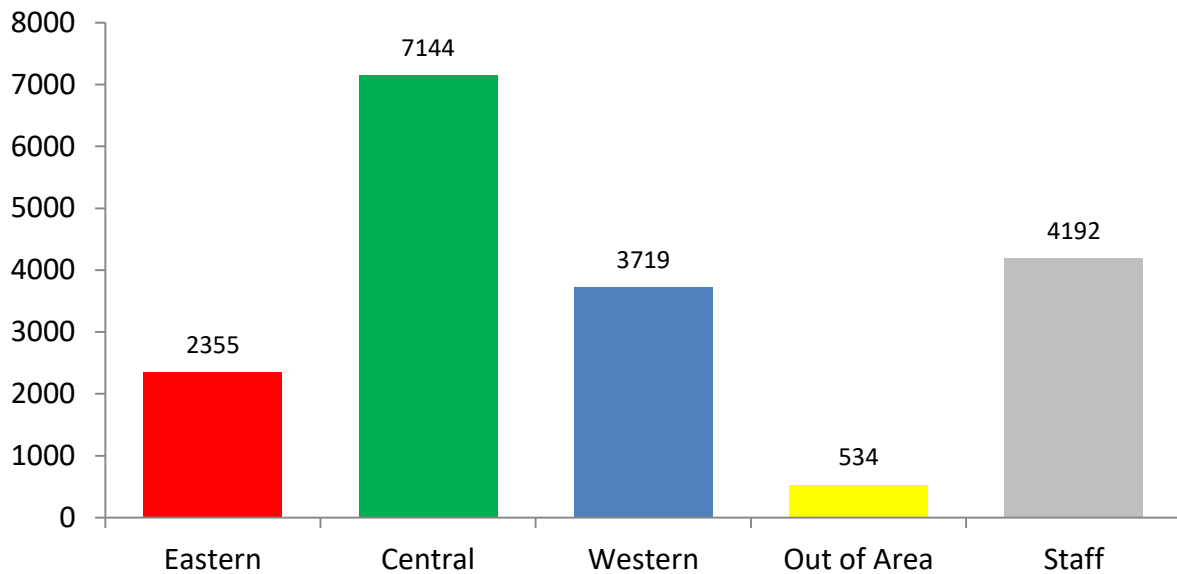
Employees of the Trust cannot be public members.

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 2020, the total number of public members was 13,752, a slight decrease since April 2019. The number of staff members was 4,192. The chart below shows the number of members per constituency:

Membership by Constituency (31st March 2020)



Membership Strategy

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

Over the last twelve months we have continued to increase our engagement with members through regular events with already 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 2020/21 we will:

- continue to attend local community meetings to engage with members and the public
- continue to 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 2020, our public membership was as follows:

	Population Demographics	Membership Demographics
<i>Gender</i>		
Male	48.4%	35.7%
Female	51.6%	64.1%
Unknown		0.2%
<i>Age</i>		
Under 16*	19.3%	
16 – 19	4.9%	0.6%
20 – 29	11.4%	7.3%
30 – 59	41.6%	36.2%
60 – 74	15.2%	29.2%
75 and over	7.6%	25.1%
Age unknown		1.6%
<i>Ethnic Breakdown</i>		
White	98.4%	90.2%
Other	1.6%	2.3%
Unspecified		7.5%

*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 published three times a year and sent to members either via email or post. The newsletter 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.

Three Medicine for Members events were held during 2019/20. Topics were Faints, Fits and Funny Turns; Treat As One Campaign; and Rapid Response Falls Team. Over 100 members attended the events

and feedback was, once again, extremely positive. At these events, members are encouraged to ask questions and responses are provided by clinicians or medical staff present.

Comments included:

- “Another excellent and informative presentation – thank you”
- “Excellent presentation. Easy to understand and great to hear of the fantastic service”
- “Extremely interesting presentation.”

Membership Week

In November 2019, the Membership Office and the Membership Strategy Sub Group organised the Trust’s third Membership Week.

A full week of information stands was planned 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.

Over 50 people signed up to be members over the course of our membership week.

Finally, we supported our members to stand for election to the Council of Governors through delivery of a pre-election workshop on the role of the governor and information on the election process. We used social media to highlight the opportunities and to publicise the results.

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 Chairman 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 (Judith Doyle CBE to December 2019 and Alison Machin from January 2020). Its purpose is to review and make recommendations to the Council of Governors on levels of remuneration for the Chairman and Non-Executive Directors and appointments/reappointments to these positions.

The Chief Executive and Deputy Director of Workforce provide advice and support to the Committees but the Chief Executive is excluded from any discussions and decisions which affect their own pay. The Chairman 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 (from Oct 2019)

During 2019/20 the Nominations and Remuneration Committee met two times and considered the following:

- Inflationary uplift for Executive and Associate Director paycales
- Executive team restructure

Annual Statement - Non Executive Remuneration, Chair - Alison Machin (from Jan 2020)

During 2019/20 the Governors' Remuneration Committee met twice to consider the following business:

- Recruitment process for the Chairman
- Succession planning for Non-Executive Directors as terms of office come to an end

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

The QEF Remuneration Committee met twice during 2019/20. The Committee agreed to award Directors inflationary uplifts of 1.7% for the year 2019/20. The Committee approved in year a revised remuneration package for the Finance Director reflecting the transfer to local QEF conditions of employment. The recommended individual performance ratings of the senior management group and

associated payments were ratified. The Committee approved the permanent appointment of the Chief Operating Officer who had previously been employed on a 12 month fixed term contract. The Company's Commercial Director left the organisation at the end of December 2019 and to date has not been replaced.

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 2019/20.*

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 2019/20.*

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 2019/20.

Annual Report on Remuneration

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

	Meetings During the Year	Attended
Mrs Julia Hickey (Chairman) to September 2019	1	1
Mrs Alison Marshall (Chairman) from October 2019	1	1
Mr Shaun Bowron (Vice Chairman)	2	1
Dr Ruth Bonnington - Non Executive Director	2	1
CLlr Martin Gannon – Non Executive Director	2	0
Mr Paul Hopkinson - Non Executive Director	2	1
Mr John Robinson -Non Executive Director	2	1
Mr Mike Robson – Non Executive Director (from July 2018)	2	1
Mr David Shilton - Non Executive Director	2	1

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

	Meetings During the Year	Attended
Mrs Joanne Coleman – Staff Governor	2	2
Ms Judith Doyle CBE – Appointed Governor (to Dec 2019)	1	1
Rev Jenny Gill – Appointed Governor	2	1
Mr Michael Loome - Staff Governor (from January 2020)	1	1
Mrs Alison Machin – Appointed Governor (from January 2020)	1	1
Mr A Rabin – Public Governor	2	1
Mr R Stead – Staff Governor (to September 2019)	1	0
Mrs J Todd – Public Governor	2	2

The QEF Remuneration Committee membership and attendance was as follows:

	Meetings During the Year	Attended
Mr Shaun Bowron (Chairman)	2	2
Mr Peter Harding – Managing Director QEF	2	2
Mr John Maddison – Acting Trust Chief Executive	1	1
Mrs Y Ormston – Trust Chief Executive	1	1

Director/Governor Expenses

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

In comparison during 2018/19 the Trust had 33 governors, 5 of whom claimed expenses totalling £937.26 and 19 Directors (Executive and Non-Executive), 10 of whom claimed expenses totalling £5,793.56.

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 2019/20. The banded remuneration of the highest paid director was £210-215k. This was 7.0 times the median remuneration of the workforce which was £30.21k. In 2019/20 1 employee 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.

2018/19		2019/20
235-240*	Band of Highest Paid Director's Total Remuneration - £000	210-215*
28,048	Median Total Remuneration - £	30,212
8.4	Ratio	7.0

**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.*

Yvonne Ormston

Signed:
Yvonne Ormston MBE
Chief Executive

Date: 24 June 2020

4.5 Salary and pension entitlements of senior managers

A) Remuneration

Salary and fees	Performance Bonus	2018/19			Name and Title	2019/20				
		All Taxable Benefits	Pension-related Benefits	Total		Salary and fees	Performance Bonus	All Taxable Benefits	Pension-related Benefits	Total
(bands of £5000) £000	(bands of £5000) £000	Rounded to the nearest £100	(bands of £2500) £000	(bands of £5000) £000		(bands of £5000) £000	(bands of £5000) £000	Rounded to the nearest £100	(bands of £2500) £000	(bands of £5000) £000
N/A	N/A	N/A	N/A	N/A	Mrs AR Marshall Chairman (from October 2019)	25 - 30	0	0	0	25 - 30
45 - 50	0	0	0	45 - 50	Mrs JEA Hickey Chairman (to October 2019)	20 - 25	0	0	0	20 - 25
N/A	N/A	N/A	N/A	N/A	Mrs YA Ormston Chief Executive (from June 2019)	160 - 165	0	0	0	160 - 165
260 - 265	0	4,100	0	265 - 270	Mr ID Renwick Chief Executive (to September 2018)	N/A	N/A	N/A	N/A	N/A
205 - 210	0	4,400	0	210 - 215	Mr JG Maddison Acting Chief Executive / Group Director of Finance & Informatics (to June 2019)	35 - 40	0	0	0	35 - 40
110 - 115 ***	0	6,300	37.5 - 40.0	155 - 160	Mrs J Bilcliff Group Director of Finance	120 - 125	0	600	35.0 - 37.5	160 - 165
135 - 140	0	0	0.0 - 2.5	135 - 140	Mrs SE Watson Director of Strategy & Transformation	370 - 375 ****	0	0	7.5 - 10.0	375 - 380
125 - 130	0	10,000	0	135 - 140	Dr H Lloyd Director of Nursing, Midwifery & Quality	130 - 135	0	11,200	7.5 - 10.0	145 - 150
120 - 125	0	14,000	20.0 - 22.5	155 - 160	Mrs C Coyne Executive Director Clinical Support & Screening Services	355 - 360 *****	0	14,800	5.0 - 7.5	375 - 380
110 - 115 **	0	6,200	57.5 - 60.0	175 - 180	Mr N McDonough Acting Executive Director Operational Delivery (to March 2019)	N/A	N/A	N/A	N/A	N/A
150 - 155	10 - 15	0	0	160 - 165	Mr P Harding Managing Director QE Facilities Ltd	150 - 155	10 - 15	0	0	165 - 170
100 - 105	10 - 15	19,100	32.5 - 35.0	165 - 170	Mr AJ Robson Finance Director QE Facilities Ltd	110 - 115	10 - 15	19,800	7.5 - 10.0	150 - 155
25 - 30	0	0	0	15 - 20	Mr S Bowron Non Executive Director, Chair of QEF	25 - 30	0	0	0	25 - 30
0 - 5	0	0	0	0 - 5	Ms KA Larkin-Bramley Non Executive Director (to June 2018)	N/A	N/A	N/A	N/A	N/A
15 - 20	0	0	0	15 - 20	Mr HJE Robinson Non Executive Director (Trust & QEF)	15 - 20	0	0	0	15 - 20
10 - 15	0	0	0	10 - 15	Mr JP Hopkinson Non Executive Director	10 - 15	0	0	0	10 - 15
10 - 15	0	0	0	10 - 15	Mr DH Shilton Non Executive Director	10 - 15	0	0	0	10 - 15
10 - 15	0	0	0	10 - 15	Dr R Bonnington Non Executive Director	10 - 15	0	0	0	10 - 15
10 - 15	0	0	0	10 - 15	Clr M Gannon Non Executive Director	10 - 15	0	0	0	10 - 15
10 - 15	0	0	0	10 - 15	Mr M Robson Non Executive Director (from July 2018)	15 - 20	0	0	0	15 - 20
155 - 160 *	0	0	0	155 - 160	Mr AR Beeby Medical Director	160 - 165 *	0	0	0	160 - 165

* £70k - 75k relates to role as a consultant (2018/19 = £65k - £70k)

** £75k - £80k relates to role as Associate Director Surgical Services

*** £40k - £45k relates to role as Deputy Director of Finance

**** £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.

Taxable Benefits 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.

2018/19		2019/20
235 - 240 *	Band of Highest Paid Director's Total Remuneration - £000	210 - 215 *
28,048	Median Total Remuneration - £	30,212
8.4	Ratio	7.0

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 2019/20 was £210k - £215k. This was 7.0 times the median remuneration of the workforce, which was £30,212. The change in this multiplier is due to a combination of the new Chief Executives post being advertised at a lower salary band as well as the impact on the consolidation of Agenda for Change Payaward on the lower end of the pay scales.

In 2019/20, 1 employee 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.

4.5 Salary and Pension entitlements of senior managers

B) Pension Benefits

Name and title	Real increase in pension at age 60	Total accrued pension at age 60 at 31 March 2020	Real increase in lump sum at age 60	Total accrued lump sum at age 60 at 31 March 2020	Cash Equivalent Transfer Value at 31 March 2020	Cash Equivalent Transfer Value at 31 March 2019	Real Increase in Cash Equivalent Transfer Value	Employers Contribution to Stakeholder Pension
	(bands of £2500) £000	(bands of £5000) £000	(bands of £2500) £000	(bands of £5000) £000	£000	£000	£000	£000
Mrs J Bilcliff Group Director of Finance	2.5 - 5.0	20.0 - 25.0	0.0 - 2.5	30.0 - 35.0	374	325	25	0
Mrs SE Watson Director of Strategy & Transformation	0.0 - 2.5	55.0 - 60.0	2.5 - 5.0	165.0 - 170.0	1,292	1,205	39	0
Dr H Lloyd Director of Nursing, Midwifery & Quality	0.0 - 2.5	40.0 - 45.0	2.5 - 5.0	125.0 - 130.0	919	853	28	0
Mrs C Coyne Executive Director Clinical Support & Screening Services	0.0 - 2.5	50.0 - 55.0	2.5 - 5.0	155.0 - 160.0	1,095	1,024	29	0
Mr AJ Robson Finance Director QE Facilities Ltd	0.0 - 2.5	45.0 - 50.0	0	125.0 - 130.0	1,032	972	23	0
Mr AR Beeby Medical Director	(0.0 - 2.5)	55.0 - 60.0	(2.5 - 5.0)	170.0 - 175.0	1,426	1,383	0	0

Mrs YA Ormston, Mr JG Maddison and Mr P Harding are excluded from this table as they have had no employer contribution pension arrangements during the 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			
	2019/20 Total	Permanently Employed	Other	2018/19 Total	2019/20 Total	Permanently Employed	Other	2018/19 Total
	£000	£000	£000	£000	£000	£000	£000	£000
Salaries and wages	151,435	144,813	6,622	145,647	137,315	131,318	5,997	132,297
Capitalised Salaries and wages	1,442	1,442		1,283	1,442	1,442		1,092
Social Security Costs	14,052	13,550	503	13,589	12,871	12,416	455	12,482
Apprenticeship levy	701	676	25	674	630	608	22	610
Pension costs - defined contribution plans Employers' contributions to NHS Pensions	16,720	16,121	600	16,140	15,780	15,209	571	15,157
Pension cost - employer contributions paid by NHSE on provider's behalf (6.3%)	7,326	7,064	262	0	6,913	6,666	247	0
Pension costs - Other	47	47	0	0	47	47	0	0
External bank	285	0	285	0	285	0	285	0
Agency/contract staff	3,977	0	3,977	3,500	2,612	0	2,612	2,982
NHS Charitable Funds staff	0	0	0	0	0	0	0	0
Termination Benefits	3,972	3,972	0	75	3,972	3,972	0	75
Total Gross Staff Costs	199,957	187,685	12,274	180,908	181,867	171,678	10,189	164,695

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			
	2019/20 Total	Permanently Employed	Other	2018/19 Total	2019/20 Total	Permanently Employed	Other	2018/19 Total
	Number	Number	Number	Number	Number	Number	Number	Number
Medical and dental	408	402	6	387	408	402	6	388
Ambulance staff	0	0	0	0	0	0	0	0
Administration and estates	884	868	16	877	727	711	16	729
Healthcare assistants and other support staff	880	880	0	836	508	508	0	483
Nursing, midwifery and health visiting staff	1,209	1,103	106	1,283	1,208	1,102	106	1,282
Healthcare scientists	348	348	0	410	338	338	0	397
Scientific, therapeutic and technical staff	421	419	2	364	421	419	2	363
Other *	29	29	0	28	20	20	0	23
Total	4,179	4,049	130	4,185	3,630	3,500	130	3,665

* Other relates to Apprentices employed by the Trust

Focus on Staff - Valuing Our People

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. Throughout the year we have worked towards this through recognising, involving and developing our staff, in order to ensure we are a high quality, patient-focused organisation. Despite the financial pressures facing all NHS organisations, we are still committed to training and supporting staff to reach their full potential, and to attracting and retaining the best calibre of people to provide our services.



Staff Engagement

Highlighted by the Trust's values of openness and honesty, we have a multi-faceted approach to staff engagement which includes partnership working with staff representatives, involving staff in service transformation work, regular communications via QE Weekly, encouraging staff to share ideas and concerns through a range of mechanisms including the Freedom to Speak Up Guardian, using the Friends and Family Test, as well as professional forums, away days and annual conferences.

Formally, the Trust has a Joint Consultative Committee (JCC), which is the key mechanism for consulting with our employees across the organisation. Meetings are held regularly with representatives from trade union organisations and employee representatives to seek their views before decisions are made. This has been on matters ranging from policies and procedures to new systems or initiatives, and future plans of the Trust.



The JCC is supplemented by professional groups, business unit events, service line meetings and any organisational change processes include staff in matters relating to the financial, operational and quality performance of the Trust.

Listening to our Staff through the NHS Staff Survey (* does not cover QE Facilities Limited)

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 arrival of over 600 community staff into the Trust has resulted in a shift in the profile of the Trust in line with the national survey co-ordination centre for the last 2 years. The Trust is now classified as a 'Combined Acute and Community Trust', rather than an 'Acute Trust'.

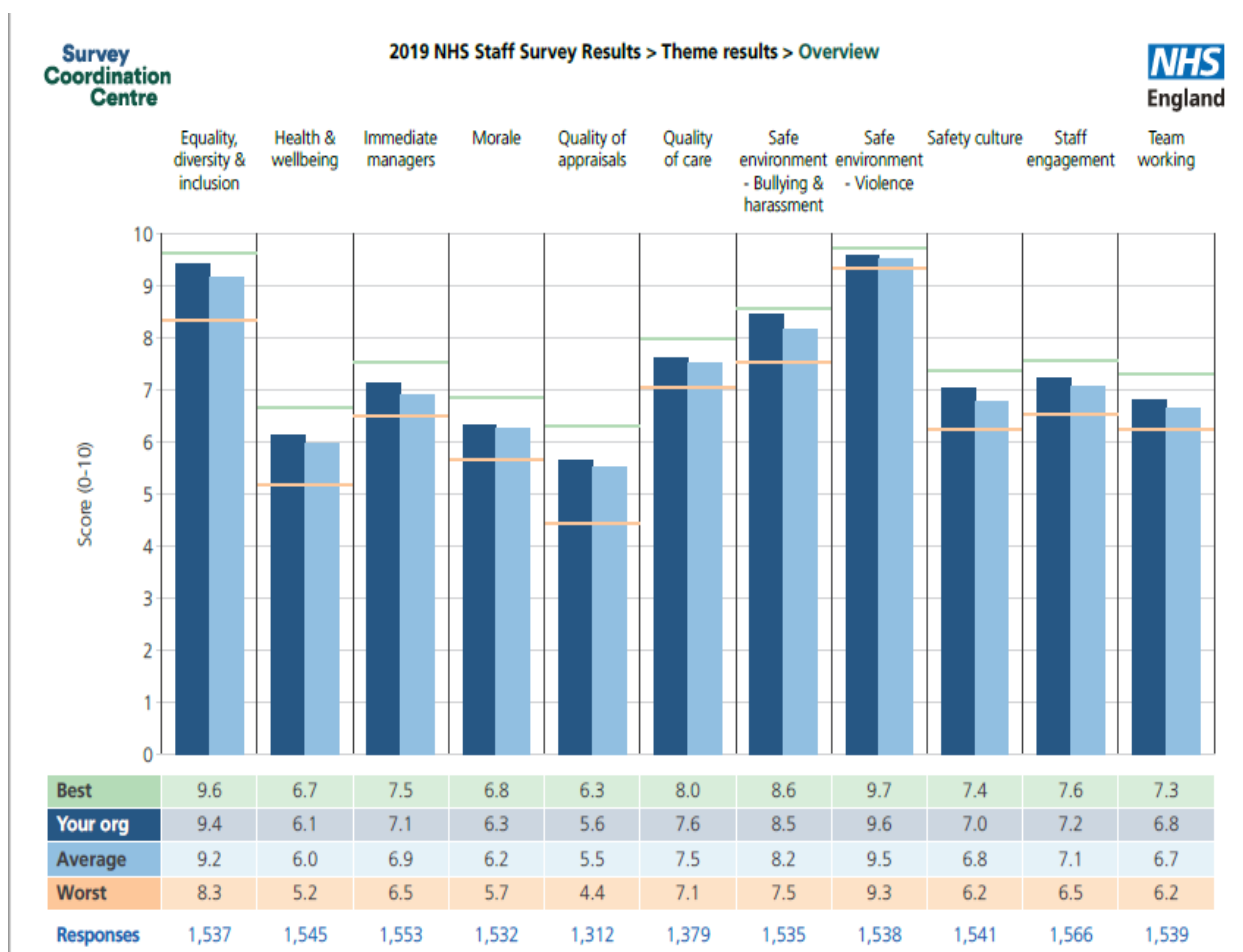
This year the Trust chose to include all staff in the Staff Survey for the fourth consecutive year (not using a sample) to give everyone the opportunity to provide feedback. Additionally, this year staff surveys

were delivered to staff electronically rather than a mixture of paper-based and electronic. Our response rate is illustrated in the table below.

	2016/17		2017/18		2018/19		2019/20		Trust comparison to previous year
Response rate	Trust	National average	Trust	National average	Trust	National average	Trust	National average	
	39%	43%	44%	43%	40%	41%	42%	46%	2% increase

The slight increase in the response rate, could be attributed to the planned work discussed in 2018 to provide support for staff who may find it difficult to take the time to fill the survey in. The workforce team organised a two month plan during which team members visited different areas of the Trust with iPads, specifically targeting those that had the lowest response rates in 2018 in conjunction with a targeted communications plan. This approach will be revisited in future years.

The results are organised into 10 key themes. The Trust performed very well scoring above average in 9 out of the 10 key themes. Gateshead was rated one of the highest Acute and Community Trust for equality, diversity and inclusion and for safety culture. The full results are below:



Key Theme	2017	2018	2019
Equality, Diversity and Inclusion	9.5	9.5	9.4
Health and Wellbeing	6.4	6.2	6.1
Immediate Managers	7.1	7.1	7.1
Morale	N/A	6.3	6.3
Quality of Appraisals	5.5	5.6	5.6
Quality of Care	7.7	7.6	7.6
Safe Environment – Bullying and Harassment	8.5	8.3	8.5
Safe Environment – Violence	9.6	9.5	9.6
Safety Culture	7	7.1	7.2
Staff Engagement	7.3	7.3	6.8

Notes

- 2018 is the first year morale has been calculated so can't be compared to previous years
- 2016 data cannot be provided by the survey co-ordination centre due to moving benchmarking groups, this data is not comparable.

Following the publication of the 2017 survey results, the Trust set two-year objectives to give us sufficient time to make changes and demonstrate progress. They were to:

1. Improve staff motivation
2. Improve reporting (of bullying and/or violence)
3. Aim for all staff to agree that their role makes a difference to patients

At the 1-year stocktake, there was a slight increase in staff feeling motivated in going to work and static reporting of staff understanding the impact their role has on patients/service users at 90.8%. There was a deterioration in the percentage of staff/colleagues reporting experiences of violence or harassment/bullying.

Since the previous year there has been no significant changes to staff feeling motivated to come to work and this remains in line with other Trusts in the region.

Reporting has increased for harassment and bullying from 32% in 2018 to 41% in 2019, which reflects the level of reporting in 2017. Reporting has decreased for physical violence, this is in line with the decrease in staff reporting experiencing physical violence at work.

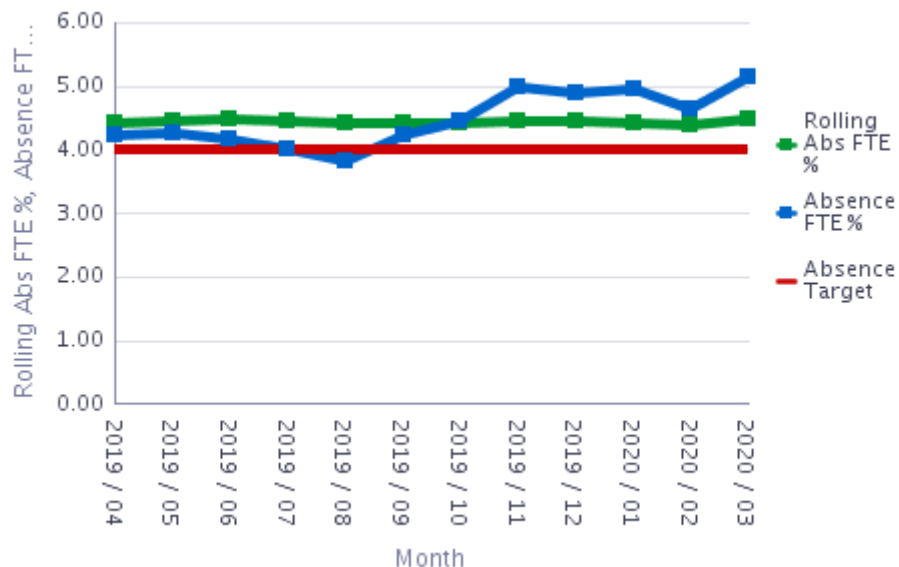
Ensuring staff agree that their role makes a difference has also stayed static in the 90% range.

Overall, the average rates for the Trust have seen no significant changes, increased or decreased.

Health and Well-being

There is a wealth of research to say that having healthy staff, both in mind and body, has a positive impact on the quality of patient experience and clinical outcomes. For this reason, the Trust invests in making sure that the right conditions and support are in place to create a healthy workforce with activities and events to increase healthier lives throughout the year, such as a fun pedometer team challenge to encourage staff to be more active.

The Trust continues to support staff to be able to attend and sustain attendance at work. Robust monitoring of sickness absence enables early intervention and support. In late 2019 we launched a trust wide absence project, embedding a multi-factorial approach to prevention as well as absence management.



We have an in-house Occupational Health Department consisting of an Occupational Health Physician, a nursing team, a multi-disciplinary ergonomics team, a physiotherapist, a counselling service; all supported by an administration team. The service holds national accreditation as a Safe Effective Quality Occupational Health Service (SEQOHS) following rigorous independent assessment against recognised industry standards across the UK.

Throughout 1st April 2019– March 2020 we have provided 6252 appointments for staff which can be broken down as follows:

- ✓ 936 counselling appointments
- ✓ 1200 pre-employment screening appointments
- ✓ 1316 vaccination/immunisation screenings
- ✓ 321 ergonomic and workplace assessments
- ✓ 1245 sickness absence management appointments
- ✓ 607 other consultations/Advice
- ✓ 118 appointments associated with sharps injuries
- ✓ 393 physiotherapy Appointments
- ✓ 86 Management referrals (Physio)
- ✓ 30 health Surveillance appointments

In 2019/2020 we were also delighted to see that 80.5% of our front line staff chose to have their flu vaccination, to protect themselves, their family and our patients and visitors.

During 2019 we have continued to deliver a bitesize training session for managers to support “Mental Well-being at Work”. This training session for line managers aims to enable managers to feel confident in supporting the mental well-being of the people in their teams. The session has been extended following feedback from participants that they wanted to ensure that they were equipped with the best information and tools to support the people in their teams to remain well at work.

During 2019 the Health and Wellbeing Steering Group supported a bid to invest in the training of Mental Health First Aiders. A total of 48 trained first aiders work closely with the Mental Health Champions across the Trust. These Mental Health First Aiders and Mental Health Champions are a first port of call for staff who may have concerns about their own or someone else's mental health. They can signpost staff to sources of help and encourage them to have open and honest conversations with line managers for example, but also with family members to ensure that they are receiving the right level of support. In addition the steering group support the Trusts 'Treat as one' ethos by supporting key messages, for example promoting the self-help apps that have been approved.

Importantly, both the Mental Health First Aiders and the Mental Health Champions have access to regular supervision and Continual Professional Development to ensure that they are protecting their own mental well-being.

Organisational Development (OD)

Ensuring that each and every patient has a great experience does not only depend on **what** we do, but also **how** we do it. At the centre of this are our Trust values and in the last year our staff have spent time refreshing those values and developing a behaviours framework around them. This is designed to run alongside our new appraisal process and future values-based recruitment plans.

Trade Union Facility Time

1st April 2019 - 31st March 2020

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).

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.

Agreed by:

Maria Alberts, Deputy Staff-Side Chair and Branch Secretary

Jason Emerson, Deputy Director of Workforce – June 2020

Living Our Values



Remember the acronym **ICORE** – Innovation, Care, Openness, Respect and Engagement

- I INNOVATION**
 - Look for better ways to do things
 - Embrace new ways of working
 - Continually develop ourselves
 - Uphold a service ethos
- C CARE**
 - Put ourselves in other people's shoes
 - Be approachable
 - Be sensitive and considerate
 - Listen, respond and support
- O OPENNESS**
 - Be honest
 - Be courageous
 - Admit mistakes
 - Share information
 - Do the right thing
- R RESPECT**
 - Value the skill and contribution of others
 - Treat each other fairly and reasonably
 - Appreciate and embrace difference
 - Be polite and helpful
 - Maintain dignity of others
- E ENGAGEMENT**
 - Involve others
 - Listen
 - Work together
 - Share information and resources

The Trust has focused this year on supporting our staff and the Trust to be ready for, and respond to the challenges it faces. This has included:

- Continuing support of the Community Service Teams/ Gateshead Care Partnership transformation plans, as well as the wider Gateshead System
- Engaging over 100 staff from multiple professions within Mental Health Services to improve the delivery of quality services
- Encouraging and embedding the use of Insights Discovery Model as a way to improve individual behaviours and team working
- Work has begun to be able to identify the talent in the Trust, and how this will help us have succession pathways to support our future workforce needs
- Redesigning the Appraisal process and roll out of new training for staff and managers



Recruitment and Retention

At the end of 2019/20 we employed 4658 people. The number is broken down as follows:

PROFESSION	
Additional Professional, Scientific and Technical	190
Additional Clinical Services	873
Administrative and Clerical	949
Allied Health Professionals	292
Estates and Ancillary	563
Healthcare Scientists	181
Medical and Dental	308
Nursing and Midwifery Registered	1299
Students	3
Total	4658

As at 31st of March 2020 our Board of Directors was 57.2% male and 42.8% female. There are two senior managers within the Group who are not included in the above Board statistics who are both male.

A comparison of our workforce is provided below:

	2018/19	%	2019/20	%
AGE				
17-21	111	2.45	102	2.19
22+	4422	97.55	4556	97.81
ETHNICITY				
White	4223	93.16	4312	92.57
Mixed	20	0.44	26	0.56
Asian or Asian British	137	3.02	137	2.96
Black or Black British	40	0.88	42	0.90
Other	29	0.64	36	0.77
Not Stated	84	1.85	104	3.23
GENDER				
Male	952	21.00	997	21.40
Female	3581	79.00	3661	78.60
RECORDED DISABILITY				
	242	5.34	245	5.26

Work Experience

The Trust offers an extensive work experience programme enabling us to build invaluable links with the surrounding community through working with local schools and colleges. By providing work experience for 14 -19 year old students we are aiming to build and grow our workforce for the future. Work placements are offered in a number of different areas across the Trust including medicine, midwifery, nursing and physiotherapy to help local young people to gain a broader understanding in these areas. In 2019/2020 the Trust hosted 120 placements, 38% for the medical shadowing programme. We also hosted a school visit from neighbouring school Kingsmeadow Secondary School in July 2019. We invited over 100 students from Year 11 into the Trust to showcase a range of careers within the NHS.

Policies and Practices to support diverse groups

The Trust supports Project Choice, which provides young people who have learning difficulties/disabilities with support and access to work experience placements and employment opportunities. During 2019/20 we have hosted over 14 Project Choice work experience placements in a number of different areas including Screening Services, Health Records and Bensham Café. Following a successful and positive placement, one individual has subsequently been offered a post with within our Booking and Referrals Centre.

The Trust is committed to ensuring that, as far as is reasonably practicable, the way we treat staff reflects their individual needs and does not unlawfully discriminate against individuals or groups on the grounds of any protected characteristic (Equality Act 2010). Our key employment policies promote the right of all staff to be treated fairly and consistently in accordance with equality and human rights requirements. Our recruitment Policy encourages the use of reasonable adjustments as a means of removing any disadvantage for disabled persons. The Supporting and Managing Sickness Absence Policy provides a supportive framework to help employees return to work where possible.

We work with Access to Work, part of Jobcentre Plus, to ensure we consider the most appropriate reasonable adjustments to support our employees. In 2018 the Trust started working with the Access to Work Mental Health Support Service. This confidential service delivered by two specialist support providers - Remploy and Able Futures, and funded by the Department for Work and Pensions - is available at no charge to any employees with depression, anxiety, stress or other mental health issues (diagnosed or undiagnosed) affecting their work and provides support to help individuals remain in work.



The Trust currently has the award as Disability Confident Employer. The status is awarded by the Jobcentre Plus to employers who have agreed to make certain positive commitments regarding the employment, retention, training and career development of disabled people. In continuing to hold the Disability Confident Employer status, the Trust is ensuring that disabled people and those with long term health conditions have the opportunities to fulfil their potential and realise their aspirations.

We are a Mindful Employer, which demonstrates our commitment to supporting staff who experience stress, anxiety, depression or other mental health conditions. As part of this charter, we raise awareness and share information to support both existing and prospective employees.



A Learning Culture

Library and Knowledge Services provide access to a range of evidence-based print and online research resources to support teaching, learning, research and professional development. Professional support services help clinicians answer clinical questions which directly impact patient care. Extensive collection development work has been carried out to ensure that the print and online portfolios continue to provide best access to research and best value for money to the Trust. Collaboration between the Library and Senior Clinical Improvement Leads has developed the number and quality of Induction opportunities. Regional working by the library team has contributed to a Patient Information project to widen patient and public access to quality health information and develop health literacy skills. The General Medical Council (GMC) survey of trainee satisfaction with online resources places Gateshead in the top performing North East Trusts.

We have also had positive feedback from a GMC Survey in relation to our Doctors in Training and an Annual Deans Quality Meeting from Health Education England (HEE) commending our commitment to providing a positive learning environment for all. In the 'Your School Your Say' survey in 2018, 92.5% of our foundation trainees would recommend the Trust to a friend who was thinking about becoming a doctor, based on our educational opportunities and experiences.



We believe that effective leadership means not only having the right knowledge and skills, but demonstrating the right behaviours and values to ensure patient safety and quality. Our strategy has embraced the Healthcare Leadership Model as a means of ensuring that consistent messages are given around appropriate leadership behaviours and as such this is now integral to our behaviour statements in line with the Trust's values, and our Appraisal process.

In addition to our in house leadership and management programme we continue to work with our partners in Gateshead College to deliver Leadership Programmes aimed at first time managers and developing leaders. Our first cohort of Team Leader and Organisation Manager Apprentices have completed the apprenticeship and achieved the embedded Chartered Management Institute (CMI) Diploma. The programme has evaluated well and as a result, we recruited a new cohort of 13 who started on the Apprenticeships in April 2019. Demand remains high and we are about to recruit another cohort for both programmes.

Our employees also have access to the many opportunities available to them via eLearning, development sessions, postgraduate support for specialist development, and Continuing Workforce Development (CWD) sessions as commissioned by HEE North East.

The Trust continues to provide apprenticeship opportunities to support people at all levels to gain valuable experience and a vocational qualification with the ultimate aim of securing employment within the NHS. We currently have 6 Level 2 Business & Administration apprentices and 5 Level 2 Healthcare apprentices. The Nurse Associate Apprenticeship continues to grow. In addition to the above, we have supported members of our current workforce in developing via Apprenticeships in a range of specialisms such as; Theatre Assistant Practitioners, Senior Leadership MBAs and Project Management skills. The Trust also continues to support 5 members of staff to progress onto the Registered Nurse BSc Apprenticeship which is an 18 month programme which allows those with prior qualifications and experience to upskill into the nursing profession.

Reward and Recognition

We continue to look for innovative ways to recognise our staff. We continue to run a media campaign to get our public and patients to nominate their “QE Angel” recognising the importance of our patients’ voices.

We also held our annual Star Awards event; a humbling and proud evening where around 200 guests (including partners from the local community) came together to celebrate the amazing work that members of our workforce do each and every day. Those who were nominated as a ‘Star’ of the organisation received a personal note from the Chief Executive letting them know that their contribution counts, as well as a QE Gateshead Star pin badge to wear. The winners in each category were presented with a coveted QE Gateshead 2019 Trophy.



During 2019 we continued to recognise the great “everyday” things which our colleagues do with the “You’re a Star” programme. This runs alongside and in addition to the annual Star Awards. Sometimes, people do something for us which might be small, but can really make our day. We want to enable

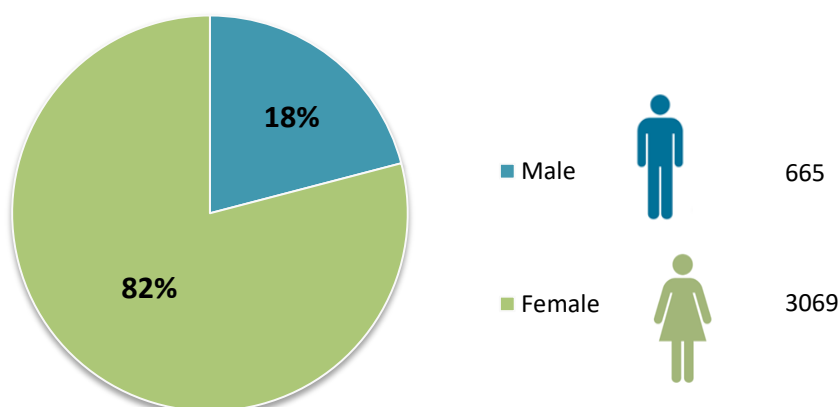


people to say a public ‘thank you’ to their colleagues for those small gestures, and to be able to tell them “You’re a Star”! When someone tells us about a colleague who is in their eyes, a star, the recipient is acknowledged by the Chief Executive with a personally signed card and a place in the ‘You’re a Star Hall of Fame’. The top three “You’re a Star” recipients are also invited to attend the annual Star Awards ceremony, where the ultimate winner is announced.

Gender Pay Gap report

New legislation means that all large employers across the UK with more than 250 employees are required to show the difference between the average earnings of all men and women as a percentage and publish their results. This helps us understand the gender pay gap which we must analyse and take appropriate action to address any imbalance or inequality.

Gender split - total number of employees 3734



Pay and Bonus pay gap	Mean 2019	Mean 2018	Mean 2017	Median 2019	Median 2018	Median 2017
Ordinary Pay	29.83%	29.84%	30.8%	16.26%	14.32%	17.46%
Bonus	44.5%	45.05%	50.48%	53.9%	51.25%	50.94%

(* does not cover QE Facilities Limited)

Further information on our findings is published here <https://www.gegateshead.nhs.uk/edhrreports>


Diversity and Inclusion

The Trust has operated a human rights based approach to promoting equality, diversity and human rights for many years. This is reflected in the 'Vision for Gateshead', which promotes the core values of openness, respect and engagement. The aim is to ensure services are accessible, culturally appropriate and equitably delivered to all parts of the community, by a workforce which is valued and respected, and whose diversity reflects the community it serves. To support accountability, there is a well-established infrastructure in place which has provided leadership, governance and continuity, for example:

- The Trust Board has appointed Governors from diverse backgrounds, including Gateshead Youth Council, the Jewish Council and the Diversity Forum for Gateshead. Many Governors are active members of groups and committees.

- We publish a separate annual report relating to diversity and inclusion, on a dedicated part of the QE Gateshead website. Information about diversity and inclusion can be accessed using the following link: <http://www.qegateshead.nhs.uk/edhr>
- During 2019/20, the Trust's Executive Sponsors of our Equality Objectives have met a number of times to drive activity from a Trust Board level. This has included around Gender Pay Gap Reporting, Accessible Information Standard and Sexual Orientation Monitoring Standard.
- The Trust continues to invest in corporate membership of the Employers Network for Equality & Inclusion, which is a leading employer network covering all aspects of equality and inclusion issues in the workplace. We aim to develop a programme of work in partnership with other NHS organisations in the North East region to support an inclusive and diverse workplace. We will use this work to help build staff networks, to offer support and the opportunity for feedback in the future.

In addition, the following important areas of work were undertaken in 2019:

- Ongoing promotion of the Trust's internal mediation service, including team mediation and also supporting regional colleagues by handling mediation cases for their organisation.
 - Publication of the third Workforce Race Equality Standard (WRES) report in August 2019 and the first Workforce Disability Equality Standard (WDES) in August 2019 – this data and benchmarking allowed us to target specific activities such as:
 - Training colleagues from Black, Asian and Minority Ethnic (BAME) backgrounds, via the Royal College of Nursing (RCN) cultural ambassadors programme, to act as advocates for employees from BAME backgrounds during formal HR processes.
 - Participation in a regional BAME recruitment event to attract new people into the NHS. The event had over 400 visitors and was a real success.
 - Re-shaping the 'Your Voice' forum by creating three distinct staff networks; LGBTQ+, Disability and BAME. Each network has a chair who forms the Your Voice Steering group together with representatives from the Executive Team and Board.
 - The D-Ability network held a launch event on 12 December 2019 which attracted new network members and they are currently promoting the "Not every disability is visible campaign" by displaying signs around the Trust.
- 

**D-ABILITY
STAFF
NETWORK**
A Voice For Differently Able
- The LGBTQ+ staff network launched as part of LGBTQ+ awareness month in February 2020
 - Participated in Equality, Diversity and Human Rights week in May 2019 by successfully launching the 'rainbow badge pledge' where employees from across the Trust were invited to sign a charter committing to being advocates for and supporting colleagues from diverse backgrounds. The event was led by the Your Voice Forum and was supported by a local transgender charity as well as representatives from our local Muslim community who provided the opportunity to try Henna tattoos and participate in Hijab lessons.
 - Implementation of Mental Health First Aider training, resulting in over forty trained first aiders across the Trust. These volunteers link closely with our mental health champions and work is currently underway to measure the impact of these roles.
 - An awareness raising session with the Trust Board in March 2019 exploring personal views and unconscious bias.



- We successfully re-applied for Mindful Employer status.
- We have retained our 'Disability Confident' employer status.



The Trust continues to progress work in relation to our three Equality Objectives which underpin our Public Sector Equality Duty.

Equality Objectives

1. All patients receive high quality care through streamlined accessible services with a focus on improving knowledge and capacity to support communication barriers.
2. The Trust promotes a culture of inclusion where employees have the opportunity to work in a supportive and positive environment and find a healthy balance between working life and personal commitments.
3. Leaders within the Trust are informed and knowledgeable about the impact of business decisions on a diverse workforce and the differing needs of the communities we serve.

The Trust now has a well-established workplace mediation service available to all staff. Workplace Mediation is an informal, voluntary process which aims to help people in disagreement or dispute to resolve their conflict and find a way to re-establish a professional working relationship. Mediation is available for all employees and can involve two or more parties.

Team Effectiveness / Efficient / Innovative

Team Effectiveness	2016-17	2017-18	2018-19	2019-20	Target
Core Skills Training Compliance	73.37%	79.75%	87.27%	80.06%	85%
Appraisal Compliance (Staff with a current appraisal)	81.82%	67.81%	73.34%	70.19%	85%
Staff Sickness Absence (12 month rolling percentage)	4.49%	4.62%	4.47%	4.49%	4.00%
Staff Turnover (Labour turnover based on Full Time Equivalent)	12.92%*	11.48%	12.87%	13.44%	N/A

*the turnover figure is affected significantly by the transfer in of Community Services.

Consultancy

The Trust spent £58k on consultancy during 2019/20.

Exit Packages (subject to audit)

Exit packages provided during 2019/20 are detailed in the following table. All payments made were due to contractual or legal obligations with the majority of them relating to staff from other Trusts being made redundant as part of the centralisation of HPV laboratory services at Gateshead during 2019/20.

Cost Band	Number of Compulsory Redundancies	Cost of Compulsory Redundancies	Number of Other Departures Agreed	Cost of Other Departures Agreed	Total Number of Exit Packages	Total Cost of Exit Packages by cost band
<£10,000	10	73	21	23	31	96
£10,000-£25,000	9	180	0	0	9	180
£25,001-£50,000	20	750	0	0	20	750
£50,001-£100,000	17	1,146	0	0	17	1,146
£100,001-£150,000	4	461	0	0	4	461
£150,001-£200,000	5	877	0	0	5	877
>£200,000	2	485	0	0	2	485
Total	67	3,972	21	23	88	3,995

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	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"
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"
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"

Provision	Requirement	Location / Section of 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	<p>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.</p> <p>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.</p> <p>*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).</p> <p>**As inserted by section 151(6) of the Health and Social Care Act 2012)</p>	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
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

Provision	Requirement	Location / Section of Report
C.2.2	<p>A Trust should disclose in the annual report:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(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.</p>	Annual Governance Statement
C.3.5	<p>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.</p>	Not Applicable
C.3.9	<p>A separate section of the annual report should describe the work of the committee in discharging its responsibilities. The report should include:</p> <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. 	<p>Accountability Report</p> <p>“Audit Committee Report”</p>
D.1.3	<p>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.</p>	Not Applicable
E.1.5	<p>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</p>	<p>Accountability Report</p> <p>“Council of Governors”</p>
E.1.6	<p>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.</p>	<p>Accountability Report</p> <p>“Membership”</p>
E.1.4	<p>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.</p>	<p>Contact Details Back Page</p>

Provision	Requirement	Location / Section of Report
Additional requirement of FT ARM	<p>The annual report should include:</p> <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 	<p>Accountability Report</p> <p>“Membership”</p>
Additional requirement of FT ARM	<p>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.</p>	<p>Accountability Report</p> <p>“Directors Report”</p>

Comply or Explain		
<p>The trust is satisfied that it complies with the provisions of the code with the exception of point B.2.4 below</p>		
B.2.4	<p>The Chairperson or an independent Non-Executive Director should Chair the nominations committee</p>	<p>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.</p>

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 30 April 2020 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.

Finance and Use of Resources

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

Area	Metric	February 2020 Score
Financial Sustainability	Capital Service Capacity	4
	Liquidity	3
Financial Efficiency	I&E Margin	4
Financial Controls	Distance From Financial Plan	1
	Agency Spend	1
Overall Scoring		3



Signed:
Yvonne Ormston MBE
Chief Executive

Date: 24 June 2020

Modern Slavery and Human Trafficking Act 2015 Annual Statement 2019/20

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 £297m and we have a workforce of around 4658 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.

Yvonne Ormston

Signed:

Yvonne Ormston MBE

Chief Executive

Date: 24 June 2020

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*.

Yvonne Ormston

Signed
Yvonne Ormston MBE
Chief Executive

Date: 24 June 2020

Annual Governance Statement 2019/20

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 2020 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 the Chief Executive Officer, Board of Directors, Business Unit Associate Directors, Heads of Service, Business Unit Service Line Managers, Clinical Leads, and staff are set out in the Trust's Risk Management Policy. In addition, there are clear terms of reference for Board committees, including the Quality Governance Committee (QGC), which is the co-ordinating committee for risk, supported by the Finance and Performance Committee, Human Resources Committee and the Audit Committee.

The Trust has a robust induction and mandatory core skills programme to ensure that all staff across the organisation are trained and equipped to manage risk appropriate to their role. Overarching awareness of risk management is provided for all new staff within the Trust's organisation wide induction programme. This reflects on what can go wrong, how we aim to manage risks to prevent this, the importance of reporting incidents where things do go wrong, or could have gone wrong (near misses), and how we learn lessons from these.

Risk management training is provided for all staff annually via the Trust's mandatory core skills programme, this includes the Trust Board. Relevant further training is provided to staff and the Trust Board as required, based on issues that are current. Specific training relevant to certain types of risk is also delivered to staff, these include Information Governance and Health & Safety training as well as role specific training focussing on risk assessments and controls that staff need to understand and successfully implement. Additional training to relevant staff has been provided on the use and management of risk registers, undertaking investigations, the Board Assurance Framework and Duty of Candour. A number of risk management policies are in place and are regularly reviewed; they are supported by the Corporate Risk Manager and Business Unit Risk Managers who provide day to day advice and guidance on risk management to staff as required. 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, good practice bulletins and SafeCare briefings.

COVID-19

The emergence of COVID-19 in the latter part of 2019/20 has not in itself affected the overall system of control in the Trust. However, the Trust was challenged to respond to the COVID-19 pandemic and in this respect the pandemic had an impact 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 to focus on the management of COVID-19. Early planning and decision making with strategic, tactical and operational levels was implemented to maintain overall control and manage risk. The board committees were stood down and a COVID-19 board was established to manage the control environment. A COVID-19 risk register was developed to manage associated risks. Notably business continuity was affected as non COVID healthcare was reduced, workforce absence increased and significant redesign of services was required to meet COVID-19 capacity demands. Recovery, emergency planning and business continuity issues will continue to impact after the year end into 2020/21 and these are identified in the emerging risks.

The risk and control framework

The Trust's Risk Management Strategy sets out the framework for the management of risk including how risks are identified, evaluated and controlled. The strategy expired at the end of 2019, however the Trust Risk Management Policy continues to provide the internal control regarding the Trust's approach to risk management. The development of the new Risk Management Strategy for 2020-2023 is underway, although temporarily delayed by Covid-19, which contains a clear risk appetite statement, defining the Board's strategic approach to risk-taking by defining boundaries and risk tolerance thresholds and setting out what the Trust plans to achieve in terms of risk management over the next three years.

Risks are identified in a number of ways, this is primarily through the risk owners' own evaluation of their area or service, but can also be as a result of other indicators, such as performance data, clinical audit, internal audit, incidents, complaints, claims, or local risk assessments.

All risks are evaluated using a risk assessment matrix to assist with scoring. A risk register is used throughout the Trust to record all relevant information, including the description of the risk, initial risk score, current controls, assurances as well as any gaps in control or assurance, the resulting current risk score, actions to formulate a summary risk treatment plan and review dates, and the target risk scores.

The Board Assurance Framework (BAF) identifies 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 have assigned strategic goals within the Board Assurance Framework and these are updated 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. The Trust is currently reviewing how risk appetite can be further embedded in the risk management process.

The Corporate Risk Register, comprising of risks with a score of 15 or more, is reviewed by the Quality Governance Committee and Trust Board.

Internal Audit review and report on control, governance and risk management processes to provide robust assurance. A comprehensive audit programme is in place and reviewed each year to maintain the ongoing programme by Internal Audit. Any reports which identify remedial action have a management action plan put in place with a target date and is reviewed until all actions are completed. This is monitored by the Audit Committee.

The Trust's risk framework includes a Risk and Patient Safety Council that meets on a bi-monthly basis and reports to the Quality Governance Committee. Chaired by the Director of Nursing, Midwifery and Quality, the Council acts as the operational forum for risk management, providing scrutiny, challenge and support for risk management throughout the Trust, with a focus on managing risk effectively through the risk register process. The Quality Governance Committee is the overarching committee responsible for risk, however the Human Resources Committee reviews workforce risks and the Finance and Performance Committee reviews financial and performance related risks. Risks relating to data security are monitored by the Digital Programme Board chaired by the Chief Information Officer, which reports to the Finance and Performance Committee. In addition risk reports are produced and provide relevant risks for discussion at other meetings; for example Safeguarding Committee, Infection Prevention and Control Committee.

The quality of performance information is assessed through a rolling multi-year programme of audit; data quality spot-checks and review against updated guidance. In 2019/20 the Dementia Assessment and Referral performance information standard was audited, with a finding of reasonable assurance.

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.

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 September 2020. Prior to this, the toolkit was audited by AuditOne in January 2020 and the final report highlighted one action regarding IG training compliance figures. The Trust position on the 31 March 2020 was that only the following standards were non-compliant:

- Assertion 3.3.1 'At least 95% of all staff has completed their annual data security awareness training in the period 1 April to 31st March.' The Trust has been fully focussed on achieving this figure by devising two action plans, targeted emails to Service Line Managers, managers and individuals; compilation and distribution of a workbook as an extra option for those staff finding it difficult to complete the training online; communications through QE Weekly, Staff Bulletin, Screen savers and Information Governance Assurance Group (IGAG) reporting. In addition, weekly reports were presented to Central Management Team (CMT) to support the performance management of this target.
- Assertion 7.1 and 7.2 'A tested business continuity plan is in place to respond to threats to data security, including significant data breaches or near misses'. The Planned Business Continuity Planning (BCP) exercise on 10th March 2020 was cancelled due to COVID-19 but is in line to be completed by the revised deadline of the 30th September 2020.

Update on clinical risks identified for 2019/20

- Financial challenge: There is a risk to the delivery of high quality services to patients within the financial resources available.

The Quality Governance Committee has oversight on all aspects of quality and safety. Robust processes are in place to monitor quality performance, safety and risk. Any changes of trends are acted on and improvement plans put in place and monitored. A Quality Impact Assessment process continued to be in place in 2019/20 with regular Quality Impact Assessment meetings with the Programme Management Office team and the Medical Director and Director of Nursing, Midwifery and Quality.

- Workforce: There is a risk to maintaining a safe and effective workforce and ensuring sustainability of services into the future.

Detailed workforce plans are in place at Service Line level and incorporated into business plans as well as internal business cases where required. A robust recruitment and retention strategy for nurses was developed and the Trust participated in a national collaborative with to support implementation of national guidance from NHS Improvement.

- Resilience: There is a risk that we do not have the operational resilience and capacity to meet growing demand and function safely and effectively in periods of surge.

The Trust implemented a comprehensive and robust winter plan. Additional escalation areas were opened to enable additional capacity during times of surge and staffing plans were reviewed on a daily basis to ensure safety. The Trust escalation plan focused on the implementation of actions detailed in the national escalation framework 'OPEL' (Operational

Pressures Escalation Levels). Appropriate and timely actions from the full capacity protocol were implemented.

Update on non-clinical risks identified for 2019/20

- Delivering the internal efficiency savings target of £8.9m was inherent to the delivery of the 2019/20 financial control total of breakeven, and as per previous years receipt of non-recurrent national funding (Provider Sustainability Fund (PSF)/ (FSF) was dependent upon delivery of the financial position at year end.
- Cash and cash flow again presented a risk for 2019/20 and was dependent upon delivery of the efficiency programme and receipt of PSF/FSF funding. It was anticipated that further central support may be required during the year, but the Trust worked closely with the CCG to manage cash flow as effectively as possible.

The Trust has effectively managed its resources during the year internally and with the CCG, as a result it was not necessary to apply for central cash support.

- The plan includes £4m of local system support. Whilst the principles of system working have been agreed with partners, there was no firm guarantee that the ICS can support the Trust to this level, and this therefore, represented significant risk to delivery of the financial position.

Following robust and lengthy discussions with system partners and NHSI/E the £4m support was received through a change in control total which allowed the Trust to hit its financial performance target.

2020/21 major clinical risks

The following major clinical risks have been identified:

- The Trust is required to deliver Transformation programme with an efficiency element without compromising quality, performance or patient experience.
- Potential inability to meet increased demand for services and maintain operational resilience, resulting in a negative impact on capacity and capability to deliver high quality services arising from in year activity surges and winter pressures (operational resilience).
- Ongoing challenges to recruit a competent and skilled workforce to meet patient care requirements due to reduced numbers of available clinical staff to fill vacant posts.
- Potential inability to restart non-covid services in a timely way, thereby potentially impacting on patient outcomes.
- Potential inability to manage demand and redesign of services required to respond to the unpredicted future of COVID-19 health needs.
- Potential inability to fully sign off the CQC non-compliance breaches resulting in inability to improve on the current CQC rating for Mental Health Services and move them to be rated as 'Good'.

2020/21 major Non clinical risks

The following major clinical risks have been identified:

- The uncertainty of the financial framework that will apply for the remainder of 2020/21 is a risk for the Trust (along with all other FTs). The implications are therefore as yet unknown
- Despite the uncertain framework it is clear that the financial pressures and the need to provide effective and efficient services remains. Therefore the Trust will continue to need a transformation plan that will deliver this. Given the current situation, it is a risk that the Trust will be able to deliver this as staff are fully engaged managing the pandemic, new ways of working and winter pressures.
- The limited capital spend available to the Trust will be a risk for 2020/21. In particular 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

The Trust has developed an action plan to enhance the organisation's delivery of the CQC well-led criteria, which is overseen by the Board. Key actions include the delivery of an annual programme of 'well-led walkabouts' by executive directors to wards and departments to support visible senior leadership. During 2019/20 a number of staff networks were established in order to improve engagement with under-represented groups to influence policy within the Trust, improve staff experience and facilitate a more culturally inclusive organisation. There is ongoing work to refresh the People Strategy and also to review and refresh the Trust's strategic aims and objectives in line with the NHS Plan.

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, Audit Committee and Risk Management Committee all play a role in ensuring 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.

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 Incident Reporting Policy.

The Trust minimises and manages risks through the risk assessment process, to protect the quality of services provided, reduce harm, maximise the resources available for patient services and care and protect the Trust's reputation.

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 policy incorporates 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 went 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 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.

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. During 2019/20 representatives have been recruited to a number of initiatives including the Values Based Recruitment working group and the Outpatients Transformation programme.

The Trust recognises that the delivery of high quality and respectful care is dependent upon a skilled and effective workforce. 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. Throughout the year The Trust work towards this through recognising, involving and developing staff, in order to ensure we are a high quality, patient focused organisation. Despite financial pressures facing all NHS organisations, we are still committed to training and supporting staff to reach their full potential, and to attracting and retaining the best calibre of people to provide our services.

The workforce goals are underpinned by a robust workforce strategy which is actively monitored by the Workforce Committee. The purpose of the committee is to provide assurance to the Board on the quality and impact of the workforce strategies which include: organisational development, recruitment and retention, learning, health and wellbeing, reward and recognition; and diversity and inclusion. Each arm of the strategy has an implementation plan; the achievements of the plans are monitored via the workforce committee.

Both the workforce strategies and plans consider the 'NHS Improvement Developing Workforce Safeguards' standards.

The standard workforce metric 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 and escalation.

The Foundation 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 2019/20. 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 2019/20.

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 constitution and terms of reference of all Board Committees are reviewed periodically and any proposed amendments are subject to Board approval. The assurance reports of Board Committees are presented to the Board by the Chair of the Committees as standing agenda items.

Internal Audit has provided a 'Good level of assurance' over the Board Assurance Framework (BAF), providing assurance that there is a high level of compliance with the control framework, and risks identified are managed effectively. Only minor remedial action is required.

The responsibilities of Directors and Committees

All Executive and Associate 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 is the strategic lead for clinical audit, GIRFT and mortality;
- The Medical Director and Director of Nursing, Midwifery and Quality are the strategic leads for risk, clinical governance, infection prevention and control, patient safety and patient experience;
- The Director of Nursing, Midwifery and Quality is the strategic lead for safeguarding;
- A nominated Non-Executive Director is the Chair of the Quality Governance Committee;
- The Group Director of Finance is the strategic lead for financial risk and the effective co-ordination of financial controls throughout the Trust;
- The Chief Information Officer, nominated as the SIRO is the strategic lead for Information, Cyber, Information Technology, Health Records and Information Governance risks;
- The Director of Clinical Support and Screening Services is responsible for emergency preparedness and non-clinical (health and safety) risks;
- The Commercial Director is responsible for QEF, the Trust's wholly owned subsidiary and commercial activity.
- The Director of Strategy and Transformation is the lead for strategy, performance, Human Resources Committee, workforce risks, and Charitable Funds; and
- The Associate Directors are responsible for managing risks within the Business Units.

The Trust has a strong, effective Board comprising eight Non-executive Directors (including the Trust Chairman) and five Executive Directors (including the Chief Executive). 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.

Non-executive Directors are appointed for an initial tenure of up to three years following which re-appointment processes apply.

Induction training is provided for new Board members and separate Board time out events are held to provide a forum for strategic debate and to broaden understanding of key issues impacting upon the Trust's delivery of objectives.

The Trust has appointed the Vice Chairman of the Trust as the Senior Independent Director to be available to Governors and Members if they have concerns, which contact through the normal channels of Chairman, Chief Executive or Trust Secretary has failed to resolve, or for which such contact is inappropriate.

Reporting lines and accountabilities between the Board, its Committees and the Executive Team

There is a comprehensive Board Committee structure which provides for assurance on:

- Quality Governance;
- Finance and Performance;
- Human Resources;
- Audit;
- Remuneration; and
- Charitable Funds.
-

There are agreed terms of reference for the Trust Board and its Committees and the role of Directors within Committees are clarified. Clear reporting lines are in place for all of the Board Committees and each Committee has both Executive and Non-executive members (except the Audit and Remuneration Committees). Relevant issues are discussed in detail at each Board Committee and significant issues raised to Board level. There are regular Trust Board reports on: quality, risk, finance and performance. All Committees have procedures in place to escalate risk to the Board through assurance reports from the Chair of each Committee. All Committees are focused on seeking assurance that action is being taken and achieving desired outcomes where risks and issues are identified. Each Committee reviews the Board Assurance Framework for the principal objectives within their remit.

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

The submission of timely and accurate information to assess risks to compliance with the Trust's licence and the degree and rigour of oversight the Board has over the Trust's performance.

The Board of Directors meets regularly. Part 1 Board agendas and papers are made available to all Governors and Governors receive regular information on Clinical and Corporate Governance, Performance, Finance, Quality and Patient Safety.

The Board agenda is balanced and focuses on:

- Strategy;
- Finance and performance;
- Quality, safety and risk;
- Making decisions and receiving information;
- Matters for assurance; and
- Matters internal to the organisation and external stakeholders.

On an annual basis, as part of the annual planning process, the Trust Board is required to identify the key strategic priorities and a number of corporate objectives for the Trust incorporating national and local priorities. The risks and potential risks to the non-delivery of the corporate objectives are set out in a Board Assurance Framework. The Board Assurance Framework and the Corporate Risk Register are presented for consideration by the Board every quarter to provide assurance that the risks are relevant, up to date and controls and assurances are in place. Where gaps in controls and assurance exist actions

have been identified. The document is developed through input from the executive directors and senior managers and is informed by the Risk Register.

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.

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>

During 2019/20 the Trust's overall financial performance was monitored and managed on a regular basis by the Trust's Senior Management Team, the Financial Sustainability Board, the Finance and Performance Committee and the Board of Directors. The Board, supported by its Finance and Performance Committee, reviews key aspects of financial and operational performance of the Trust in detail on a monthly basis.

As discussed previously the financial framework for the last 8 months of 2020/21 are as yet unknown and the requirement for cost improvement has been temporarily set aside as Trust are being managed to breakeven. 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.

The 2018/19 Reference Cost Index did deteriorate compared to the previous year but remains 4% lower than the average demonstrating a good level of internal efficiency. The level of potential efficiency opportunity from the Model Hospital benchmark remains at a low level but there is further work to do here, particularly in light of the disappointing Use of Resources Assessment result. Model hospital and the Reference Cost Index indicate the increasing challenge that, as a relatively small/medium sized District General Hospital (DGH), the Trust faces to deliver financial sustainability.

The Trust continues to refine NHS Improvement costing guidance (receiving good assurance from NHS Improvement) to underpin the production of detailed Patient Level Costing and Information Service and Service Line Reporting (SLR) information, to provide the information to identify and drive further efficiency opportunities.

Information governance

There are formal reporting arrangements in place throughout the Trust to mitigate information risk in accordance with NHS Information Governance requirements. All Information Governance incidents are reported through the Trust's incident reporting system, Datix.

Post adoption of the EU General Data Protection Regulation (GDPR) in May 2018, it is now 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 2019-20		
Datix		
Total	Closed	Under Investigation
111	96	15
ICO		
Total	Closed	Under Investigation
3	3	0

Datix Incident ID	ICO Ref	Service	Summary of Incident	ICO Outcome
71305	IC-37350-L5S8	Paediatrics	Paediatric handover sheet found in a shop	No further action
59518	IC-14114-J9V7	Endoscopy	Incorrect discharge documents given out	No further action
38812	IC-32348-R5N2	West Locality Team	Worksheet misplaced – outside of the Trust	No further action

Data quality and governance

The Trust has continued to iteratively develop its data reporting functionality, introducing new live bed dashboards providing greater visibility to all staff. The introduction of new elements of the Trust’s electronic patient record has itself improved data quality. In 2019/20 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. The Trust has participated in the NECS elective care data support diagnostic project and will receive feedback on themes of data quality issues to guide future improvement work.

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 Information Governance 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 risk/clinical governance/quality committee, if appropriate] 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 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 2019/20 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.

Yvonne Ormston

Signed

Yvonne Ormston MBE

Chief Executive

Date: 24 June 2020

Annual Accounts 2019/20

Foreward to the Accounts

These accounts for the year ended 31 March 2020 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.



Yvonne Ormston OBE
Chief Executive

Date: 24 June 2020

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 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity 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 HM Treasury's Financial Reporting Manual (FRoM) 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 state of Gateshead Health NHS Foundation Trust's and Group's affairs as at 31 March 2020 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the Department of Health and Social Care's Group Accounting Manual 2019/20 and the directions under paragraphs 24 and 25 of Schedule 7 of the National Health Service Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Accountable Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Accountable Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Overview of our audit approach

Key audit matters	<ul style="list-style-type: none"> • Going concern • Valuation of land and buildings • Risk of fraud in revenue and expenditure recognition
Materiality	<ul style="list-style-type: none"> • Overall materiality of £5.9m, which represents 2% of group operating expenses.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Going concern</p> <p>In March 2020 operational planning processes for the 2020/21 financial year were suspended across the NHS. At the same time, it was announced that commissioners would agree funding arrangements with providers for the period 1 April 2020 to 31 July 2020 on a block basis. Providers were also informed that they would be reimbursed for additional expenditure incurred responding to Covid-19.</p> <p>Details of the funding arrangements which will be in place after 31 July 2020 have not yet been announced. In the absence of known funding arrangements beyond 31 July 2020, management have had to carefully consider the assumptions and information upon which they assess whether the Trust is a going concern.</p>	<p>We asked the Trust to prepare a cash flow forecast extending for at least 12 months from the end of June 2020. The Trust produced two forecasts extending to the end of June 2021, one assuming that the current 2020/21 funding regime will cease at the end of July 2020, the second assuming the current funding regime will extend to the end of March 2021.</p> <p>We held discussions with senior management to discuss their cashflow forecasts.</p> <p>We agreed projections in the cash flow forecasts to external support or other corroborating evidence.</p> <p>We challenged the reasonableness of the assumptions made in the forecasts using our own cumulative knowledge of both the Trust and its wider operating environment, including the consistency with other information provided to senior management, and agreed the assumptions made to external support or other corroborating evidence.</p> <p>We considered the extent to which management's forecasts included</p>	<p>We highlighted to the Audit Committee the fact that funding arrangements beyond July 2020 have not been finalised, along with the assumptions used by management when assessing going concern in the absence of these arrangements.</p> <p>We highlighted that management's forecasts anticipate a reducing cash position, but noted that management's more pessimistic scenario still had a positive cash balance at the end of June 2021.</p> <p>We confirmed our review of management's cashflow forecasts had not identified any bias or inconsistency with previous financial statements.</p> <p>The main financial and operational consequence of Covid-19 on the Trust is the impact on patient demand and funding arrangements. The certainty of what their funding arrangements look like going forward is reduced. This has been disclosed in their revised Going Concern note and procedures performed to determine the impact of a range of outcomes impacting the cash flows</p>

Risk	Our response to the risk	Key observations communicated to the Audit Committee
	<p>uncertain income streams and the achievability of assumed efficiency savings.</p> <p>We considered the going concern narrative included within Note 1 to the financial statements and ensured it described the lack of certainty to funding arrangements within the NHS beyond July 2020.</p>	<p>and future financial plans.</p>
<p>Valuation of land and buildings</p> <p>Land: £3.9m (2018-19: £3.9m)</p> <p>Buildings: £101.1m (2018-19: £102.6m)</p> <p>The Trust engaged Cushman and Wakefield to undertake a desktop valuation of the estate. Land was valued on comparables market data. Buildings were uplifted by indexation and adjusted for anticipated physical deterioration and any significant expenditure on the building.</p> <p>Due to the impact of the Covid-19 pandemic, Cushman and Wakefield considered that they could attach less weight to previous market evidence and published build cost information. Their valuations were therefore provided to the Trust on the basis of a material valuation uncertainty, in accordance with VPS 3 and VPGA 10 of the Royal Institution of Chartered Surveyors (RICS) Red Book Global.</p>	<p>We obtained a copy of the Cushman and Wakefield report and agreed the financial statements to the valuations provided. We also considered the competence, capability and independence from management of Cushman and Wakefield when making their valuations.</p> <p>We compared the assumptions used for the valuations as at 31 March 2020 to those used for the valuations as at 31 March 2019 to confirm that where assumptions had changed from the prior year, there was appropriate justification.</p> <p>We recalculated the indexation uplift applied by Cushman and Wakefield with reference to the RICS Building Cost Information Service 'All In' Tended Price Index.</p> <p>We considered, in light of the nature of the Trust's assets and the valuation methodology used, the extent of uncertainty likely to be introduced to the valuation of the Trust's land and buildings as a result of factors arising from Covid-19.</p> <p>We noted that all of the Trust's buildings are deemed to be specialised properties and are valued using depreciated replacement cost. We assessed the level of uncertainty as likely to be lower for depreciated replacement cost valuations than for other types of valuations. We confirmed this assessment with our own EY Real Estate valuation specialists.</p>	<p>As in 2018-19, we highlighted to the Audit Committee some of the key assumptions applied in valuing the Trust's land and buildings. This included the circumstances around the exclusion of VAT from the valuations and the fact that asset lives used for valuation purposes are not the same as those used for accounting purposes.</p> <p>We highlighted to the Audit Committee that the Trust's external valuer had provided their valuation on the basis of a material valuation uncertainty.</p> <p>We confirmed to the Audit Committee that, in our view, the financial statements adequately disclose the level of uncertainty impacting the valuation of land and buildings at 31 March 2020.</p> <p>We also informed the Committee that our audit report would include additional narrative highlighting these disclosures.</p> <p>We draw attention to Note 1 of the financial statements, which describes the impact of Covid-19 on the valuation of land and buildings. Our opinion is not modified in respect of this matter.</p> <p>There were no other findings arising from our work to report to report to the Audit Committee.</p>

Risk	Our response to the risk	Key observations communicated to the Audit Committee
	<p>We noted the level of uncertainty is likely to be higher for land, which is valued with greater reference to market conditions, however at £3.9m land is not material to the financial statements.</p> <p>We reviewed the disclosures relating to the uncertainty of the valuation of land and buildings within the financial statements for completeness and consistency with our assessment.</p>	
<p>Risk of fraud in revenue and expenditure recognition</p> <p>Group operating revenue: £300.9m (2018-19: £263.2m)</p> <p>Group operating expenses: £297.8m (2018-19: £274.4m)</p> <p>The Trust operates in a challenging financial environment and has historically reported an operational deficit. We therefore assess this risk to lie in the overstatement of revenue and the understatement of expenditure.</p> <p>We evaluated the income and expenditure streams of the Trust and identified those areas where management are more likely to be able to override existing controls as where the risk of inappropriate revenue and expenditure recognition lies. Specifically:</p> <ul style="list-style-type: none"> • income accruals for year end settlements with clinical commissioning groups (CCGs); • significant releases from deferred income; • the capitalisation of expenditure; and • the omission of expenditure from the financial statements. <p>The risk has not substantially changed from the prior year.</p>	<p>We obtained the NHS Agreement of Balances mismatch reports from the National Audit Office to identify any discrepancies between the income and expenditure amounts and year end receivable and payable balances recognised by the Trust and those reported by counterparties.</p> <p>We identified two variances above the £500k threshold set for agreement of receivable and payable balances, and confirmed that the Trust had evidence to support the position they were reporting as part of the Agreement of Balances exercise. We did not identify any variances above the £5m threshold set for income and expenditure.</p> <p>We also performed a review of the cumulative impact of identified variances with all NHS counterparties below these thresholds on the financial statements.</p> <p>We reviewed the profile of income recognition over the year and investigated the cause of movements around the year-end.</p> <p>We agreed a sample of amounts recognised in income during the year, including releases from deferred income, to supporting information to confirm recognition in the current period was appropriate.</p> <p>We obtained a breakdown of</p>	<p>We reported to the Audit Committee that we had investigated variances above the agreement threshold and were content with the amounts recognised by the Trust.</p> <p>We reported to the Audit Committee that the absolute impact of variances below the agreement threshold was immaterial to the financial statements. We also reported that the net position reported by counter-parties would be more beneficial to the Trust than that actually recorded in the financial statements.</p> <p>There were no findings arising from our work to report to the Audit Committee.</p>

Risk	Our response to the risk	Key observations communicated to the Audit Committee
	<p>amounts capitalised during the year and agreed a sample of additions back to supporting information to verify they were capital in nature.</p> <p>We obtained breakdowns of invoices received, and payments made, in April 2020 and agreed a sample back to supporting information to verify the expenditure had been recorded in the correct period.</p>	

In the prior year, our audit report did not include going concern as a key audit matter. We have included this matter this year due to the impact of Covid-19 on NHS operational planning and funding arrangements for the year to 31 March 2021. The other key matters in our audit report are consistent with those reported in our audit report for 2018-19.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Foundation Trust. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Foundation Trust and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Changes from the prior year

There were no significant changes in the scope of our audit from the prior year.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £5.9 million (2019: £5.5 million), which is 2% (2019: 2%) of operating expenses. We believe that operating expenses provides us with an appropriate basis for materiality as it is the key driver of the Group's financial position.

We determined materiality for the Trust to be £5.8 million (2019: £5.4 million), which is 2% (2019: 2%) of operating expenses. We believe that operating expenses provides us with an appropriate basis for materiality for the same reason as for the Group.

During the course of our audit, we reassessed initial materiality and updated our calculations upon the draft financial statements provided for audit.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2019: 75%) of our planning materiality, namely £4.4 million (2019: £4.1 million). We have set performance materiality at this percentage as this is our third year as

auditor and our experience from the previous two years did not cause us to expect a significant volume of audit adjustments.

On the basis of our risk assessments, together with our assessment of the Trust's overall control environment, our judgement was that performance materiality was 75% (2019: 75%) of our planning materiality, namely £4.4 million (2019: £4.0 million). We have set performance materiality at this percentage for the same reason as for the Group.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.27 million (2019: £0.27 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

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.

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.

We read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

We have nothing to report in this regard.

Opinion on other matters prescribe by the Code of Audit Practice issued by the National Audit Office

In our opinion:

- the information given in the performance report and accountability report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the parts of the Remuneration and Staff report identified as subject to audit has been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2019/20.

Matters on which we 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 as required by schedule 10(1)(d) of the National Health Service Act 2006;
- 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 2019/20 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 2019/20 requires us to report to you if in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or

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

We have nothing to report in respect of these matters.

Responsibilities of Accounting Officer

As explained more fully in the Statement of the Chief Executive's Responsibilities as the Accounting Officer of Gateshead Health NHS Foundation Trust, set out on page 73, the Accountable 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 Accountable 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 Accountable 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.

Auditor's responsibilities for the audit of the financial statements

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

Auditor's responsibilities with respect to value for money arrangements

We are required to consider whether the Foundation Trust has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is based on the overall criterion that "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

Proper arrangements are defined by statutory guidance issued by the National Audit Office and comprise the arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

In considering your proper arrangements, we draw on the requirements of the guidance issued by NHS Improvement to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

We are only required to determine whether there are any risks that we consider significant within the Code of Audit Practice which defines as:

"A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public. Significance has both qualitative and quantitative aspects".

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risk there is no requirement to carry out further work. Our risk assessment considers both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders.

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 criterion issued by the Comptroller and Auditor General in April 2020, as to whether the Foundation Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve

planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion 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 2020.

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 financial statements 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 paragraph 24(5) of Schedule 7 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
25 June 2020

Statement of Comprehensive Income

for the year ended 31 March 2020

	Note	Group 2019/20 £000	Trust 2019/20 £000	Group 2018/19 £000	Trust 2018/19 £000
Revenue					
Operating Income from patient care activities	2	267,736	267,323	237,590	237,590
Other operating income	2	33,152	26,163	25,586	18,890
Operating Expenses	3	(297,785)	(293,306)	(274,384)	(270,079)
Operating surplus / (deficit) from continuing operations		3,103	180	(11,208)	(13,599)
Finance Costs					
Finance income	6	181	1,032	141	1,113
Finance expense - financial liabilities	6.1	(836)	(2,435)	(711)	(2,391)
PDC Dividends payable		(2,104)	(2,104)	(2,444)	(2,444)
Net Finance Costs		(2,759)	(3,507)	(3,014)	(3,722)
Other Gains/(Losses)		(48)	(48)	0	0
Corporation tax (expense)/income	5.0	(646)	0	(248)	0
(Deficit) / Surplus from continuing operations		(350)	(3,375)	(14,470)	(17,321)
Surplus / (Deficit) of discontinued operations		0	0	0	0
(Deficit)/Surplus for the financial year		(350)	(3,375)	(14,470)	(17,321)
Other comprehensive income					
Impairments	6.2	(657)	(657)	(4,777)	(4,777)
Revaluations	6.2	0	0	0	0
Other recognised gains and losses		(63)	0	0	0
Actuarial gains/(losses) on defined benefit pension schemes		0	0	0	0
Other reserve movements		(15)	0	71	0
Total Comprehensive Income for the year		(1,085)	(4,032)	(19,176)	(22,098)

The notes on pages 105 to 112 form part of these accounts.

	Group 2019/20 £000	Trust 2019/20 £000	Group 2018/19 £000	Trust 2018/19 £000
Analysis of deficit for the year				
(Deficit)/surplus for the financial period	(350)	(3,375)	(14,470)	(17,321)
Movement in fair value of investment property and other investments	0	0	0	0
Net Impairments	566	566	2,614	2,614
Charitable Funds (surplus/deficit)	168	0	(27)	0
Impact of Capital Donations I&E Impact	(29)	0	166	0
Remove 2016/17 STF Post Accounts Allocation	(292)	(262)	0	0
Surplus/ (Deficit) for the financial period before impairments, revaluations and charitable funds	93	(3,071)	(11,717)	(14,707)

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 Monitor. This Non -GAAP measure has been referred to as 'operational surplus' in the Annual Report.

Statement of Financial Position as at 31 March 2020

	Note	Group 31 March 2020 £000	Trust 31 March 2020 £000	Group 31 March 2020 £000	Trust 31 March 2020 £000
Non-current assets					
Property, plant and equipment	8.1-8.4	116,085	115,698	116,062	115,649
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	19,771	0	23,618
Other Investments (Charitable)	22	972	0	1,107	0
Trade and other receivables	10.1	2,381	1,492	2,396	1,555
Total non-current assets		119,518	153,785	119,645	157,646
Current assets					
Inventories	11.1	4,294	2,155	3,023	1,268
Trade and other receivables	10.1	21,429	23,370	16,627	18,184
Cash and cash equivalents	12	14,551	8,897	9,127	5,870
Total current assets		40,274	34,422	28,777	25,322
Current liabilities					
Trade and other payables	13.1	(38,239)	(36,826)	(27,259)	(26,986)
Borrowings	14.1	(13,635)	(15,313)	(1,410)	(3,483)
Provisions	15	(781)	(781)	(469)	(271)
Other liabilities	13.2	(2,830)	(2,058)	(3,010)	(2,072)
Total current liabilities		(55,485)	(54,978)	(32,149)	(32,812)
Total assets less current liabilities		104,307	133,229	116,273	150,156
Non-current liabilities					
Trade and other payables	13.1	0	0	0	0
Borrowings	14.1	(15,188)	(58,604)	(28,779)	(73,872)
Provisions	15	(2,717)	(2,717)	(2,692)	(2,886)
Other Liabilities	13.2	(2,080)	(757)	(2,156)	(912)
Total non-current liabilities		(19,985)	(62,078)	(33,627)	(77,670)
Total assets employed		84,322	71,151	82,646	72,486
Financed by taxpayers' equity					
Public Dividend Capital		118,208	118,208	115,447	115,447
Revaluation reserve		9,022	9,022	9,743	9,743
Charitable Fund Reserve		1,066	0	1,248	0
Other Reserves		99	99	99	99
Income and expenditure reserve		(44,073)	(56,178)	(43,890)	(52,803)
Total taxpayers' equity		84,322	71,151	82,646	72,486

The financial statements on pages 100 to 146 were approved under designated authority of the Board on 24 June 2020 and signed on its behalf by:

Yvonne Ormston

Yvonne Ormston MBE
Chief Executive

Date: 24 June 2020

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	82,646	115,447	9,742	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	(657)	0	(657)	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 Changes in Taxpayers' Equity 2019/20

	Group						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 2018	100,121	113,746	14,519	1,150	99	(29,393)	92,842	113,746	14,519	99	(35,522)
Changes in taxpayers' equity for 2018/19											
Retained surplus/(deficit) for the year	(14,470)	0	0	27	0	(14,497)	(17,281)	0	0	0	(17,281)
Impairments	(4,777)	0	(4,777)	0	0	0	(4,777)	0	(4,777)	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	71	0	0	71	0	0	0	0	0	0	0
	80,946	113,746	9,742	1,248	99	(43,890)	70,784	113,746	9,743	99	(52,803)
Public Dividend Capital received	2,087	2,087	0	0	0	0	2,087	2,087	0	0	0
Public Dividend Capital repaid	(386)	(386)	0	0	0	0	(386)	(386)	0	0	0
Taxpayers' Equity at 31 March 2019	82,646	115,447	9,742	1,248	99	(43,890)	72,486	115,447	9,743	99	(52,803)

Statement of Cashflows for the year ended 31 March 2020

	Note	Group 2019/20 £000	2018/19 £000	Trust 2019/20 £000	2018/19 £000
Cash flows from operating activities					
Operating surplus /(deficit) from continuing operations		3,103	(11,208)	180	(13,599)
Operating surplus /(deficit) of discontinued operations		0	0	0	0
		3,103	(11,208)	180	(13,599)
Non-cash income and expense:					
Depreciation and amortisation		6,084	5,680	6,034	5,268
Impairment		566	2,614	566	2,614
Reversals of Impairments		0	0	0	0
Non Cash Donations credited to Income	22	(237)	(89)	0	0
Change in Trade and Other Receivables		(4,293)	2,963	(1,276)	6,438
Change in Inventories		(1,271)	(80)	(887)	(114)
Change in Trade and other Payables		10,450	(524)	9,279	265
Change in Other Liabilities		(255)	123	(168)	173
Change in Provisions		328	(92)	341	(91)
Tax (paid)/received		(530)	(473)	0	0
Other movements in operating cash flows		(180)	225	252	(101)
NHS Charitable Funds - working Capital adjustments	22	(28)	19	0	0
Net cash inflows from operating activities		13,737	(842)	14,321	1,213
Cash flows from investing activities					
Interest received		151	107	1,032	1,113
Purchase of Property, Plant and Equipment		(6,579)	(7,537)	(6,579)	(7,498)
NHS Charitable Funds - net cash flow from investing activities	22	150	111	0	0
Net cash outflow from investing activities		(6,278)	(7,319)	(5,547)	(6,385)
Net cash (outflow) / inflow before financing		7,459	(8,161)	8,774	(5,172)
Cash flows from financing activities					
Public dividend capital received		2,761	2,087	2,761	2,087
Public dividend capital repaid		0	(386)	0	(386)
Movement in Loans from the DHSC		(1,356)	10,879	(1,356)	10,879
Movement in Finance Lease		0	0	(2,073)	(2,144)
Loan Interest paid		(837)	(689)	(837)	(689)
Finance Lease Interest		0	0	(1,599)	(1,700)
PDC Dividend paid		(2,603)	(2,676)	(2,603)	(2,676)
Net cash inflow / (outflow) from financing activities		(2,035)	9,215	(5,707)	5,371
Increase in cash and cash equivalents		5,424	1,054	3,067	199
Opening Cash and Cash equivalents at 1 April 2019		9,127	8,073	5,830	5,631
Closing Cash and Cash equivalents at 31 March 2020		14,551	9,127	8,897	5,830

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 2018/19 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 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 carrying out its assessment, the directors have taken into account the statement published by NHS England and NHS Improvement on 27 May 2020. (https://improvement.nhs.uk/documents/6615/Statement_to_support_forecasting.pdf). This states that “the financial statements of all NHS providers and CCG’s will be prepared on a going concern basis unless there are exceptional circumstances where the entity is being or is likely to be wound up without the provision of its services transferring to another entity in the public sector.” It also states that “Providers can therefore continue to expect NHS funding to flow at similar levels to that previously provided where services are reasonably still expected to be commissioned.”

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 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 continues provision of services by the Trust.

The actions taken by the NHS to respond to the COVID-19 pandemic included the suspension in March of operational planning for 2020/21. Contract negotiations and financial plans for the 2020/21 financial year were not concluded and an interim financial framework with simplified contracting and funding arrangements, was introduced for the period April 2020 – July 2020. The financial framework that will apply beyond July 2020 is not yet clear. The directors have considered a range of scenarios to understand the impact of different funding arrangements and funding levels may have. These scenarios have considered cash flows for a period of 12 months from the date of approval of the annual accounts ie until June 2021. In each of these scenarios the Trust is in a positive cash position at the end of the review period.

The directors have also considered the financial governance framework that operates within the Trust and its flexibility and preparedness to respond to financial challenge. The new financial framework introduces greater grip and control and following its introduction during 2019/20 is becoming embedded in the governance of the organisation

Taking into account these planning scenarios and the robust financial framework and governance structures in place within the Trust, the directors have a reasonable expectation that the NHS Foundation Trust will have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts.

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 or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

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. The 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.

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 employers, general practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme 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 IFRS5. 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.

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 economic lives.

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of 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 (ie 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 specialised buildings - market value for existing use
- Specialised buildings - depreciated 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 requirement. 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.

The 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 is on the basis of uncertainties in markets caused by Covid-19. The values in the report have been used to inform the measurement of property assets at valuation in these financial statements. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust. The material Valuation Uncertainty clause is standard throughout the industry and is in accordance with RICS guidance. This is a standard clause and our valuers are of the opinion that the uncertainty associated with valuing the Trust's property assets is 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 is 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 is based on the BCIS 'All' in TIPI 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 expenses, in which case they are recognised in operating income.

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

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

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. 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.

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.

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 are 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 by reference to supplier information.

Financial instruments and financial liabilities

Recognition

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

Classification and measurement

Financial assets and financial liabilities are initially measured at fair value plus or minus directly attributable transaction costs except where the asset or liability is not measured at fair value through income and expenditure. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques. Financial assets and liabilities are subsequently measured at amortised cost.

After initial recognition, these financial assets and financial liabilities are measured at amortised cost using the effective interest method less any impairment (for financial assets). The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability. Interest revenue or expense is calculated by applying the effective interest rate to the gross carrying amount of a financial asset or amortised cost of a financial liability and recognised in the Statement of Comprehensive Income and a financing income or expense. In the case of loans held from the Department of Health and Social Care, the effective interest rate is the nominal rate of interest charged on the loan.

Impairment of financial assets

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets or assets measured at fair value through other comprehensive income, the Trust recognises an allowance for expected credit losses.

The Trust 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 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 as a liability 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.

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 2020.

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.

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, except for (i) donated assets (including lottery funded assets), (ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and (iii) any PDC dividend balance receivable or payable. In accordance with the requirements laid down by the Department of Health and Social Care (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-audit" version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result of the audit of the annual accounts.

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.

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on the 2nd July 2013. Further reductions to 19% (effective from the 1st April 2017) and to 18% (effective from the 1st April 2020) were substantively enacted on the 26th October 2015, and an additional reduction to 17% (effective on the 1 April 2020) was substantively enacted on the 6th September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 March 2019 has been calculated based on these rates.

Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the NHS Foundation Trust has no beneficial interest in them. However, they are disclosed 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, IFRIC4 Determining whether an arrangement contains a lease and other interpretations and is applicable in the public sector for periods beginning 1 April 2021. 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 re-measurement 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 ISA 17 and IFRIC4. 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 of IFRS 16 on 1 April 2021, the Trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the Trust's incremental borrowing rate. The Trust's incremental borrowing rate will be a rate defined by HM treasury. Currently the rate is 1.27% 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 2021 for existing finance leases.

For leases commencing in 2021/2022, 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.

Events after the reporting period (DHSC loans)

On 2 April 2020, the Department of Health and Social Care (DHSC), NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. Given this relates to liabilities that existed at 31 March 2020, DHSC has updated its Group Accounting Manual to advise this is considered an adjusting event after the reporting period for providers. Outstanding interim loans totalling £12.253m as at 31 March 2020 in these financial statements have been classified as current as they will be repayable within 12 months.

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	
	2019/20 Total £000	2019/120 Healthcare £000	2019/20 Total £000	2019/20 Healthcare £000
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

The majority of the Trust's total income from activities is received/derived from CCG's and NHS England. Of the £267.736k reported in 2019/20 (2018/19: £237,590k), an amount of £247,305k ie 92.36% was attributable to CCG's and NHS England (2018/19: £223, 116k ie 93.91%)

	Group		Foundation Trust	
	2018/19 Total £000	2018/19 Healthcare £000	2018/19 Total £000	2018/19 Healthcare £000
Income				
Income from activities	237,590	237,590	237,590	237,590
Other operating income	25,586	25,586	18,890	18,890
Total Operating Income	263,176	263,176	256,480	256,480

Note 2. Income

2.1 Operating Income from activities by classification

	Foundation		Foundation	
	Group	Trust	Group	Trust
	2019/20	2019/20	2018/19	2018/19
	£000	£000	£000	£000
Elective income	30,663	30,663	33,335	33,335
Non elective income	55,159	55,159	51,113	51,113
First Outpatient income	8,588	8,588	9,111	9,111
Follow Up Outpatient income	10,033	10,033	10,748	10,748
Other NHS Clinical income	118,706	118,706	97,606	97,606
A & E income	14,004	14,004	12,311	12,311
Community Income	20,303	20,303	19,300	19,300
Additional income for the delivery of healthcare services	107	107	96	96
Private patient income	651	651	663	663
Additional pension contribution central funding	7,326	6,913	2,580	2,580
Other clinical income	2,196	2,196	728	728
Total Income from Activities	267,736	267,323	237,590	237,590
Research and Development	844	844	772	772
Education and training	7,566	7,537	7,320	7,300
Charitable and other contributions to expenditure	237	237	89	89
Non-patient care services to other bodies	7,883	3,068	7,530	2,428
Sustainability and Transformation Funds	9,455	9,455	3,707	3,707
Other Income	5,200	3,637	4,542	3,564
Rental revenue from operating leases	340	36	346	38
Income in respect of staff costs	946	946	993	993
National Income from Apprentice Fund	436	403	0	0
NHS Charitable Funds incoming resources excluding investment income	245	0	286	0
	33,152	26,163	25,586	18,890
Total Operating Income	300,888	300,888	263,176	256,480

All services are commissioner requested except private patients

2.1.1 Private patient income

Group	2019/20	2018/19
	£000	£000
Private patient income	651	663
Total patient related income	267,736	237,590
Proportion (as percentage)	0.24%	0.28%

Foundation Trust

	2019/20	2018/19
	£000	£000
Private patient income	651	663
Total patient related income	267,323	237,590
Proportion (as percentage)	0.24%	0.28%

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	
	2019/20	2018/20
	£000	£000
Rents recognised as income in the period	340	346
Total	340	346
Future minimum lease payments due		
- not later than one year	340	0
- later than one year and not later than five years	310	998
- later than five years	1,771	2,233
Total	2,421	3,231

2.3 Income from activities by source	Foundation		Foundation	
	Group 2019/20 £000	Trust 2019/20 £000	Group 2018/19 £000	Trust 2018/19 £000
NHS Foundation Trusts	11,690	11,690	10,336	10,336
NHS Trusts	0	0	6	6
CCGs and NHS England	254,631	254,218	223,116	223,116
Local Authorities	107	107	96	96
Department of Health - grants	0	0	0	0
Department of Health - other	0	0	0	0
Department of Health – social care	0	0	2,580	2,580
NHS Other	1	1	81	81
Non-NHS Private patients	651	651	663	663
Non-NHS Overseas patients (non-reciprocal)	0	0	117	117
NHS injury scheme	623	623	609	609
Non NHS other	33	33	(14)	(14)
Additional income for the delivery of healthcare services	0	0	0	0
Total Income from continuing Activities	267,736	267,323	237,590	237,590

Injury cost recovery income is subject to a provision for impairment of receivables of 21.79% to reflect expected rates of collection.

2.4 Other Operating Income	Foundation		Foundation	
	Group 2019/20 £000	Trust 2019/20 £000	Group 2018/19 £000	Trust 2018/19 £000
Research and development	884	884	772	772
Education and Training	7,566	7,537	7,320	7,300
Charitable and other contributions to expenditure	237	237	89	89
Non-patient care services to other bodies	7,883	3,068	7,530	2,428
Sustainability & Transformation Funds	9,455	9,455	3,707	3,707
Rental revenue from operating leases	340	36	346	38
Income in respect of staff costs	946	946	993	993
National income from Apprentice Fund	436	403	0	0
Charitable Funds NHS income excluding investing	245	0	286	0
Car Parking	909	905	904	904
Pharmacy Sales	189	7	197	0
Creche Services	277	277	308	308
Clinical Test Services	396	396	394	394
Clinical Excellence Awards	88	88	88	88
Catering	599	0	585	0
Other (note 2.41)	2,742	1,964	2,065	1,869
Total Other Operating income	33,152	26,163	25,586	18,890

2.4.1 Other Operating Income - Other	Foundation		Foundation	
	Group 2019/20 £000	Trust 2019/20 £000	Group 2018/19 £000	Trust 2018/19 £000
Central Sterile Supplies Department	5	0	6	0
Sponsorship	0	0	120	120
Tyneside Surgical Services	62	62	116	116
Salary sacrifice	418	402	551	521
Other	2,257	1,500	1,271	1,112
Total Other Operating Income - other	2,742	1,964	2,065	1,869

Note 3. Expenses

3.1 Operating expenses comprise:

	Foundation		Foundation	
	Group	Trust	Group	Trust
	2019/20	2019/20	2018/19	2018/19
	£000	£000	£000	£000
Purchase of healthcare from NHS and DHSC Bodies	8,918	8,917	7,619	7,619
Purchase of healthcare from non NHS Bodies	1,566	1,392	1,899	1,591
Staff and Executive Director Costs	193,643	175,783	178,733	162,955
Employee Expenses - Non-executive directors	180	163	176	162
Supplies and services - clinical (excluding drugs costs)	28,588	15,094	25,933	11,938
Supplies and services – general	2,216	48	2,108	18
Establishment	3,069	1,932	3,299	2,160
Research and development - (Not included in employee expenses)	44	44	0	0
Research and development - (included in employee expenses)	671	671	572	572
Change in Provisions discount rates	214	214	34	34
Transport (Business travel only)	856	774	829	743
Transport (Other)	610	169	369	117
Premises	14,062	54,708	12,467	48,807
Increase/(decrease) in bad debt provision	359	471	108	(47)
Drugs Inventories consumed	16,939	11,391	16,963	13,487
Operating Lease Expenditure Net	3,032	731	2,873	1,163
Depreciation on property, plant and equipment	6,084	6,084	5,680	5,628
Net Impairments of Property, Plant & Equipment	566	566	2,614	2,614
Audit fees				
*audit services - statutory audit	58	51	58	50
Other auditors' remuneration				
Other services	8	8	8	8
Audit Fees payable to external auditor of charitable funds accounts	4	0	4	0
Clinical negligence	5,758	5,758	5,846	5,846
Legal Fees	193	191	299	258
Consultancy Costs	58	57	223	140
Internal Audit costs- (not included in employee expenses)	228	170	233	151
Training, courses and conferences	1,408	1,029	993	646
Car parking & Security	234	25	194	0
Voluntary Severance Payments	0	0	0	0
Redundancy	3,972	3,972	75	75
Insurance	225	46	231	74
Other Services	2,359	2,367	1,929	1,929
NHS Charitable funds other resources expended	439	0	289	0
Other	1,224	530	1,725	1,340
	297,785	293,306	274,384	270,079

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

3.2 Operating leases

Payments recognised as an expense

Group & Foundation Trust

	2019/20	2018/19
	£000	£000
Minimum lease payments	4,169	4,060
Sub-lease payments *	(1,137)	(1,187)
	<u>3,032</u>	<u>2,873</u>

Total future minimum lease payments

	2019/20	2018/19
	£000	£000
Payable:		
Not later than one year	3,276	2,970
Between one and five years	3,372	3,098
After 5 years	94	30
Total	<u>6,742</u>	<u>6,099</u>

* 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

	2019/20	2018/19
	£000	£000
Total liability accruing in the year under this legislation as a result of late payments	6	200

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

	2019/20		2018/19	
	Number	£000	Number	£000
Total bills paid in the year	31,103	125,795	32,728	129,531
Total bills paid within target	23,677	112,237	17,669	105,630
Percentage of bills paid within target	76.1%	89.2%	54.0%	81.5%

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			
	2019/20 Total	Permanently Employed	Other	2018/19 Total	2019/20 Total	Permanently Employed	Other	2018/19 Total
	£000	£000	£000	£000	£000	£000	£000	£000
Salaries and wages	151,435	144,813	6,622	145,647	137,315	131,318	5,997	132,297
Capitalised Salaries and wages	1,442	1,442		1,283	1,442	1,442		1,092
Social Security Costs	14,052	13,550	503	13,589	12,871	12,416	455	12,482
Apprenticeship Levy	701	676	25	674	630	608	22	610
Pension costs - defined contribution plans Employers' contributions to NHS Pensions	16,720	16,121	600	16,140	15,780	15,209	571	15,157
Pension cost – employer contributions paid by NHSE on provider's behalf (6.3%)	7,326	7,064	262	0	6,913	6,666	247	0
Pension costs – other	47	47		0	47	47	0	0
External Bank	285	0	285	0	285	0	285	0
Agency/contract staff	3,977	0	3,977	3,500	2,612	0	2,612	2,982
NHS Charitable Funds staff	0	0	0	0	0	0	0	0
Termination Benefits	3,972	3,972	0	75	3,972	3,972	0	75
Total Gross Staff Costs	199,957	187,685	12,274	180,908	181,867	171,678	10,189	164,695

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			
	2019/20 Total Number	Permanently Employed Number	Other Number	2018/19 Total Number	2019/20 Total Number	Permanently Employed Number	Other Number	2018/19 Total Number
	Medical and dental	408	402	6	387	408	402	6
Ambulance staff	0			0	0			0
Administration and estates	884	868	16	877	727	711	16	729
Healthcare assistants and other support staff	880	880	0	836	508	508	0	483
Nursing, midwifery and health visiting staff	1,209	1,103	106	1,283	1,208	1,102	106	1,282
Healthcare scientists	348	348	0	410	338	338	0	397
Scientific, therapeutic and technical staff	421	419	2	364	421	419	2	363
Other *	29	29	0	28	20	20	0	23
Total	4,179	4,049	130	4,185	3,630	3,500	130	3,665

* Other relates to Apprentices employed by the Trust

4.3 Staff Exit Packages

Exit package cost band	2019/20 Group				2018/19 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 non compulsory departures agreed	Cost of non compulsory departures agreed £000s
< £10,000	10	73	21	23	0	0	11	45
£10,001 - £25,000	9	180	0	0	0	0	2	32
£25,001 - £50,000	20	750	0	0	2	75	0	0
£50,001 - £100,000	17	1,146	0	0	0	0	0	0
£100,001 - £150,000	4	461	0	0	0	0	0	0
£150,001 - £200,000	5	877	0	0	0	0	1	151
> £200,001	2	485	0	0	0	0	0	0
Total	67	3,972	21	23	2	75	14	228
Redundancy	67	3,972	0	0	2	75	0	0
Voluntary Severance Scheme	0	0	0	0	0	0	0	0
Total	67	3,972	0	0	2	75	0	0

5. Corporation Tax

	Group 2019/20 £000	Group 2018/19 £000
UK corporation tax expense	665	468
Adjustments in respect of prior years	0	34
Current tax expense	665	502
Origination and reversal of temporary differences	88	(242)
Change in tax rate	(103)	(12)
Adjustment in respect of previous years	(4)	0
Deferred tax charge/ (credit)	(19)	254
Total income tax (income)/expense in Statement of Comprehensive Income	646	248
The Foundation trust has no corporation tax expense (2019/20 £nil)		
Reconciliation of effective tax rate	2019/20 £000	2018/19 £000
Surplus for the year	3,313	2,784
Total tax (income)/expense	646	248
	3,959	3,032
Tax using the UK corporation tax rate of 19% (2019:19%)	752	576
Adjustments to current tax charge in respect of prior years	(4)	(321)
Tax exempt revenues	0	5
Recognition of previously unrecognised deferred tax asset	0	0
Change in tax rate	(103)	(12)
Other	1	
Total tax (income) expense	646	248

6. Finance Income

	Group 2019/20 £000	Foundation Trust 2019/20 £000	Group 2018/19 £000	Foundation Trust 2018/19 £000
Interest received on commercial bank accounts	151	151	107	107
NHS Charitable Funds Investment Income	30	0	34	0
Intragroup Loan Interest	0	881	0	1,006
	181	1,032	141	1,113

6.1 Finance Expense

	Group	Foundation	Group	Foundation
	2019/20	Trust	2018/19	Trust
	£000	2019/20	£000	2018/19
		£000		£000
Finance Leases - external	0	0	0	0
Finance Leases - inter group	0	1,598	0	1,702
ITFF Loan	836	837	711	689
	836	2,435	711	2,391

6.2 Impairment / Revaluation of Assets

	Group & Foundation Trust	
	2019/20	2018/19
	£000	£000
Gross Impairment	(1,224)	(7,391)
(Impairment)/Reversal of impairment	566	2,614
Increase/(Decrease) in valuation of assets	0	0
Total Impairment / (Revaluation)	(658)	(4,777)

In 2019/20 £0.566m has been debited to operating expenses and £0.658m debited as an impairment in other comprehensive income.

In 2018/19 £2.614m has been debited to operating expenses and £4.777m debited as an impairment in other comprehensive income.

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

Note 8. Property, plant and equipment - Group

8.1 Property, plant and equipment 2019/20

	Total	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and Machinery	Transport Equipment	Information Technology	Furniture & fittings
2019/120	£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	0	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 - 31 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 Prior Year - 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

Note 8. Property, plant and equipment

8.2 Property, plant and equipment 2019/20 – 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
	£000	£000	£000	£000	£000	£000	£000	£000	£000
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 2019	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.

8.3 Property, plant and equipment 2018/19 Group

	Total	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and Machinery	Transport Equipment	Information Technology	Furniture & fittings
2018/19	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2018	192,967	4,214	151,159	0	0	20,817	151	16,375	251
Additions purchased	6,792	0	2,031	0	0	1,297	0	3,483	0
Additions donated	89	0	0	0	0	89	0	0	0
Impairments	(4,777)	0	(4,777)	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	0	0	0	0	0	0	0	0	0
Cost or valuation at 31 March 2019	195,072	4,214	148,413	0	0	22,184	151	19,858	251
Accumulated Depreciation at 1 April 2018	70,716	1,990	39,595	0	0	15,938	63	12,948	182
Provided during the year	5,680	0	1,893	0	0	1,813	22	1,915	37
Impairments	0	0	0	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	2,614	(1,705)	4,319	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	0	0	0	0	0	0	0	0	0
Accumulated Depreciation at 31 March 2019	79,010	285	45,807	0	0	17,751	85	14,863	219
Net book value at 31 March 2018									
- Owned	121,243	2,225	111,428	0	0	3,996	89	3,436	69
- Finance lease	0	0	0	0	0	0	0	0	0
- Donated	1,009	0	133	0	0	873	0	3	0
Total NBV at 31 March 2018	122,252	2,225	111,561	0	0	4,869	89	3,439	69
Net book value at 31st 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

8.3 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 2019	106,535	3,930	102,605	0	0	0	0	0	0
- Unprotected assets at 31 March 2019	9,527	0	0	0	0	4,433	66	4,996	32
Total at 31 March 2019	116,062	3,930	102,605	0	0	4,433	66	4,996	32

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.

8.4 Prior Year - 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 2019	106,535	3,930	102,605	0	0	0	49	0	0
- Unprotected assets at 31 March 2019	9,527	0	0	0	0	4,433	66	4,996	32
Total at 31 March 2019	116,062	3,930	102,605	0	0	4,433	66	4,996	32

Note 8. Property, plant and equipment Trust
8.4 Property, plant and equipment 2018/19

	Total	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and Machinery	Transport Equipment	Information Technology	Furniture & fittings
2018/19	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2018	192,477	4,214	150,927	0	0	20,796	63	16,226	251
Additions purchased	6,753	0	1,991	0	0	1,279	0	3,483	0
Additions donated	89	0	0	0	0	89	0	0	0
Additions – transfer of assets from QE Limited	0	0	0	0	0	0	0	0	0
Impairments	(4,777)	0	(4,777)	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	0	0	0	0	0	0	0	0	0
Cost or valuation at 31 March 2019	194,542	4,214	148,141	0	0	22,164	63	19,709	251
Accumulated Depreciation at 1 April 2018	70,652	1,990	39,595	0	0	15,940	50	12,894	183
Provided during the year	5,628	0	1,890	0	0	1,808	8	1,884	37
Transfer of assets from QEF Limited	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	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	2,614	(1,705)	4,319	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	0	0	0	0	0	0	0	0	0
Accumulated Depreciation at 31 March 2019	78,893	285	45,804	0	0	17,748	58	14,778	220
Net book value 31 March 2018									
- Owned	102,690	2,224	93,072	0	0	3,983	13	3,329	69
- Finance lease	18,128	0	18,128	0	0	0	0	0	0
- Donated	1,009	0	133	0	0	873	0	3	0
Total NBV at 31 March 2018	121,827	2,224	111,332	0	0	4,856	13	3,332	69
Net book value at 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

8.4 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 2019	106,267	3,930	102,337	0	0	0	0	0	0
- Unprotected assets at 31 March 2019	9,382	0	0	0	0	4,414	5	4,931	32
Total at 31 March 2019	115,649	3,930	102,337	0	0	4,414	5	4,931	32

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 2019		80
At 31 March 2020		80
Net Book Value		
at 31 March 2020		80
	Group	
	2019/20	2018/20
	£000	£000
Carrying value at 1 April 2019	80	80
<i>Carrying value at 31 March</i>	<u>80</u>	<u>80</u>

8.6 Economic life of Property, Plant and Equipment

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

8.7 Profit / Loss on Disposal of Fixed Assets

Group & Foundation Trust

Profit / Loss on the disposal of fixed assets is made up as follows:

	2019/20	2018/19
	£000	£000
Profit/Loss on the disposal of fixed assets is made up as follows:		
Profit / Loss on disposal of Property, Plant & Equipment	(48)	0
	<u>(48)</u>	<u>0</u>

8.8 Revaluation Reserve - property, plant and equipment

Group & Foundation Trust

	Total £000
Revaluation reserve at 1 April 2019	9,743
Impairments	(658)
Revaluations	0
Other reserve movements	(63)
Revaluation Reserve at 31 March 2020	<u><u>9,022</u></u>
Revaluation reserve at 1 April 2018	9,743
Revaluation Reserve at 31 March 2019	<u><u>9,743</u></u>

8.9 Investments in Subsidiary Undertakings	2019/20	2018/19
	£000	£000
Shares in subsidiary undertakings	16,824	16,824
Loans to subsidiary undertakings > 1 year	19,771	23,618
	36,595	40,441
Loans to subsidiary undertakings < 1 year	3,847	3,717
	40,442	44,158

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

Group & Foundation Trust

	31 March	31 March
	2020	2019
	£000	£000
Gross lease receivables	1,136	1,230
of which those receivable		
- not later than one year	91	93
- later than one year and not later than five years	344	352
- later than five years	701	784
Unearned interest income	(248)	(282)
Net lease receivables	888	948
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	588	648
	888	948

Note 9.2 Finance lease details

	31 March	31 March
	2020	2019
	£000	£000
The unguaranteed residual value accruing to the FT	1,500	1,500
The accumulated allowance for uncollectable minimum lease payments receivable	888	948
Contingent rents recognised as income in the period	60	60

Note 10. Receivables

10.1 Trade and Other Receivables

	31st March 2020	Financial assets	Non- financial assets	31st March 2019	Financial assets	Non- financial assets
	£000	£000	£000	£000	£000	£000
Current - Group						
NHS Contract Receivables *	12,434	12,434	0	7,523	7,523	0
Other receivables with related parties	1,213	26	1,187	2,023	0	2,023
Provision for impaired receivables	(750)	(525)	(225)	(624)	(399)	(225)
Prepayments	2,634	0	2,634	3,839	0	3,839
Accrued Income	549	0	549	0	0	0
Other receivables	5,349	4,404	945	3,865	2,924	942
Total Current Trade and Other Receivables	21,429	16,339	5,090	16,627	10,048	6,579
Current - Foundation Trust						
NHS Contract Receivables *	12,003	12,003	0	6,378	6,378	0
Other receivables with related parties	1,214	27	1,187	1,905	0	1,905
Provision for impaired receivables	(706)	(491)	(215)	(492)	(286)	(206)
Prepayments	2,183	0	2,183	3,558	0	3,558
Accrued Income	154	0	154	0	0	0
Loan repayments from QEF Limited (note 8.9)	3,847	3,847	0	3,717	3,717	0
Other receivables	4,675	3,730	945	3,118	1,348	1,770
Total Current Trade and Other Receivables	23,370	19,116	4,254	18,184	11,157	7,027
* 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 *	828	828	0	888	888	0
Provision for impaired receivables	(311)	(98)	(213)	(302)	0	(302)
Deferred tax	889	0	889	870	0	870
Other receivables	975	0	975	941	0	941
Total Non Current Trade and Other Receivables	2,381	730	1,651	2,396	888	1,508
Non-Current Foundation Trust						
NHS Receivables *	828	828	0	888	888	0
Provision for impaired receivables	(311)	(98)	(213)	(275)	0	(275)
Other receivables	975	0	975	942	0	942
Non current trade and other receivables (excluding loans)	1,492	730	762	1,555	888	667
Loan repayments from QEF Limited (note 8.9)	19,771	19,771	0	23,618	23,618	0
Total Non Current Trade and Other Receivables	21,263	20,501	762	25,173	24,506	667

Note 10.2 Allowances for Credit Losses - 2019/2020
Group & Foundation Trust

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

Note 10.3 Allowances for credit losses - 2018/19

Impact of implementing IFRS 9 (and IFRS 15) on 1 April 2018	825
New allowances arising	444
Changes in existing allowances	(113)
Reversals of allowances	(223)
Utilisation of allowances (write offs)	(34)
At 31 March 2019	<u>899</u>

Note 10.4 Deferred Tax Asset

Recognised deferred tax assets

Deferred tax assets are attributable to the following:

	Group	Group
	2019/2020	2018/2019
	£000	£000
Property, plant and equipment	873	870
Temporary tax differences	16	0
Total deferred tax asset	<u>889</u>	<u>870</u>

Movement in deferred tax during the year

	2019/2020	2018/2019
	£000	£000
Recognised in income	2	0
Property, plant and equipment	17	254
	<u>19</u>	<u>254</u>

Note 11. Inventory**Note 11.1 Inventory Balances**

	Group		Foundation Trust	
	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000
Drugs	1,768	1,141	1,205	795
Consumables	2,426	1,788	950	473
Energy	100	95	0	0
Total Inventories	4,294	3,023	2,155	1,268

Note 11.2 Inventories Recognised as an Expense

	Group		Foundation Trust	
	2019/2020 £000	2018/2019 £000	2019/2020 £000	2018/2019 £000
Inventories recognised in expenses	24,090	24,765	11,173	14,378
	24,090	24,765	11,173	14,378

Note 12. Cash and cash equivalents

	Group		Foundation Trust	
	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000
At 1 April	9,127	8,073	5,870	5,631
Net change in year	5,424	1,054	3,027	239
At 31 March	14,551	9,127	8,897	5,870
Broken down into:				
Cash at commercial banks and in hand	5,654	3,257	0	0
Cash with Government Banking Service	8,897	5,870	8,897	5,870
Other current investments	0	0	0	0
Cash and cash equivalents as in Statement of Financial Position	14,551	9,127	8,897	5,870
Bank overdraft	0	0	0	0
Cash and cash equivalents as in Statement of Cashflows	14,551	9,127	8,897	5,870

Note 13. Payables and other Liabilities

13.1 Trade and other payables

Group	Total	Financial liabilities	Non-financial liabilities	Total	Financial liabilities	Non-financial liabilities
	31st March 2020			31st March 2019		
Current	£000	£000	£000	£000	£000	£000
NHS payables and accruals	3,758	3,758	0	3,133	3,133	0
Trade payables - capital	816	816	0	255	255	0
Other payables	13,246	9,066	4,180	12,178	12,088	90
Corporation Tax	372	0	372	236	0	236
Accruals	20,047	20,047	0	11,457	11,457	0
Total current trade and other payables	38,239	33,687	4,552	27,259	26,933	326

Trust	Total	Financial liabilities	Non-financial liabilities	Total	Financial liabilities	Non-financial liabilities
	31st March 2020			31st March 2019		
Current	£000	£000	£000	£000	£000	£000
NHS payables and accruals	3,758	3,758	0	3,133	3,133	0
Trade payables – capital	816	816	0	255	255	0
Other payables	16,501	13,175	3,326	15,511	15,511	0
Accruals	15,751	15,751	0	8,087	8,087	0
Total current trade and other payables	38,826	33,500	3,326	26,986	26,986	0

13.2 Other Liabilities

	31st March 2020	31st March 2019	31st March 2020	31st March 2019
	£000	£000	£000	£000
Current				
Deferred Income	2,830	3,010	2,058	2,072
Total other current liabilities	2,830	3,010	2,058	2,072
Non-current				
Deferred Income	2,080	2,156	757	912
Total other non current liabilities	2,080	2,156	757	912

Note 14. Borrowings

14.1 Borrowings

	Group		Trust	
	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000
Current				
Loans from Foundation Trust Financing Facility	1,382	1,410	1,382	1,410
Revenue Support Working Capital Loans	12,253	0	12,253	0
Obligations under finance leases	0	0	1,678	2,073
Total current borrowing	13,635	1,410	15,313	3,483
Non-current				
Loans from Foundation Trust Financing Facility	15,188	16,544	15,188	16,544
Revenue Support Working Capital Loans	0	12,235	0	12,235
Obligations under finance leases	0	0	43,416	45,093
Total other non current liabilities	15,188	28,779	58,604	73,872

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

The £45m obligation under finance leases in the Trust arises from the arrangements between the 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 Trust following a detailed consideration of the lease terms and the risks and rewards of the arrangement

14.2 Finance Lease Obligations - Trust

	31 March 2020 £000	31 March 2019 £000
Gross Lease Liabilities	45,064	47,166
<i>Of which liabilities are due:-</i>		
- Not later than one year	3,214	3,681
- Later than one year and not later than five years	8,690	9,732
- Later than five years	95,729	97,901
Finance charges allocated to future periods	(62,539)	(64,148)
Net Lease Liabilities	45,094	47,166
- Not later than one year	1,678	2,073
- Later than one year and not later than five years	2,837	3,768
- Later than five years	40,579	41,325
	45,094	47,166

The Group does not have any Finance Lease Obligations.

Note 15. Provisions for liabilities and charges - Group and Foundation Trust

	Current		Non Current	
	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000
Pensions early departure costs	149	158	1,086	1,190
Pensions injury benefits	104	100	1,631	1,503
Redundancy	396	0	0	0
Legal claims	132	211	0	0
	781	469	2,717	2,692

	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

	Pensions early departure costs £000	Pensions injury benefits £000	Legal claims £000	Equal Pay £000	Redundancy £000	Other £000	Total £000
At 1 April 2018	1,440	1,634	177	0	0	0	3,250
Changes in discount rate	49	(15)	0	0	0	0	34
Arising during the year	39	83	46	0	0	0	168
Utilised during the year	(159)	(25)	(13)	0	0	0	(197)
Reversed unused	(23)	(75)	0	0	0	0	(98)
Unwinding of discount	2	2	0	0	0	0	4
At 31 March 2017	1,348	1,603	210	0	0	0	3,161

Expecting time of cash flows:

-not later than one year;	158	100	210	0	0	0	468
-later than one year and not later than five years;	618	407	0	0	0	0	1,025
-later than five years;	572	1,096	(0)	0	0	0	1,668
	1,348	1,603	210	0	0	0	3,161

£83,081k is included in the provisions of the NHS Litigation Authority at 31/3/2019 in respect of clinical negligence liabilities of the trust which are managed through the NHS risk pooling scheme on behalf of the Foundation Trust (31/3/2019 £71,118k)

- 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 £133k relates to a provision for Employer Liability claims which are covered under the terms of the Trust's commercial insurance. Provisions are stated net of reimbursements from the Trust's insurers. The Trust is liable for excess payments against each claim under the terms of the commercial insurance.
- iii) Pensions Injury Provisions £1,734k 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 2019 not otherwise included in these financial statements:

	31 March 2020 £000	31 March 2019 £000
Property, plant and equipment	0	0
Total	0	0

16.2 Events after the Reporting Period - Group and Foundation Trust

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. Given this relates to liabilities that existed at 31 March 2020, DHSC has updated its Group Accounting Manual to advise this is considered an adjusting event after the reporting period for providers. Outstanding interim loans totalling £12,235m as at 31 March 2020 in these financial statements have been classified as current as they will be repayable within 12 months.

16.3 Contingent Liabilities - Group and Foundation Trust

	31 March 2020 £000	31 March 2019 £000
Gross estimated value of Non-Clinical Liabilities	(26)	(36)
Expected recoverable amount	0	0
Net value contingent liabilities	(26)	(36)

The Employer Liability Contingency figure of £26k is estimated using information received from the NHS Litigation Authority and the Foundation Trust's legal services department.

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 Sedgefield 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 2020 was £1,066k. The Foundation Trust owed the Charity £0k and the Charity owed the Trust £24.9k.

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 £59k (2019: £438k) and spent £47k (2019: £410k) inclusive of £15k staff costs (2019: £286k), making a surplus of £12k (2019: £28k 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.

Note 17. Financial Assets / Liabilities - Group and Foundation Trust
Note 17.1 Carrying Value of Financial assets

	Group		Foundation Trust	
	Total £000	Loans and receivables £000	Total £000	Loans and receivables £000
Assets as per Statement of Financial Position				
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 Funds investments – Note 22	972	972	0	0
Total at 31 March 2020	35,592	35,592	48,514	48,514
Trade and other receivables excluding non financial assets – Note 10	10,936	10,936	35,663	35,663
Cash and cash equivalents (at bank and in hand) – Note 12	9,127	9,127	5,870	5,870
Charitable Funds investments – Note 22	1,107	1,107	0	0
Total at 31 March 2019	21,170	21,170	41,533	41,533

Note 17.2 Financial liabilities by category

	Group		Foundation Trust	
	Total £000	Other financial liabilities £000	Total £000	Other financial liabilities £000
Liabilities as per Statement of Financial Position				
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
Borrowings excluding Finance lease liabilities – Note 14	30,189	30,189	30,189	30,189
Obligations under finance leases – Note 14	0	0	47,166	47,166
NHS Trade and other payables excluding non financial liabilities - Note 13	26,933	26,933	26,986	26,986
Provisions under contract – Note 15	3,161	3,161	3,161	3,161
Charitable Fund Financial Liabilities	57	57	0	0
Total at 31 March 2018	60,340	60,340	107,502	107,502

17.3 Liquidity Risk

The Foundation Trust's net operating costs are incurred under annual legally binding contracts with local Clinical Commissioning Groups and other sources, which are financed from resources voted annually by Parliament. The Trust also finances its Capital expenditure from retained depreciation and accumulated surpluses. The Foundation Trust has a loan financed by the Foundation 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 are to be converted to PDC by 2020/21.

17.4 Interest Rate Risk

15% of the 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 an interest repayment rate of 3.78%

The current ITFF loan of £2.5m is subject to an interest repayment rate of 1.15%

The Deficit support loans are subject to an interest repayment rate of 1.5%

17.5 Foreign Currency Risk

The Trust has no foreign currency income or expenditure.

Note 18. Fair Values - Group and Foundation Trust

Note 18.1 Fair values of financial assets

	Group			
	31 March 2020 Book Value £000	31 March 2020 Fair value £000	31 March 2019 Book Value £000	31 March 2019 Fair value £000
Cash & cash equivalents	14,551	14,551	9,127	9,127
Current Receivables	16,339	16,339	10,048	10,048
Non Current Receivables	a 730	730	888	888
Charitable fund Investments	972	972	1,107	1,107
Total	32,592	32,592	21,170	21,170

	Foundation Trust			
	31 March 2020 Book Value £000	31 March 2020 Fair value £000	31 March 2019 Book Value £000	31 March 2019 Fair value £000
Cash & cash equivalents	8,897	8,897	5,870	5,870
Current Receivables	19,116	19,116	11,157	11,157
Non Current Receivables	a 730	730	888	888
Loan to Subsidiary	19,771	19,771	23,618	23,618
Total	48,514	48,514	41,534	41,534

Note 18.2 Fair values of financial liabilities

	Group			
	31 March 2020 Book Value £000	31 March 2020 Fair value £000	31 March 2019 Book Value £000	31 March 2019 Fair value £000
Provisions under Contract	b 3,498	3,498	3,161	3,161
Trade & Other Payables	33,687	33,687	26,933	26,933
Loans	28,823	28,823	30,189	30,189
Charitable Fund Financial Liabilities	25	25	57	57
Total	66,033	66,033	60,340	60,340

	Foundation Trust			
	31 March 2020 Book Value £000	31 March 2020 Fair value £000	31 March 2019 Book Value £000	31 March 2019 Fair value £000
Provisions under Contract	b 3,498	3,498	3,161	3,161
Obligations under finance leases - Note 14	45,094	45,094	47,166	47,166
Trade & Other Payables	33,500	33,500	26,986	26,986
Loans	28,823	28,823	30,189	30,189
Total	110,915	110,915	107,502	107,502

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

b Fair value is not significantly different from book value since, in the calculation of book value, the expected cash flows have been discounted where appropriate using the discount rates published and mandated by HM Treasury.

Note 19. Third Party Assets

The Trust held £680 cash at bank and in hand at 31/03/20 (£1,076 at 31/03/19) 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 has no beneficial interest.

Note 20. Public Dividend Capital Dividend

The 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 £2,104,000 was calculated on the average relevant net assets of £60,104,000.

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 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 2019 – 31 March 2020		1 April 2018 – 31 March 2019	
		Number of cases	Value of cases	Number of cases	Value of cases
1a	Losses of cash due to theft, fraud etc	0	0	0	0
1b	Losses of cash due to overpayment of salaries etc.	4	2	5	5
1c	Losses of cash due to other causes	1	0	1	12
2	Fruitless payments	0	0	0	0
3a	Bad debts and claims abandoned – private patients	37	18	16	4
3b	Bad debts and claims abandoned – overseas visitors	29	74	14	30
3c	Bad debts and claims abandoned – other	39	4	31	1
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	3	19	4	5
Total Losses		113	118	71	58
Special Payments					
5	Compensation under legal obligation	0	0	0	0
7a	Ex-gratia payments for loss of personal effects	19	4	12	2
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		19	4	12	2
Total Losses and Special Payments		132	122	83	60

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 IAS 27, because the Trust has the power to govern the financial and operating policies of the charitable fund so as to obtain benefits from its activities for itself, its patients or its staff. Prior to 2013/14 the Treasury had directed that IAS 27 should not be applied to NHS Charities, and therefore the FT ARM did not require the Trust to consolidate the charitable fund.

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

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

	Year ended 31 March 2020		Year ended 31 March 2019	
	£000'	Intra-group eliminations £000'	£000'	Intra-group eliminations £000'
Donated income	219	0	284	0
Income from legacies	25	0	2	0
Investment income	30	0	34	0
Total incoming resources	275	0	320	0
Patients' welfare and amenities	154	0	141	0
Staff welfare and amenities	34	0	36	0
Medical research	11	0	21	0
Contributions to the Foundation Trust	237	0	89	0
Governance costs	6	0	6	0
Total outgoing resources	442	0	293	0
Unrealised gain on investments	(15)	0	71	0
Net incoming resources	(182)	0	98	0

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

	As at 31 March 2020		As at 31 March 2019	
	£000'	Intra-group eliminations £000'	£000'	Intra-group eliminations £000'
Investments	972	0	1,107	0
Receivables	16	0	20	0
Cash	103	0	178	0
Payables	(25)	0	(57)	0
Total net assets	1,066	0	1,248	0
Represented by:				
Unrestricted funds	864	0	862	0
Restricted funds	152	0	335	0
Endowment funds	50	0	51	0
Total net assets	1,066	0	1,248	0

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 Trustees.

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 4453712

Email: debbie.atkinson4@nhs.net

Website: www.qegateshead.nhs.uk

Membership Co-ordinator

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 3713 Fax : 0191 4826001

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

