NHS
South Tees Hospitals
NHS Foundation Trust

South Tees Hospitals NHS Foundation Trust

Annual Report and Accounts 2023/24

Caring
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Together

South Tees Hospitals NHS Foundation Trust

Annual Report and Accounts 2023/24

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

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Contents

Annual accounts for the period 1 April 2023 to 31 March 2024

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Annual Report, 2023/24

1. Performance report

The purpose of the performance report is to provide an overview of South Tees Hospitals NHS Foundation Trust (the Trust), its purpose and history. The Chief Executive's and Chair's perspective is included together with the key issues and associated risks to the delivery of our objectives.

Overview by Joint Chair and Chief Executive

Welcome to South Tees Hospitals NHS Foundation Trust's Annual Report and Accounts 2023/24.

It has certainly been an exciting year for the Trust, achieving a rating of "Good" in our CQC inspection in May and, more recently, signing the formal agreement of our group partnership with North Tees and Hartlepool NHS Foundation Trust.

This exciting and innovative development has come about following years of joint working but is now well underway following the recruitment of our Group Executive Team.

The Group will deliver better outcomes for:

- Our patients, by ensuring equal access to treatment and sharing best practice on how to deliver care.
- Our staff, by enabling them to work on all of the Group's sites more easily and develop career opportunities.
- The wider population we serve, by collaborating to work on endemic health issues and having a coherent voice to represent the people of the Tees Valley and parts of County Durham and North Yorkshire.

The group model means that the two organisations remain separate so they can represent their communities effectively, but it has the flexibility to enable the Trusts to work at scale to take strategic decisions which benefit the group as a whole and the patients we serve.

This is a huge and complex programme of change. To achieve our aims, we will be working with a wide variety of partners such as local authorities, Healthwatch, patient involvement leads, other NHS trusts and primary care organisations and third sector organisations as well as influencing regionally through the Integrated Care System for North East and North Cumbria.

It has been a challenging year for the NHS as we continue our recovery from the COVID-19 pandemic while also putting contingency plans in place for ongoing periods of industrial action.

We would like to make a special point of thanking all our amazing clinical and non-clinical teams for their continued support, dedication and professionalism.

Highlights this year have included Redcar Primary Care Hospital launching its first endoscopy service, the first brick being laid for Friarage Hospital's new £35.5m surgical hub which is set to open in 2025 and the opening of the new Urgent Treatment Centre at The James Cook University Hospital as part of our new urgent healthcare alliance with North Tees and Hartlepool NHS Foundation Trust, North East Ambulance Service and Hartlepool and Stockton Health GP Federation, which aims to standardise urgent care across the Tees Valley.

We would also like to personally thank former Chief Executive Sue Page who left the Trust in December 2023 and former Managing Director Rob Harrison, who briefly took on the role of acting CEO in January before our group CEO role was introduced in February 2024.

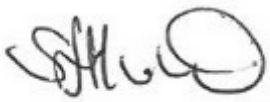
Despite the challenges of the COVID-19 pandemic and recovery plan, Sue and Rob helped us to achieve our much deserved “Good” CQC rating and played key roles in moving forward our ambitious plans for collaboration across Teesside and North Yorkshire including the creation of our new hospital group.

As a Group we want to empower all our staff to be leaders in their own right, to feel confident with suggesting improvements and bringing about positive change.

Indeed, this was reflected in the annual staff survey which saw our colleagues rate us as being above the national average for the theme of ‘We each have a voice that counts’.

Looking forward, while we recognise the challenges all NHS organisations are facing, we are confident that our Trust and the wider group partnership are in a strong position to serve our communities, to develop and invest in our colleagues and services and to provide the health care that each one of us aspires to deliver every time we come into work.

Signed:



Stacey Hunter

Group Chief Executive and Accounting Officer

Signed:

Professor Derek Bell OBE

Group Chair

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Introduction to South Tees Hospitals

Access to good NHS services is vitally important to more than 1.5 million patients, carers and families across the Tees Valley, North Yorkshire and beyond who depend and rely on them. It is also the top priority of the 10,000 staff who are employed by South Tees Hospitals NHS Foundation Trust.

As a Trust we deliver world-class cancer, cardiothoracic, spinal, cochlear implant, neurosciences, gynaecology vascular and urology care for patients across our region.

Our major trauma centre sees half of all trauma cases in the North East and Cumbria and, as an anchor tertiary provider, we play an important role in ensuring that specialist care is available to patients across our region and that health inequalities are not exacerbated in our local communities.

The James Cook University Hospital in Middlesbrough provides more than 37 different specialties all on one site. In April a new urgent treatment centre opened on the site. Operated in partnership with North Tees and Hartlepool NHS Foundation Trust, North East Ambulance Service and Hartlepool and Stockton Health GP Federation, the new partnership aims to standardise urgent care across the Tees Valley.

At the Friarage Hospital in Northallerton, which serves communities across the Dales, North Yorkshire and Teesside, building work is well underway for our new £35.5m surgical hub which opens in 2025 and will more than double the number of planned operations carried out at the hospital each year.

Together with our three primary care hospital wards and local community NHS teams, we provide care closer to home for patients from Hawes to East Cleveland and everywhere in between.

We are a clinically-led organisation, empowering our clinicians to take the decisions about how we manage our resources and deliver care across our hospitals and services – supported by our scientific teams, administrative, support staff and volunteers.

Our experienced clinicians have laid the foundations of a trust where safety and quality are put first, where colleagues feel empowered to make improvements for their patients and where we are committed to leading-edge clinical research, education, training and innovation.

In May 2023, we became the first acute hospital trust in England since 2020, to achieve a rating improvement to ‘Good’ from the Care Quality Commission (CQC) for the care delivered to patients and service users.

This year we have officially come together with North Tees and Hartlepool NHS Foundation Trust to form a hospital group to support shared goals for our patients, service users and colleagues by formalising the way we already work together in the interests of the people and communities we have the privilege to serve.

In February we appointed Stacey Hunter as our first group chief executive. Stacey will be supported by a new group executive team as we drive forward a new era in health and care for our region.

As we look to the future, we are confident our new group model, which still ensures both trusts remain separate statutory entities, will further strengthen our joint working opportunities and bring about more choice and better outcomes for our patients.

Our mission, vision values and behaviours

Our mission – Safety and Quality First

As a clinically-led organisation the safety and wellbeing of our patients, service users and colleagues - underpinned by the quality of care we provide and our commitment to clinical research, innovation and training - is at the heart of our mission.

Our vision

We continue to empower our clinicians to take the decisions about how we manage our resources and deliver safe, quality care across our hospitals and services for children, adults, families and our communities. In doing so, we will deliver the highest standards of patient-centred healthcare to communities in the North East of England, North Yorkshire and beyond.

Our values and behaviours – The South Tees Way

The values and behaviours of our nurses, midwives, doctors, allied health professionals, scientific teams, administrative, support staff and volunteers have been instrumental in helping our services during our continued recovery from the effects of the COVID-19 pandemic. Respectful, supportive and caring - these are the words we want our patients, service users and colleagues to be able to use to describe how it feels to receive care or to work in our hospitals and community services.

Respectful

I am respectful because I listen to others without judgement. I promote equality and diversity and treat others as they wish to be treated. By holding myself and others to account I demonstrate my professionalism and integrity to my colleagues.

Supportive

I am supportive because I acknowledge the contribution of my colleagues. I support my colleagues and our trainees to develop themselves in order to deliver the best possible care to our patients and families. Being part of a team requires me to be honest, available and ready to help others and myself.

Caring

I am caring because I show kindness and empathy to others through the delivery of individual and high-quality care to our patients, families and my colleagues.

Strategic objectives

We have five strategic objectives to help us deliver our mission, vision and values:

- Best for safe, clinically effective care and experience.
- A great place to work.
- A centre of excellence for core and specialist services, research, education, training, innovation and digitally supported healthcare in the North East of England, North Yorkshire and beyond.
- Deliver care without boundaries in collaboration with our health and social care partners.
- Make the best use of our resources.

Framework of continuous improvement

Through our commitment to leading-edge clinical research, education, training and innovation – with the needs of our patients, service users and colleagues at the centre – we will:

Support care

- Provide focused support to specialties through our Leadership Improvement and Safety Academy.
- Make it easier for patients who are ready to leave hospital, and for those who are waiting to come in.

Develop care

- Continue to grow elective care at the Friarage Hospital.
- Develop community services and partnerships to provide alternatives to hospital - focusing on safe, high-quality care closer to home for frail and older people.
- Enable specialist services to thrive and grow at The James Cook University Hospital and embed a three-yearly cycle of service reviews with the patient and service user voice at the centre.

Connect care

- Ensure through our hospital group and wider partnerships that we work as one health and care system: delivering safe, quality care in a joined-up way ‘without organisational boundaries’ to improve the recruitment and retention of specialist doctors and nurses, join with local communities and partners to help improve the health and wellbeing of the populations we serve, and secure the capital investment needed to rebuild and upgrade existing hospital facilities in the Tees Valley and North Yorkshire.

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Performance analysis

How the Trust measures performance

The Trust measures performance according to the delivery of objectives outlined in the Improvement Plan. The Trust refreshes its clinically-led plan annually and in the 2023 iteration, “From Good to Outstanding”, introduced a framework for continuous improvement and a programme of clinical service reviews to help services develop their team vision, improve against priorities, work towards their aspirations and the Trust strategic objectives.

Trust performance is measured against these objectives using a range of improvement markers, from mandatory performance standards to soft intelligence and patient feedback. The Trust uses benchmarking information to understand the opportunities to improve productivity and efficiency, as well as to ensure that services meet key quality standards.

The Trust Board receives an Integrated Performance Report, produced monthly, which provides headline metrics aligned to the NHS Oversight Framework, CQC domains and local operational plans with trends and commentary. It includes measures of patient safety, clinical effectiveness, performance and access across emergency care, cancer and planned care (including analysis to highlight potential inequalities), workforce key performance indicators and our financial position.

Underpinning the metrics summarised to the Trust Board is information made available to the relevant committees, groups and services. The Trust suite of interactive online reports has grown again this year, becoming more sophisticated and real-time, further supporting organisational leaders to make informed decisions that support high quality patient care.

Activity

The Trust completes an annual planning cycle using analysis of demand and capacity to determine the expected activity for each specialty, and to model any changes and developments. Activity and performance, workforce and financial position are triangulated.

Activity is monitored compared to plan, so that variances can be acted upon to best meet the needs of patients and service users. As in 2022/23, activity plans in 2023/24 have focused on the continuation of NHS recovery from the COVID-19 pandemic by improving A&E waits and ambulance handover times, reducing waiting times in elective care and cancer services as well as increasing the volume of and improving access to diagnostic tests.

The Trust activity plans also reflect the need to make best use of available resources across emergency care, acute, community and social care services to provide the right care in the right place.

Performance summary

The Trust improved performance against the A&E 4 hour standard compared to 2022/23 (69%, up 1%) but missed the national objective of 76% for the year. There was good progress in reducing the longest waits in A&E with >12 hour delays from decision to admit reduced by almost 5%.

For elective care (referral to treatment), focus was given to reducing the number of patients waiting the longest for non-urgent treatment and the Trust achieved almost no patients waiting 78 weeks for treatment by March 2024. The Trust achieved its plan for reducing the number of patients waiting between 65 and 77 weeks and work continues to eliminate the length of such waits during 2024/25.

In 23/24, 78.6% patients that were newly referred to the Trust with a suspicion of cancer, received a diagnosis or ruling out of cancer within 28 days; exceeding the national standard of 75%. Further to that, by the end of March 2024, there were almost a third less patients being investigated for cancer that had been on their pathway for more than 62 days compared to May and June 2023. Performance against the cancer 62-day 1st treatment standard varied month on month but the overall trend was stable albeit supressed below the 85% standard as treatments were expedited for the longest waiting patients.

Recovery of the elective programme from the impact of the COVID-19 pandemic was evident through increased levels of clinical consultations and treatments. The amount of first outpatient appointments returned to pre-pandemic levels and inpatient treatments surpassed those in 2019/20 by 3%.

Performance for 'DM01' diagnostic waits under 6 weeks demonstrated a year-on-year improvement in tandem with a significant reduction of over 40% in the total diagnostic waiting list through increased diagnostic activity. 80.4% of patients were waiting less than 6 weeks at the end of March 2024 compared to 77.6% at the end of March 2023 and the total number of patients waiting for a diagnostic exam reduced from 14,918 to 8,715.

For community services, urgent response times consistently exceeded the national target throughout the year, and the service successfully opened another virtual ward that increased the Trust capacity to manage 80 frail and respiratory patients more appropriately in the community.

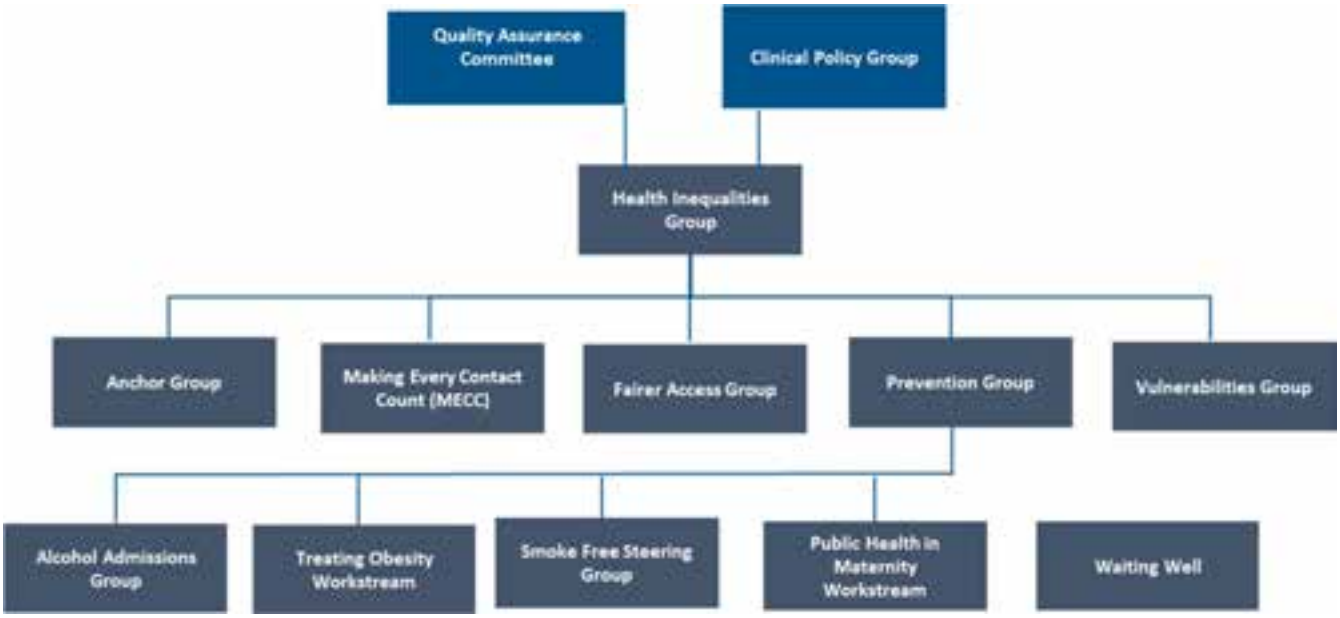
Within the key operational performance, the Trust actively monitors health inequalities information including using the Core20PLUS5 approach to ensure patients belonging to different age, gender, deprivation and ethnic groups have fair access to Trust health services. Health inequality information has been consistently included in the Integrated Performance Report for the Trust Board throughout 2023/24.

Health Inequalities Group Governance and reporting structure

South Tees Hospitals NHS Foundation Trust's Health Inequalities Group was initiated in 2022. The purpose of the group is to provide leadership and guidance to the Trust's response to tackling health inequalities faced by our patients, communities, including our own workforce. It is chaired by the Chief Medical Offer, with Director for Public Health South Tees as vice chair.

The Trust has appointed a Consultant in Public Health, a joint post with Public Health South Tees (Middlesbrough and Redcar & Cleveland Borough Councils). A Clinical Lead for Health Inequalities, a Clinical Fellow in Population Health and an apprentice Public Health Intelligence Analyst (jointly with Public Health South Tees) have been appointed, all new roles to the Trust.

Health Inequalities Group governance and reporting



The above model provides an overview of the breadth of work that is taking place across the Trust to tackle health inequalities. This includes targeted work with inclusion health groups, addressing the wider determinants of health, prevention, and our role as an anchor institution.

The model also highlights the reporting and governance structure of the health inequalities group into the Trust's Quality Assurance Committee to provide assurance that the Trust is addressing health inequalities. Regular updates are also reported into the Trust's Clinical Policy group to update and support clinical leaders to embed health inequalities across specialties.

Health Inequalities Strategy

The Trust's Health Inequalities group priorities are informed and advised by key national policy drivers including the Core20PLUS5, NHS Long Term Plan, NHSE&I Operational Planning Guidance. As well as Regional ICS priorities and local health and wellbeing board priorities.

The programme of work is structured around the following seven themes.

1. Understanding inequalities in your organisation
2. Addressing inequalities in access, experience, and outcomes
3. Opportunities for preventative programmes
4. Identifying and addressing social determinants of health
5. Looking after the workforce
6. Partnership working
7. Strengthening your role as an anchor institution

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Examples of this work have been included in the report to demonstrate the breadth of work undertaken across the Trust to reduce health inequalities through evidence-based measures and interventions. To empower and improve population health is one of our guiding outcomes.

Understanding healthcare needs

The Trust is working in partnership with local authorities, the ICB and other partner organisations to understand the health and care needs of local people and populations, this has been done by working together to develop joint strategic needs assessments (JSNAs) which helps us understand the demographic profile of our populations as well as the healthcare needs of those living in the more disadvantaged groups.

The information on the next page provides a snapshot of the Trust's population profile for our main catchment area, Middlesbrough, Redcar & Cleveland and Hambleton & Richmondshire. It should also be noted that the Trust is a tertiary hospital and therefore provides services for the North East region.

Population profile – Trust catchment area

Core acute hospital catchment area based on 2018 emergency admissions (PHE, 2020)

South Tees Hospitals NHS Foundation Trust

Catchment area maps : PHE dashboard 2020

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The table below shows all admissions alongside elective and emergency admissions for South Tees Hospitals NHS Foundation Trust by local authority area for the year 2020.

Patient flow for admissions by type –
Local Authority to South Tees Hospitals NHS Foundation Trust

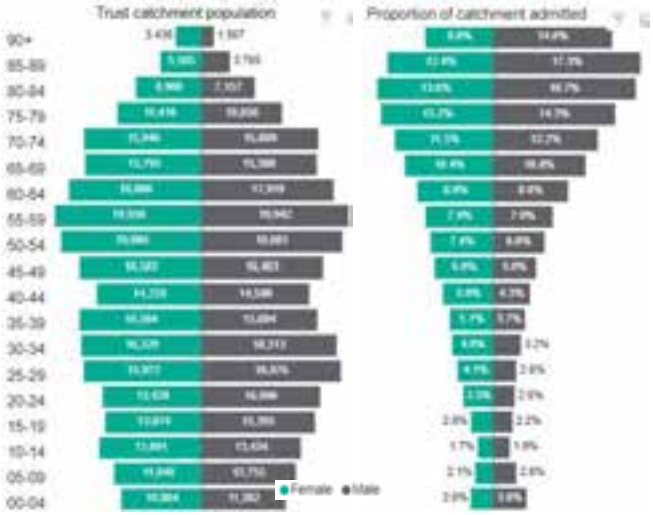
Local Authority	All		Elective		Emergency	
Middlesbrough	51,785	27%	22,800	23%	29,750	32%
Redcar & Cleveland	48,700	26%	24,560	24%	27,380	30%
Hambleton	23,180	12%	13,010	13%	11,955	13%
Stockton-on-Tees	19,795	10%	12,760	13%	5,605	6%
Other	16,075	9%	9,455	9%	7,085	8%
Richmondshire	11,860	6%	6,980	7%	4,665	5%
Hartlepool	6,685	4%	4,715	5%	2,060	2%
Scarborough	5,600	3%	3,400	3%	2,420	3%
Darlington	5,075	3%	3,610	4%	1,580	2%
	188,755	100%	101,290	100%	92,500	100%

Source – NHS acute (hospital) trust catchment populations, OHID

The table on the next page shows for elective admissions and emergency admissions for South Tees Hospitals NHS Foundation Trust the age and sex breakdowns of the catchment population and the proportion of catchment population admitted.

Trust catchment summary population

Elective admissions



Emergency admissions

Source – NHS acute (hospital) trust catchment populations, OHID

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The table below shows the Trust catchment population for South Tees Hospitals NHS Foundation Trust by deprivation quintile, with quintile 1 the most deprived 20% of communities in England and quintile 5 the least deprived 20%. The Index of Multiple Deprivation (IMD) 2019 score as a rank, shows that South Tees Hospitals NHS Foundation Trust is ranked 22nd most deprived out of 122 hospital trusts in England.

Trust catchment summary population

Source – NHS acute (hospital) trust catchment populations, OHID

In terms of ethnicity, 96.2% (456,611) of the catchment population of South Tees Hospitals NHS Foundation Trust are White British, with 2.3% (10,829) Asian, 0.8% (3,834) Mixed, 0.4% (2,036) Black and 0.3% (1,486) Other.

The table on the next page shows for each middle super output area (MSOA), which are standard geographies of approximately 7,200 people, the proportion of patients admitted that attend South Tees Hospitals NHS Foundation Trust during the 2020 year. Only MSOAs where the majority of patients attending South Tees Trust and not another trust has been selected.

The table also shows the life expectancy at birth for males and females by MSOA for a four-year combined period (2016-20).

Life expectancy for South Tees Hospitals NHS Trust catchment population by MSOA

Local Authority	MSOA	Proportion of MSOA Patients Attending	Life Expectancy - Male	Life Expectancy - Female
Middlesbrough	Middlesbrough Central	91%	69.4	76.6
	Beechwood & James Cook	94%	69.5	74.6
	Ayresome	93%	70.8	74.6
	North Ormesby & Brambles	93%	71.2	75.3
	Park Vale	93%	72	77.6
	Berwick Hills	94%	72.3	75.3
	Park End	93%	72.3	78.2
	Thorntree	93%	73.5	77.5
	Linthorpe East & Albert Park	93%	74.1	77.1
	Linthorpe West	91%	75.6	82.7
	Stainton & Hemlington	90%	76.5	80.5
	Coulby Newham	92%	76.8	80.7
	Easterside	93%	76.9	80.7
	Newport & Maze Park	91%	77.1	80.5
	Trimdon	92%	77.9	86.5
	Nunthorpe & Marton East	92%	80.7	84.3
	Acklam	91%	81	84.5
	Kader	92%	81.5	85
	Marton West	92%	83	82.1
Redcar and Cleveland	Grangetown	93%	72.5	78.9
	Loftus & Skinningrove	95%	73.7	79.6
	Redcar Lakes South	94%	74.4	76.1
	Guisborough North	94%	74.8	81.1
	Redcar Town & Coatham	95%	75.1	78.2
	Eston	94%	75.7	78.2
	South Bank & Teesville	93%	75.9	78.5
	Dormanstown	93%	76.3	82.9
	Saltburn	93%	77	80.6
	Brotton	92%	77.5	82.9
	Boosbeck, Lingdale & Easington	94%	77.8	85.1
	Redcar Lakes North	94%	78.3	82.1
	Ormesby	93%	78.8	85.1
	Bankfields	93%	79.3	83.5
	Skelton	93%	80.2	85.9
	Marske	94%	80.7	85
	Redcar East	93%	81	85.2
	Guisborough Outer & Upleatham	95%	81.9	86.3
	Guisborough West	93%	83.4	84.1
Hambleton	Northallerton	88%	78	81.9
	Northallerton South & Leeming Bar	84%	80.4	86
	Thirsk South & Coxwold	72%	81.2	84
	Bedale & Snape	71%	81.6	84.4
	Brompton, Appleton & Thimbleby	84%	81.6	84.7
	Thirsk North	83%	82.8	85.6
	Great Ayton & Stokesley	92%	83.2	86
	Rudby & Ingleby	91%	83.4	88.3
	Leeming, Pickhill & Thornton	68%	84.2	86.7
Richmondshire	Catterick Garrison & Colburn	60%	78.3	79
	Richmond Town	58%	79.9	83.7
	Catterick & Brompton-on-Swale	65%	80.7	80.8
	Leyburn, Middleham & Tunstall	68%	80.8	86.3
	North Richmondshire	48%	81.7	85.5
	Upper Dales	66%	82.9	88.6
Scarborough	Esk Valley & Runswick Coast	81%	82	86.8

Source – NHS acute (hospital) trust catchment populations and Fingertips, OHID

Understanding healthcare access, experience and outcomes

This section of the report identifies the metrics within the statement where trust level data is available. Each metric is supported by a data position that indicates the data source and the current inequality position based upon deprivation, ethnicity, sex and age and a narrative to explain the inequality gap.

The table below highlights the priority areas that foundation trusts are required to report on.

Domain	Indicator	Trust level data available
Elective recovery	• Size and shape of the waiting list; those waiting longer than 18 weeks, 52 weeks, and 65 weeks. • Elective activity vs pre-pandemic levels for under 18s and over 18s	Y
Urgent and emergency care	• Emergency admissions for under 18s	Y
Respiratory (COVID 19/Flu vaccination)	• Uptake of COVID and flu by sociodemographic group	Reported via ICB
Mental Health	• Overall number of SMI physical health checks	Reported via ICB
Cancer	• Percentage of cancers diagnosed at stage 1 or 2, case mix adjusted for cancer site, age at diagnosis, sex	Reported via ICB
CVD	• Stroke rate of non-elective admissions	Reported via ICB
Diabetes	• Variation between % of people with Type 1 and Type 2 diabetes receiving all 8 care processes. • Variation between % of referrals from most deprived quintile and % of Type 2 diabetes population from the most deprived quintile	Reported via ICB
Smoking cessation	• Proportion of adult acute inpatient settings offering smoking cessation services • Proportion of maternity inpatient settings offering smoking cessation services	Y
Oral Health (children and young people)	• Tooth extractions due to decay for children admitted as inpatients to hospital, aged 10 years and under (number of admissions)	Y
People with a learning disability and autistic people	• LD annual health checks • Adult mental health inpatient rates for people with a LD and autistic people	Reported via ICB
Maternity and neonatal care	• Preterm births under 37 weeks	Reported via ICB

Elective recovery

The Trust started monitoring changes to waiting lists by deprivation and ethnicity soon after COVID-19 started to affect our elective activity in 2020. This provided assurance that our approach to elective recovery, focusing on clinical priority then allocating resources to services with the longest waiters was not worsening inequalities.

Elective recovery by deprivation, ethnicity, sex and age

	Inpatient activity		Wait from decision to admit		RTT PTL (waiting list)			
		As a %	Average	Change	Total	Change	% long	Change
	Spells	of 2019/20	wait (weeks)	from 2020	size	from 2020	waiters	from 2020
Total	**85,915**	**104.8%**	**10.6**	**2.8**	**53,620**	**58.4%**	**31.6%**	**-2.2%**
Deprivation (IMD quintile, Q 1 is most deprived)								
Q 1	23,947	103.5%	10.0	2.4	15,420	54.4%	32.0%	-3.8%
Q 2	13,466	105.2%	10.6	2.6	8,039	53.9%	31.7%	-3.7%
Q 3	13,710	106.2%	10.6	2.6	7,462	60.9%	28.9%	-3.7%
Q 4	19,832	104.8%	11.0	3.0	10,917	56.7%	30.1%	-1.1%
Q 5	14,014	106.9%	10.8	3.1	7,326	60.0%	29.8%	-3.0%
Ethnicity								
White	73,794	99.8%	10.7	2.8	38,963	43.0%	30.0%	-3.3%
Southern Asian	1,575	110.9%	10.0	2.3	1,145	59.0%	31.4%	-4.7%
Mixed	356	168.7%	10.9	2.9	299	99.3%	30.4%	-0.9%
Other	1,482	158.5%	11.2	3.2	6,792	112.3%	35.3%	-2.2%
Unknown	8,708	159.0%	9.4	2.6	6,421	151.9%	38.0%	2.8%
Sex								
Female	44,729	104.8%	10.7	2.6	27,144	56.1%	31.3%	-2.5%
Male	41,186	104.8%	10.5	3.0	22,274	54.3%	30.1%	-3.7%
Age								
Child	4,741	149.7%	12.6	3.1	7,314	52.7%	31.3%	-2.0%
17-59	32,328	99.1%	11.0	3.2	29,401	55.2%	32.1%	-2.5%
60 and over	48,846	105.8%	10.1	2.3	16,905	66.9%	31.0%	-1.7%

Long waiters are patients who have waited longer than the following standards.

- Outpatients > 18 weeks from RTT start.
- Inpatient priority 2 > 3 weeks from decision to admit.
- Inpatient priority 3 > 3 months from decision to admit.

- Inpatient priority 4 > 52 weeks from RTT start.

Deprivation - all areas have seen recovery in activity to above pre-covid levels though people living in the most deprived areas (quintile 1) have seen the lowest increase. Despite this they have seen the lowest increase in average waits, smaller than average increases in the total number waiting and the largest reduction in the proportion of the list that are long waiters.

Ethnicity - understanding the impact of ethnicity is difficult because of the low numbers of people from ethnic minority groups in our catchment population. This means we have low numbers in our activity and any observed differences may be due to small number effects rather than indicative of real differences in access or outcomes. This is exacerbated by around 10% of patients having no ethnicity recorded, an area we are working to improve. Given this there is no evidence in the key metrics of average waiting time or the proportion of the PTL that are long waiters to suggest inequitable treatment in our elective recovery.

Sex - recovery of activity and changes to waiting times have been similar for males and females.

Age - the largest increases in activity have been in the children and the elderly age groups. Despite this the average waiting time for children has increased by more than for adults since 2019/20. This largely reflects the longer timeframe to recover and increase the volume of children's surgery after COVID-19.

Urgent and emergency care

Emergency admissions (spells)

The changes in emergency pathways introduced by the Trust over the last few years have made direct comparison difficult. Changes to the pathway for children has seen fewer admissions to the assessment wards with more children being dealt with within paediatric ED or paediatric SDEC. Equally the expansion of SDEC facilities has reduced the number of adult admissions.

Urgent and emergency care by deprivation, ethnicity, sex, and age

	Inpatient activity		As a % of all inpatient spells	Change from 2019/20
	Spells	As a % of 2019/20		
Total	60,194	101.4%	41.9%	-0.8%
Deprivation (IMD quintile, Q 1 is most deprived)				
Q 1	22,483	95.3%	49.1%	-2.0%
Q 2	9,401	101.4%	41.7%	-0.9%
Q 3	8,571	108.7%	39.1%	0.7%
Q 4	11,492	105.8%	37.3%	0.3%
Q 5	7,291	106.0%	34.7%	-0.2%
Ethnicity				
White	52,998	98.0%	42.5%	-0.5%

Southern Asian	1,872	102.5%	55.7%	-1.7%
Mixed	523	88.6%	61.1%	-14.0%
Other	1,684	154.2%	55.1%	0.3%
Unknown	3,117	175.4%	26.8%	1.8%
Sex				
Female	29,874	101.6%	41.5%	-0.7%
Male	30,319	101.3%	42.4%	-0.9%
Age				
Child	11,381	81.2%	70.6%	-11.0%
17-59	19,881	109.2%	39.6%	2.4%
60 and over	28,932	106.6%	37.5%	0.2%

Deprivation - while quintiles 2 to 5 have seen increases in emergency activity, quintile 1 has seen a fall. This has had the effect of reducing the rate of annual emergency admissions for the most deprived areas in our catchment from 164 to 154 per 1,000 population. Even so it is still nearly 70% higher than the rate of 91 per 1,000 population for the most affluent areas. With elective admissions haven risen by 3.5% over the same period, emergencies now make up less than half the total admissions for this most deprived group. It is still well above the proportion for quintile 5. Some, but not all of this difference is accounted for by the different age profiles of the two groups, with the quintile 1 population being significantly younger than the quintile 5.

Ethnicity - as with elective care the low activity volumes for minority ethnic groups makes it difficult to interpret the differential changes seen between the groups.

Sex - activity changes have been similar for males and females.

Age - the nearly 20% reduction in child emergency admissions is due to the changes in pathways mentioned above. The greater increase, and the actual increase in the proportion of total activity made up by emergencies in the 'working age' range requires further investigation.

Oral health (children and young people)

Simple extractions for tooth decay are rarely undertaken as admissions by the Trust. Harrogate and District Foundation Trust provide surgery as part of a community dental service from the Friarage Hospital covering the areas of the old districts of Hambleton and Richmondshire. In 2019/20 this service admitted 78 children of 10 years old or younger for tooth extraction for dental decay, a rate of 60 admissions per 10,000 population. In 2023/24 they admitted 52, a rate of 40 admissions per 10,000 population. For the Middlesbrough and Redcar & Cleveland populations community dental services are provided by North Tees and Hartlepool NHS Foundation Trust from their premises. South Tees Hospitals NHS Foundation Trust only admitted 14 children of 10 years old or younger for tooth extraction for dental decay in 2019/20 and 7 in 2023/24.

Smoking cessation

The Trust provides smoking cessation services for both adult acute inpatient settings and maternity inpatient settings. These services are provided by the Tobacco Dependency Treatment Services that consist of the following:

- **In-patient Tobacco Dependency Treatment Service**
  - 1 WTE B6 – TDTS Lead
  - 2.92 WTE Tobacco Dependency Treatment Advisors (TDTAs)
- **Maternity Tobacco Dependency Treatment Service**
  - 1 WTE B7 Public Health Midwife (working across the whole health inequalities agenda)
  - 2.30 WTE Maternity Support Workers (MSWs)

Smoking is one of the leading causes of preventable illness and early death. It is also the biggest cause of health inequalities, accounting for half the difference in life expectancy between the most and least deprived areas and is a key driver of poverty.

To address the inequality gap there are several areas of work progressing. A Health Equity Audit is being carried out across all stops smoking services in South Tees including acute, maternity, mental health, and community services. This will ensure services are targeted at health inclusion groups and deprivation. Creating a system-wide approach to smoking cessation and tobacco control building stronger links with community stop smoking services and wider tobacco control agenda.

To support outpatients, visitors and families, kiosks will soon be available for outpatients across all hospital sites – they will have smoking cessation support on them with the ability for people to self-refer to community stop smoking clinics.

Understanding inequalities in our organisation

To enable us to understand health inequalities within the Trust a health inequalities dashboard has been developed for patients who do not attend or were not brought for their outpatient appointment (DNA/WNB). The dashboard has been examined by indices of deprivation, ethnicity, and sex and plotted on a heatmap for geographical variation. Analysis shows significant differences in DNA/WNB rates by deprivation, ethnicity, age group, learning disability and history of substance use.

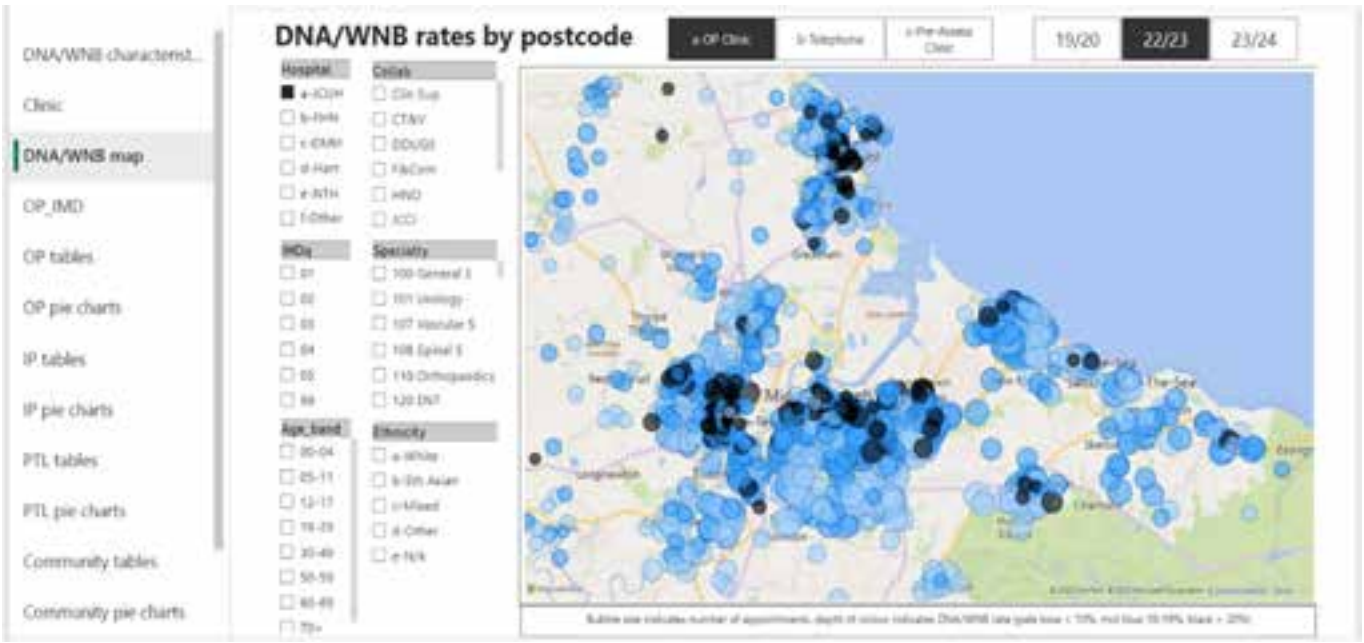
The dashboard continues to be developed. New additions will include additional indicators required by NHSE and include key clinical areas set out in CORE20PLUS5 as well as collation of data by inclusion groups where possible. Mental Health diagnosis is a further addition to the dashboard at the request of the Trust's Mental Health Strategy Group.

The graphs below highlight some of the inequalities for patients accessing healthcare services in South Tees Hospitals. This information is being used by services and Boards to inform service improvement and reductions in healthcare inequalities.

Understanding Inequalities in our Organisation – Power BI Dashboard

DNA/WNB rate and numbers by deprivation, ethnicity, age, sex, learning disability, substance abuse.

DNA/WNB rates by postcode



There are marked differences in attendance between age groups which affect all specialties.

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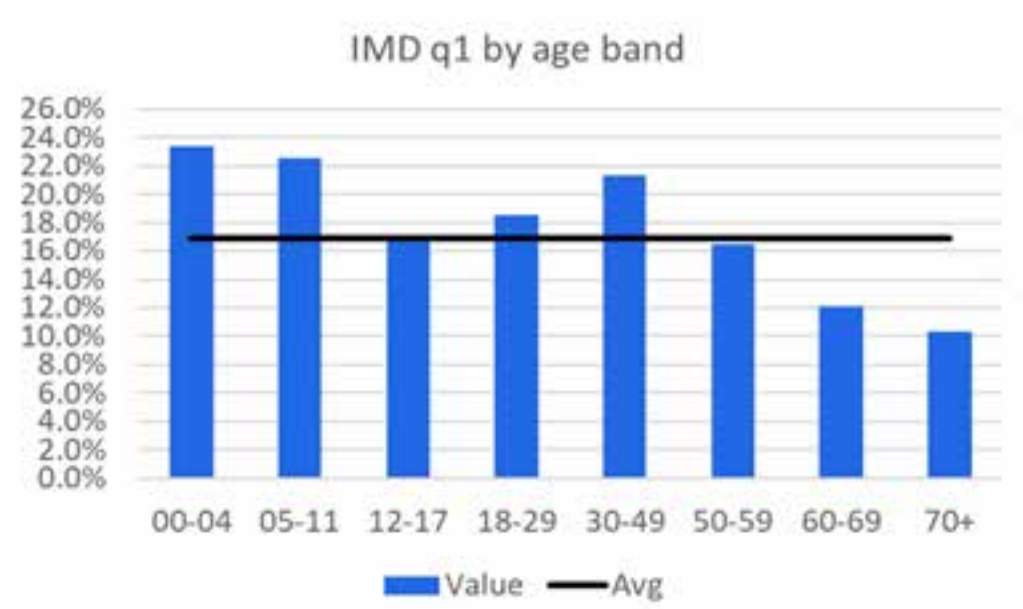
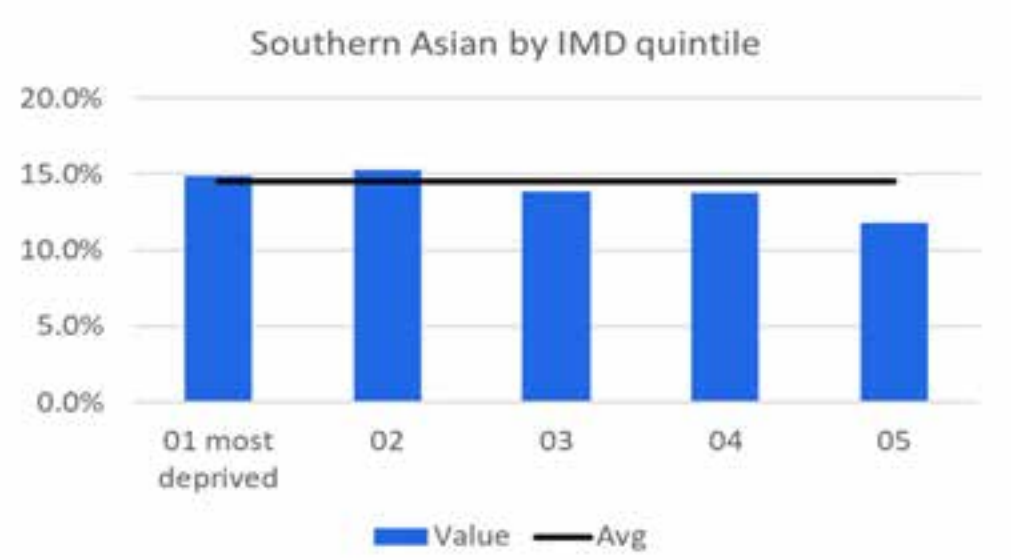
The chart below shows DNA/WNB by quintile 1 across age bands:



Children under 4 are least likely to be brought to appointments, whereas older people over 60 years are significantly more likely to attend than other age groups. The rate of child 'was not brought' is 23% in the most socially disadvantaged children.

There is inequity of access to Trust services between white and non-white populations. The chart below shows DNA/WNB rate for Southern Asian population (our main non-white group) by IMD quintile.



The DNA/WNB rate for all non-white persons is 15% compared with 12% for white. For Southern Asian people there is a less marked social gradient with high rates across all quintiles. This highlights that ethnicity impacts on access to services across South Tees Trust even the most affluent groups.

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Addressing inequalities in access, experience, and outcomes

The Fairer Access group is working on several ongoing quality improvements projects that are focusing on improving DNA/WNB rates from an inequalities perspective. Reasons why people DNA/WNB are multifactorial. We are therefore working with partners and our communities to understand reasons for DNA/WNB and designing interventions to improve access for our most deprived communities to reduce DNA rates across selected departments in outpatients. Other work includes reviewing the travel reimbursement scheme to raise awareness to patients where travel costs may be an issue.

DNA/WNB project focusing on paediatrics, maternity, and people with a Learning disability from neuro. The project focuses on new patients from decile one across selected clinics. Patients are contacted 2 weeks prior to their appointment to confirm awareness of their appointment and to identify barriers to attending. Support offered includes hospital transport, travel costs, translator, rearrange date, location, or type of appointment. To date most patients contacted are aware of their appointment and very few have identified further support to attend, although what is emerging is the benefit of the personalised care approach when speaking with a patient about their appointment, early findings would suggest the telephone call is having a positive impact on DNA/WNB rate compared to the cohort that did not receive a call.

Maternity project – Qualitative project exploring experiences, perceptions, impacting ethnic minority pregnant women in relation to access, experience, and outcomes of their maternity care – collaboration with Teesside University carrying out interviews to gather insights into the barriers/challenges to seeking, not attending antenatal care. Full report will be available April 2024.

Community insight project - Appointments for children across all specialties from Quintile 1 have high WNB rates over 20% - the dashboard has highlighted many of these patients live very close to the hospital, indicating travel may not be a factor. Areas identified include Beechwood, Berwick Hills and University. Work is underway to explore this further working with community groups, family hubs and local assets to gather further insight and develop collective solutions.

Violence reduction project – partnership working with Cleveland Unit for the reduction of violence (CURV) has led to the commissioning of a hospital youth intervention navigator service. The pilot in South Tees focuses on young people 10 to 25 years of age presenting at A&E or those admitted with injuries that are the result of violence followed by advocacy and mentoring to ensure appropriate longer term local support is offered by referral into existing services in the community. 2 WTE violence reduction navigators have been appointed to work across adult and children's A&E.

High intensity user project – partnership approach with public health to develop a high intensity user project. (Those presenting 5 times or more in a 12-month period). Data has been analysed to identify who our high intensity users are – clear link with health inequalities, 55% from 10% most deprived IMD deciles, two peaks age 20-29 and > 70 years, poor physical and mental health, substance misuse, involvement in criminal justice system, 50.9% female, male 49.1%, 89.5% white British. Dedicated key worker funded via ICS Health Inequalities funding (Changing Futures) will initially work with top 50 frequent attenders – offering a nonmedical approach focusing on social, practical and emotional support.

Alcohol Care Team (ACT) – the ACT has been in place since January 2023. In the first year, the ACT had 694 referrals from emergency department and 614 referrals from inpatient, most of these referrals were for dependant drinkers. The Trust is now in the process of implementing AUDIT C across departments to identify those drinking at risky levels, to enable early intervention. The team are supported by alcohol navigators who provide enhanced support to patients.

Because of the potential overlap of the navigator roles, a multiagency working group supporting vulnerabilities has been established to support implementation and evaluation of these programmes – an Emergency Department dashboard is in development which brings together the three workstreams.

Identifying and addressing social determinants of health

Making Every Contact Count (MECC) - Over 200 staff have been trained from various departments across the Trust. MECC is now part of Trust Induction and is a key feature on staff health and wellbeing boards. MECC was officially launched at The James Cook University Hospital on 15th January 2024. A team consisting of Trust staff, SERCO and public health visited 49 areas on the day, including outpatient wards, MDT teams, nurses, HCA, porters, domestic staff, medics, chaplaincy, and visitors passing through the atrium. Further launch is planned for the Friarage, during April 2024 in partnership with North Yorkshire public health team.

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Poverty proofing – the antenatal clinic is one of the first pathways in the trust to undergo poverty proofing. Children North East are currently carrying out a poverty proofing audit at booking. To date 41 members of staff have had training and 101 pregnant women and their partners have been consulted. Further consultations have been arranged across South Tees focusing on family hubs. The next stage incorporates staff consultations to ensure the staff voice is heard. Once consultations are complete a report will be produced with recommendations

Health literacy – we are working with the ICS Health Literacy team to develop our health literacy capacity across the Trust. This will involve staff training, reviewing patient literature and looking at a pathway from a health literacy perspective. As work is already underway in maternity the antenatal pathway will be the first to be reviewed followed by a respiratory pathway in paediatrics.

Veterans group - South Tees Armed Force/Veteran aware group has continued to highlight the importance of recognising our Armed Forces community patients. Work continues to promote the recording of our patients' Armed Forces status in both inpatient and outpatient settings. In 2023 the trust was awarded gold Defence Employment Recognition Scheme status.

Quality

One of the central ways in which we monitor the quality of care we provide and how we are continually improving as a Trust is through our annual priorities for quality improvement.

Other sources of information which inform how we are performing from a quality perspective include:

- Patient experience data
- Complaints and patient feedback
- Clinical audit

Further information on how we monitor quality and performance against our quality priorities is outlined in our Quality Report.

Finance

Each year the Trust develops to a financial plan which includes a cost improvement target to be achieved, a capital plan and a forecast outturn for the year end.

Staff experience

The national 2023 NHS staff survey was carried out in October to December 2023 and although the Staff Engagement score remained static in comparison to 2022, there were more staff who said that they would recommend the Trust as a place to work, and who felt patient care was the organisation's number one priority.

Since the 2022 Survey, the Trust, in partnership with staff, have made a number of significant changes.

- Improvements in flexible working including updates to the Flexible Working Policy and engagement with management teams regarding the policy and NHS toolkits.
- Sharing the updated People Plan with collaboratives and directorates and asking for feedback.
- Working with collaboratives to support their Workforce Key Performance Indicators including sickness, appraisals, mandatory training and turnover.

Following receipt of the 2023 NHS staff survey results, the Trust's clinical collaboratives and their teams are working together on areas highlighted by colleagues to ensure continued improvement.

The 2023 NHS staff survey results show that, in comparison to 2022, the Trust has improved or maintained across the People Promise elements.

On the following questions, the Trust's 2023 NHS staff survey results are:

- If a friend or relative needed treatment, I would be happy with the standard of care provided by this organisation – there was an improvement in 2023 to 70.21% from 67.93% in 2022. The Trust is above the 2023 average (63.32%) for the benchmarking group.
- Care of patients / service users is my organisation's top priority – there was an improvement in 2023 to 73.41% from 71.67% in 2022.
- I would recommend my organisation as a place to work – there was an improvement in 2023 to 60.60% from 55.57% in 2022.

Equality of service delivery to different groups

The NHS is for everyone. Anyone needing the NHS should receive the same high-quality care every time they access services. However, we know that some people in our communities can experience barriers or judgement when using NHS services.

South Tees Hospitals NHS Foundation Trust recognises the challenges that patients and service users could face, including language barriers, support to access services or stigma regarding accessing mental health services.

Understanding our patient and service user needs is our priority and it helps us to ensure our services are accessible, safe and inclusive for everyone.

The Trust is committed to identifying, understanding and overcoming any barriers for our patients and service users. This ensures that the way we work and the services we offer respond inclusively to cultural, physical and social differences.

Our Health Inequalities Group provides direction and oversight to ensure the Trust focuses on reducing health inequalities in the most vulnerable groups and national/local clinical priority areas. The Trust reviews its waiting list for inequalities and this information is presented and discussed at each of its Board meetings.

Engaging with stakeholders

Anchored in the communities we serve, we work to contribute to our local area and influence the wider determinants of health by operating as a good partner, seeking to be a leader in bringing inward investment into the Teesside and North Yorkshire, widening access to

employment, continuing to reduce our environmental impact and thus supporting healthy and prosperous people and places.

Stakeholder engagement is central to this work and building strong partnerships and relationships.

Subsidiary undertakings

The Trust created a Limited Liability Partnership (LLP) in May 2016 to act a body through which research funds could be managed. The LLP is called South Tees Institute of Learning, Research and Innovation LLP. The company was dormant during 2023/24 and will not be consolidated as part of the Trust Group for the financial year to 31 March 2024.

Limited Liability Partnerships must always have two members (partners). To ensure compliance with this requirement, South Tees Hospitals NHS Foundation Trust also created a Limited Liability Company in May 2016. The LLC is called South Tees Healthcare Management Limited.

Together, the Trust and South Tees Healthcare Management Limited are the members (partners) of South Tees Institute of Learning, Research and Innovation LLP.

When setting up this arrangement in 2016, the Trust intended for South Tees Healthcare Management Limited to remain dormant and act as one of the members (partners) of South Tees Institute of Learning, Research and Innovation LLP.

When changes to the provision of the Trust's outpatient pharmacy took place in 2019, South Tees Healthcare Management Limited was chosen to enable outpatient pharmacy services to be placed back under the control of the Trust as a wholly owned subsidiary. The operations of this company were consolidated and are reported in the Group position at 31 March 2024.

Key issues and risks

To maintain a strong system of governance, the Board of Directors regularly review the key issues and risks that may undermine the achievement of the Trust's strategic objectives. The matters outlined below are those that the Board of Directors considers to be of particular significance to the Trust:

Access targets

During 2023/24 the Trust has continued to make progress against national recovery targets. During the year, challenges in the social care sector continued to be observed and the trust has worked closely with local authorities and other partners to ensure that everything possible is done to ensure people who are ready to leave hospital, who require social care support, are able to access this as quickly as possible.

Quality targets

All aspects of quality are reviewed through our Quality Assurance Committee. In addition, the Trust's Leadership Improvement and Safety Academy provides a range of support, including leadership and management training, quality improvement skills, team and service support, coaching and human factors training.

Financial sustainability

South Tees Hospitals NHS Foundation Trust entered into a Private Finance Initiative (PFI) scheme in 1999 to enable the re-location of its Middlesbrough services onto a single site - creating The James Cook University Hospital in its current location. The PFI was part of a first tranche of NHS schemes.

The revenue costs of the James Cook PFI were £52 million in 2023/24. In addition, 'life-cycle' costs (mandatory annual maintenance charges built into the PFI scheme) are required to be paid each year from the Trust's capital budget.

The total annual payments (revenue and capital) by the Trust for the James Cook PFI scheme are now £72 million per year. The PFI scheme is now adding approximately £20 million each year to the Trust's expenditure compared to a hospital provided through public capital / borrowing. This additional cost is the largest single contributor to the Trust's structural deficit.

Going concern

These accounts have been prepared on a going concern basis. The financial reporting framework applicable to NHS bodies, derived from the HM Treasury Financial Reporting Manual, defines that the anticipated continued provision of the entity's services in the public sector is normally sufficient evidence of going concern. The directors have a reasonable expectation that this will continue to be the case and the financial statements have been prepared on a going concern basis.

Better Payment Practice Code

Unless other terms are agreed, we are required to pay our creditors within 30 days of the receipt of goods or a valid invoice, whichever is later. This is to ensure that we comply with the Better Payment Practice Code. The Trust's performance against this metric is shown as follows:

Non NHS	NHS
Target: 95%	Target: 95%
Result by number: 97.6%	Result by number: 89.7%
Result by value: 97.0%	Result by value: 86.7%

A detailed breakdown of the figures is shown below:

	2023/24		2022/23	
	Number	£000	Number	£000
Total non NHS trade invoices paid in the year	95,328	557,880	88,495	475,052
Total non NHS trade invoices paid within target	93,076	541,393	85,707	439,459
% of non NHS trade invoices paid within target	97.6%	97.0%	96.8%	92.5%
Total NHS trade invoices paid in the year	2,706	83,705	2,445	77,728
Total NHS trade invoices paid within target	2,428	72,610	2,189	72,058
% of NHS trade invoices paid within target	89.7%	86.7%	89.5%	92.7%

Interest paid under the Late Payment of Commercial Debts (Interest) Act 1998 amounted to £152.

Environment, sustainability and climate change

The NHS vision of delivering the world's first net zero health service and response to climate change has been embraced by the Trust. We are working towards two clear targets:

- To achieve net zero for emissions that we control directly by 2040 with regards to the NHS Carbon Footprint.
- To achieve net zero for the emissions that we can influence by 2045 with regards to the NHS Carbon Footprint Plus.

To address this the Green Plan has been established and implemented by the Trust and is regularly reviewed as part of the ISO 14001:2015 Environmental Management Plan. The Trust's Green Plan meets contractual and NHS Requirements as set out by the NHS Standards Contract 2023/2024.

Under the direction of NHSE/I the 5-year Green Plan has been reduced to a 3-year plan. This is a live working document, due to be renewed 2025.

Areas of focus are on:

- Workforce and system leadership
- Sustainable models of care
- Digital transformation
- Travel and transport
- Estates and facilities
- Medicines
- Supply chain and procurement
- Food and nutrition
- Adaptation

The plan now includes specific actions and timescales for each of the areas above and specific focus has been made on the estates and facilities as these contribute to the largest proportion of service-related emissions through the use of gas and electricity. This list is not exhaustive and South Tees have already added further areas to the list, such as separate sections for waste, green spaces, and communication. This will expand further with input from the South Tees 'Greener NHS Group'. The Green Plan requires senior, expert level input including clinicians, estates and facilities, procurement, finance, pharmacy, and dieticians.

The progress made over the past 12 months includes:

The Environment Agency audit

The Environment Agency audited the Friarage Hospital in March 2024 to assess compliance with the environmental legislation – no concerns raised and positive feedback received.

Eco Shop

Opening of additional Eco shop for staff at the Friarage Hospital.

Equipment reuse

Equipment that can be no longer be used by the Trust for various reasons and would historically go for disposal is now donated to a non-profit organisation which results in reducing wastage, carbon emissions and costs of disposal charges.

The Trust also continues with reupholstery of chairs Via Northumbria innovation hub and in-house reuse scheme.

ISO14001

The Trust continues with ISO 14001 accreditation (Environmental management system).

Green Champions

There are Green Champions across the Trust, monthly meetings are held with the champions. Internal and external guest speakers present each month to update the group on sustainability initiatives.

Clothes Swap

Two clothes swap events were held at The James Cook University Hospital. These events were successful and will continue on a regular basis.

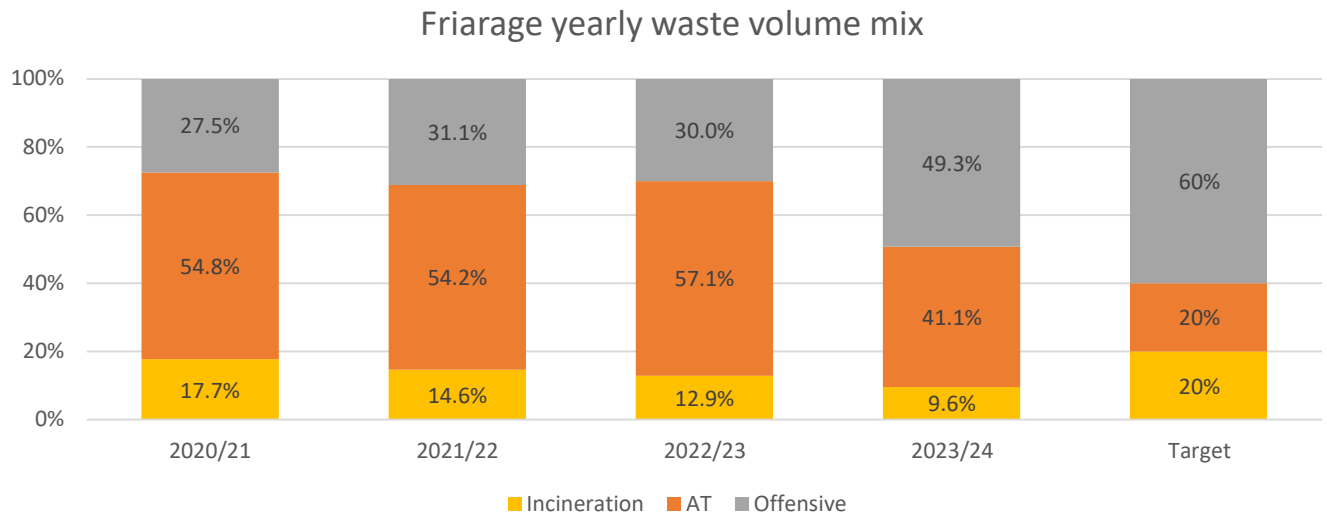
Collaborative working

The waste and sustainability manager has been working collaboratively with Middlesbrough Council and Middlesbrough Environment City. Initiated conversation with Net Zero Industry Innovation Centre Project Manager and Teesside University regarding Hydrogen projects.

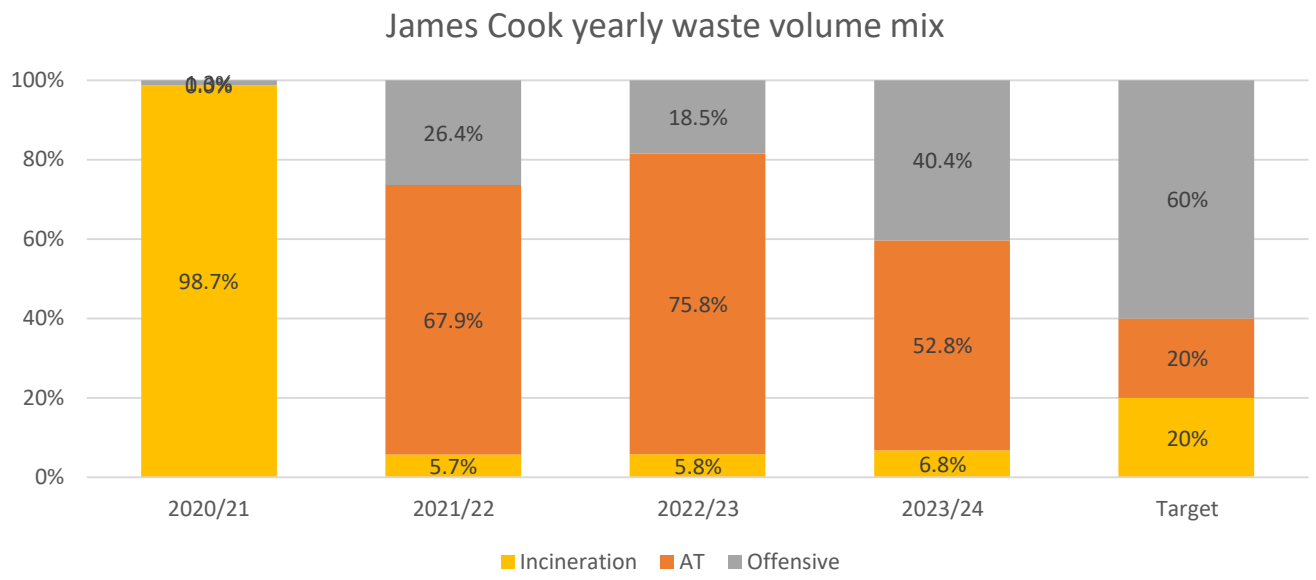
The Trust has representation at the Health Innovation North East and North Cumbria (HINENC) regional workshops. The aim of the workshops are to support and facilitate Green Plan priorities at both a Trust and ICB level.

Waste

Offensive waste stream rolled out across the Friarage and James Cook which has improved waste segregation and compliance by aiming for a 20-20-60 waste split in line with the NHS clinical waste strategy – 20% incineration (yellow bag) waste, 20% infectious (orange bag) and 60% offensive waste resulting in Trust savings and carbon emissions.

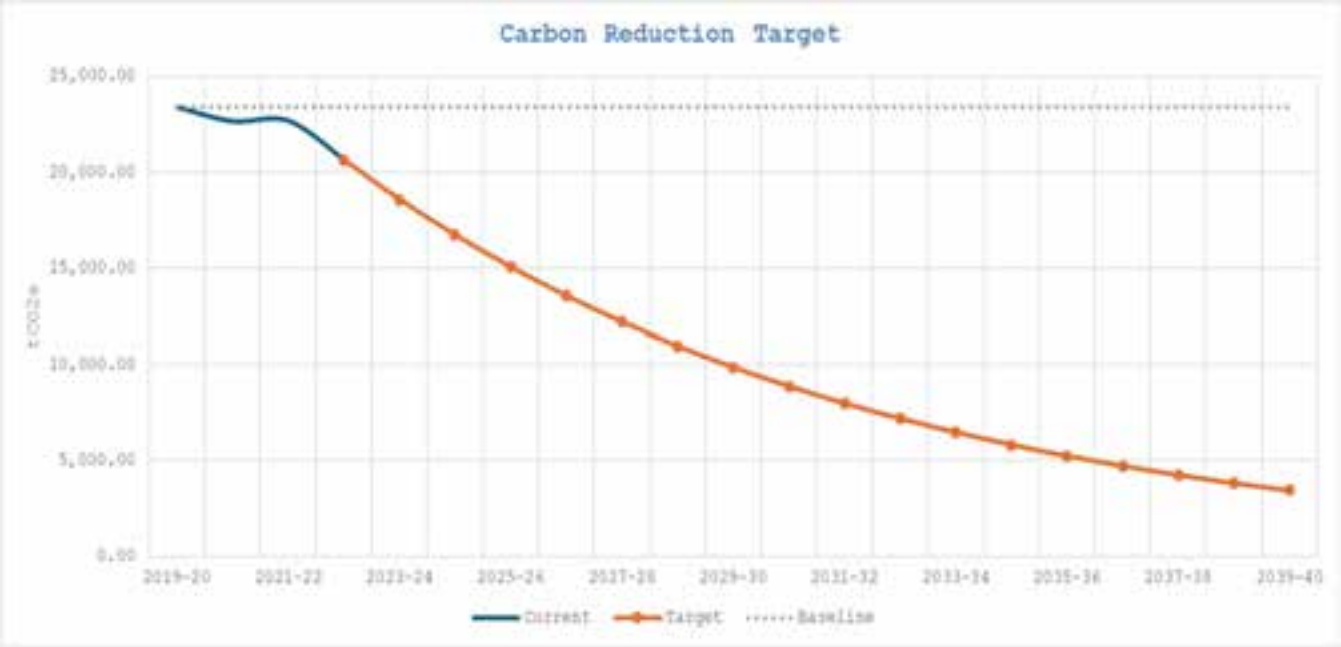


Caring Better Together



Carbon reduction target

Below Include scope 1, 2 and 3 (waste, well to tank, business travel and water). In support of the intent to reduce the Trusts reliance on the burning of fossil fuels a decarbonisation strategy has been prepared which sets out a clear plan for the next 10 years which subject to the required level of funding being secured will enable the Trust to reduce its carbon emission by 80% from the 1990 baseline prescribed by NHSE.



Salix funding

National funding grants of £18.95million for The James Cook University Hospital site and £9.5million for the Friarage Hospital have been awarded.

This significant investment will see work at both sites over the next two years to:

Caring Better Together

- Replace gas burning equipment
- Install photovoltaic panels to generate electricity and replace windows
- Reduce our reliance on fossil fuels
- Enhance the environment for patients and staff

The estates and facilities teams have been actively planning to reduce the reliance on fossil fuels as part of our decarbonisation journey and securing this latest government funding is a big step towards achieving this.

As of 2020, under new legislation of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the Companies and LLP (Energy and Carbon Report) Regulations 2018, it is a requirement through the Streamlined Energy and Carbon Reporting (SECR) to present the energy use and associated greenhouse gas emissions as part of the energy report in a tabulated format as shown below:

		2021-22	2022-23	2023-24
Finite resources	Electricity	28,948.7 MWh	30,011.4 MWh	30,275.8 MWh
		8,432.7 tCO2	8,249 tCO2	8,321.6 tCO2
	Gas	56,485.8 MWh	54,411.7 MWh	54,843 MWh
		12,116.8 tCO2	11,597.3 tCO2	11,689.2 tCO2
	Oil	166,746 kWh	237,027 kWh	318,212 kWh
		54.5 tCO2	77.6 tCO2	104.1 tCO2
		2021-22	**2022-23**	**2023-24**
Water	Water Consumption	252,198 m3	281,441 m3	293,580 m3
		92.4 tCO2	95.1 tCO2	99.2 tCO2
		2021-22	**2022-23**	**2023-24**
Waste	**Total waste**	**2,295 t**	**2597 t**	**2937 t**
Hazardous waste	Clinical waste to alternative treatment of incineration	857 t	938 t	737 t
		350.4 tCO2	378.7 tCO2	313.1 tCO2
Non-hazardous waste	Landfill	962 t	0 t	0 t
		429.2 tCO2	0 tCO2	0 tCO2
	Re-used / recycled	0 t	101 t	112 t
	Incinerated with energy recovery	442 t	1,457 t	1,779 t
	Electrical waste (WEEE)	1.12 t	16.4 t	2.47 t

2. Accountability Report

Directors' report

The Board of Directors – role and responsibility

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

- Setting the strategic direction whilst taking into account the views of the Council of Governors
- Ensuring adequate systems and processes are in place to deliver the Annual Operational Plan
- Ensuring that services provided are safe, and clean, and that personal care is provided to patients
- Ensuring robust governance systems and processes are in place supported by an effective assurance framework that supports sound systems of internal control
- Ensuring rigorous performance management to ensure the Trust achieves local and national targets
- Measuring and monitoring efficiency and effectiveness
- Continuous improvement
- Exercising its powers established under statue, as described in the Constitution which is available at: www.southtees.nhs.uk

The Board is led by the Group Chair, Professor Derek Bell, who was appointed in September 2021 as Joint Chair across both South Tees Hospitals NHS Foundation Trust and North Tees and Hartlepool NHS Foundation Trust.

The Board of Directors is responsible for exercising all of the powers of the Trust; however, the Board has the option to delegate these powers to senior management, and other committees. The Board has several committees which support the seeking of assurance in relation to quality, performance and risk management throughout the Trust.

These committees are Audit and Risk Committee, Chaired by Mr Readshaw; Quality Assurance Committee Chaired by Ms Davidson; Resources Committee, Chaired by Mr Redpath; Remuneration Committee, Chaired by Professor Bell and People Committee, Chaired by Mr Dias.

The Trust has a Scheme of Delegation which outlines when approval for a decision is required from the Board or one of its committees, such as for a high-value business case, and decisions which the Senior Leadership Team are permitted to make without further approval. The Board of Directors is jointly responsible for scrutinising and constructively challenging the performance of the Trust to ensure we deliver our strategy, continuously improve and deliver high quality care.

Each of the board committees undertakes a performance evaluation on an annual basis using a standard template across each of the committees, excluding the Audit and Risk Committee. The output of which is reported to the committee and as a whole to the Audit and Risk Committee.

Board composition

The Board is comprised of five Executive Directors, eight Non-Executive Directors and two associate Non-Executive Directors, including a Non-Executive Chair. The size of the Board is considered to be sufficient and the balance of skills and experience appropriate for the current requirements of the business.

Board members undergo an appraisal process which includes consideration of how an individual's contribution is aligned to our values: Respectful, Caring, Supportive. The Chief Executive leads the annual evaluation of each Executive Director and Directors, and the results of evaluations are summarised and reported to the Non-Executive Directors at the Remuneration Committee.

The Chair and Non-Executive Directors are appointed by the Nomination Committee, which is comprised solely of Governors and the Senior Independent Director, for terms of office of up to three years and may seek reappointment in line with the provisions set out in the NHS Foundation Trust Code of Governance ('the Code'). All the Non-Executive Directors are considered to be independent in character and in judgement.

Additional assurance of independence and commitment for those Non-Executive Directors serving longer than six years is achieved via a rigorous annual appraisal and review process in line with the recommendations outlined in the Code.

The Executive Directors and Directors are appointed by the Remuneration Committee on behalf of the Board of Directors. All Directors are appointed on permanent contracts and undertake an annual appraisal process to ensure that the focus of the Board remains on the delivery of safe, high quality, patient and service user-centred care.

The composition of the Board over the year is set out on the following pages and includes details of background, committee membership and attendance. The performance of the Board as a whole is reviewed on an annual basis by undertaking a self-assessment of the effectiveness of the Board of Directors, subsidiary Boards and Board of Directors' committees.

Board of Director meetings

The Board held five meetings in during 2023/24 which were public with a small element of business conducted in private due to the confidential nature of business to be discussed.

Board of Directors' profiles

Non-executive Directors

Professor Derek Bell OBE

Group Chair

Derek has 40 years' experience in the NHS and previously served as President of the Royal College of Physicians. He was awarded an OBE in 2018 for services to unscheduled care and quality improvement.

- Appointed 1 September 2021

Ali Wilson

Non-executive Director/Vice Chair

Ali has a long history of public service, having begun her NHS career as a nurse in the early 1980s. She has held a variety of clinical, managerial and academic positions, leading and evaluating service improvement, major service and organisational change. Before her retirement from a full-time senior leadership role in 2018, Ali was the Chief Executive Officer for NHS Darlington and NHS Hartlepool and Stockton-on-Tees Clinical Commissioning Groups and Chair of the North East Leadership Academy.

Ali is passionate about leadership development and system working and committed to the delivery of high quality, personalised and effective care both within a hospital and community environment. She has a long-standing interest in harnessing the potential of patient, carer and public involvement, having undertaken a Fulbright Fellowship at the Institute of Public Affairs, University of Minnesota in 2001, which focused on patient and public engagement in the co-design of services.

- Appointed 19 July 2022 for initial three-year term

Ada Burns

Non-executive Director/Senior Independent Director

Ada had a lengthy career in local government, in regeneration roles in London Councils, and until 2018 as Chief Executive of Darlington Borough Council. In this role she worked across the Tees Valley with a particular interest in health inequalities. Ada is Chair of Teesside University and a trustee of a community arts centre.

- Appointed 1 October 2019 for a three-year term
- Reappointed 23 March 2023 for a further three-year term

David Redpath

Non-executive Director

With roots firmly in the North East, David has enjoyed over 20 years in technology leadership and advisory roles around the world. His most recent role as a senior executive partner at research and advisory company Gartner sees him act as strategic advisory to multiple public and private companies in the UK. Prior to this David performed several CIO roles in different industries and served as a Non-executive Director at Newcastle Building Society and the Nation Union of Students.

- Appointed 3 December 2020 for a two-year term
- Appointed as full Non-executive Director on 1 August 2021 for three-year term

Mark Dias

Non-executive Director

Mark is a fellow of the Chartered Institute of Personnel and Development (CIPD) and an experienced human resource professional having worked at a senior level in a number of multi-national organisations. Mark's previous roles included EMEA Employee Relations Director for Cummins, HR Director for DS Smith and HR Business Partner at Nuffield Hospitals. A former serving police officer at Cleveland Police and commended for standing up for equality and integrity in policing.

- Appointed 19 July 2022 for initial three-year term

Miriam Davidson

Non-executive Director

While Miriam is proud of her Australian heritage she has lived and worked happily in the North East for over 35 years. Throughout her career in the NHS (1988 to 2014) and local government (2014 to 2020) she has held senior roles in health improvement and public health. Miriam is a Registered Specialist in Public Health and during her post as Director of Public Health for Darlington she was also Vice Chair of the north east branch of the Association of Directors of Public Health. More recently Miriam has supported the North East Public Health Specialty Training Programme (HEE), as Head of School of Public Health.

Miriam continues to coach, mentor and appraise specialists in public health. Her focus is on health inequalities and the challenge of why health appears to be for some, not all.

- Appointed 19 July 2022 for initial three-year term

Caring Better Together

Ken Readshaw

Non-executive Director

Ken is a chartered accountant with considerable experience of the chemical and power generation sectors, both in the UK and abroad. He was previously Audit Chair of NHS North Yorkshire Clinical Commissioning Group, has several charitable roles, and is passionate about helping to provide communities with the best possible public services.

- Appointed 19 July 2022 for initial three-year term

Rudy Bilous

Associate Non-executive Director

Rudy is a retired consultant endocrinologist working at South Tees from 1990 until 2016. He was appointed Professor of Clinical Medicine at Newcastle University in 2000 and was the Sub Dean for Medical Education on Teesside for over 15 years. He has held senior positions in Diabetes UK (the national charity for people with Diabetes) and the Royal College of Physicians. He has also served on the Council of the European Association for the Study of Diabetes as well as many research committees in the UK, Europe and the USA. He was Dean of Clinical Affairs for the Newcastle University Medical School in Malaysia (NUMed) from 2016 to 2018 and acted as a consultant in medical education at The James Cook University Hospital from 2019 to 2022.

- Appointed 19 July 2022 for initial two-year term

Alyson Gerner

Associate Non-executive Director

Alyson is a chartered accountant and has extensive experience in procurement, commercial, assurance, governance and finance in the NHS, the Department for Health and the Department for Education (DfE). At one stage she was director of NHS Commercial Development. She is currently the finance director of a property company that is an arm's length body of the DfE.

- Appointed 19 July 2022 for initial two-year term

Richard Carter-Ferris

Non-executive Director

Richard is a chartered accountant and an experienced finance professional having worked at a senior level in a number of large businesses. Richard's previous roles included Global Financial Controller for GE Plastics, Director of Internal Audit for Wal-Mart Europe, Finance Director for National Express East Coast and Finance Director for Vantage Airport Group and working as a consultant providing tax and financial planning advice.

- Appointed 1 August 2015 for a three-year term
- Reappointed 1 August 2018 for a further three-year term
- Reappointed for one additional year to 31 July 2022
- Reappointed for one additional year fixed term to run concurrently with appointment of Vice Chair on 30 August 2022
- Left 31 August 2023

Executive Directors

Sue Page

Chief Executive Officer

Sue has worked in the NHS for more than 30 years as Chief Executive in London, Cumbria, the North East and Liverpool. She has led hospital and community trusts, with a particular focus on improving organisations and leading them through significant change. Sue has previously worked in the northern region, leading hospital and community services in Northumberland and North Tyneside from 1990 to 2005, resulting in the creation of Northumbria Healthcare NHS Foundation Trust in 1998. She also ran NHS Cumbria for seven years from 2006 to 2013 and received a CBE for services to the NHS in 2000.

- Appointed Interim Chief Executive Officer on 1 October 2019
- Appointed as permanent Chief Executive Officer on 1 July 2020
- Left Trust December 2023

Caring Better Together

Stacey Hunter

Group Chief Executive Officer

Stacey was previously CEO at Salisbury NHS Foundation Trust where she worked from September 2020 to January 2024. Prior to that she worked for Bradford and Airedale Foundation Trusts, and spent some time seconded to the Nightingale Hospital Yorkshire during the COVID-19 pandemic. Stacey commenced her career in 1990 as a Nurse at Hull Hospitals and Leeds Teaching Hospital.

- Appointed on 1 February 2024

Rob Harrison

Managing Director

Rob joined the Trust in 2020 from Harrogate and District NHS Foundation Trust, where he served as Chief Operating Officer for ten successful years. Rob holds a postgraduate diploma in Health Service Management from the University of Birmingham and a bachelor's degree in Applied Biochemistry from the University of Liverpool and worked in the pharmaceutical research prior to joining the NHS Graduate Management Training Scheme. He subsequently held NHS management positions in Lancashire, Merseyside and Cheshire prior to moving to Harrogate in 2010.

- Appointed on 1 September 2020 (voting member of the Board from 1 November 2020)
- Acting Chief Executive Officer 1 January 2024 – 31 January 2024
- Left Trust 31 January 2024

Dr Michael Stewart

Chief Medical Officer

Michael is a consultant cardiologist and was appointed Chief Medical Officer in 2021. Most recently, he served as director of cardiovascular services at Auckland District Health Board. Prior to this, Michael worked as a cardiologist at South Tees Hospitals NHS Foundation Trust from 1996 to 2018, also holding various medical leadership roles.

- Appointed 1 February 2021

Hilary Lloyd

Chief Nursing Officer

Dr Hilary Lloyd was appointed chief nurse in 2021. Hilary qualified in 1989 and has held a number of nursing posts including acute health care, education and research. Most recently she served as the Director of Nursing, Midwifery and Quality at Gateshead NHS Foundation Trust.

- Appointed 1 March 2021

Chris Hand

Chief Finance Officer

Chris is a qualified accountant with over 20 years' experience in NHS financial management, including 13 years at Northumbria Healthcare NHS Foundation Trust. Most recently, Chris served as the Executive Director of Finance at Northumberland County Council.

- Appointed 1 March 2021

Rachael Metcalf

Chief People Officer

Rachael Metcalf is a Chartered CIPD professional with over 25 years' experience in the field of People Services who joined the Trust in 2004. Rachael has worked at a senior level leading several people functions and services. She became Director of Human Resources in September 2018. Prior to her NHS career Rachael worked in HR at North Yorkshire Police and started her HR career in an investment bank in Azerbaijan.

- Voting member of the Board from 1 January 2024

Attendance at Board meetings 2023/24

Non-executive Directors		Total number attended	% attendance
Ms A Burns	Non-executive Director and Senior Independent Director	6/6	100
Mr D Redpath	Non-executive Director	6/6	100
Professor D Bell	Group Chairman	5/6	83
Mr M Dias	Non-executive Director	6/6	100
Ms M Davidson	Non-executive Director	6/6	100
Ms A Wilson	Non-executive Director	6/6	100
Mr K Readshaw	Non-executive Director	6/6	100
Professor R Bilous	Associate non-executive Director	6/6	100
Ms A Gerner	Associate non-executive Director	5/6	83
Mr R Carter Ferris	Non-executive Director	1/3	33
Executive Directors			
Ms S Page	Chief Executive	3/5	60
Mr R Harrison	Managing Director	3/5	60
Dr M Stewart	Chief Medical Officer	6/6	100
Dr H Lloyd	Chief Nurse	5/6	83
Mr C Hand	Chief Finance Officer	6/6	100
Ms R Metcalf	HR Director	1/1	100
Ms S Hunter	Group Chief Executive	1/1	100

Declaration of Interests of the Board of Directors

An annual review of the Board of Directors' Register takes place alongside the annual review of the Fit and Proper Person Regulation assessment. This is in addition to any changes to Directors interests declared at the next routine meeting following the change to their interests. The Board of Directors has a standing agenda item which requires Executive and Non-executive Directors to declare any interest in relation to agenda items and any changes to their declared interests. The Register of Board Interests is available for public inspection via the Trust's website.

Joint Partnership Board

For some time now, the Trust has been working closely with North Tees and Hartlepool NHS Foundation Trust to support collaborative working. In May 2021, the trusts established and agreed a Memorandum of Understanding in support of working collaboratively. A Joint Strategic Board was formed, heralding the direction of travel for future collaboration, however, at this time it had no delegated functions. This was renamed to the Joint Partnership Board (JPB) in October 2021, with agreed membership and terms of reference.

The purpose of the Joint Partnership Board is to provide the formal strategic leadership of the partnership arrangements between the two organisations. It is responsible for overseeing, coordinating and ensuring delivery of the strategic intent of the partnership to secure the future of high quality, safe and sustainable healthcare across the population of the Tees Valley and North Yorkshire.

In January 2023, agreement was reached by both parties to form a hospital group, bringing the working relationships closer together than ever before in order to support our shared goals for patients, service users and colleagues.

Considerable work has been undertaken during 2023-24 in further developing the arrangements, with a Partnership Agreement forming the basis and formal agreement of both trusts to work in a group model. This along with terms of reference state the functions that can be jointly exercised by the Group Board and delegated and those which must remain at unitary Board level. This has been supported by and is in accordance with NHSE Guidance Arrangements for Delegation and Joint Exercise of Statutory Functions – Schedule F

The Partnership Agreement between both trusts, NHS England and North East and North Cumbria Integrated Care Board was agreed in November 2023 and officially signed February 2024.

The Group Board of Directors will formally commence in April 2024 and will include the Group Chair, Group Chief Executive, Group Executive Directors and Group Non-Executive Directors, the details of which are included in the Nominations Committee and Remuneration Committee reports.The South Tees Hospitals NHS Foundation Trust Board sets the strategic direction for the Trust within the context of NHS priorities, allocates resources, monitors performance against organisational objectives, ensures that clinical services are safe, of a high quality, patient-focused and effective, ensures high standards of clinical and corporate governance and, along with the Council of Governors, engages members and stakeholders to ensure effective dialogue with the communities we serve.

Foundation Trust membership

We involve our Governors who represent the members from South Tees Hospitals NHS Foundation Trust's (STHFT) constituent areas in developing our forward plans. By involving Governors in designing services and improving care we ensure that the views of local people are being heard and we enhance the experience of patients, carers, visitors and colleagues.

In May 2009 our original membership was established and since then we have worked to maintain and engage with our representative membership. By engaging with members and the

public ensures that the views of local people and those further afield are taken into account; this helps to improve the experience of our patients, visitors and staff.

Our membership consists of public, patients/carers and staff and is described in more detail below:

Public members

We have 4,073 public members covering Middlesbrough, Redcar and Cleveland, Hambleton and Richmondshire and the remainder of the United Kingdom.

Public membership	Number of members (31 March 2024)	Eligible membership
Age (years)		
16-21	6	23,117 (R – 26,998)
22-59	1,385	197,875 (R – 200,463)
60+	2,307	118,360 (R – 118,772)
Unknown	143	-

A member of the public who is 16 years of age or over and lives within STHFT's public constituent areas or who has been a patient and/or carer within the last ten years can become a member of our Trust for one of the following areas:

- Middlesbrough
- Redcar and Cleveland
- Hambleton and Richmondshire
- Rest of England
- Patient and/or Carer

Staff members

When joining STHFT a staff member on a contract of more than 12 months automatically becomes a member unless they choose to opt out. This staff constituency also includes: Endeavour SCH Plc; Serco; Middlesbrough Council Hospital Social Work Team; and Cambridge Perfusion Services.

The tables below provide details of STHFT's membership:

Constituency	Actual 31 March 2024	Actual 31 March 2023
Staff	9817	8628

Public constituency	Actual 31 March 2024	Actual 31 March 2023
Middlesbrough	1163	2630
Redcar and Cleveland	1076	2013
Hambleton and Richmondshire	994	1367
Rest of England	328	261
Patient and/or Carers	504	522

We communicate and engage with our members, patients, carers and volunteers through a variety of channels, these include:

- STHFT website
- Digital media
- Local media
- Annual Members' meetings
- Talking Point staff magazine

As part of the on-going work across the Teesside we have worked closely with our partnership organisations, including Specialised Commissioning, Middlesbrough Council, Redcar and Cleveland Council, North Yorkshire Council, our ICBs, Durham University, Newcastle University, Teesside University, Healthwatch and many other organisations across the third sector. We have plans to engage further with all our membership and key stakeholders.

Further information on membership and how to communicate with Governors can be found on our website: www.southtees.nhs.uk/about/membership or email: stees.foundation.trust@nhs.net

Council of Governors

Our Council of Governors has a membership of 31; five represent Middlesbrough; five Redcar and Cleveland; five Hambleton and Richmondshire; one Rest of England; two Patient and/or Carers; three staff; and 10 represent our partner organisations.

The Council of Governors directly represents members of the public, staff, and other stakeholders and forms an integral part of our governance structure.

The Council of Governors has a number of statutory duties. The Governors appoint the Non-executive Directors, including the Chairman, to STHFT's Board of Directors. They also have a key role in holding Non-executive Directors individually and collectively to account for the performance of the Board whilst representing the interests of STHFT's members.

The Council of Governors collectively has responsibility for supporting STHFT in taking account of the views of its members when developing forward plans and services. Our Governors were engaged with the formation of STHFT's operational plan for 2023/24.

Other statutory duties of the Council of Governors include:

- Appointment and removal of the Chairman and other Non-executive Directors

- Approving the appointment of the Chief Executive
- Deciding the remuneration of the Chairman and Non-executive Directors
- Appointment and removal of STHFT's External Auditors
- Receiving STHFT's Annual Report and Annual Accounts
- As necessary make recommendations and/or approving revisions to STHFT's Constitution
- Approval of significant transactions
- Approval of any application by the Foundation Trust to enter into a merger, acquisition, separation or dissolution
- Review of STHFT's membership and engagement arrangements

There were a number of changes to the Council of Governors during 2023/24 including elections that were held. Details of the composition and changes that occurred are described in the following table:

Governor	Constituency	Term of office	Number of terms	Term due to end/ended	Council of Governor meeting Attendance
Public elected governors					
Rebecca Hodgson	Middlesbrough	3 years	3	November 2025	3/5 60%
Jean Milburn	Middlesbrough	3 years	2	March 2024	5/5 100%
Yvonne Bytheway	Middlesbrough	3 years	2	November 2025	4/5 80%
Paul Fogarty	Middlesbrough	3 years	1	March 2024	3/5 60%
Rachel Booth-Gardiner	Middlesbrough	3 years	1	November 2025	4/5 80%
Zahida Mian	Redcar and Cleveland	3 years	1	May 2025	5/5 100%
Jon Winn	Redcar and Cleveland	3 years	2	May 2025	4/5 80%
Brian White	Redcar and Cleveland	3 years	2	March 2026	4/5 80%
Allan Jackson	Redcar and Cleveland	3 years	3	July 2023	0/1 0%
Janet Crampton	Hambleton and Richmondshire	3 years	3	November 2025	5/5 100%
Graham Lane	Hambleton and Richmondshire	3 years	1	March 2024	5/5 100%
Sue Young	Hambleton and Richmondshire	3 years	2	March 2026	3/5 60%

Noel Beal	Hambleton and Richmondshire	3 years	1	March 2026	2/3 66%
Bernard Borman	Hambleton and Richmondshire	3 years	1	March 2026	1/1 100%
Nigel Puttick	Hambleton and Richmondshire	3 years	1	April 2023	0/0 0%
Angela Seward	Rest of England	3 years	3 plus 1 year	November 2023	4/4 100%
John Fordham	Patient / Carer	3 years	1	May 2025	4/5 80%
Elaine Lewis	Patient / Carer	3 years	1	April 2023	0/0 0%
Staff elected governors					
Sarah Essex		3 years	1	May 2025	5/5 100%
Isaac Oluwatowoju		3 years	1	May 2025	5/5 100%
Julian Wenman		3 years	1	March 2026	2/5 40%

Appointed / partnership governors

Governor	Partner organisation	Date appointed	Council of Governor meeting attendance
Cllr David Coupe	Middlesbrough Council	January 2022	2/5 40%
Cllr Steve Watson	North Yorkshire Council	August 2022	3/5 60%
Patrick Rice	Redcar and Cleveland Council	August 2019	0/1 0%
Cllr Ursula Earl	Redcar and Cleveland Council	June 2023	3/4 75%
Professor Shaun Pattinson	Durham University	October 2022	4/5 80%
Professor Stephen Jones	Newcastle University	January 2016	4/5 80%
Carlie Johnston-Blyth	Teesside University	May 2021	4/5 80%
Lee O'Brien	Carer Organisation	February 2020	3/5 60%
Paul Crawshaw	Healthwatch Organisation	February 2015	0/2 0%
Lisa Bosomworth	Appointed substitute for Healthwatch Organisation	May 2019	3/5 60%

Council of Governor meetings

From 1 April 2023, the Council of Governors met on five occasions all held in public with a small element of private business.

- 16 May 2023
- 18 July 2023
- 19 September 2023
- 21 November 2023
- 20 February 2024

Council of Governor committees

The Council of Governors delegates some of its powers to Committees of Governors and these matters are described within STHFT's Constitution which includes the Nomination Committee. Further details on the workings of the Nomination Committee can be found within the Remuneration Report. The Council of Governors established other groups including the Membership and Engagement Committee as mentioned previously in this section of the report, Annual Operating Plan Group, the Constitution Working Group and Quality Account Group.

Governor training and development

During the year Governors have been provided with access to a range of training and development opportunities to further support them in their role. These included inductions and learning and educational sessions held prior to Council of Governor meetings.

There are a number of ways members of the Trust and members of the public can communicate with the Council of Governors:

Telephone: 01642 835583

Email: stees.foundation.trust@nhs.net

Write to your Governor at:

Membership Office

South Tees Hospitals NHS Foundation Trust

The Murray Building

James Cook University Hospital

Marton Road

Middlesbrough

TS4 3BW

The Board of Directors relationship with the Council of Governors

The Board of Directors and Council of Governors seek to work together effectively in their respective roles. During the year, the Lead Governor has worked closely with the Chairman and Company Secretary to review all relevant issues which are taken into consideration to produce agendas for meetings of the Council of Governors. The Non-Executive Directors are invited to attend all meetings and have started to take a lead in providing assurance to the Council of Governors on the work of the Trust. The Managing Director, Chief Operating Officer, Head of Financial Governance and Head of Governance and Company Secretary have been in attendance.

The Trust's Governors are encouraged to attend the Board meetings held in public to gain a broader understanding of discussion taking place at Board level, to observe the decision-making processes and to understand how Non-executive Director's challenge and support Executive Directors.

Declaration of Interests of the Council of Governors

All Governors are required to comply with the Council of Governors Code of Conduct which includes a requirement to declare any interests that may result in a potential conflict in their role as Governor of STHFT. At every meeting of the Council of Governors there is a standing agenda item which requires Governors to make known any interest in relation to agenda items and any changes to their declared interests.

The Register of Governors' interests is held by the Company Secretary and is available for public inspection via the following address:

Membership Office, South Tees Hospitals NHS Foundation Trust, The Murray Building, The James Cook University Hospital, Marton Road, Middlesbrough, TS4 3BW.

Nomination Committee

The Nomination Committee consists of public, staff and governors. The Committee is chaired by the Trust Chair, with the exception of instances in which the appointment and performance of the Chair are to be discussed.

The Senior Independent Director is invited to the Committee to provide support and advice along with the Company Secretary. At times when the Chairman's terms of office or performance appraisal is being considered the Chair would withdraw from the meeting.

The Committee is responsible for taking forward recommendations to the Council of Governors concerning the appointment or re-appointment of the Chairman and Non-Executive Directors prior to the conclusion of their terms of office.

In making a recommendation, the Committee reviews each individual's annual review documentation to consider how they have performed as a Non-Executive Director and on the knowledge, skills and experience that they contribute to the Board of Directors. As part of this process, the Committee monitors the collective performance of the Board of Directors and considers the balance between the need for continuity, and the need to progressively refresh the Trust Board as advised within the NHS Foundation Trust Code of Governance.

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

- A review of the appraisal documentation for the previous 12 months
- Confirmation from the Chair that he considers the Non-executive Directors to be independent or the mitigating actions to ensure the effectiveness of the Board is not compromised
- Review of the skills mix of the Board of Directors

The Committee met on five occasions during the period of the 1 April 2023 to 31 March 2024 to address the performance, appointment and re-appointment of the Non-executive Directors. In addition, there were 3 meetings held in common with the Nomination Committee of North Tees and Hartlepool NHS Trust.

Members		Total number attended	% attendance
Professor D Bell	Group Chair	5/6	83
Ms A Burns	Non-Executive Director / Senior Independent Director	3/6	50
Ms J Crampton	Elected Governor / Lead Governor from November 2023	6/6	100
Mrs A Seward	Lead Governor until November 2023	5/5	100
Ms Z Mian	Elected Governor	6/6	100
Professor P Crawshaw	Appointed Governor	1/1	100
Ms S Essex	Lead Governor	2/3	67
Ms R Hodgson	Public Governor	5/6	83

During 2023/24 the Council of Governors through the Nomination Committee agreed and had oversight on the following:

- Appointed the Vice Chair
- Agreed the appointment of the Senior Independent Director
- Received and assessed the performance and appraisal data for the Non-Executive Directors
- Considered succession plans and terms of office
- Reviewed the diversity of Board including skills, knowledge and experience
- Reviewed and recommended remuneration and terms of service for Non-Executive Directors and Joint Chair including additional supplementary payments
- Received assurance on compliance with Fit and Proper Persons

Council of Governors Committees in Common Nominations Committee

During the year, the Committees in Common Nominations Committee put forward the following recommendations for agreement and ratification by the Council of Governors:

- Group Chair appraisal for 2022-23 and agreement of the process for 2023-24;
- Proposals for the recruitment and appointment of a Group Chief Executive with associated remuneration;
- Appointment and remuneration of Vice Chairs for both trusts and the Group Board;
- Proposals and governance to establish Group Non-Executive Directors to support the Group model and structure
- Appointment and remuneration of the Non-Executive Directors for the Boards of South Tees Hospitals NHS Foundation Trust and North Tees and Hartlepool NHS Foundation Trust with the post holders operating and fulfilling the roles on behalf of the Trusts and Group.

Service contracts

Non-executive Directors serve for three-year terms of office and serve a maximum of six years subject to satisfactory performance (with additional years approved subject to satisfactory performance on an annual basis).

The Council of Governors consider and set terms of office for Non-executive Directors beyond that to meet the needs of STHFT whilst taking into account NHS England's guidance. Further details on each of the Non-executive Directors can be found in the Directors' Report within this Annual Report.

NHS England's Well Led Framework

The Trust Board development programme sets out the process by which it will assess itself against the NHS Improvement's well led framework as part of the Trust's journey of improvement. The Board has carried out self-review against the Well Led Framework in December 2019. An action plan was developed and work continues to deliver the outcomes agreed by the Board. The plan is a key aspect of the improvement plan for the Trust.

During 2023/24 the Trust received ongoing quality monitoring and regulatory oversight from the ICB and CQC with regular quality review groups and engagement meetings taking place throughout the year.

The CQC undertook a well led inspection of the Trust in January 2023 and the rating was uplifted from 'Requires Improvement' to 'Good'.

Statutory statement required within the Directors' Report

South Tees Hospitals NHS Foundation Trust has complied with the cost allocation and charging requirements set out in the HM Treasury and Office of Public Sector Information guidance.

A statement describing adoption of the Better Practice Code is included within the Annual Report. Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012) requires that income from the provision of goods and services for the purposes of the health service in England must be greater than its income for the provision of goods and

services for any other purpose. The Trust can confirm it has met these requirements. Note 3 to the accounts confirm that the Trust does not have income from fees and charges where the full cost exceeds £1 million.

All Directors of the Trust have undertaken to abide by the provisions of the Code of Conduct for Board level Directors; this includes ensuring that, at the time that this Annual Report is approved:

- So far as each Director is aware, there is no relevant audit information of which the NHS Foundation Trust's auditor is unaware; and
- Each Director has taken all the 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.
- The provisions of the Code of Conduct also require each Director to confirm, they have undertaken all the steps that they ought to have taken as a Director in order to do the things mentioned above and:
- Made such enquiries of their fellow Directors and of the company's auditors for that purpose; and
- Taken such other steps (if any) for that purpose, as are required by their duty as a Director of the company to exercise reasonable care, skill and diligence.

Annual Remuneration Report

Annual Statement on Remuneration

We present on behalf of the Board of Directors' Remuneration Committee the Trust's Remuneration Report for the financial year ending on 31st March 2024. The Remuneration Committee is a committee of the Board and is responsible for the recruitment, succession planning and remuneration of the Executive Directors and other Directors.

In accordance with the requirements of the HM Treasury Financial Reporting Manual (FReM) and NHS Improvement, we have divided this Remuneration Report into the following parts:

- An annual statement on remuneration from the Remuneration Committee;
- Senior Managers' Remuneration Policy; and
- Annual Report on Remuneration.

The process the Trust uses for assessing the performance of its Chief Executive and Directors is determined by the Remuneration Committee and is reviewed annually to ensure it is fit for purpose and meets current good practice for Board Directors. The Trust's policy on pay is that it will, for all staff groups, endorse any national proposals for pay, subject to the Trust being able to afford to pay any changes/increases.

The Trust Remuneration Committee aims to ensure that Executive Directors' and Directors' remuneration is set appropriately. The Committee takes into account relevant market conditions to ensure Executive Directors and Directors are remunerated appropriately and that their pay is reasonable and comparable to other Executive Director and Director pay.

The Committee was assured that salaries above the threshold displayed within the Remuneration table within the Accountability Report are reasonable and comparable to other Executive Director and Director pay.

The Chief Executive and Executive Directors receive a fixed salary which is reviewed annually and determined by independent benchmarking against NHS organisations throughout the country with the use of NHS Provider benchmarking information, NHS Annual Reports and Accounts and knowledge of job descriptions, person specifications and market pay.

Executive Directors and Directors are substantive employees and their contacts can be terminated by either party giving notice of three months.

For the purpose of this Remuneration Report only voting members of the Board are considered as 'senior managers'.

Due regard is also given to the diversity and complexity of the roles undertaken by the Directors when reviewing and benchmarking pay against comparators. Any pay changes/increases will always be subject to formal review of both the individual Director's performance and the Trust's performance, taking cognisance of the national framework for pay.

The Remuneration Committee considers the key business objectives as set out in the Trust Strategic Objectives and Improvement Plan allocated to each Director through the appraisal process. Performance is closely monitored and discussed through both an annual and on-going appraisal process. The Chief Executive and Managing Director take a joint lead on the evaluation of Directors and the Chairman takes the lead on the Chief Executive's performance.

During 2023/24, appraisals were held with the Chief Executive and Managing Director and each Director and all senior managers' remuneration is subject to satisfactory performance.

The Committee met on four occasions during the period of the 1 April 2022 to 31 March 2023.

		Total number attended	% attendance
Professor D Bell	Group Chairman	4/4	100
Ms A Burns	Non-executive Director and SID	4/4	100
Mr M Dias	N-executive Director	4/4	100
Ms M Davidson	Non-executive Director	3/4	75
Ms A Wilson	Vice Chair	3/4	75
Mr D Redpath	Non-executive Director	2/4	50
Mr K Readshaw	Non-executive Director	3/4	75

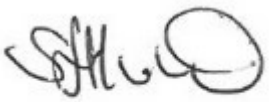
Major decisions on remuneration in 2023/24

- The Remuneration Committee received a report on the Chief Executive's appraisal
- The Remuneration Committee received a report on the performance and appraisal of the Executive Directors and Director team
- The Remuneration Committee approved the Chief Operating Officer salary subject to confirmation of outcome of appraisal
- The Remuneration Committee approved the recommendation for the Head of Governance and Company Secretary, Digital Director and Director of HR job evaluation benchmarking salaries
- The Remuneration Committee approved the contractual payments to be made to the CEO.
- The Remuneration Committee approved a responsibility allowance for the Interim CEO

During 2023/24, the Trust's Remuneration Committee met as a Committee In Common with the Remuneration Committee of North Tees and Hartlepool NHS Foundation Trust on five occasions, relating to specific group items.

The Remuneration Committee fulfil their responsibilities and report to the Board of Directors.

Signed:



Stacey Hunter

Group Chief Executive and Accounting Officer

Signed:

Professor Derek Bell OBE

Group Chair

Date: 04.07.24

Senior manager remuneration and benefits

The Remuneration Committee is committed to ensuring the Trust is able to offer proportionate and fair remuneration packages, reflective of the responsibility of working in a large and complex environment and to promote the long-term sustainable success of the Trust by attracting, recruiting and retaining high calibre staff in a competitive marketplace.

It considers the prevailing market conditions, benchmarks pay and employment conditions against appropriate peer, national and regional comparators and the Trust workforce. When appointing Directors and Executive Directors to the Trust, the Remuneration Committee aligns with the Trust's strategy to deliver Workforce Race Equality standards, Workforce Disability Equality Standards and increase inclusive leadership. The Trust values and promotes diversity and is committed to equality of opportunity for all. The Trust believes that the best boards are those that reflect the communities they serve, and applications are particularly welcomed from women, people from the local black and minority ethnic communities, and disabled people who we know are under-represented in senior manager roles.

The Remuneration Committee always considers the pay and terms and conditions of service of all Trust employees when making any decisions relating to the Executive Directors' pay and conditions. This is to ensure that levels of responsibility and experience are reflected appropriately, take account of pay surveys conducted by NHS Providers, as well as comparisons with other North East trusts and consider any national inflationary pay awards awarded to agenda for change/medical and dental staff.

NHS England outlined recommendations for the 2023/24 annual pay increase for very senior managers in October 2023. The Remuneration Committee agreed to award 5.0% for all very senior managers backdated to 1 April 2023 in line with the guidance.

Details of Directors' remuneration and pension entitlements for the year ending 31 March 2024 are published in this Remuneration Report and the Annual Accounts section.

The authority and responsibility for controlling major activities is retained by the statutory Board of Directors who have voting rights. This includes the voting Executive and voting Non-executive Directors (including the Chairman).

Pension arrangements for the Chief Executive and Executive Directors are in accordance with reference to NHS Pension Scheme, the Accounting Policies for Pensions and relevant benefits are set out in the following tables:

There are no components to senior manager salaries other than those disclosed within the tables in this report. Total remuneration includes salary, non–consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions for 2023/24. There have been no special contractual compensation provisions attached to the early termination of a senior manager's contract of employment and there has been no payment for compensation for loss of office paid or receivable under the terms of an approved compensation scheme.

Service contract obligations

Director and Executive Director service contracts do not include obligations on the Foundation Trust which could give rise to or impact on remuneration payments or payments for loss of office. Trust does not make payments for loss of office outside the standard contract terms included in the employment contracts of senior managers.

Policy on payment for loss of office

The Members of the Executive Team are appointed on permanent contracts with a notice period of three months for them to serve and a period of three months for the Trust to serve.

The Chief Medical Officer's salary is in accordance with the terms and conditions of the National Health Service Consultant Contract plus a responsibility allowance payable for the duration of office which is three years.

Early termination by reason of redundancy is in accordance with the provision of the NHS redundancy arrangements and in accordance with the NHS pension scheme. Employees above the minimum retirement age that request termination by reason of early retirement are subject to the normal provisions of the NHS pension scheme.

Element	Link to strategy	Operation	Maximum	Changes
Base salary	To set a level of reward for performing the core role. To provide a competitive salary relative to comparable healthcare organisations in terms of size and complexity.	The aim is to offer benchmarked salary which the Committee consider appropriate for experience and performance	There is no prescribed maximum annual increase. When reviewing salaries, the Committee take account of personal and organisational performance and any national award offered to the wider employee population	No
Taxable benefits	The current remuneration policy of the Trust does not make provision for taxable benefits or performance related bonuses unless specifically agreed by the Remuneration Committee on a case-by-case basis.			
Annual performance related bonuses				
Pension related benefits	To provide pensions in line with NHS Policy	Directors are automatically enrolled in the NHS pension scheme on the same basis as all other colleagues with the NHS	Pension arrangements for the Chief Executive and Executive Directors and Directors are in accordance with the NHS pension scheme. The accounting policies for pensions and other relevant benefits are set out in the note 1.5 to the accounts	No

Directors' costs table 2023/24 (subject to audit)

Figures below are for the 12-month period from 1 April 2023 to 31 March 2024 for comparison purposes a table showing figures for the prior year is also included.

	2023/24					
Name and title	**Salary & fees (in bands of £5k)**	**Taxable benefits (total to the nearest £100)**	**Performance-related bonuses (in bands of £5k)**	**Long-term performance-related bonuses (in bands of £5k)**	**All pension-related benefits (in bands of £2.5k)**	**Total**
	£000	**£00**	**£000**	**£000**	**£000**	**£000**
Derek Bell	40-45	-	-	-	-	40-45
Group Chair						
Richard Carter-Ferris (1)	10-15	-	-	-	-	10-15
Vice Chair and Non-executive Director						
Ada Burns	15-20	-	-	-	-	15-20
Senior Independent and non-executive Director						
Debbie Reape (2)	-	-	-	-	-	-
Non-executive Director						
David Redpath	15-20	-	-	-	-	15-20
Non-executive Director						
David Jennings (3)	-	-	-	-	-	-
Non-executive Director						
Ali Wilson	20-25	-	-	-	-	20-25
Non-executive Director/Vice Chair						
Kenneth Readshaw	15-20	-	-	-	-	15-20
Non-executive Director						
Mark Dias	10-15	-	-	-	-	10-15
Non-executive Director						
Alyson Gerner	5-10	-	-	-	-	5-10
Associate non-executive Director						
Miriam Davidson	10-15	-	-	-	-	10-15
Non-executive Director						
Professor Rudy Bilous	5-10	-	-	-	-	5-10
Associate non-executive Director						
Sue Page (4)	235-240	18	-	-	-	240-245
Chief Executive Officer						
Stacey Hunter (5)	20-25	-			-	20-25
Group Chief Executive Officer						
Robert Harrison (6)	140-145	2	-	-	-	140-145
Managing Director						
Chris Hand	150-155	2	-	-	7.5-10	160-165
Chief Finance Officer						
Mike Stewart	200-205	1	-	-	-	200-205
Chief Medical Officer						
Rachael Metcalf (7)	120-125	1			5-7.5	125-130
Chief People Officer						
Hilary Lloyd	150-155	-	-	-	-	150-155
Chief Nursing Officer						
Band of Highest Paid Director's Total Remuneration in £000s (excluding redundancy payments and payments in lieu of notice)	**200-205**					

(1) Richard Carter-Ferris left the Trust on 31 August 2023
(2) Debbie Reape left the Trust on 31 August 2022.
(3) David Jennings left the Trust on 31 August 2022.
(4) Sue Page left the role of Chief Executive Officer on 31 December 2023. A payment of £50,527.26 was made in lieu of notice
(5) Stacey Hunter was appointed into the role of Group Chief Executive Officer on 1 February 2024
(6) Robert Harrison left the Trust on 31 January 2024.
(7) Rachael Metcalf was appointed to the role of Chief People Officer on 1 January 2024.

Caring Better Together

Directors' costs table 2022/23

Name and title	2022/23					
	Salary & fees (in bands of £5k)	Taxable benefits (total to the nearest £100)	Performance-related bonuses (in bands of £5k)	Long-term performance-related bonuses (in bands of £5k)	All pension-related benefits (in bands of £2.5k)	Total
	£000	£00	£000	£000	£000	£000
Neil Mundy (1) Joint Chair	-	-	-	-	-	-
Derek Bell Joint Chair	40-45	-	-	-	-	40-45
David Heslop (2) Non-executive Director	-	-	-	-	-	-
Richard Carter-Ferris Vice Chair and Non-executive Director	20-25	-	-	-	-	20-25
Ada Burns Senior Independent and non-executive Director	20-25	-	-	-	-	20-25
Debbie Reape (3) Non-executive Director	5-10	-	-	-	-	5-10
Michael Ducker (4) Non-executive Director	-	-	-	-	-	-
Maria Harris (5) Non-executive Director	-	-	-	-	-	-
David Redpath Non-executive Director	15-20	-	-	-	-	15-20
David Jennings (6) Non-executive Director	10-15	-	-	-	-	10-15
Ali Wilson (7) Non-executive Director	5-10	-	-	-	-	5-10
Kenneth Readshaw (8) Non-executive Director	10-15	-	-	-	-	10-15
Mark Dias (9) Non-executive Director	5-10	-	-	-	-	5-10
Alyson Gerner (10) Associate non-executive Director	0-5	-	-	-	-	0-5
Miriam Davidson (11) Non-executive Director	5-10	-	-	-	-	5-10
Professor Rudy Bilous (12) Associate non-executive Director	15-20	-	-	-	-	15-20
Sue Page Chief Executive	245-250	22	-	-	-	245-250
Robert Harrison Managing Director	155-160	2	-	-	40-42.5	200-205
Chris Hand Chief Finance Officer	145-150	2	-	-	22.5-25	165-170
Mike Stewart Chief Medical Officer	185-190	2	-	-	-	185-190
Hilary Lloyd Chief Nurse	145-150	-	-	-	32.5-35	175-180
Band of Highest Paid Director's Total Remuneration in £000s (excluding redundancy payments and payments in lieu of notice)	245-250					

(1) Neil Mundy left the Joint Chair role on 5 July 2021.
(2) David Heslop left the Trust on 31 July 2021.
(3) Debbie Reape left the Trust on 31 August 2022.
(4) and (5) Michael Ducker and Maria Harris left the Trust on 31 March 2022.
(6) David Jennings left the Trust on 31 August 2022.
(7), (8), (9), (10), (11) and (12) Ali Wilson, Kenneth Readshaw, Mark Dias, Alyson Gerner, Miriam Davidson, and Professor Rudy Bilous were appointed to the Trust on 19 July 2022.

The figures for Taxable Benefits relate to lease cars and accommodation costs

* In accordance with NHS England's NHS Foundation Trust Annual Reporting Manual s2.39, disclosure is now shown where one or more senior managers are paid more than £150,000. This is the threshold used in the Civil Service for approval by the Chief Secretary to the Treasury, as set out in guidance issued by the Cabinet Office and is considered a suitable benchmark above which NHS foundation trusts should disclose. Every salary approved by the remuneration committee has been appropriately externally benchmarked and salary levels set to ensure we are attracting the right skills and competencies.

** In accordance with NHS England's NHS Foundation Trust Annual Reporting Manual s2.50, where the calculations for Pension-Related Benefits result in a negative value the result should be reported as zero.

The information included above for pension benefits has been supplied by NHS Pensions.

Pension information

The figures below are for the 12-month period from 1 April 2023 to 31 March 2024:

	Real increase in pension at pension age	Real increase to pension lump sum at pension age	Total accrued pension at pension age at 31 March 2024	Lump sum at pension age related to accrued pension at 31 March 2024	Cash equivalent transfer value at 1 April 2023	Real increase in cash equivalent transfer value	Cash equivalent transfer value at 31 March 2024	Employer's contribution to stakeholder pension
Executive Directors	Bands of £2,500	Bands of £2,500	Bands of £5,000	Bands of £5,000	£000s	£000s	£000s	£000s
Stacey Hunter Group Chief Executive Officer	0	5-7.5	60-65	170-175	1,157	28	1,481	0
Robert Harrison Managing Director	0	35-37.5	45-50	120-125	656	155	936	0
Chris Hand Chief Finance Officer	0-2.5	27.5-30	45-50	120-125	658	194	939	0
Hilary Lloyd Chief Nursing Officer	0	0	65-70	180-185	1,362	104	1,624	0
Rachael Metcalf Chief People Officer	0-2.5	0-2.5	35-40	90-95	597	4	738	0

The comparative figures for the 12-month period from 1 April 2022 to 31 March 2023 are as follows:

	Real increase in pension at pension age	Real increase to pension lump sum at pension age	Total accrued pension at pension age at 31 March 2023	Lump sum at pension age related to accrued pension at 31 March 2023	Cash equivalent transfer value at 1 April 2022	Real increase in cash equivalent transfer value	Cash equivalent transfer value at 31 March 2023	Employer's contribution to stakeholder pension
Executive Directors	Bands of £2,500	Bands of £2,500	Bands of £5,000	Bands of £5,000	£000s	£000s	£000s	£000s
Robert Harrison Managing Director	2.5-5	0	45-50	70-75	592	64	656	0
Chris Hand Chief Finance Officer	0-2.5	0	40-45	80-85	604	54	658	0
Hilary Lloyd Chief Nurse	2.5-5	0	60-65	170-175	1,256	106	1,362	0

Note: In the tables above, the benefits and related CETVs do not allow for any potential future adjustment arising from the McCloud judgment.

Notes to senior managers' remuneration and pension benefits (subject to audit)

A Cash Equivalent Transfer (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 from 2004-2005 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.

Fair pay multiple (subject to audit)

As an NHS Foundation Trust, the Trust is required to disclose the relationship between the remuneration of the highest paid Executive Director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce (this excludes one-off severance payments and pension related benefits). For this Trust, Executive Directors are deemed those with voting rights on the Board, as disclosed in the salary table above. In 2023/24 the highest paid Director in the Trust is the Chief Medical Officer (in 2022/23 the highest paid Director was also the Chief Executive).

The banded remuneration of the highest paid Director at the Trust in 2023/24 was £202,500 (2022/23 £247,500). This was 5.9 times (2022/23 7.5 times) the median remuneration of the workforce, which was £34,581 (2022/23 £32,934).

This exercise has included all staff employed by the Trust during the financial period, regardless of whether they were still employed at 31 March 2024. The remuneration figures used are based on Trust employees including locum staff, the Trust's in-house nurse, clerical bank staff and excludes external agency staff.

In 2023/24, thirty nine employees received remuneration in excess of the highest paid Director (five employees in 2022/23). Remuneration ranged from £22,383 to £376,065 (2022/23 £20,270 to £330,287). The percentage change in average employee remuneration (based on total for all employees on an annualised basis divided by full time equivalent number of employees) between years is 5.0%. Total remuneration includes salary, non-consolidated performance-related pay, benefits in kind but not severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions. The starting point for the ranges for the financial periods is based on the minimum agenda for change pay scales.

The remuneration of the employee at the 25th percentile, median and 75th percentile is set out below. The pay ratio shows the relationship between the total pay and benefits of the highest paid director (excluding pension benefits) and each point in the remuneration range for the organisation's workforce.

	2023/24			2022/23		
	25th percentile	Median	75th percentile	25th percentile	Median	75th percentile
Total pay and benefits excluding pension benefits	25,520	34,581	44,884	24,669	32,934	42,735
Banded remuneration of highest paid director	202,500	202,500	202,500	247.500	247,500	247,500
Ratio of total pay and benefits and the mid-point of the banded remuneration of the highest paid director	7.9	5.9	4.5	10.0	7.5	5.8

The change in median remuneration during the years is mainly due to the change in the banded remuneration of the highest paid director. The Trust believes that the median pay ratio for the relevant financial year is consistent with pay, ward and progression policies for the entire employee population.

Expenditure on consultancy

In 2023/24, expenditure on consultancy was £0.665 million (2022/23 £1.608 million). Consultancy expenditure in the year related mainly to support in developing and delivering the Trust's Financial Improvement Programme with support from NHS England.

Staff exit packages

In 2023/24, the Trust agreed an exit package with 5 members of staff (there were 2 instances in 2022/23) which cost £0.334 million. Further information to support the exit packages is included in Note 5.3 and Note 5.4 of the Financial Statements.

Governors' expenses

In accordance with STHFT's Constitution Governors are eligible to claim expenses for travel at rates determined by STHFT. Out of the Council of Governor membership there were nine Governors who claimed expenses which totalled £348.

Directors' expenses

In 2023/24, expenses paid to those holding the office of Director at the Trust totalled £17,625. All costs paid related to the reimbursement of travel, subsistence costs and course expenses. Details of remuneration and benefits in kind can be found within the remuneration table.

Analysis of staff costs (subject to audit)

Details of the costs of our workforce are available within Note 5 of the Financial Statements. The note includes information to support employee expenses and details of the monthly average of people employed by the Trust.

Off-payroll engagements

Executive Director approval is required for all off-payroll engagements and STHFT reports to NHS England as required in line with national requirements. Board approval via recommendations from the Remuneration Committee is required by any off-payroll Board member engagement.

Highly paid off-payroll worker engagements as at 31 March 2024 earning £245 per day or greater:	
Number of existing engagements as of 31 March 2023 of which:	0
Number that have existed for less than one year at time of reporting	0
Number that have existed for between one and two years at time of reporting	0
Number that have existed for between two and three years at time of reporting	0
Number that have existed for between three and four years at time of reporting	0
Number that have existed for four or more years at time of reporting	0

All highly paid off-payroll workers engaged at any point during the year ended 31 March 2024 earning £245 per day or greater:	
Number of off-payroll workers engaged during the year ended 31 March 2023:	1
Of which:	
Not subject to-off-payroll legislation	0
Subject to off-payroll legislation and determined as in-scope of IR35	0
Subject to off-payroll legislation and determined as out-of-scope of IR35	1
Number of engagements reassessed for compliance or assurance purposes during the year	0
Of which: number of engagements that saw a change to IR35 status following review	0

Any off-payroll engagements of Board members, and/or, senior officials with significant financial responsibility, between 1 April 2023 and 31 March 2024:	
Number of off-payroll engagements of Board members, and/or senior officials with significant financial responsibility, during the financial year	0
Number of individuals that have been deemed 'Board members and/or senior officials with significant financial responsibility' during the financial year. This figure must include both off-payroll and on-payroll engagements	0

The audit committee

The membership of the audit and risk committee consists of three independent directors. The Board should satisfy itself that the membership of the committee has sufficient skills to discharge its responsibilities effectively and ensure that at least one member of the committee has recent and relevant financial experience.

The committee is chaired by Mr Ken Readshaw.

There were eight (8) meetings held during 2023/24

Non-executive Directors	Total number attended	% attendance
Mr K Readshaw	8/8	100
Ms M Davidson	7/8	87
Ms A Gerner	7/8	87

The Committee remains responsible for providing the Board with advice and recommendations on matters which include the effectiveness of the framework of controls in the Trust, the adequacy of the arrangements for managing risk and how they are implemented, the adequacy of the plans of our auditors and how they perform against them, the impact of changes in accounting policy and the Committee's review of the Annual Accounts.

The Committee ensured a focus on the effectiveness of arrangements in place for counter fraud, anti-bribery and corruption to ensure that these met the NHS Counter Fraud Authority's requirements standards.

The Committee met its responsibilities during 2023/24 by:

- Reviewing the Board Assurance Framework
- Reviewing risk and internal control-related disclosures, such as the Annual
- Governance Statement
- Reviewing the work and findings of Internal Audit, including the Internal Audit annual plan
- Reviewing the work and findings of External Audit
- Reviewing the work and findings of the Local Counter Fraud Officer and other fraud reports
- Reviewing the process by which clinical audit is undertaken in the organisation
- Reviewing the process by which staff are able to speak up in the organisation
- Monitoring the extent to which our external auditors undertake non-audit work having reference to the Auditors Guidance Note 1 (AGN01) 'General Guidance Supporting Local Audit'
- Receiving assurance that the organisation is compliant with the NHS England EPRR core standards and has an effective business continuity process in place

- Reviewing the 2023/24 Financial Statements and Annual Report, prior to submission to the Board and NHS England
- Seeking assurance that the financial statements have been appropriately compiled on a going concern basis
- Reviewing and approving the Trust's Standing Financial Instructions and Scheme of Delegation
- Reviewing Trust policies such as standing financial instructions, accounting policies and BAF standard operating procedure
- Approving the Register of Interests for the Trust Board of Directors
- Seeking assurance in relation to the Trust's compliance with regulatory changes
- Reviewed the schedule of losses and compensations, the annual fraud report and provided assurance to the Board following each of its meetings

The Committee is content that the objectivity and independence of the auditor was not compromised by any of these additional assignments and that these services are allowed services under AGN01.

A review of the Committee effectiveness was undertaken in May 2023, based on a survey of members and attendees. Members were satisfied with the way the Committee was operating and a small number of considerations are identified in the report.

In the review of internal audit and management assurance reports, Audit and Risk Committee identified three high risk rated reports, four medium risk rated reports, one Moderate risk rated report, one low risk rated report and one advisory rated report. During the course of their work a number of weaknesses were identified including five high risk rating findings. These have been summarised in the annual governance statement.

Charitable Funds Committee

The Charitable Funds Committee has continued to meet during 2023/24 for the on-going management of charitable funds on behalf of the Corporate Trustees.

NHS Trust Code of Governance

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

There are other disclosures and statements (mandatory disclosures) that we are required to make, even where we are fully compliant. The mandatory disclosures have already been made within the main text of the Annual Report.

NHS Foundation Trusts are required to provide (within their Annual Report) a specific set of disclosures in relation to the provisions within Schedule A of the Code of Governance. We are compliant with these provisions and in compliance with the Code.

NHS System Oversight Framework

System Oversight Framework

NHS England NHS System Oversight Framework provides the framework for overseeing systems including providers and identifying potential support needs. The framework looks at five national themes:

- quality of care, access and outcomes
- preventing ill health and reducing inequalities
- finance and use of resources
- people
- leadership and capability.

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

Segmentation

Across the themes of the SOF (quality of care, finance and use of resources, operational performance, strategic change, leadership and improvement capability) the Trust is placed in segment 3, mandated support for significant concerns, under the NHSE Regulatory Approach (Support Regime). The Trust is currently gaining external support on emergency care pathways and cost improvement and transformation.

Staff report

Information relating to workforce statistics (staff sickness) can also be found at https://digital.nhs.uk/data-and-information/publications/statistical/nhs-workforce-statistics

NHS Staff Survey and NHS People Promise

The NHS staff survey is conducted annually. The survey questions align to the seven elements of the NHS 'People Promise' and retains the two previous themes of engagement and morale. All indicators are based on a score out of 10 for specific questions where a higher score is more positive than a lower score. The response rate to the 2023 survey was 35% which is the same as the 2022 survey.

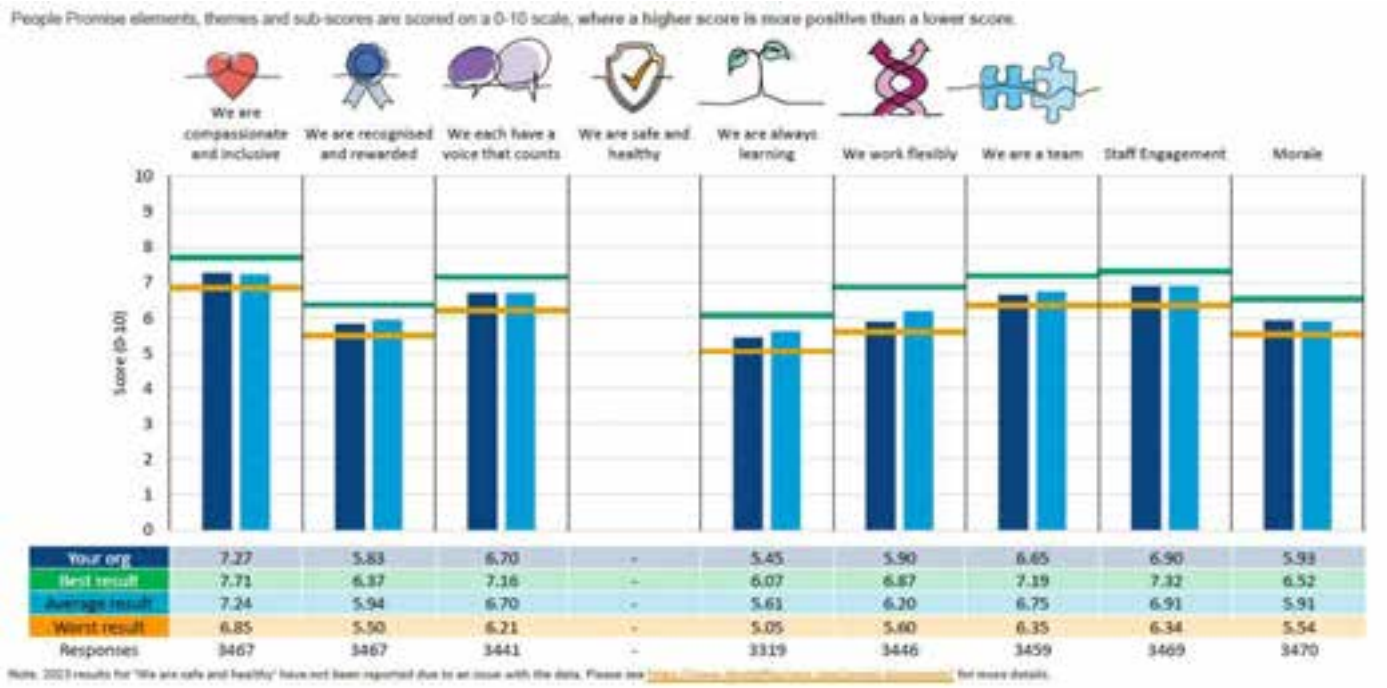
Scores for each indicator for 2023 and 2022 together with that of the survey benchmarking group for 2023 (acute and acute and community trusts) are presented below:

Indicators (People Promise elements and themes)	2023		2022	
	Trust score	Benchmarking group score average	Trust score	Benchmarking group score average
People Promise:				
We are compassionate and inclusive	7.27	7.24	7.26	7.18
We are recognised and rewarded	5.83	5.94	5.73	5.73
We each have a voice that counts	6.70	6.70	6.73	6.65
We are safe and healthy	Not reported nationally due data issue	-	5.85	5.89
We are always learning	5.45	5.61	5.29	5.35
We work flexibly	5.90	6.20	5.78	6.01
We are a team	6.65	6.75	6.66	6.64
Staff engagement	6.90	6.91	6.83	6.80
Morale	5.93	5.91	5.69	5.69

The NHS annual staff survey was carried out in Autumn 2023. The survey mode was mixed, and the sample type was a census with a response rate of 35% 3471 members of staff (3334 in 2022).

The People Promise sets out the things that would most improve their working experience, and is made up of seven elements:

The 2023 results for the above seven areas are as follows and include the results for additional themes of staff engagement and morale.



	We are compassionate and inclusive	We are recognised and rewarded	We each have a voice that counts	We are safe and healthy	We are always learning	We work flexibly	We are a team	Staff Engagement	Morale
Your org	7.27	5.83	6.70	-	5.45	5.90	6.65	6.90	5.93
Best result	7.71	6.37	7.16	-	6.07	6.87	7.19	7.32	6.52
Average result	7.24	5.94	6.70	-	5.61	6.20	6.75	6.91	5.91
Worst result	6.85	5.50	6.21	-	5.05	5.60	6.35	6.34	5.54
Responses	3467	3467	3441	-	3319	3446	3459	3469	3470

We are compassionate and inclusive

Key indicators in the section relate to care of our patients, raising concerns and recommending the Trust as a place to work and for this indicator the Trust benchmarks above the national average.

There have been improvements in the following areas:

- Staff feeling that their role makes a difference to patients/ service users and that care of patients is the organisation's top priority.
- Staff would recommend the Trust as a place to work and if a friend or relative needed treatment, would be happy by the standard of care provided by the Trust.
- Staff feeling that their manager works with them to come to an understanding of problems and takes effective action to help staff deal with any problems faced.

Caring Better Together

- Staff saying that the organisation respects individual differences (for example cultures, working styles, backgrounds, ideas).

Although a small increase, the Trust is committed to exploring further the increase in staff saying that they have experienced discrimination at work from patients / service users, their relatives or other members of the public or their manager / team leader or other colleagues.

We are recognised and rewarded

This theme includes recognition for good work, feeling valued and satisfaction with level of pay and for this indicator we benchmark just below the national average. Our result for recognised and rewarded has increased since last year, with improvements in the following areas:

- Satisfaction with recognition for good work
- Satisfaction with the extent to which the organisation values work
- Satisfaction with levels of pay.

We each have a voice that counts

This theme explores how colleagues feel about their work environment with opportunities to use initiative, are trusted to do their role and can make suggestions. For this indicator our benchmark score is the same as the national average. Our overall score is slightly lower than last year, with the reduction relating to raising concerns. However, we have seen an improvement in the autonomy and control.

We are safe and healthy

This theme covers staffing, health and wellbeing and bullying and violence. 2023 results for the People Promise element 'We are safe and healthy' have not been reported nationally due to an issue with the data.

The Burnout element has been reported which shows the Trust benchmarks just below the national average, however an improvement since 2022. A lower percentage of staff say that they find work emotionally exhausting, feel burnt out because of work, are exhausted or worn out at the thought of or end of another day/shift at work.

We are always learning

This theme focuses on development opportunities and appraisals. For this indicator we have shown a significantly higher result from 2022 to 2023. There has been an increase in the

organisational score for completion of appraisals and a higher percentage of staff said that it helped improve how to do their job, agree clear objectives and left staff feeling that their work is valued by the organisation. A higher percentage of staff also said that they have opportunities to improve their knowledge and skills, feel supported to develop their potential and are able to access the right learning and development opportunities when they need to.

We work flexibly

This theme relates to home life balance and flexible working. For this indicator we benchmark below the national average. However, there is an improvement in scores in 2023, from 2022, with more staff saying that they have support for work-life balance. A higher percentage of staff say that the organisation is committed to helping balance their work and home life, achieve a good balance between their work life and my home life and they are satisfied with opportunities for flexible working patterns.

We are a team

This theme looks at the support, respect and encouragement from line managers and team working.

For this theme the Trust is below the national average. However, a higher percentage of staff say that:

- The team I work in often meets to discuss the team's effectiveness.
- Team members understand each other's roles.
- Their team has enough freedom in how to do its work.

Staff engagement

This theme looks at motivation, enthusiasm and ability for staff to make suggestions and improvements in their role.

For this area, we benchmark above the national average for the area of advocacy, with a higher percentage of staff stating that:

- Care of patients / service users is my organisation's top priority.
- I would recommend my organisation as a place to work.
- If a friend or relative needed treatment I would be happy with the standard of care provided by this organisation.

Although the Trust is just below the benchmark average for involvement and motivation, a higher percentage of staff say that there are frequent opportunities to show initiative in their role and are enthusiastic about their job.

Morale

The theme covered in this area relates to colleagues' views on leaving the organisation, materials, staffing and relationships

The Trust is above the benchmark average, for this theme. A lower percentage of staff say that they are thinking about leaving the Trust or will probably look for a job at a new organisation in the next 12 months or as soon as they can find another job or will leave this organisation.

A higher percentage of staff say that they are able to meet all the conflicting demands on their time at work, have adequate materials, supplies and equipment to do their work and enough staff at this organisation to do their job properly.

Future priorities and targets

Following the publication of the 2023 NHS staff survey, the Trust's clinical collaboratives will develop action plans with progress monitored through the organisation's People Committee.

In partnership with our staff side colleagues the Trust will develop a 'you said we did' plan with a specific focus on continuing to build on the work completed on flexible working and working in partnership in relation to staff concerns and consideration of suggestions to improve the work of the departments/teams. As part of our Group working, we will also continue to strengthen partnership working between the Group hospitals, working towards the development of consistent policies and processes, based on staff survey results.

Staff engagement

This theme looks at motivation, enthusiasm and ability for staff to make suggestions and improvements in their role. More staff feel able to make suggestions to improve the work of their team / department and make improvements happen in their area of work. In relation to advocacy although there has been a reduction in the percentage scores, there has been improvements in the numbers of staff providing positive responses.

"To make South Tees the best place to work"

In the NHS Staff Survey from 2019 to 2022 the Trust has seen the largest increase of any acute hospital trust in England for the number of staff who say patient/service users care is the

organisations number priority and the number of staff who would recommend the organisation as a place to work. The Trust wants to build on this achievement and continue to make this a great place to work, encouraging people to develop their career within the organisation. To do so, it is important that we create an environment that is supportive, respectful and caring, in which staff feel comfortable to raises suggestions, know we will listen and take action.

Our People Plan for 2023/25 identifies the themes that will continue to bring out the very best in one another and make the culture of South Tees Hospitals one that is compassionate and inclusive, whilst addressing the workforce challenges. Our aim to make South Tees the best place to work remains and we still want to be the employer of choice for both existing and potential new colleagues in all areas of the Trust.

Our People Plan for 2023/25 articulates how we will deliver the national People Promise by improving the experience of our people through five key strategic enablers:

- Growing our workforce for the future
- Improving learning and leadership culture
- Embedding equality, diversity and inclusion
- Engagement and belonging
- Improving health and wellbeing

The following are examples of activities where the Trust has actively sort to engage with its workforce to gain insight and feedback to improve the workplace environment making the Trust a place whereby staff feel involved.

Staff Engagement Network

The Staff Engagement Network has been in place for almost three years and has been involved in the development of the following initiatives:

- Development of the annual South Tees #LoveAdmin awards scheme which celebrates the work of administrative and support staff
- Review of the Long Service Award for staff and development of a Rewards and Recognition Policy that demonstrates the value of staff through non-financial recognition.
- Continued development of a flexible working organisation through the promotion of flexible working managers toolkits and discussion documents.
- Development and implementation of an agile working policy

The network continues to meet bi-monthly and will be involved in the implementation of the actions that support delivery of the Trust People Plan 2023/25.

Staff recognition

The Trust has continued to develop various way in which they recognise the achievements of staff. Over the last 12 months, we received 3,136 nominations for STAR awards and in excess of 90 colleagues were awarded a STAR award. STAR awards are available for the following categories:

- Attention to detail – 159 nominations
- Communication – 76 nominations
- Dealing with difficult situation – 233 nominations
- Going the extra mile – 1307 nominations
- Helping others – 418 nominations
- Patient compliment – 57 nominations
- Respect, Caring and Support – 430 nominations
- Teamwork – 456 nominations

In 2022 we launched the #loveAdmin Awards which celebrates the value and contribution of administrative and support services staff and in 2023 the number of nominations received increased to 450 across the 10 different categories.

We continue to offer a Long Service Award to colleagues who have been employed by the Trust for 25 years and there are approximately 80 staff members per year who qualify for long service recognition.

Appraisals

In 2021 the Trust implemented a new values-based appraisal, which was reviewed and developed in 2022/23. The focus is now on the quality of the appraisal discussions and, using feedback from the 2023 Staff Survey, we are developing a number of targeted development sessions for managers as well as delivering appraisal training via the Trust Management Essentials Programme.

Raising concerns and issues

We have adopted a restorative just and learning culture approach to dealing with adverse events that focuses on the harm done rather than the blame. We recognise that people make mistakes whilst also ensuring that staff are held accountable for their decisions. Our approach aims to repair trust and relationships damaged after an incident by allowed everyone to discuss how they have been affected and collaboratively decide what should be done to repair the harm.

Within the last 12 months we have seen a significant decrease in our formal employee relations processes. We continue this culture of continuous learning and development by issuing all staff who have been involved in an employee relations process a questionnaire to seek feedback and improve our process, with most responses returned expressing a positive experience.

In addition, have an embedded Freedom to Speak up process and have a number of Freedom to Speak Guardians within the Trust. Analysis of available data has demonstrated that there has been a 31% increase of cases reported during 2023 with the number of anonymous

concerns reported declining. This demonstrates to the Trust an increasing awareness of the FTSU service and that staff confidence in the FTSU model is growing.

Veteran Gold Award

South Tees Hospitals NHS Foundation Trust was accredited as a Gold Award holder in the Defence Employer Recognition Scheme and received this award in November 2023. The scheme recognises employers that pledge, demonstrate and advocate support to defence and the armed forces community and is the highest accolade that an employer can achieve in their support of defence. As an employer we are committed to the principles of the Armed Forces Covenant and we actively demonstrate support to the armed forces community throughout their employment journey.

Health and wellbeing

We continue to strengthen our health and wellbeing support for our colleagues and ensure that this is centre place, this is delivered through our People Plan 2023-2025. to ensure that we provide support for psychological, physical, personal and financial wellbeing.

The health and wellbeing of our people remains a key focus, in December 2023 the Trust was accredited with the gold level Better Health at Work Award, this evidences the value that the Trust places in their health and wellbeing offer. The award reflects the huge amount of work that continues in the development and implementation of the health and wellbeing strategy and initiatives that are relevant to our colleagues both now and in the future.

The Trust continues to use evidence and data to inform the wellbeing offer, we carry out an extensive annual Health Needs Assessment and triangulate with staff survey outputs, absence metrics and rich sources of information. This identifies where to direct and prioritise initiatives that support and improve staff health and wellbeing

Health and wellbeing awareness and promotion continues to be included within the welcome induction event for staff new to the Trust and it is incorporated into our Managers Essentials Training so that our managers feel informed and equipped to support staff with their wellbeing needs.

Psychological wellbeing

Psychological support has never been more important, social issues which are creating and increasing stress and anxiety for staff has placed enormous importance on the Trust's mental health support and resources.

The Trust's mental wellbeing offer includes counselling services, psychological workshops, mindfulness sessions, mental health wellbeing resources and stress awareness campaigns. We continue with the Schwartz rounds and embedding compassionate leadership. All staff are encouraged to have health and wellbeing conversations with managers to help to identify and address burnout and to encourage important open conversations about mental health.

Our Wellbeing Guardian, Head of People Experience and Occupational Health and Wellbeing Manager undertake regular wellbeing walkabouts to ensure staff feel listened to and to provide a mechanism for concerns and suggestions to be fed through to the Health and Wellbeing Operational Group for action.

Physical wellbeing

The Physiotherapy Service continues to provide an essential service, 89% of staff with work related MSK issues fed back that the service prevented related absence and 27% stated that they felt that the service helped them to return to work sooner.

We remain committed to supporting physical wellbeing and continue to undertake a wide range of campaigns that include interactive events and activities, health checks are offered to staff which help to raise awareness on general health and provide guidance on healthier lifestyles.

The Trust has developed excellent relationships with our partner, Serco, and identified opportunities for an improved offer, this has resulted in the introduction of vegan dishes at every lunch service, an extended afternoon offering which includes 'make your own pizza', and other warm food options. Staff fed back that that queuing was an issue on limited breaks which has resulted in self-serve soup options and an additional till point.

There has been a multitude of popular campaigns rolled out during 2023/24, which included:

- Dry January
- New Start New You – health checks
- Menopause awareness week
- Doctor bike clinics to encourage and support cycling
- Health checks "Know your numbers"
- Ovarian Cancer Month
- Stress awareness
- Sleep Week - Sleep CBTI
- Healthy Eating Week
- Back Care Awareness Week
- Annual flu campaign

Financial wellbeing

Through partnership working with our staff side colleagues at the Joint Partnership Committee, the Trust have been able to continue financial support through the Trust Hardship Fund. There is also continued access to the Trust's salary sacrifice schemes from which staff can purchase household 'white goods' at a reduced cost and payment through instalments.

The Trust is now working with The Money and Pensions Service, which is sponsored by the Department for Work and Pensions, to help provide our staff with guidance and access to information to be able to make effective financial decisions, this includes pension, debt, and money management guidance. The wellbeing internet page continues to provide a comprehensive range of financial wellbeing resources which includes support and guidance.

Occupational Health and Wellbeing Department

A fundamental part of our health and wellbeing offer is the services offered by our Occupational Health and Wellbeing Team. Providing counselling, physiotherapy, MSK and clinical services and delivering interactive and educational campaigns to our valued staff, is integral in preventing and minimising staff absence and helping our staff to keep well both in and out of

work. Accreditation by SEQOHS (Safe Effective Quality Occupational Health and Wellbeing Service), demonstrates the continuing commitment in the standard and quality of services provided by this committed and passionate team.

Embedding equality, diversity and inclusion (EDI)

The Trust clearly demonstrates its commitment to embedding equality, diversity and inclusion through its People Plan 2023/25. We continue to strive towards a workforce that is representative of the communities that we serve, recognising the contribution of all colleagues and aiming to be supportive, fair and free from discriminative working.

The Trust is proud of our Level 1 Disability Confident status which ensures that our recruitment policy and practices are equitable and supportive and provides candidates who consider themselves disabled to have a positive recruitment experience, this includes a commitment to:

- Guaranteed interviews
- Support at interviews
- Communicating vacancies in an inclusive way
- Providing reasonable adjustments
- Supporting existing employees

We know that we have 4.99% of staff declaring that they have a disability or long-term health condition and that this is increasing year on year, this is why the wellbeing conversations which have been weaved into our annual appraisals are so important as it provides an opportunity to discuss arising needs. Our flexible working and wellbeing policy support our colleagues who are impacted through disability and long-term health conditions. As a result of this commitment, the staff survey showed an increase this year (2023) as 53.2% of colleagues who have a disability feel that the organisation provides equal opportunities for progression which is slightly higher that the national benchmark of 51.5%.

We will strive for further improvement and seek learning opportunities through our Disability and Long-Term Health Conditions Network, which provides a safe and inclusive space for colleagues to discuss their lived experiences and to determine what went well and areas of development. The network is supporting our Trust with a review and update of the wellbeing policy and the proposed implementation of health passports.

Our policies Equality, Diversity and Inclusion and our Transgender, Non-Binary and Gender Diverse Inclusion Guidance demonstrates our commitment to inclusion and belonging for all colleagues. EDI is now embedded within our Trust Induction at the start of our colleagues' journey, and we offer introductory events for our colleagues who were trained overseas, preceptees and health care assistants undertaking the care certificate.

EDI is a thread which runs through all workstreams and remains a key domain and focus as part of the Trust's People Plan. We have a series of awareness and inclusion events throughout the year, hosted by our staff networks, which offer colleagues the time and space to talk through experiences or to raise concerns. The staff networks support the Trust in identifying opportunities for positive action through the sharing of case studies of lived experiences, seeking feedback and suggestions from the networks on the development of policy and practise and through facilitating awareness sessions that relate to Equality and Inclusion.

We work within the NHS Equality Diversity System (EDS) and are committed to addressing inequalities for our staff, patients and our community with real purpose and action. The Trust recognises, through both our staff and patient survey results, there can be a difference in experience and outcomes for certain groups of staff and patients and we are committed to bring about the necessary changes to ensure all who are involved in the Trust have as positive an experience and outcome as possible.

Our Trust values of Respectful, Supportive and Caring provide the foundation of the South Tees Way into which EDI is intrinsically embedded for which a leadership plays an important part. EDI is now an intrinsic part of the Management Essentials Programme and all our policies have an Equality Impact Assessment. The Workforce Racial Equality Standards and the Workforce Disability Standard alongside the EDI Annual Report, the Equality Delivery System Report and the Gender Pay Gap Report are all published on the Trust's internet site in compliance of our regulatory commitments and EDI is a standing agenda item as part of the People Committee Assurance to ensure that we continually assess and review our progress against internal and external measures.

By building a workforce that is truly representative of the local communities that we serve, we increase the talent pool from which we recruit and build services that are responsive to the needs of the local communities.

Our Equality, Diversity and Inclusion objectives are:

- Ensure open and transparent opportunities for all
- Review people policies and procedures
- Create a diverse and creative culture
- To keep our colleagues safe and well at work

Staff equality and diversity information 2023/24

As of the 31 March 2024, the Trust employed 10,165 people.

Below is the current EDI data relating to the workforce at Year Ended 31 March 2024:

Gender	FTE	Headcount
Female	7,368.32	8624
Male	1,764.88	2018
Total	9,133.20	10642

Ethnicity	FTE	Headcount
BME	1266.68	1438
Not Stated	210.3201	256
White	7656.202	8948
Total	9133.20	10642

Sexual Orientation	FTE	Headcount
Bisexual	83.87	93
Gay or Lesbian	146.85	161
Heterosexual or Straight	7309.37	8429
Not stated	1567.93	1922
Other sexual orientation not listed	13.19	15
Undecided	6.60	7
Unspecified	5.39	15
Total	9133.20	10642

Religious Belief	FTE	Headcount
Atheism	1534.22	1719
Buddhism	32.92	41
Christianity	4323.11	5030
Hinduism	160.25	178
Not Stated	1956.64	2376
Islam	334.87	391
Jainism	1.00	2
Judaism	3.96	4
Other	766.16	870
Sikhism	14.97	16
Unspecified	5.10	15
Total	9133.20	10642

Disability	FTE	Headcount
No Disability	7240.05	8400
Not Declared	1429.65	1682
Prefer Not to Answer	32.83	37
Unspecified	5.56	23
Yes - Unspecified	83.62	98
Mental Health Condition	45.94	54
Other	34.58	40
Physical Impairment	33.43	41
Learning disability/difficulty	101.23	115
Long-standing illness	96.64	117
Sensory Impairment	29.67	35
Total	9133.20	10642

Overarching all of the EDI work within the Trust is the Public Sector Equality Duty which is delivered in the NHS through the Equality Delivery System (EDS) which supports the following three goals:

- Commissioned or provided services
- Workforce health and wellbeing
- Inclusive leadership

Work is currently underway to update the EDS assessment and a new governance structure has been developed to ensure that we are able to demonstrate, through evidence-based practice, how we are performing against the new EDS requirements which were launched in September 2022. This is a multi-disciplinary approach which will assist with data collection across the organisation.

Reciprocal mentorship programme

The aim of the Reciprocal Mentoring Programme is to be a key enabler in our journey as a Trust to achieve significant cultural change in line with the People Plan.

Two launch events to brief all participants on the aims and objectives of the programme took place in late 2021/ early 2022 which included an overview of the intended delivery of the programme and to build a strong evidence base of the significant benefits of joining the programme and to provide an opportunity for all participants to work together in partnership, to invoke system wide cultural change.

By February 2022, 23 mentoring partnerships had been established which were estimated to run for about 18 months up to two years.

The reciprocal mentorship programme was reviewed in December 2023 and we are delighted to continue with our reciprocal mentorship program and are introducing further supervision and governance to support the partnership to realise their objectives.

EDI staff networks

We hold a number of forums in which staff can contribute to the Trust's EDI People Strategy. In these forums, issues that matter to staff can raised and cascaded for action via the Trust's EDI Workforce Steering Group.

The network groups provide a forum for individuals to come together, to share ideas and information, raise awareness of challenges and provide support to each other. The groups all have a lead employed by the Trust. The opportunity to join these network groups is open to all staff and the groups are as follows:

- BAME
- Childless Not by Choice
- Faith
- LGBT+
- Long-term Health and Disability

Menopause

Members of the EDI Workforce Steering Group, Network Groups and Health and Wellbeing representatives supported the planning and implementation of a wide range of events and activities which have raised a greater level of awareness of EDI.

Events and activities included information sharing through a range of communication mediums, cultural food events, competitions, virtual conferences and training events.

Gender pay gap report

This report details our headline pay gap figures as of 31st March 2023, a brief analysis of why we have a pay gap and an overview of our actions to close the gap. We are committed to ensuring that our pay practices are transparent, fair and equitable. The Trust has adopted and implemented national NHS pay schemes which have undergone an equality analysis.

South Tees	Total staff workforce							
	NHS		Trust		Trust Medical Staff		Trust AFC Staff	
	Female	Male	Female	Male	Female	Male	Female	Male
2023	76.22%	23.78%	81.63%	18.37%	38.25%	61.75%	86.19%	13.81%
2022	76.37%	23.63%	81.14%	18.86%	35.59%	64.41%	86.21%	13.79%
2021	76.63%	23.37%	82.37%	17.63%	36.41%	63.59%	86.70%	13.30%
Difference (22- 23)	0.15%	0.41%	0.49%	-0.49%	2.66%	-2.66%	-0.02%	0.02%

For the total workforce, the mean gender pay gap for 2022/23 is 29.19% and the median pay gap is 21.35%.

South Tees	Average Mean Gender Pay Gap – Whole Workforce			Average Median Gender Pay Gap – Whole Workforce		
	2022/2023	2021/2022	2020/2021	2022/2023	2021/2022	2020/2021
Male	£ 22.06	£ 20.96	£20.82	£17.09	£16.52	£18.41
Female	£15.62	£ 14.81	£14.18	£13.44	£12.72	£14.87
Difference	£6.44	£6.15	£6.64	£3.65	£3.80	£3.54
Pay gap %	29.19%	29.34%	31.90%	21.35%	23.00%	19.22%

The main reason that the gender pay gap is an in-balance due to the numbers of men and women across the entire workforce which is currently sat at 81.63% females compared to 18.37% male.

In the upper pay quartile, we have 31% within this pay group who are male. The Medical consultant workforce predominantly consists of men (70%) and consultants are the highest paid group of staff - this difference is influencing the gender pay gap. There are 949 members of medical staff in the Trust with 61.75% being male, which is a reduction of 2.66% on the previous year. Of the 758 males in Quartile 4, 381 (50.26%) are consultants. There are 174 female consultants accounting for 10.26% of the 1695 females in Quartile 4.

Workforce Race Equality Scheme and the Workforce Disability Equality Scheme

The Trust has reviewed its Workforce Race Equality Scheme (WRES) and Workforce Disability Equality Scheme (WDES) and updated the annual action plans to support further improvements in developing an inclusive culture. The Trust's Workforce Disability Equality Scheme and supporting information is being used to underpin and supported an evidence base in the development of the Health and Wellbeing Strategic Plan, including achieving the Better Health at Work Award at Gold level.

South Tees Hospitals NHS Foundation Trust is committed to tackling all types of discrimination and to working towards reducing inequalities to ensure fair and equal opportunities for progression and development. We will apply key actions to understand and address inequities that are highlighted in the data in these reports. We will also focus on supporting our colleagues to access all CPD and progression opportunities to enable fair and equitable development for all.

Sickness absence

The Trust's HR team continues to work closely with managers to support the prevention and reduction of sickness absence. Dedicated HR clinics, Management Essentials Programmes and Collaborative Absence Plans have supported a reduction in both short-term and long-term sickness absence in the latter part of 2023/2024, resulting in an average rate of absence of 5.60% for the year. Our absence rate is in line with regional absence performance levels and we are confident that our approach will support a further reduction in sickness absence throughout 2024/2025.

NHS doctors and dentists in training

The medical and dental junior doctor vacancy fill rate in 2023/24 was at 85%. Vacancies have been covered, in the main, via re-adjusting rotas to accommodate the reduced number of doctors. Long term vacancies have been actively recruited to throughout the year, with the out of hours element being backfilled by locum doctors.

The Trust introduced a new Covering Gaps in Medical Rota Policy in 2022/23 which provided further guidance for decision making when covering gaps in medical rotas. Whilst this has assisted in prompt utilisation of internal resources, there continues to be a high locum spend on

junior doctor rotas. Our next approach is to fully assess all junior doctor rotas to ensure we are staffing them as efficiently as possible.

We continue to fill approximately 92% of all locum shifts each month with the majority being filled by internal locum cover (approximately 87%). The regional locum bank, FlexiShift, hosted by Northumbria Healthcare – Lead Employer Trust – is well established for all LET employees. The regional bank provides the Trust with access to an added pool of LET employed doctors in training who work in other regional trusts and GP surgeries.

Our Guardian of Safe Working continues to report to the Trust Board, People Committee, Joint Local Negotiating Committee and Junior Doctors Forum at regular intervals throughout the year.

The Trust has made some positive changes with a new exception reporting process, which went live at the beginning of February 2024. This has resulted in a significant increase in reporting and engagement from junior doctors which, in turn, promotes safe working hours and improvements to service delivery.

Developing a sustainable workforce

We have some difficulties recruiting to some roles, particularly where there are national shortages such as medical staff, specialist nursing, midwives and some allied health professionals. However, changes in retirement policies have enabled us to offer flexibility in the working arrangements for our experienced staff and are assisting in ensuring that we sustain a developed and experienced workforce.

Our objectives for developing a sustainable workforce are:

- To further triangulate our workforce planning, performance improvement and financial planning needs now and in the future. Our business improvement model will include resourcing plans to support capacity and demand plans that will utilise our people and identify innovation resourcing solutions.
- Focus on turnover, identifying the reasons why staff leave the organisation and developing plans to mitigate. We have introduced ‘itchy feet’ and ‘stay’ conversations and have seen improvements in turnover as a result.
- Continue with recruitment and selection training for panels to ensure consistency and fairness in interviewing and selection approach.

We continue to promote the Trust within the local community as an employer of choice through attendance at a number of venues within the local area to promote vacancy and support the long-term unemployed with CV and report writing skills.

We have also revamped our external job adverts for key roles, providing an easy-to-read format, highlighting career pathways, development opportunities and promoting the benefit of NHS terms and conditions.

We continue to build our relationships with higher education and further education sectors which will provide an opportunity for us to develop a talent pipeline and also enable our colleagues to develop into new roles.

Day nursery

Playdays Nursery is an excellent onsite facility, offering quality and flexible childcare for our staff's children whilst they are at work. The nursery has a 'good' rating following the last Ofsted inspection. Nursery fees are extremely competitive in comparison to other local nurseries and the nursery offers extended opening times to staff working clinical shifts within the Trust. The popularity of the nursery is demonstrated in the waiting list for new families requiring a place for their child/children.

Staff consultation

We continue to work in close partnership with Trade Union colleagues, with a Partner Agreement which:

- Provides opportunities for joint problem solving in relation to the issues affecting the health and wellbeing of employees and the continued efficient operation of the organisation.
- Provides staff with an additional mechanism of support through potentially challenging situations.
- Promotes the co-operation of staff and mangers within the Trust by providing a culture in which matters affecting staff can be discussed.
- Supports consultation in relation to key changes on HR policies
- Supports consultation on operational changes within the organisation, including final performance, key Trust service changes.

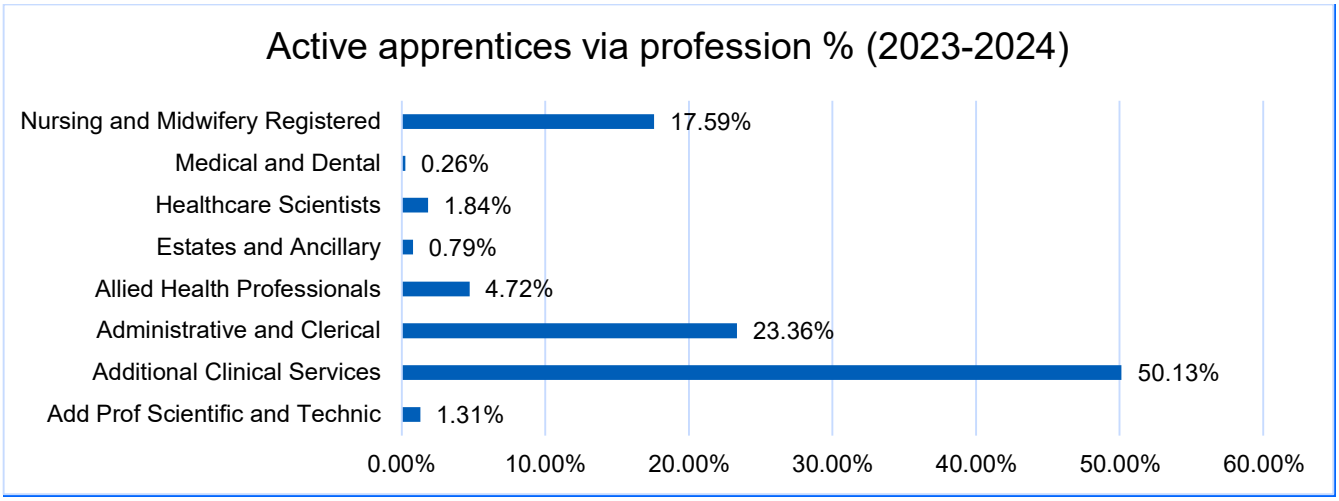
The Joint Partnership Council (JPC) is held monthly and attended by both management and local Staff Side colleagues. The agenda items include both local, regional and national topics and the relationship between Staff Side and management is a productive and positive partnership.

Trade Union Facility Time

Time spent on paid trade union activities as a percentage of total paid facility time hours was 9.53% from April 2023 to March 2024. This figure is based on 29 Trade Union Representatives.

Apprenticeship programmes

In line with the NHS workforce plan (2023) to train, retain and reform to address workforce challenges, apprenticeships allow staff to develop knowledge, skills and behaviours in their roles, which empowers and supports retention and in turn enhances patient care. The Trust works collaboratively with 30 training providers, both locally and nationally. Delivering 50+ clinical and non-clinical apprenticeship training programmes, from level 2 to level 7, these are available to all new and existing Trust staff. South Tees apprenticeships are available in a variety of roles and within all professions across the Trust such as Podiatry, Nursing and Leadership.



As an anchor organisation the Trust also supports other NHS organisations such as GP surgeries, nursing homes and ambulance trusts in apprenticeship training. The Trust transferred apprenticeship levy to fund 87 apprenticeships, with 31 new starts for 2023/2024, in programmes such as advanced clinical practitioner, register nurse degree, nursing associates, paramedics, ambulance support worker and business administration.

In addition to the apprenticeship programmes, the Trust also runs a successful employability skills programme, Prospect. Prospect is a 12-week programme which runs in conjunction with Department for Work and Pensions (DWP) and other employment agencies to support local, unemployed people to gain work experience within the NHS. Through a scheme of learning they are supported to develop their employability skills which includes an 11-week placement and taught sessions such as interviews skills, communication and customer service, with the aim to become employed in the Trust or externally. In 2023-2024 the Trust supported 58 people through the 12-week programme, with an average success rate of 69.7% of those completing, gaining successful employment or going into further education.

Nurse training

Nursing is the largest collective workforce across South Tees. The contribution of this highly specialised group enables South Tees to deliver value-based care with pride and passion. The supply of staff is diverse and enables us to develop a safe and sustainable workforce.

The main source of nurse supply to South Tees Hospitals comes via the recruitment of newly qualified nurses from Teesside, York and Sunderland. In 2023/24 there have been 148 appointed across all sites. We have also appointed 91 internally trained nurses, and this has offered an opportunity to develop a spouse programme to further expand the workforce.

In addition, we have seen the completed training and employment of 24 Registered Nurse Degree Apprenticeships from both Teesside and Northumbria University and 19 Nursing Associates. Through the development of the workforce, 212 Healthcare Support Workers have undertaken the Care Certificate, many with aspiration to develop into nursing roles.

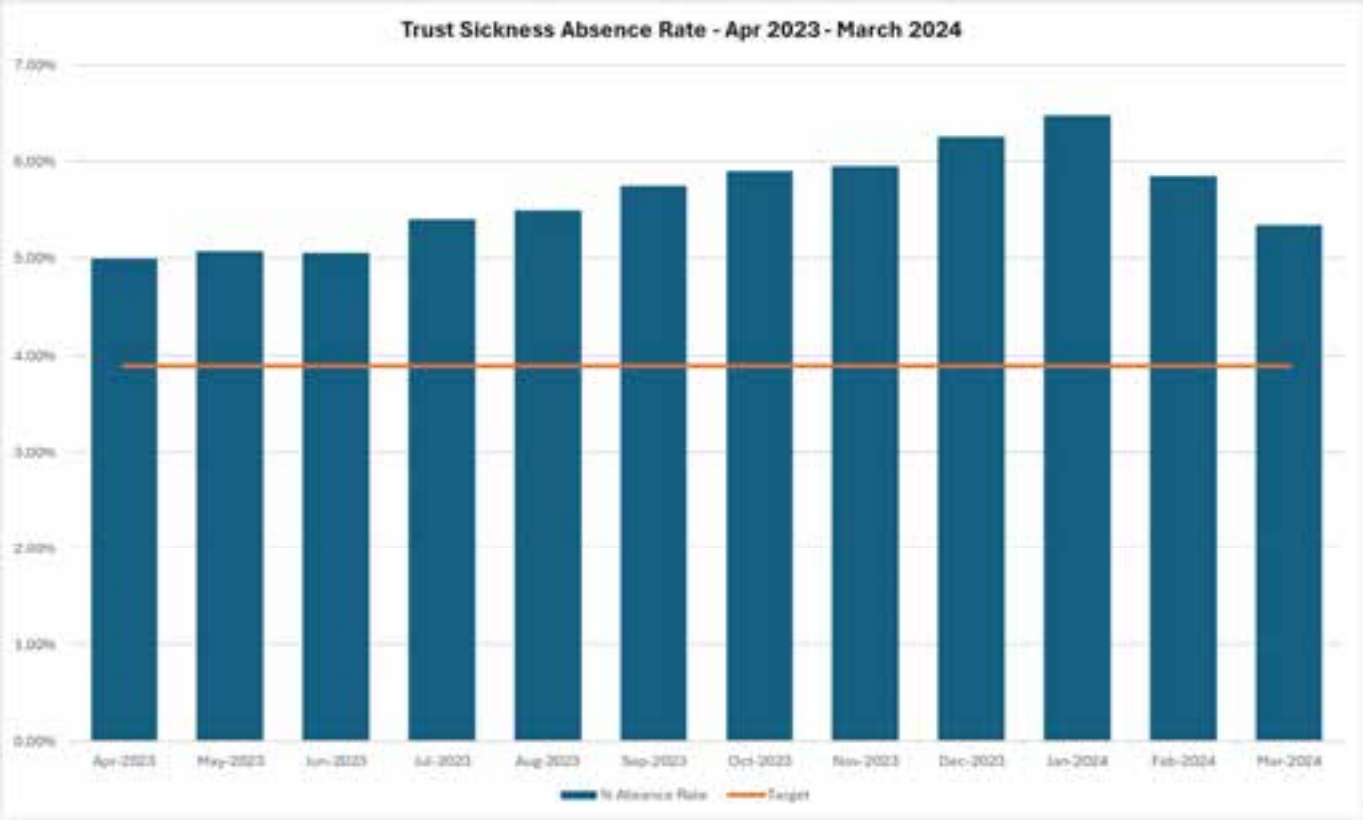
Early engagement with our local communities to future proof our workforce has grown through the Nurse Ambassador Programme. We currently have 23 volunteer nurses and healthcare professionals from across the organisation who have offered to support this programme within local primary schools across the Tees Valley area. We are also working with over 150 local

primary and secondary schools to provide them with a session from a member of staff to encourage the younger generation to think about their future career choices.

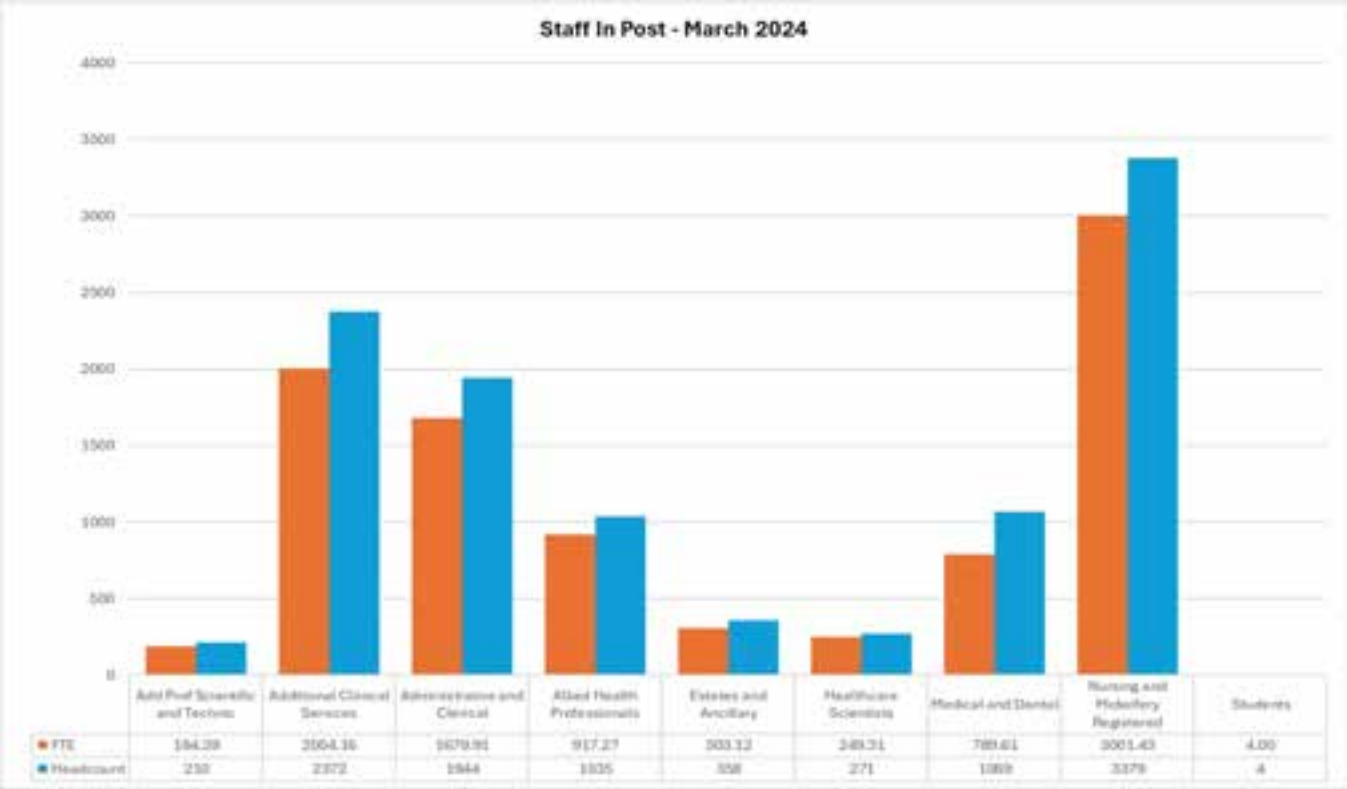
3,651 hours of volunteering has been achieved and the introduction of 20 T-Level students into the volunteering scheme has increased awareness around the importance of practical learning. Work experience arranged has supported 333 placements.

The recruitment success within 2023/24 has placed us in a healthy position with nurse staffing and with the focus now on retention, the introduction of the Legacy Mentors Scheme has proven to be hugely successful, with staff having the provision of impartial pastoral support that guides them through challenges and provides support. Our nursing workforce leads will continue to engage and communicate with staff to achieve our workforce goals and maintain the month-on-month reduction in nurse turnover. Our aim continues to maintain South Tees as a centre of excellent for nurses.

Workforce data



Caring Better Together



Staff turnover

Staff turnover is reported within NHS Hospitals and Community Health Services (HCHS): Summary statistics for HCHS staff in England through NHS Digital. The series utilises data from the Electronic Staff Record (ESR) data warehouse and is an official statistics publication complying with the UK Statistics Authority's Code of Practice.

The Turnover section within the organisation benchmarking tool, NHS Workforce Statistics dashboard is updated on a quarterly basis, in monthly reports, accessible through the following link: Microsoft Power BI. The latest report available is February 2023 to February 2024. The March 2023 to March 2024 report will be published 27 June 2024. The NHS Digital reports include an explanation for the calculation of turnover, and this complies with the Cabinet Office (CO) guidance for calculating turnover in the civil service Classification of Statistics - NHS England Digital.

Trust turnover has decreased by 10% to 8.4% February 2023 to February 2024 with an increase by 1% in stability index to 91.4.%. The Trust carried out a deep dive in 2023 to better understand turnover, this highlighted areas which required further understanding, such as those staff choosing to leave with the first two years of service, this learning has been built into the collaboratives' planning.

EPRR assurance

The NHS England Core Standards for EPRR are the minimum standards which NHS organisations must meet for emergency preparedness and response. The Trust is required to undertake an annual self-assessment against the core standards to provide assurance to NHS England that robust and resilience EPRR arrangements are maintained within the Trust.

Caring Better Together

For 2023/24 there were 62 standards that the Trust was required to report against, split into 10 domains. In addition, there was a separate 'deep dive' into training although this is not taken into account within the overall statement of compliance.

Following completion of the 2023/24 self-assessment process, the Trust was able to declare **partial compliance** against the EPRR core standards.

Domain	No of standards	Fully compliant	Partially compliant
Governance	6	6	0
Duty to assess risk	2	2	0
Duty to maintain plans	11	8	3
Command and control	2	2	0
Training and exercising	4	4	0
Response	7	7	0
Warning and informing	4	4	0
Co-operation	4	2	2
Business continuity	10	10	0
CBRN	12	3	9
Total	62	48	14
Deep dive – training (not included in overall total)	10	8	2
Total	10	8	2

EPRR activity and priorities

2023/24 has been another challenging year for EPRR, with the ongoing industrial action and the continued additional demands on NHS services. There have also been a variety of disruptive incidents over the last 12 months which required the implementation of contingency arrangements to keep patients safe and maintain essential services.

EPRR priorities for the coming year include ongoing co-ordination and delivery of the EPRR work plan; continued development of EPRR arrangements across the Trust and the rollout of EPRR training and EPRR personal development portfolios for all strategic and operational commanders plus other key roles.

Health and safety policies

Regulation 5 of The Management of Health and Safety Regulations sets out that organisations must have suitable arrangements in place for their undertakings. South Tees Hospitals NHS Foundation Trust fulfils this obligation by providing a number of specific health and safety

related policies. The Trust's policies have been introduced and constantly developed as part of an ongoing commitment to its statutory and moral obligations. All the Trust's health and safety policies have a systemic approval route via the Health and Safety Subgroup and the Quality Assurance Committee ensuring key stakeholders, including staff-side colleagues, have the opportunity to contribute to policy development. Examples of these policies include:

- Health and Safety policy
- Lone Worker Policy
- Working with Display Screen equipment Policy
- Dealing with the safe handling of sharps Policy
- Reporting under RIDDOR Regulations Policy
- HS24 E-inspections Policy

Application of the Modern Slavery Act

The Modern Slavery and Human Trafficking Act 2015 Act established a duty for commercial organisations to prepare an annual slavery and human trafficking statement to include the steps the organisation has taken during the year to ensure that slavery and human trafficking is not taking place in any of its supply chains or in any part of its own business.

Our Trust is the largest in the Tees Valley and North Yorkshire, and we are fully aware of the responsibilities it bears towards patients, employees and the local community. Our senior procurement team regularly monitor and review its supply base and are all suitably qualified and uphold to the Chartered Institute of Purchasing and Supply code of conduct.

All members of our staff have a personal responsibility for the successful prevention of slavery and human trafficking with the procurement department taking lead responsibility for the supply chain.

Income disclosures

In 2023/24, the Trust met the requirement that income from the provision of goods and services for the purposes of the Health Service in England must be greater than its income from the provision of goods and services for any other purposes as defined under section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012).

All net income from the provision of goods and services for other purposes has been re-invested back into frontline healthcare for the benefit of patients.

Quality and Clinical Governance

South Tees Hospitals NHS Foundation Trust is required to register with the Care Quality Commission (CQC) and its current registration status is unconditional. The Trust has no conditions on registration. The CQC has not taken enforcement action against South Tees Hospitals NHS Foundation Trust during 2023/24.

The Trust has not participated in any special reviews or investigations by the CQC during 2023/24.

In August 2023 the CQC carried out a short-notice inspection of maternity services at The James Cook University Hospital and the Friarage Hospital as part of its National Maternity Inspection Programme. The CQC reports published in January 2024 acknowledge a number of areas of outstanding practice including the service's transparency and accountability, and the special support it provides for birth parents and foster carers if a baby is placed into the care of the local authority. Inspectors found leaders were visible and approachable and engaged with people and the community to plan and manage services. Staff were also praised for the way they managed safety, infection prevention, safeguarding and care records. Inspectors also identified some areas for improvement which are already being addressed through a comprehensive action plan to include:

- Ongoing recruitment to support maternity services across James Cook and the Friarage in addition to the successful recruitment of all newly qualified midwives who trained at the trust in 2023.
- Improvements to the building and environment at James Cook, including plans to install a new birthing pool. The trust is continuing to seek investment to improve the environment in maternity services.

Despite many positive findings in the report, maternity services at both hospitals have been rated as "Requires Improvement". However, South Tees Hospitals NHS Foundation Trust's overall CQC rating remains as "Good". The James Cook University Hospital and the Friarage Hospital have a CQC rating of good overall, with both hospitals rated as good in all five key questions of safe, effective, caring, responsive and well-led.

All reports are available at:

https://www.cqc.org.uk/provider/RTR

Overall trust quality rating	Good
Are services safe?	Good
Are services effective?	Good
Are services caring?	Good
Are services responsive?	Good
Are services well-led?	Good

Figure 8: South Tees Hospitals NHS Foundation Trust's overall CQC rating

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

Accounting Officer's responsibilities

Statement of the Chief Executive's Responsibilities as the Accounting Officer of South Tees Hospitals NHS Foundation Trust (STHFT).

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 England.

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

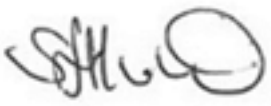
In preparing the accounts, the Accounting Officer is required to comply with requirements of the Department of Health and Social Care Group Accounting Manual and in particular to:

- Observe the Accounts Direction issued by NHS England, 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 STHFT's performance, business model and strategy.
- Prepare the financial statements on a going concern basis.

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

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

Signed:



Stacey Hunter

Date: 04.07.24

Chief Executive and Accounting Officer

Annual Governance Statement

Scope of responsibility

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of South Tees Hospitals NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in South Tees Hospitals NHS Foundation Trust for the year ended 31 March 2024 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

Within the Trust, overall responsibility for risk management is held by the Chief Executive in line with the Trust Scheme of Reservation and Delegation. The Chief Executive discharges this responsibility in line with the Risk Management Policy as follows:

The Chief Nurse and Chief Medical Officer are responsible for clinical risk management, and this is discharged within the Quality and Safety Team.

The Director of Estates, Facilities and Capital Planning and Head of Governance and Company Secretary are responsible for non-clinical risk management.

Executive Directors and Directors who attend the Board have delegated responsibility for managing risks in accordance with their portfolios as reflected in their job descriptions. For example, the Chief Finance Officer has executive responsibility for financial governance and associated financial risks.

The Corporate Risk Review Group oversees the operation of the Trust's risk management process. Membership of the group includes clinical and non-clinical representation across the Collaboratives and Directorates along with Director level input. The Corporate Risk Review Group is chaired by the Managing Director and accountable to the Clinical Policy Group (Trust management decision making group) via the Senior Leadership Team and is responsible for holding Collaboratives and Directorates to account for the management of risk. Assurance to the Board is provided through the Audit and Risk Committee.

The Audit and Risk Committee is tasked with reviewing the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the

whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives.

All staff are responsible for health and safety and the effective management of risks within their teams, services or departments and must keep themselves and others safe. All staff have a duty of care to provide safe services and do no harm.

Staff training and development needs with regards to risk management and safety are described in the Trust's Mandatory Training Policy. Staff receive appropriate training relevant to their post requirements. All staff receive an introduction to the organisation and core training (risk management, health and safety, equality and human rights, information governance, safeguarding and infection control). More specific training is provided, dependent upon the individual's job role or work location, and includes incident reporting and investigation, Safeguarding Adults and Children, Mental Health Act, Mental Capacity Act, First Aid and Life Support (including resuscitation), Clinical Risk Assessment and Management, Medicines Management and Respect (managing violence and aggression). Development and training needs will be reflected in personal development plans (PDPs) over and above mandatory training.

The risk and control framework

The Risk Management Policy provides a framework for managing risks across the Trust and is consistent with best practice and Department of Health and Social Care guidance. The policy provides a clear, structured and systematic approach to the management of risks to ensure that risk assessment is an integral part of clinical, managerial and financial processes across the organisation. The policy sets out the role of the Trust Board and its committees together with the individual responsibilities of the Chief Executive, Executive Directors, Directors and all staff, in managing risk.

Risk management by the Trust board is underpinned by five (5) interlocking systems of internal control:

- The Board Assurance Framework
- Corporate Risk Register (informed by collaboratives, corporate directorates and team)
- Board Sub Committees (1st line)
- Audit and Risk Committee (2nd line)
- Annual Governance Statement

The Board Assurance Framework (BAF) sets out the principal risks to delivery of the Trust's strategic objectives together with the controls in place to mitigate the risks and the assurance that can be evidenced relating to their control.

The Board has overall responsibility for ensuring systems and controls are in place, sufficient to mitigate risks which may threaten the achievement of the Trust's objectives.

The Board achieves this primarily through the work of its committees, through use of Internal Audit and other independent inspection and by systematic collection and scrutiny of performance data to evidence the achievement of the objectives. It does this by using a model of assurance which shows the boundaries between different roles and responsibilities in the

management and assurance of risks. This helps to avoid duplication and gaps in its risk management, performance management, governance and control arrangements. By setting out roles and responsibilities relating to risk management and assurance, the model links to the Trust's assurance framework using a three lines of defence model, with assurance sources mapped to risks. This model is fully adopted by the committees who have been able to measure quality of assurance not just its quantity.

The BAF is designed to provide the Board with a simple but comprehensive method for the effective and focussed management of principal risks to Trust objectives. The Board defines the principal risks and ensures that each is assigned to a Lead Director as well as to a Lead Committee:

- The Lead Director is responsible for assessing any principal risks assigned to them by the Board and for providing assurance as to the effectiveness of primary risk controls to the Lead Committee
- The role of the Lead Committee is to review the Lead Director's assessment of their principal risks, consider the range of assurances received as to the effectiveness of primary risk controls, and to recommend to the Lead Director any changes to the BAF to ensure that it continues to reflect the extent of risk exposure at that time
- The Audit and Risk Committee is responsible for reviewing the whole BAF in order to provide assurance to the Board that principal risks are appropriately rated and are being effectively managed; and for advising the Board as to the inclusion within the BAF of additional risks that are of strategic significance.

During 2023/24 the Board refreshed its strategic objectives and principal risks within the BAF. The Trust Board has received and reviewed the Board Assurance Framework in full four times throughout the year with monthly reports on assurance. The three main Board committees have received and reviewed the Board Assurance Framework relevant to their area on a monthly basis.

The Board and its committees are not involved in operational management and delivery, but exercise oversight of the management of the organisation. The Board and its committees require assurance from management (and other sources) to carry out their role in corporate governance. A front sheet template for Board and its committees provides them with a recommendation on the level of assurance to reflect the conclusion of the report being presented. There has been good examples of challenge and reflection of the level of assurance at committee level.

The proforma Board Assurance Framework document complies with HM Treasury Guidance on Assurance Frameworks.

The principal risks identified and monitored through the BAF during the year related to:

- Inability to achieve standards of safety and quality of patient care across the Trust resulting in substantial incidents of avoidable harm and poor clinical outcomes
- A critical infrastructure failure caused by an interruption to the supply of one or more utilities (electricity, gas, water), an uncontrolled fire or security incident or failure of the built environment that renders a significant proportion of the estate inaccessible or unserviceable, disrupting services for a prolonged period and compromises ability to deliver high quality care

- Failure to deliver sustainable services due to gaps in establishment, due to ability to recruit and retain
- Failure to deliver as a centre of excellence, resulting in a lack of priority and recognition from commissioners and other stakeholders
- Working more closely with local health and care partners does not fully deliver the required benefits
- Inability to agree financial recovery plan with the regulator
- Failure to deliver the Trust's financial recovery plan

The Corporate Risk Register is a collated summary of the risks identified as being the high-level risks to the Trust, as set out in the Risk Management Policy. These are the operational risks of 15 and above. Each Collaborative and Corporate Directorate has in place risk registers which are overseen by the Corporate Risk Review Group, Clinical Policy Group and the Audit and Risk Committee. It directs management focus to the mitigation of significant risks.

The Audit and Risk Committee is responsible for scrutinising the overall systems of internal control (clinical and non-clinical) and for ensuring the provision of effective independent assurance via internal audit, external audit and local anti-fraud services.

The Audit and Risk Committee reports to the Board via a Chair's log after every meeting and annually on its work via the Annual Report of the Audit and Risk Committee in support of the Annual Governance Statement, specifically commenting on the fitness for purpose of the BAF, the completeness and extent to which risk management is embedded in the Trust and the integration of governance arrangements. It has fulfilled the role by using the assurance provided in the Board Assurance Framework which it receives in full.

The Audit and Risk Committee has also assessed its own effectiveness, what it has accomplished and whether it has fulfilled its responsibilities along with that of the Board sub committees during 2023/24 and has concluded it is content with the scrutiny it, and committees, have provided.

The Trust Board and its committees have taken an active role in the improvement of risk management processes. This has included the alignment of Board Assurance Framework to the Board committees and agreed schedules of review of the risks at each.

The Trust Board is responsible for setting the risk appetite of the organisation as described in the Risk Management Policy. Risk appetite is defined as 'the amount of risk the organisation is prepared to accept, tolerate, or be exposed to at any point in time.' It allows the Board to take considered risks and to seek assurance that risks of any grade in areas of low tolerance are being managed, rather than focussing predominately on high rated risks. During 2023/24 the Board considered their risk appetite at its meeting in July 2023. Further work was undertaken at committee level to approve the final appetites which were incorporated into the Board Assurance Framework.

Quality Governance Arrangements

The Trust has robust and effective quality governance arrangements in place which include:

- The Chief Nurse and Chief Medical Officer are responsible for the quality governance arrangements in the Trust, and this is discharged within the Quality and Safety Team
- The Quality Assurance Committee, chaired by Ms Davidson, Non-Executive Director, which has oversight of the Quality Governance framework, with sub-groups focusing on patient experience, patient safety, clinical effectiveness, Infection Control, Safeguarding, Safer Medication and Health and Safety.
- An annual clinical audit programme which is approved at Quality Assurance Committee and Audit and Risk Committee
- Serious incidents occurring within the organisation are subject to human factors and systems-based investigation and are reported to the Quality Assurance Committee for discussion and understanding of the learning from the event, in addition to being shared with SLT on a fortnightly basis.
- All staff are encouraged to report incidents and learning is shared across the organisation
- Freedom to Speak Up Guardians are effective and visible across the whole of the organisation
- The Trust Board receives a report from the Chair of the Quality Assurance Committee, and private discussions around key issues arising.
- The Board Assurance Framework provides assurance against the strategic objectives of delivering excellence in patient outcomes and experience.

The Trust introduced a Collaborative Assurance Framework in 2021/22 which was updated in 2022/23 which maintains a focus on strong governance and leadership across quality, finance and clinical care, ensuring that there is clinically led management decision-making, as close as possible to the point of care delivery.

The Trust is committed to ensuring that, as far as is reasonably practicable, the way we provide services to the public and the way we treat our staff reflects their individual needs and does not discriminate against individuals or groups on any grounds. The equality impact assessment is incorporated into the Quality and Equality Impact Assessment (QEIA) process which is part of robust governance arrangements in the Trust. This process has been developed to ensure the trust has the appropriate steps in place to safeguard quality whilst delivering significant changes to service delivery and also understand the impact of the change either negatively or positively on any groups of the community which may be affected.

Well Led

The Trust Board development programme sets out the process by which it will assess itself against NHS England's well led framework as part of the Trust's journey of improvement.

During 2023/24 the Trust received ongoing quality monitoring and regulatory oversight from the ICB and CQC with regular quality review groups and engagement meetings taking place throughout the year.

The CQC undertook a well led inspection of the Trust in January 2023 and the rating was uplifted from 'Requires Improvement' to 'Good'.

Compliance with NHS Provider Licence

The NHS provider licence forms part of the oversight arrangements for the NHS. It sets out conditions that providers of NHS-funded healthcare services in England must meet to help ensure that the health sector works for the benefit of patients, now and in the future. In March 2023, NHS England updated NHS Provider Licence and subsequently the organisation is only required to self certify on the following:

- Condition CoS7 - for NHS foundation trusts only, the required resources available if providing commissioner requested services (CRS).

The Trust Board confirmed that it has a reasonable expectation that required resources will be available to deliver designated services Condition CoS7(3).

Annual Quality Report (Account)

Organisations are required under the Health Act 2009 and subsequent Health and Social Care Act 2012 to produce Quality Accounts and to publish these for the 2023-24 financial year by 30 June 2024.

The processes for producing Quality Accounts remain the same as previous years, with the following exceptions to NHS providers:

- NHS foundation trusts are no longer required to produce a Quality Report as part of their Annual Report. NHS foundation trusts will continue to produce a separate Quality Account for 2023-24.
- There is no national requirement for NHS trusts or NHS foundation trusts to obtain external auditor assurance on the quality account or quality report, with the latter no longer prepared. Any NHS trust or NHS foundation trust may choose to locally commission assurance over the quality account; this is a matter for local discussion between the Trust (or governors for an NHS foundation trust) and its auditor. For quality accounts approval from within the Trust's own governance procedures is sufficient.

Integrated care boards (ICBs) have assumed responsibilities for the review and scrutiny of Quality Accounts. ICBs must clarify with providers where they are expected to send their Quality Account.

Systems and processes

The Trust uses a range of key performance indicators (KPIs), which include non-financial measures, to manage its day to day business which are reported in the Integrated performance report. This approach helps to provide a comprehensive and balanced view of performance. (More information about KPIs can be found in our Quality Report which will be separately published on the Trust's website).

In addition, routine reports are received by the Quality Assurance Committee and Board as appropriate including:

- Summary Hospital Level Mortality Indicator
- PROMS
- National inpatient survey
- Staff FFT
- Clostridium difficile
- Patient safety incidents
- Patient FFT
- Clinical audit

The South Tees Accreditation for Quality of Care (STAQC) programme was established in July 2020, to establish a comprehensive assessment of the quality of care within all clinical areas.

Accreditation is defined as the development of a set of standards so that areas for improvement can be identified and areas for excellence celebrated. Accreditations assess the balance of process and outcome data, environmental impact on care delivery, teamwork, impact on and relationships with relevant services along the patient pathway, staff and patient feedback, evidence of learning and continual improvement. Experience shows accreditation programmes can drive continuous improvement in patient outcomes and increase patient satisfaction and staff experiences at ward/department level. Using a collective sense of purpose teams can support communication, encourage ownership, and achieve a robust programme which measures and influences care delivery.

There are over 200 wards, teams and departments that are eligible for accreditation, which consists of:

1. Pre-assessment review of key outcome data, for example, nurse sensitive indicators, complaints and patient experience, a staff survey, human resources metrics such as sickness and appraisal.

2. An “on the day” assessment. The general assessment tool comprises of 163 items under the key headings of culture of compassionate care, well led, reducing avoidable harm and effective care. These are assessed by undertaking a documentation review, patient interviews, multi-disciplinary team and staff interviews, medical staff interviews and an environmental review.

There are specialist accreditation tools for theatres, paediatrics, maternity, ambulatory departments, critical care and the emergency department.

There has been a continued focus during 2023/2024 to proceed with embedding the STAQC accreditation programme into all clinical areas. Baseline accreditations have continued as a starting point to the formal process, providing clinical areas with a robust action plan and expected timebound actions required to achieve either a gold or diamond accreditation.

Post accreditation assurance checks continue on a monthly basis to all diamond areas accredited, with a touch point for managers to offer support and guidance if required. This has proved successful in maintaining standards and keeping STAQC at the forefront.

Total achievements at end of year		
	2022/23	2023/24
Diamond accreditations	33	40
Gold accreditations	31	52
Silver awards	9	11
Baseline accreditations	10	17

Data use and reporting

The aim of data quality work streams is to support safe and effective care, sustainability, and patient experience. The Trust has a small Data Quality team, focused on data quality in our

patient administration system, such as patient demographics and contact details to enable effective communication with our patients; improving recording of all activity delivered to ensure the correct income is mapped; and elective pathway outcome codes which ensure the accuracy of elective waiting time information. The team proactively supports the organisation to ensure accuracy of data by sharing expertise of national standards and supporting colleagues across the organisation through its routine publication of data quality reports and guidance. This year, performance analysis continued to focus on improving the processing and assurance of our elective and diagnostic waiting time data, contributing to the reduction in patients with very long waits for treatment and an increased proportion of patients receiving their diagnostics within six weeks. A positive internal audit outcome in May 2024 for diagnostic waiting times gives additional assurance in this area. These priority areas will continue to be the data quality focus for 20242/5.

The Trust-wide Change Advisory Board provides governance over systems and data recording changes required or proposed. There is a standard operating procedure in place for senior approval of mandatory reports for submission, and a rolling work programme to proactively review the data flows for these metrics to ensure they remain robust and aligned to changing clinical practice, digital systems and national guidance. In 2023/24 several new data flows have been introduced, for example datasets on patients presenting with harms from alcohol, and violence, working in close partnership with clinical teams, Public Health South Tees and the office of the Police and Crime Commissioner for Cleveland. The business intelligence, finance and ICT teams have prepared for the introduction of the latest versions of key national data specifications: in 2024/25 the Trust will be implementing significant new national data standards on mandatory submissions for admitted, outpatient and emergency care, including the flow of data from the new Integrated Urgent Treatment Centre services at James Cook and Redcar Hospital. Business intelligence teams from South Tees Hospitals and North Tees and Hartlepool NHS Foundation Trusts have begun working together to ensure that comparable data is available for Group clinical strategy development in 2024/25.

Workforce and pension

The Trust continues to drive forward the recommendations for developing workforce safeguards and staffing reports are presented monthly to board by the Chief Nurse . In the past year, Nursing, Midwifery Allied Health (AHP) and HR colleagues have met fortnightly to highlight staffing issues with teams working together to support areas of highest need. There has been collaboration between community and acute teams to support patient needs and organisational priorities with Therapy service leads meeting weekly to ensure a safe, effective and efficient use of staff throughout the organisation.

A report is produced every twice a year for nursing (including accident and emergency and community nurse staffing) using the accredited safer nursing care tool , midwifery, theatres, to the Board which sets out how the Trust deploys sufficient, suitably qualified, experienced staff who are competent and skilled to provide safe and effective care for all service users. South Tees has met these requirements for all its professional groups.

Safe Care huddles are held twice daily giving a full overview of staffing in real time and over the reporting period. Ward Managers and Matrons continue to conduct a look forward within their collaborative for all staffing on Mondays and Fridays and a weekly look back at Critical Care

and Emergency Department to ensure safe staffing. Safer Nursing Care Tools have been obtained under licence and are being utilised for staffing establishment reviews and template for biannual reporting.

The Trust has supported trainee nursing associates and registered nurse degree apprenticeships, student nurses, international nurses and midwives into post throughout the year to support workforce pressure, this has formed a revised recruitment process for newly qualified nurses whereby onboarding is personalised offering continuous contact with the Trust throughout the full recruitment process six months prior to qualification. There is also a clear recruitment roadmap highlighting key times of surge in staffing need. The volunteer and work experience response is outstanding and this continues to support the Trust to maintain patient safety and staff well-being and offer a platform for many volunteers to embark on an NHS career

E-rostering Levels of Attainment are reviewed annually for all staff groups and reported through the various workforce streams , reporting to the People Committee and escalating to Board as required. Nursing is now fully set up on E roster. Unify reports which show levels of fill for all rosters, allowing for senior staff to address staffing levels and sickness absence rates within teams and offer support as needed.

The Trust utilises an external staffing bank provided by NHS Professionals (NHSP), this partnership has allowed for the successful implementation of allocate on arrival critical shifts and rapid recruitment of support workers through the care support worker programme. This year has seen the successful pilot of an international spouse programme whereby by international trained nurse that are here with their spouses have completed a training programme in partnership with NHSP before applying to complete OSCE programme to the have NMC registration further growing our workforce

Regionally the Trust is involved in a Healthcare support worker recruitment programme that is to date proving successful.

The Trust also received non recurrent funding from Health Education England to support AHP workforce strategies and introduce the support worker framework, which will ensure there is clear framework from which support workers work within and can develop.

The Trust has seen huge success with the introduction of legacy mentors to support the retention agenda , many examples of staff who had planned to leave who have now remained at the trust as a direct result of this team.

The Trust is now linking with regional colleagues to develop strategies aimed at addressing national shortages of staff within the smaller professions. These include apprenticeships for Podiatry, Dietetics, Speech and Language Therapy and increasing placement capacity within radiology to meet increasing demand. AHP services are benchmarked against regional peers with Acute services involved in the Acute Therapies benchmarking programme which is led by the Model Hospital.

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.

Care Quality Commission

South Tees Hospitals NHS Foundation Trust is required to register with the Care Quality Commission (CQC) and its current registration status is unconditional. The Trust has no conditions on registration. The CQC has not taken enforcement action against South Tees Hospitals NHS Foundation Trust during 2023/24.

The Trust has not participated in any special reviews or investigations by the CQC during 2023/24.

In August 2023 the CQC carried out a short-notice inspection of maternity services at The James Cook University Hospital and the Friarage Hospital as part of its National Maternity Inspection Programme. The CQC reports published in January 2024 acknowledge a number of areas of outstanding practice including the service's transparency and accountability, and the special support it provides for birth parents and foster carers if a baby is placed into the care of the local authority. Inspectors found leaders were visible and approachable and engaged with people and the community to plan and manage services. Staff were also praised for the way they managed safety, infection prevention, safeguarding and care records. Inspectors also identified some areas for improvement which are already being addressed through a comprehensive action plan to include:

- Ongoing recruitment to support maternity services across James Cook and the Friarage in addition to the successful recruitment of all newly qualified midwives who trained at the trust in 2023.
- Improvements to the building and environment at James Cook, including plans to install a new birthing pool. The trust is continuing to seek investment to improve the environment in maternity services.

Despite many positive findings in the report, maternity services at both hospitals have been rated as "Requires Improvement". However, South Tees Hospitals NHS Foundation Trust's overall CQC rating remains as "Good". The James Cook University Hospital and the Friarage Hospital have a CQC rating of good overall, with both hospitals rated as good in all five key questions of safe, effective, caring, responsive and well-led.

All reports are available at: https://www.cqc.org.uk/provider/RTR

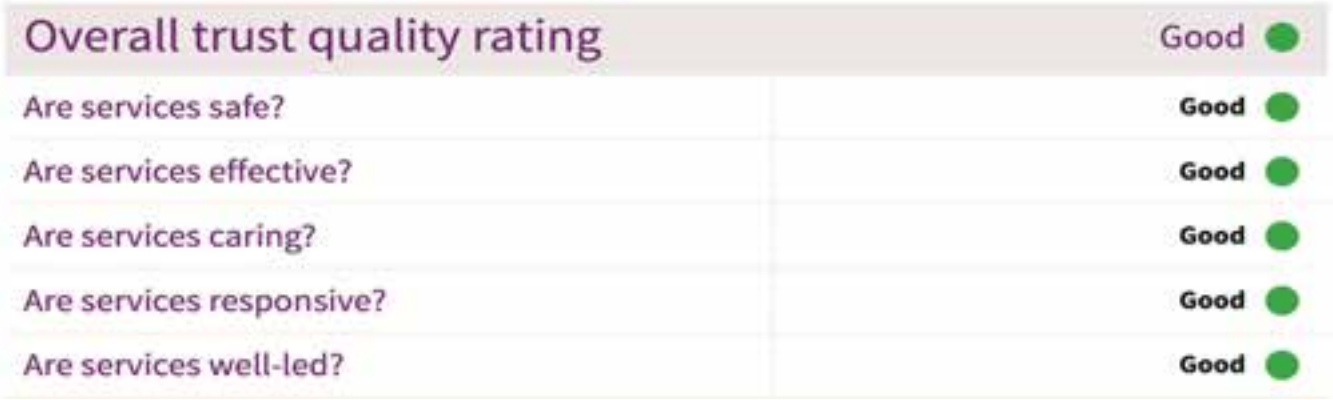


Figure 8: South Tees Hospitals NHS Foundation Trust's overall CQC rating

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

Register of Interests

The 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 12 months as required by the Managing Conflicts of Interest in the NHS guidance.

Trust Board

The Trust is governed by the Trust Board comprising of eight Non-Executive Directors including the Chairman and two Associate Non-Executive Directors, and five Executive Directors, including the Chief Executive.

During 2023/24 there were four changes to the Board of Directors:

Leavers included Ms Page, Chief Executive Officer, Mr Harrison, Managing Director and Mr Carter Ferris, Non-Executive Director.

Ms Hunter was appointed as Group Chief Executive on 1 February 2024 and Mrs Metcalf, Director of HR, was appointed as a voting member of the Board of Directors on 1 January 2024.

The changes were approved by the Nomination Committees and endorsed by the Council of Governors and Remuneration Committee as appropriate.

The overarching governance framework for the Trust is set out in detail in the Standing Orders, Standing Financial Instructions and the Scheme of Reservation and Delegation. The Corporate Governance Structure, Board Committee Terms of Reference, Standing Orders and Standing Financial Instructions were reviewed during the year to ensure the governance framework reflects the organisation of the Trust and maintains internal control.

The Board has overall responsibility for determining the future direction of the Trust and ensuring delivery of safe and effective services in accordance with legislation and principles of the NHS. The Trust Board also ensures that the organisation complies with relevant regulatory standards.

The Trust Board consider performance against national priorities set out in the NHS System Oversight Framework for NHS Providers, which sets out how NHS England works alongside Trusts to support the delivery of high quality and sustainable services for patients. The Trust continues to be rated as '3' on the NHS Improvement Finance Score Metric where 1 is the highest score with 4 the lowest. An overall score of 3 indicates that support may be required.

Performance is reported and discussed monthly in the Trust Board meeting and its Sub Committees.

Sustainable development

The trust has undertaken risk assessments and has plans in place which take account of the 'Delivering a Net Zero Health Service' report under the Greener NHS programme. 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 financial plan is approved by the Board of Directors and submitted to NHSE, our independent regulator (in exercising its powers originally conferred by Monitor). The process for approving the plan involves the Integrated Care Board (ICB) and the regional NHSE team to create a coordinated strategic and transformational submissions from the North East and North Cumbria ICB. This plan includes forward projections and is monitored by the Resources Committee with key performance indicators and financial sustainability metrics also reviewed monthly by the Senior Leadership Team and the Board of Directors at each of its meetings.

The Integrated Care System (ICS) has an overall requirement to deliver the agreed plan with NHSE at the end of the 12-month period.

The Group (excluding the South Tees Hospitals Charity) recorded an adjusted financial performance deficit in 2023/24 of £23.3 million as agreed in discussions with the ICS and NHS England/Improvement (NHSE/I). At 31 March 2024 the Trust's closing cash position amounted to £54.5 million.

The Group's (excluding the Charity) deficit within the annual accounts of £57.5 million reconciles to the financial performance deficit of £23.3 million by adjusting for the impairment of assets £25.4 million, donations towards capital expenditure £2.3 million, depreciation on donated assets £1.2 million, DHSC centrally procured inventories for COVID response £0.1 million and the removal of the net increase in cost from the change from IFRIC12 to IFRS16 on the PFI £9.9 million.

Access to available capital funding in 2023/24 represented a risk to the Trust in relation to essential replacement and priority investment in the estate. The programme was mainly funded internally by the Trust and Capital Support although the Trust sought capital funding, in the form of Public Dividend Capital, to cover specific investment including investment in the Friarage estate and the Urgent Treatment Centre. The Trust will continue in 2024/25 to review and prioritise all capital expenditure bids to minimise clinical and organisational risk.

Financial governance arrangements are managed within the corporate governance framework which includes Standing Orders, Standing Financial Instructions and a Scheme of Delegation. Financial governance is supported by internal and external audit to ensure economic, efficient and effective use of resources and is monitored by the Audit and Risk Committee.

The Trust's Internal Auditor (PwC) has drafted the Audit Opinion on the adequacy and effectiveness of governance, risk management and control. Their annual opinion for the year ending 31 March 2024 is 'Reasonable assurance / moderate assurance" which sets out that governance, risk management and control in relation to business critical areas is generally satisfactory. However, there are some areas of weakness and non compliance in the framework of governance, risk management and control which potentially put the achievement of objectives at risk.

Their annual plan, agreed with the Audit and Risk Committee, focussed on key BAF risks and Trust strategic priorities, including known areas of weakness. In 2023/2024 PWC completed 10 internal audit reviews which resulted in three high risk rated reports, four Medium risk rated reports, one Moderate risk rated report, one low risk rated report and one advisory rated report. During the course of their work a number of weakness were identified including five high risk rating findings relating to Fire Safety, Quality Assurance / Clinical Governance and Agency Staffing with full details discussed at the Audit and Risk Committee and management actions in place to address the gaps.

Information governance

In 2023/24 there have been no information governance breaches required reporting to the Information Commissioner.

Information governance is assessed as part of the mandatory annual national process of submitting compliance with the NHS Data Security and Protection Toolkit (DSPT), which is currently based upon the National Data Guardian's 10 Data Security Standards. The content of the DSPT is aimed at providing assurance around technical aspects of cyber security, information security and data protection compliance.

At the time of writing, the status of the 2023/24 DSPT is that the Trust has provided 70 of the 108 mandatory evidence items required, and 8 of the 34 assertions in this year's toolkit have been completed. The final submission date is 30 June 2024.

For further details please refer to the Quality Report 2023/24.

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 and Risk Committee, the

Resources Committee, the Quality Assurance Committee and People Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Conclusion

In conclusion, the Trust had the following significant internal control issues in 2023/24:

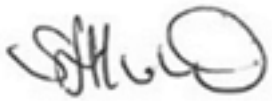
1. Provider Licence Additional Restrictions

On the 30 October 2019, the Trust received notification of "Intent to modify Additional Licence Condition". An updated s.106 enforcement undertaking was set out in a letter dated May 2021 which sets out breaches in relation to the following conditions of licence: FT4 sections (5a), (5b), (5d) and 5(f) and CoS3(1).

2. System Oversight Framework

Across the themes of the SOF (quality of care, finance and use of resources, operational performance, strategic change, leadership and improvement capability) the Trust is placed in segment 3, mandated support for significant concerns, under the NHSE Regulatory Approach (Support Regime). The Trust is currently gaining external support on emergency care pathways and cost improvement and transformation.

Signed:



Stacey Hunter — Date: 07.07.24

Chief Executive and Accounting Officer

Independent auditor's report to the Council of Governors of South Tees Hospitals NHS Foundation Trust

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of South Tees Hospitals NHS Foundation Trust ('the Trust') and its subsidiaries ('the Group') for the year ended 31 March 2024 which comprise the Trust and Group Statements of Comprehensive Income, the Trust and Group Statements of Financial Position, the Trust and Group Statements of Changes in Taxpayers' Equity , the Trust and Group Statements of Cash Flows, and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual 2023/24 as contained in the Department of Health and Social Care Group Accounting Manual 2023/24, and the Accounts Direction issued under the National Health Service Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Trust and Group as at 31 March 2024 and of the Trust's and the Group's income and expenditure for the year then ended;
- have been properly prepared in accordance with the Department of Health and Social Care Group Accounting Manual 2023/24; and
- have been properly prepared in accordance with the requirements of the National Health Service Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, and taking into account the requirements of the Department of Health and Social Care Group Accounting Manual, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Trust's or the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in these regards.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Accounting Officer is required to comply with the Department of Health and Social Care Group Accounting Manual 2023/24 and prepare the financial statements on a going concern basis, unless the Trust is informed of the intention for dissolution without transfer of services or function to another public sector entity. The Accounting Officer is responsible for assessing each year whether or not it is appropriate for the Trust and Group to prepare financial statements on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Trust and Group, we identified that the principal risks of non-compliance with laws and regulations related to the National Health Service Act 2006 (as amended by the Health and Social Care Act 2012), and we considered the extent to which non-compliance might have a material effect on the financial statements.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- inquiring with management and the Audit and Risk Committee, as to whether the Trust and the Group is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and

- considering the risk of acts by the Trust and the Group which were contrary to applicable laws and regulations, including fraud.

We evaluated the Accounting Officer's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Audit and Risk Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud;
- addressing the risks of fraud through management override of controls by performing journal entry testing; and
- addressing the risk of fraud through revenue recognition by testing a sample of income transactions around the year-end and testing year end receivables.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit and Risk Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the Comptroller and Auditor General in February 2023.

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

Report on the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources

Matter on which we are required to report by exception

We are required to report to you if, in our opinion, we are not satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in May 2024, we have identified the following significant weakness in the Trust's arrangements for the year ended 31 March 2024.

In June 2021 we identified a significant weakness in relation to financial sustainability and how the Trust plans and manages its resources to ensure it can continue to deliver its services. In our view the significant weakness remains for the year ended 31 March 2024:

Significant weakness in arrangements – issued in a previous year	Recommendation
In October 2019 the Trust received notification of "Intent to modify Additional Licence Condition". NHS Improvement identified continuing concerns around three elements of finance, governance and quality which included current governance arrangements, financial governance and operational concerns relating to quality and safety, particularly in relation to critical care, as highlighted in the CQC inspection. In April 2021 the Trust was notified of the removal of additional licence conditions relating to governance arrangements and quality and safety. Concerns remain around finance including control of revenue and capital expenditure and the Trust's failure to develop and deliver a financial recovery plan to demonstrate financial stability and quantify financial risk. In our view, this issue represents significant weaknesses in arrangements in relation to financial sustainability and how the Trust plans and manages its resources to ensure it can continue to deliver its services.	The Trust should continue to take action in response to the issues raised by regulators in relation to financial planning, management and control to appropriately manage financial risk and demonstrate financial sustainability. In particular, it needs to fully implement the financial recovery plan, supported by robust financial control and monitoring processes.

Responsibilities of the Accounting Officer

The Chief Executive as Accounting Officer is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the Trust's use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under Schedule 10(1) of the National Health Service Act 2006 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, and to report where we have not been able to satisfy ourselves that it has done so. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in May 2024.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Code of Audit Practice

In our opinion:

- the parts of the Remuneration and Staff Report subject to audit have been properly prepared in accordance with the requirements of the NHS Foundation Trust Annual Reporting Manual 2023/24; and
- the other information published together with the audited financial statements in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required to report to you if:

- in our opinion the Annual Governance Statement does not comply with the NHS Foundation Trust Annual Reporting Manual 2023/24; or
- the Annual Governance Statement is misleading or is not consistent with our knowledge of the Trust and Group and other information of which we are aware from our audit of the financial statements; or
- we refer a matter to the regulator under Schedule 10(6) of the National Health Service Act 2006; or
- we issue a report in the public interest under Schedule 10(3) of the National Health Service Act 2006.

We have nothing to report in respect of these matters.

Use of the audit report

This report is made solely to the Council of Governors of South Tees Hospitals NHS Foundation Trust as a body in accordance with Schedule 10(4) of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Council of Governors of the Trust those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors of the Trust as a body for our audit work, for this report, or for the opinions we have formed.

Certificate

We certify that we have completed the audit of South Tees Hospitals NHS Foundation Trust and South Tees Hospitals NHS Foundation Trust Group in accordance with the requirements of chapter 5 of part 2 of the National Health Service Act 2006 and the Code of Audit Practice.

James Collins

Key Audit Partner
For and on behalf of Forvis Mazars LLP

The Corner
Bank Chambers
26 Mosley Street
Newcastle upon Tyne
NE1 1DF

5 July 2024

Accounts

For the year 1 April 2023 to 31 March 2024

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2024

		GROUP		TRUST	
		2023/24	2022/23	**2023/24**	2022/23
	NOTE	**£000**	£000	**£000**	£000
Operating income	3	**931,198**	862,458	**930,674**	860,808
Operating expenses	4	**(962,143)**	(924,996)	**(960,928)**	(923,817)
OPERATING DEFICIT		**(30,945)**	(62,538)	**(30,254)**	(63,009)
FINANCE COSTS:					
Finance income		**3,209**	1,336	**3,031**	1,155
Finance costs - financial liabilities	7.1	**(30,329)**	(16,427)	**(30,329)**	(16,427)
Finance costs - unwinding of discount on provisions	22	**(23)**	27	**(23)**	27
PDC dividends payable		**0**	(3,302)	**0**	(3,302)
NET FINANCE COSTS		**(27,143)**	(18,366)	**(27,321)**	(18,547)
(Loss) / Gain on disposal of assets		**7**	(82)	**7**	(82)
Corporation tax		**0**	0	**0**	0
Movement in fair value of other investments	13	**586**	(306)	**0**	0
DEFICIT FOR THE YEAR		**(57,495)**	(81,292)	**(57,568)**	(81,638)
Other comprehensive Expenditure					
Will not be reclassified to income and expenditure:					
Impairments	7.2	**(689)**	(968)	**(689)**	(968)
Revaluation gains on property, plant and equipment	7.2	**587**	2,057	**587**	2,057
TOTAL OTHER COMPREHENSIVE EXPENDITURE		**(102)**	1,089	**(102)**	1,089
TOTAL COMPREHENSIVE EXPENDITURE		**(57,597)**	(80,203)	**(57,670)**	(80,549)

The notes on pages 5 to 46 form part of these accounts.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

		GROUP		TRUST	
		31 March 2024	31 March 2023	**31 March 2024**	31 March 2023
	NOTE	**£000**	£000	**£000**	£000
Non-current assets					
Property, plant and equipment	8	**289,729**	277,371	**289,729**	277,371
Intangible assets	9	**11,082**	17,766	**11,082**	17,766
Right of use assets	10	**32,121**	37,149	**32,121**	37,149
Trade and other receivables	16	**1,179**	2,734	**1,179**	2,734
Other investments	13	**6,466**	6,206	**0**	0
Total non-current assets		**340,577**	341,226	**334,111**	335,020
Current assets					
Inventories	14	**16,108**	15,085	**14,698**	13,964
Trade and other receivables	16	**53,917**	58,594	**53,969**	59,610
Cash and cash equivalents	15	**55,988**	58,029	**53,869**	56,129
Total current assets		**126,013**	131,708	**122,536**	129,703
Total assets		**466,590**	472,934	**456,647**	464,723
Current liabilities					
Trade and other payables	17	**(169,306)**	(162,862)	**(166,169)**	(161,384)
Borrowings	18	**(14,468)**	(7,887)	**(14,468)**	(7,887)
Provisions	22	**(1,829)**	(970)	**(1,829)**	(970)
Total current liabilities		**(185,603)**	(171,719)	**(182,466)**	(170,241)
Total assets less current liabilities		**280,987**	301,215	**274,181**	294,482
Non-current liabilities					
Borrowings	18	**(264,260)**	(178,434)	**(264,260)**	(178,434)
Provisions	22	**(1,370)**	(1,737)	**(1,370)**	(1,737)
Total non-current liabilities		**(265,630)**	(180,171)	**(265,630)**	(180,171)
Total assets employed		**15,357**	121,044	**8,551**	114,311
Financed by taxpayers' equity:					
Public dividend capital		**420,773**	387,118	**420,773**	387,118
Income and expenditure reserve		**(471,716)**	(332,523)	**(471,644)**	(332,421)
Revaluation reserve		**32,946**	33,138	**32,946**	33,138
Other reserves		**26,476**	26,476	**26,476**	26,476
Charitable fund reserve	12	**6,878**	6,835	**0**	0
Total taxpayers' equity		**15,357**	121,044	**8,551**	114,311

The notes on pages 5 to 46 form part of these accounts.

The financial statements on pages 1 to 46 were approved by the Audit Committee 25 June 2024 and signed on its behalf by:

Signed: …… (Chief Finance Officer) Date: 04/07/2024

Signed: …….. (Chief Executive) Date: 04/07/2024

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2024

	Public Dividend Capital (PDC)	Income and Expenditure Reserve	Revaluation Reserve	Other reserves	Trust total	South Tees Healthcare Management Ltd	Charitable funds reserve	Group total
	£000	£000	£000	£000	£000	£000	£000	£000
Taxpayers' equity at 1 April 2022	367,100	(250,783)	32,049	26,476	174,842	(108)	6,495	181,229
Changes in taxpayers' equity for 2022/23								
(Deficit)/ Surplus for the year	0	(81,638)	0	0	(81,638)	6	340	(81,292)
Revaluation gains and impairment losses on property, plant and equipment.	0	0	1,089	0	1,089	0	0	1,089
Total comprehensive (expense) / income for the year	0	(81,638)	1,089	0	(80,549)	6	340	(80,203)
Public dividend capital received	20,018	0	0	0	20,018	0	0	20,018
Taxpayers' equity at 31 March 2023	387,118	(332,421)	33,138	26,476	114,311	(102)	6,835	121,044
Taxpayers' equity at 1 April 2023	387,118	(332,421)	33,138	26,476	114,311	(102)	6,835	121,044
Application of IFRS16 measurement to PFI liability on 1 April 2023	0	(81,745)	0	0	(81,745)	0	0	(81,745)
Changes in taxpayers' equity for 2023/24								
(Deficit)/Surplus for the year	0	(57,568)	0	0	(57,568)	30	43	(57,495)
Revaluation gains and impairment losses on property, plant and equipment.	0	0	(102)	0	(102)	0	0	(102)
Total comprehensive expense for the year	0	(57,568)	(102)	0	(57,670)	30	43	(57,597)
Public dividend capital received	33,655	0	0	0	33,655	0	0	33,655
Other transfers between reserves	0	90	(90)	0	0	0	0	0
Taxpayers' equity at 31 March 2024	420,773	(471,644)	32,946	26,476	8,551	(72)	6,878	15,357

Note: the amount shown as 'Other Reserves' represents the value of assets transferred to South Tees Hospitals NHS Foundation Trust following the acquisition of the former Northallerton Health Services NHS Trust, over and above the value of Public Dividend Capital repayable on dissolution of that Trust.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

		GROUP		TRUST	
	NOTE	**2023/24 £000**	2022/23 £000	**2023/24 £000**	2022/23 £000
Cash flows from operating activities					
Operating (deficit)/ surplus from continuing operations		**(30,945)**	(62,538)	**(30,254)**	(63,009)
Non-cash income and expense					
Depreciation and amortisation	4	**27,416**	26,263	**27,416**	26,263
Net impairments	4	**25,380**	58,277	**25,380**	58,277
Decrease /(Increase) in trade and other receivables		**6,923**	(8,917)	**6,532**	(10,090)
(Increase) / Decrease in inventories	14	**(1,023)**	(659)	**(734)**	(237)
(Decrease) / Increase in trade and other payables		**5,105**	26,231	**4,801**	27,826
Increase / (Decrease) in provisions	22	**469**	(413)	**469**	(413)
Other movements in operating cash flows		**(734)**	(1,123)	**(734)**	(718)
Net cash generated from operations		**32,591**	37,121	**32,876**	37,899
Cash flows from investing activities					
Interest received		**3,209**	1,336	**3,031**	1,155
Purchase of intangible assets		**(1,276)**	(3,995)	**(1,276)**	(3,995)
Purchase of property, plant and equipment		**(43,883)**	(40,632)	**(43,883)**	(40,632)
Proceeds from sale of investments		**326**	0	**0**	0
Sales of property, plant and equipment		**60**	20	**60**	20
Net cash used in investing activities		**(41,564)**	(43,271)	**(42,068)**	(43,452)
Cash flows from financing activities					
Public dividend capital received		**33,655**	20,018	**33,655**	20,018
Capital element of lease rental payments		**(5,339)**	(5,866)	**(5,339)**	(5,866)
Capital element of private finance initiative obligations		**(5,822)**	(2,125)	**(5,822)**	(2,125)
Interest element of lease liability payments	7	**(1,032)**	(1,252)	**(1,032)**	(1,252)
Interest element of private finance initiative obligations	7	**(14,413)**	(15,174)	**(14,413)**	(15,174)
Other interest		**0**	(1)	**0**	(1)
PDC dividend paid		**(117)**	(3,008)	**(117)**	(3,008)
Net cash used in financing activities		**6,932**	(7,408)	**6,932**	(7,408)
Decrease in cash and cash equivalents		**(2,041)**	(13,558)	(2,260)	(12,961)
Cash and cash equivalents at 1 April		**58,029**	71,587	**56,129**	69,090
Cash and cash equivalents at 31 March	15	**55,988**	58,029	**53,869**	56,129

NOTES TO THE ACCOUNTS

1. Accounting policies

NHS England has directed that the accounts of NHS Foundation Trusts shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (DHSC GAM), which shall be agreed with HM Treasury and the Secretary of State. Consequently, the following accounts have been prepared in accordance with the DHSC GAM 2023/24 issued by the Department of Health and Social Care. The accounting policies contained in that manual follow International Financial Reporting Standards (IFRS) and HM Treasury's Financial Reporting Manual to the extent that they are meaningful and appropriate to NHS Foundation Trusts, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the DHSC GAM permits a choice of accounting policy, the accounting policy which 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 by the Trust are described below. They have been applied consistently during the financial year when dealing with items considered material in relation to the accounts.

1.1 Accounting convention

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

1.2 Basis of consolidation

NHS Charitable Fund

The Trust is the corporate trustee to South Tees Hospitals Charity and Associated Funds which is registered with the Charity Commission, registration number 1056061. The Trust has assessed its relationship to the charitable fund and determined it to be a subsidiary as the Trust has the power to govern the financial and operating policies of the charitable fund to obtain benefits from its activities for the Trust, its patients and its staff.

The charitable fund's statutory accounts are prepared to 31 March and in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Financial Reporting Standard (FRS) 102. On consolidation, adjustments have been made to the charity's income, expenditure, assets and liabilities to:

- recognise and measure them in accordance with the Trust's accounting policies; and
- eliminate in full all intra-group transactions and balances.

1.2.1 Alignment to accounting policies

The accounting policies and accounts of the charitable fund have been reviewed and are consistent with those of the Trust apart from the charitable fund's accounting policies on funds and investments. Details of the accounting policies that are different and have been aligned to those of the Trust are outlined below:

Fund balances

Funds held by the charitable fund can be both restricted and un-restricted. Donations come in for specific funds and each fund has its own objectives/purpose. If a general donation is made and no specific fund is identified then the monies will be paid into the General Purpose Fund, which is used to benefit patients and staff of the Group and Trust. Funds specific to wards or departments are held as un-restricted designated funds. Legacies and donations received for a specific purpose or ‘trust’ are recorded and accounted for as restricted funds.

Investments

Investments are stated at fair value as at the balance sheet date. The Consolidated Statement of Financial Position includes the net gains and losses arising on revaluation and disposals throughout the year.

Further information covering the nature and value of the consolidation of the charitable fund is included in Note 12 to the Accounts.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.2.1 Alignment to accounting policies (continued)

Other subsidiaries

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. The capital and reserves attributable to minority interests are included as a separate item in the Statement of Financial Position.

The Trust formed 2 subsidiaries, the South Tees Institute of Learning, Research and Innovation LLP and South Tees Healthcare Management Limited. The financial year end of both companies is 31 March. Operations within South Tees Institute of Learning, Research and Innovation LLP are currently dormant, there have been no transactions within this company in 2023/24 and the company has not been consolidated on the basis of materiality.

South Tees Healthcare Management Limited

This company started operations on 6 October 2019 and the financial statements for the year to 31 March 2024 are consolidated in these accounts. The subsidiary's accounting policies are aligned with the Trust and the amounts included have been adjusted during consolidation with inter-entity balances and transactions eliminated in full on consolidation.

1.3 Critical accounting judgements and key sources of estimation in applying the Trust's accounting policies

In the application of the Group and Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised. The estimates and assumptions that have a significant risk of causing a material adjustment to the accounts are highlighted below:

a) Asset valuation and indices - the valuation of land and buildings is based on building cost indices and location factors provided by and used by Cushman and Wakefield in their valuation work. The valuation at 31 March 2024 amounted to £182.8 million based on Modern Equivalent Alternative Site Valuation methodology by Cushman and Wakefield (who is an appropriately qualified member of the Royal Institute of Chartered Surveyors). From 1 April 2014 these valuations did not include VAT(Note 1.3). The process utilised GIA, asset life and obsollescence data to determine the valuation. The indices are based on an indication of trend of accepted tender prices within the construction industry as applied to the Public Sector.

The judgements that have a significant risk of causing a material adjustment to the accounts are highlighted below:

a) Basis of PP&E valuation - Specialised property is valued at depreciated replacement cost. The cost of VAT has been excluded from the full trust estate specialised property valuations from 1 April 2014. The Trust estate is predominantly PFI assets. This significant management judgement was made on the basis that:

(i) the majority of the James Cook Hospital is currently under a PFI arrangement and the Trust recovers the VAT on the Unitary Payment. When the Trust recognised the property as an asset in 2009/10 in its first IFRS-based accounts it appropriately excluded VAT from the initial measurement of Fair Value.

(ii) The majority of non-PFI assets relate to the Friarage Hospital, which transferred to the Trust in 2006. The Friarage Hospital would have formed part of the PFI development if it had been part of the Trusts assets at the date of the development.

(iii) The Trust considers that when, in the future, it procures a significant replacement of its estate, it would do so through either a PFI arrangement or through a subsidiary undertaking. The Trust would set up the subsidiary or would utilise the subsidiary of North Tees and Hartlepool NHS Foundation Trust to undertake the investment. The Trust has received confirmation that this service can be provided and taken appropriate guidance that the Trust would be able to recover VAT on capital projects.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.3 Critical accounting judgements and key sources of estimation in applying the Trust's accounting policies (continued)

b) Basis of asset impairments - an assessment is made each year as to whether an asset has suffered an impairment loss. This includes property and when assets reduce in value the reduction is taken to revaluation reserve first, where a reserve exists, and secondly to impairments. When works to property take place and at the point the asset becomes operational, the asset is revalued with the difference between value and the amount spent also taken to impairments.

c) Asset lives - lives on property are assessed by Cushman and Wakefield and were last reviewed as at 1 April 2019. They are due to be reviewed again in 2024/25. In the event that property lives change, the impact on depreciation from a increase of one year would be a movement in depreciation of circa £0.1 million.

d) IFRS16 arrangements - the Trust has identified a number of arrangements which involve the use of property and assets. These have been capitalised in line with the Trust's Accounting Policies with the asset life based on the term of the agreements. This particularly applies to arrangements involving vehicles and equipment. Agreements or contracts are not generally in place for property arrangements and the Trust has applied a 20 year term on assets used for the provision of heathcare. This term is a reasonable assessment of the period that the Trust expects to deliver services from these assets based on the Trust's Strategic Plan, exisiting healthcare needs in the region and the facilities currently available.

e) Private Finance Initiative (PFI) schemes - as part of the South Tees Hospitals PFI scheme, the Group and Trust is required to pay the operator for lifecycle replacement assets (2023/24, £13.6 million). A judgement has been made that payment for the assets is accounted for in line with the operator's model over the life of the scheme. Where there is a variation between the model and the timing of actual asset replacement, the variation is dealt with as a prepayment. The prepayment is reversed at the point when asset replacement occurs. This position will be assessed on an ongoing basis as to whether the prepayment is fully recoverable, a charge is made to revenue or whether it requires impairment.

1.3.1 Going concern

These accounts have been prepared on a going concern basis. The financial reporting framework applicable to NHS bodies, derived from the HM Treasury Financial Reporting Manual, defines that the anticipated continued provision of the entity’s services in the public sector is normally sufficient evidence of going concern. The directors have a reasonable expectation that this will continue to be the case and the financial statements have been prepared on a going concern basis.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.4 Income

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

Income in respect of goods or services provided is recognised when and to the extent that, performance obligations are satisfied and is measured at the fair value of the consideration receivable. 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 consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

The majority of the Trust's NHS income is earned from NHS commissioners under the NHS Payment Scheme (NHSPS) which replaced the National Tariff Payment System on 1 April 2023. The NHSPS sets out rules to establish the amount payable to trusts for NHS-funded secondary healthcare. Aligned payment and incentive contracts form the main payment mechanism under the NHSPS. In 2023/24 API contracts contain both a fixed and variable element. Under the variable element, providers earn income for elective activity (both ordinary and day case), out-patient procedures, out-patient first attendances and chemotherapy delivery activity. The precise definition of these activities is given in the NHSPS. Income is earned at NHSPS prices based on actual activity. The fixed element includes income for all other services covered by the NHSPS assuming an agreed level of activity with 'fixed' in this context meaning not varying based on units of activity. Elements within this are accounted for as variable consideration under IFRS 15.

High costs drugs and devices are excluded from the calculation of national prices and are reimbursed by NHS England based on actual usage or at a fixed baseline in addition to the price of the related service.

Elective recovery funding provides additional funding to integrated care boards to fund the commissioning of elective services within their systems. In 2023/24, the Trust did not directly earn elective recovery funding and instead earned income for actual activity performed under API contract arrangements. The level of activity delivered by the Trust contributes to system performance and therefore the availability of funding to the Trust's commissioners.

The Group and Trust receives income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid e.g. by an insurer. The Group and Trust recognises the income when it receives notification from the Department of Work and Pension's Compensation Recovery Unit that the individual has lodged a compensation claim. The income is measured at the agreed tariff for the treatments provided to the injured individual, less a provision for unsuccessful compensation claims and doubtful debts.

Research and development income is recognised when the conditions attached to the grant are met. Education and training income is recognised either in equal instalments over the financial year or if the income can be identified with specific expenditure, in line with the expenditure.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.4 Income (continued)

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met and is measured as the sums under the sale contract.

The value of the benefit received when the Trust accesses funds from the Government's apprenticeship service are recognised as income in accordance with IAS 20, Accounting for Government Grants. Where these funds are paid directly to an accredited training provider, non-cash income and a corresponding non-cash training expense are recognised, both equal to the cost of the training funded.

1.5 Employee benefits

1.5.1 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 accounts to the extent that employees are permitted to carry forward leave into the following period.

1.5.2 Pension costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period. Employer's pension cost contributions are charged to operating expenses as and when they become due.

For early retirements, other than those due to ill health, the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to operating expenses at the time the Group and Trust commits itself to the retirement, regardless of the method of payment.

1.6 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 and inventories unused at the end of the financial year.

1.7 Property, plant and equipment

1.7.1 Recognition

Property, plant and equipment is capitalised if:

- 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 will be supplied to, the Group and Trust;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably;
- the item has 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, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.7 Property, plant and equipment (continued)

Where a large asset, for example a building, includes a number of components with significant cost and different asset lives, the components are treated as separate assets and depreciated over their own useful economic lives.

1.7.2 Valuation

All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are measured subsequently at current value. Land and buildings used for the Group and Trust's services or for administrative purposes are stated in the Statement of Financial Position at their re-valued amounts, being the current value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Current values are determined as follows:

- Land and non-specialised buildings (dwellings) – market value for existing use;
- Specialised buildings – depreciated replacement cost; or
- Plant and machinery, transport, IT and furniture - depreciated historical cost.

A standard approach to depreciated replacement cost valuations has been adopted based on HM Treasury guidance and the concept of Modern Equivalent Asset (MEA) Valuations. The valuation included in the Statement of Financial Position at 31 March 2024 is based on an alternative site MEA valuation, undertaken specifically in accordance with the HM Treasury guidance which states that such valuations are an option if the Group and Trust's service requirements can be met from the alternative site. The valuation has been adjusted from 1 April 2014 to exclude VAT in line with existing VAT regulations on recovery from the cost of construction (in line with the existing PFI arrangement on the James Cook Site).

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees and, where capitalised in accordance with IAS 23, borrowings costs. Assets are re-valued and depreciation commences when they are brought into use.

Professional valuations are carried out by Cushman and Wakefield. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual in so far as these terms are consistent with the agreed requirements of the Department of Health and HM Treasury. Asset lives were reviewed by Cushman and Wakefield as at 1 April 2019.

1.7.3 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 will flow to the Trust or Group and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is written off. 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.

1.7.4 Depreciation

Freehold land is considered to have an infinite life and is not depreciated. Otherwise, depreciation is charged to write off the costs or valuation of property, plant and equipment on a straight line basis over their remaining useful economic lives, in a manner consistent with the consumption of economic or service delivery benefits.

The estimated useful life of an asset is the period over which the Group and Trust expects to obtain economic benefits or service potential from the asset. This is specific to the Group and Trust and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under leases are depreciated over the shorter of their estimated useful lives or the lease term. See Note 8.4 for further information on asset lives.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.7 Property, plant and equipment (continued)

1.7.5 Revaluation gains and losses

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation impairment previously 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".

1.7.6 Impairments

In accordance with the Department of Health group Accounting Manual, impairments that are due to a loss of economic benefits or service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment arising from a loss of economic benefit or service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating expenses 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.

1.8 Intangible assets

1.8.1 Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of being sold separately from the rest of the Group and Trust's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the Group and Trust; where the cost of the asset can be measured reliably, and where the cost is at least £5,000 and where the asset is expected to be used for more than one financial year.

1.8.2 Software

Software which is integral to the operation of hardware e.g. an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware e.g. application software, is capitalised as an intangible asset.

1.8.3 Measurement

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Intangible assets are subsequently measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating.

Revaluation gains and losses and impairments are treated in the same manner as for property, plant and equipment.

An intangible asset which is surplus with no plan to bring it back into use is valued at fair value under IFRS 13, if it does not meet the requirements of IAS 40 or IFRS 5.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.8 Intangible assets (continued)

1.8.4 Amortisation

Intangible assets are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

1.9 Donated, government grant and other funded assets

Donated and grant funded non-current assets are capitalised at their fair value on receipt. These are valued, depreciated and impaired as described above for purchased assets. The donation/grant is credited to income at the same time that the asset is capitalised, unless the donor has imposed a condition that the future economic benefits embodied in the grant/donation 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.

This includes assets donated to the Trust by the Department of Health and Social Care as part of the response to the Coronavirus pandemic. As defined in the GAM, the Trust applies the principle of donated asset accounting to assets that the Trust controls and is obtaining economic benefits from at the end of the year end.

1.10 Revenue government and other grants

Government grants are grants from government bodies other than revenue from NHS bodies for the provision of services. Grants from the Department of Health and Social Care, including those from the Big Lottery Fund, are accounted for as Government Grants. Where the Government Grant is used to fund revenue expenditure, it is taken to the Statement of Comprehensive Income to match the expenditure.

1.11 Leases

A lease is a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration. An adaptation of the relevant accounting standard by HM Treasury for the public sector means that for NHS bodies, this includes lease-like arrangements with other public sector entities that do not take the legal form of a contract. It also includes peppercorn leases where consideration paid is nil or nominal (significantly below market value) but in all other respects meet the definition of a lease. The trust does not apply lease accounting to new contracts for the use of intangible assets. The Trust determines the term of the lease term with reference to the non-cancellable period and any options to extend or terminate the lease which the Trust is reasonably certain to exercise.

1.11.1 The Trust as lessee

At the commencement date of the lease, being when the asset is made available for use, the Trust recognises a right of use asset and a lease liability.

The right of use asset is recognised at cost comprising the lease liability, any lease payments made before or at commencement, any direct costs incurred by the lessee, less any cash lease incentives received. It also includes any estimate of costs to be incurred restoring the site or underlying asset on completion of the lease term.

The lease liability is initially measured at the present value of future lease payments discounted at the interest rate implicit in the lease. Lease payments includes fixed lease payments, variable lease payments dependent on an index or rate and amounts payable under residual value guarantees. It also includes amounts payable for purchase options and termination penalties where these options are reasonably certain to be exercised.

Where an implicit rate cannot be readily determined, the Trust's incremental borrowing rate is applied. This rate is determined by HM Treasury annually for each calendar year. A nominal rate of 3.51% applied to new leases commencing in 2023 and 4.72% to new leases commencing in 2024.

The Trust does not apply the above recognition requirements to leases with a term of 12 months or less or to leases where the value of the underlying asset is below £5,000, excluding any irrecoverable VAT. Lease payments associated with these leases are expensed on a straight line basis over the lease term or other systematic basis. Irrecoverable VAT on lease payments is expensed as it falls due.

1.11.2 Subsequent Remeasurement

As required by a HM Treasury interpretation of the accounting standard for the public sector, the Trust employs a revaluation model for subsequent measurement of right of use assets, unless the cost model is considered to be an appropriate proxy for current value in existing use or fair value, in line with the accounting policy for owned assets. Where consideration exchanged is identified as significantly below market value, the cost model is not considered to be an appropriate proxy for the value of the right of use asset.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.11 Leases (continued)

The Trust subsequently measures the lease liability by increasing the carrying amount for interest arising which is also charged to expenditure as a finance cost and reducing the carrying amount for lease payments made. The liability is also remeasured for changes in assessments impacting the lease term, lease modifications or to reflect actual changes in lease payments. Such remeasurements are also reflected in the cost of the right of use asset. Where there is a change in the lease term or option to purchase the underlying asset, an updated discount rate is applied to the remaining lease payments.

1.11.3 Initial application of IFRS 16 in 2022/23

IFRS 16 Leases as adapted and interpreted for the public sector by HM Treasury was applied to these financial statements with an initial application date of 1 April 2022. IFRS 16 replaced IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease and other interpretations.

The standard was applied using a modified retrospective approach with the cumulative impact recognised in the income and expenditure reserve on 1 April 2022. Upon initial application, the provisions of IFRS 16 were only applied to existing contracts where they were previously deemed to be a lease or contain a lease under IAS 17 and IFRIC 4. Where existing contracts were previously assessed not to be or contain a lease, these assessments were not revisited.

1.11.4 The Trust as Lessee

For continuing leases previously classified as operating leases, a lease liability was established on 1 April 2022 equal to the present value of future lease payments discounted at the Trust's incremental borrowing rate of 0.95%. A right of use asset was created equal to the lease liability and adjusted for prepaid and accrued lease payments and deferred lease incentives recognised in the Statement of Financial Position immediately prior to initial application. Hindsight was used in determining the lease term where lease arrangements contained options for extension or earlier termination.

No adjustments were made on initial application in respect of leases with a remaining term of 12 months or less from 1 April 2022 or for leases where the underlying assets had a value below £5,000.

The Trust applied IFRS 16 to all lease like arrangements entered into with other entities that were in substance akin to an enforceable contract, that in their formal legal form may not be enforceable. Prior to accounting for such arrangements under IFRS 16 the Trust assessed that in all other respects these arrangements met the definition of a lease under the Standard. This included existing operating leases, former finance leases under IAS17 and covered lease arrangements involving property and leased cars. Leases entered into after 1st April 2022 have been assessed under the requirements of IFRS 16.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.12 Private Finance Initiative (PFI) transactions

HM Treasury has determined that government bodies shall account for infrastructure PFI schemes where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, as interpreted in HM Treasury's Financial Reporting Manual and following the principles of the requirements of IFRIC 12. The PFI asset is recognised as an item of property, plant and equipment at its fair value together with a financial liability to pay for it in accordance with IAS 17.

Annual contract payments to the operator (the unitary charge) are separated into the following component parts, using appropriate estimation techniques where necessary:

a) Payment for the fair value of services received;

b) Repayment of the PFI liablity including finance costs; and

c) Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

The service charge is recognised in operating expenses and the finance cost is charged to Finance Costs in the Statement of Comprehensive Income.

1.12.1 Services received

The fair value of services received in the year is recorded under the relevant expenditure headings within 'operating expenses'.

1.12.2 PFI Asset

In accordance with HM Treasury's FReM, the underlying assets are recognised as property, plant and equipment, together with an equivalent liability. Initial measurement of the asset and liability are in accordance with the initial measurement principles of IFRS 16. Assets are subsequently accounted for as property, plant and equipment and/or intangible assets as appropriate.

1.12.3 PFI liability

The liability is subsequently reduced by the portion of the unitary charge allocated as payment for the asset and increased by the annual finance cost. The finance cost is calculated by applying the implicit interest rate to the opening liability and is charged to finance costs in the Statement of Comprehensive Income. The element of the unitary charge allocated as payment for the asset is split between payment of the finance cost and repayment of the net liability.

Where there are changes in future payments for the asset resulting from indexation of the unitary charge, the Trust remeasures the PFI liability by determining the revised payments for the remainder of the contract once the change in cash flows takes effect. The remeasurement adjustment is charged to finance costs in the Statement of Comprehensive Income.

The service charge is recognised in operating expenses in the Statement of Comprehensive Income.

1.12.4 Initial application of IFRS 16 liability measurement principles to PFI liabilities

IFRS 16 liability measurement principles have been applied to PFI and other service concession arrangement liabilities in these financial statements from 1 April 2023. The change in measurement basis has been applied using a modified retrospective approach with the cumulative impact of remeasuring the liability on 1 April 2023 recognised in the income and expenditure reserve.

Comparatives for PFI, LIFT and other service concession arrangement liabilities have not been restated on an IFRS 16 basis, as required by the DHSC Group Accounting Manual. Under IAS 17 measurement principles which applied in 2022/23 and earlier, movements in the liability were limited to repayments of the liability and the annual finance cost arising from application of the implicit interest rate. The cumulative impact of indexation on payments for the asset was charged to finance costs as contingent rent as incurred.

1.12.5 Lifecycle replacement

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the Group and Trust's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a liability or prepayment will be recognised.

Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised. The deferred income is released to operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.12 Private Finance Initiative (PFI) transactions (continued)

1.12.5 Assets contributed by the Trust to the operator for use in the scheme

Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the Group Statement of Financial Position.

1.12.6 Other assets contributed by the Trust to the operator

Assets contributed (e.g. cash payments, surplus property) by the Group and Trust to the operator before the asset is brought into use, which are intended to defray the operator's capital costs, were recognised initially as prepayments during the construction phase of the contract. Subsequently, when the asset was made available to the Trust, the prepayment was treated as an initial payment towards the finance lease liability and was set against the carrying value of the liability.

1.13 Inventories

Inventories are valued at the lower of cost or net realisable value. Provision is made for obsolete, slow moving and defective stock whenever evidence exists that a provision is required.

In 2023/24, the Trust received inventories from the Department of Health and Social Care at nil cost. In line with the GAM and applying the principles of the IFRS Conceptual Framework, the Trust has accounted for the receipt of these inventories at a deemed cost, reflecting the best available approximation of an imputed market value for the transaction based on the cost of acquisition by the Department.

1.14 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. Cash and cash equivalents are recorded at current values.

1.15 Provisions

Provisions are recognised when the Group and Trust has a present legal or constructive obligation as a result of a past event, it is probable that the Group and Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision in the Statement of Financial Position is the best estimate of the expenditure required to settle the obligation, taking into account the risks and uncertainties. Where the effect of the time value of money is significant, the estimated risk adjusted cash flows required to settle the obligation are discounted using 3 real time HM Treasury discount rates that range from 4.26% (2022/23, 3.27%) in the short term to 4.40% (2022/23, 3.00%) for long term cash flow expectations. This excludes early retirement provisions and injury benefit provisions which both use the HM Treasury's pension discount rate of 2.45% in real terms (2022/23, 1.70%).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

1.15.1 Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the Group and Trust pays an annual contribution and NHS Resolution, in return, settles all clinical negligence claims. The contribution is charged to expenditure. Although NHS Resolution are administratively responsible for all clinical negligence cases, the legal liability remains with the Group and Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the Group and Trust is disclosed at Note 22 but is not recognised in the Group and Trust's accounts. Since financial responsibility for clinical negligence cases transferred to NHS Resolution, the only charge to operating expenditure in relation to clinical negligence in 2023/24 relates to the contribution to the Clinical Negligence Scheme for Trusts.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.15 Provisions (continued)

1.15.2 Non-clinical risk pooling

The Group and Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Group and 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 as and when they become due.

1.16 Climate Change Levy

Expenditure on the Climate Change Levy is recognised in the Statement of Comprehensive Income as incurred, based on the prevailing chargeable rates for energy consumption.

1.17 Financial Instruments and financial liabilities

1.17.1 Recognition

Financial assets and financial liabilities which arise from contracts for the purchase or sale of non-financial items, which are entered into in accordance with the Group's normal purchase, sale or usage requirements, are recognised when the Group becomes party to the financial instrument contract or when performance occurs i.e. when receipt or delivery of the goods or services is made.

Financial assets are initially recognised at fair value plus or minus directly attributable transaction costs for financial assets not measured at fair value through profit or loss. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices, where possible, or by valuation techniques.

Financial assets or financial liabilities in respect of assets acquired or disposed of through leases are recognised and measured in accordance with the accounting policy for leases are described in policy 1.11.

1.17.2 De-recognition

All financial assets are de-recognised when the rights to receive cash flows from the assets have expired or the Group has transferred substantially all of the risks and rewards of ownership. Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

1.17.3 Classification and measurement

The Group currently holds financial assets at fair value through profit and loss in the form of Investments. Other financial assets are held at amortised costs. The Group does not hold any financial liabilities 'at fair value through profit and loss' that would require a fair value calculation and adjustment to the income statement.

1.17.4 Financial Assets

Receivables are non-derivative financial assets which are included in current and non-current assets. After initial recognition, they are measured at amortised cost, less any impairment. The Group's NHS and non-NHS receivables balances, accrued income and cash and cash equivalents have been classified as financial instruments and further information is available in Note 23.

1.17.5 Financial liabilities

All financial liabilities, after initial recognition, are measured at amortised cost using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount of the financial liability. They are included in current liabilities except for amounts payable more than 12 months after the Statement of Financial Position date, which are classified as long-term liabilities. The Group does hold instruments that would fall into this category in the form of leases and the PFI Scheme (see Accounting Policy 1.11 and 1.12 for further information). The Group's outstanding NHS and non-NHS payables balances are classified as financial instruments and further information is available in Note 23.

Interest on financial liabilities carried at amortised cost is calculated using the effective interest method and charged to Finance Costs. Interest on financial liabilities taken out to finance property, plant and equipment is not capitalised as part of the cost of those assets.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.17.6 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 has adopted the simplified approach to impairment, in accordance with IFRS 9, and measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. For other financial assets, the loss allowance is measured at an amount equal to lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since initial recognition, and otherwise at an amount equal to 12-month expected credit losses. The loss is recognised in the Statement of Comprehensive Income and the carrying amount of the asset is reduced through the creation of a provision for impairment of receivables.

For financial assets that have become credit impaired since initial recognition, 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.

1.18 Value Added Tax

Most of the activities of the Group 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.

1.19 Foreign currencies

The Group's functional currency and presentational currency is sterling. A transaction which is denominated in a foreign currency is translated into sterling at the spot exchange rate ruling on the date of the transaction. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March. Resulting exchange gains and losses for either of these are recognised in the Group's income or expense in the period in which they arise.

1.20 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Group and Trust has no beneficial interest in them.

1.21 Public Dividend Capital (PDC) and PDC dividend

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS Trust. At any time the Secretary of State can issue new PDC to, and require repayments of PDC from, the Trust. PDC is recorded at the value received. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32 and 39.

An annual charge, reflecting the cost of capital utilised by the Group and Trust, is payable to the Department of Health and Social Care as PDC dividend. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for donated assets, average daily cash balances held with the Government Banking Services (GBS), excluding cash balances held in GBS accounts that relate to a short-term working capital facility, assets under construction for nationally directed schemes and any PDC dividend balance receivable or payable. In accordance with the requirements laid down by the Department of Health and Social Care, 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.

Notes to the Accounts - 1. Accounting Policies (Continued)

1.22 Losses and Special Payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had the Trust not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure). However, the note on losses and special payments is compiled directly from the losses and compensations register which reports amounts on an accruals basis with the exception of provisions for future losses.

1.23 Accounting standards that have been issued but have not yet been adopted

The DHSC GAM does not require the following IFRS Standards and interpretations to be adopted in 2023/24. These Standards are still subject to HM Treasury FReM adoption.

- IFRS 14 Regulatory Deferral Accounts (not UK-endorsed and applies to first time adopters of IFRS after 1 January 2016. Therefore, not applicable to DHSC group bodies);
- IFRS 17 Insurance Contracts (Whilst adopted by corporate entities which apply international financing reporting standards, this standard has not yet been adopted by the FReM).

In relation to the above the Trust has not been in a position to assess the expected impact of the introduction of this standard as limited detailed information is available at this time.

1.24 Accounting standards issued that have been adopted early

There have not been any accounting standards issued with an effective date of 1 April 2024, that have been adopted early.

1.25 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who makes the strategic decisions, is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board.

2. Operating segments

The Group received £869.101 million under contracts with commissioners during the year (£803.840 million in 2022/23) from Integrated Care Boards and NHS England, which equated to 93% (93% in 2022/23) of total Trust income. There were no other significant external customers amounting to more than 8% of total income. Commissioner funding was provided under a block contract arrangement during 2023/24. The previous Acute split by service has been updated in the following disclosures.

The Group has reviewed the process of reporting the financial performance at a trust wide level to the Board. Only limited divisional information is reported and this is similar in the nature of the products and services provided, the nature of the production process, the type of class of customer for the product or service, the method used to provide our services and the nature of the regulatory environment.

The Board is the chief decision making body within the Group and receives monthly updates on the financial position. These reports provide a global update on the Group's actual position compared to plan on expenditure, income, current surplus/deficit and progress on capital investment. The current position on cash balances is reported in conjunction with an updated risk rating. The figures reported to the Board are consistent with those included within these accounts.

On the basis of the information provided to the Board it has been determined that there is only one operating segment, that of healthcare.

3. Operating income

3.1 Income from activities by classification

	GROUP		TRUST	
	2023/24 £000	2022/23 £000	**2023/24 £000**	2022/23 £000
Block contract/system envelope income (*)	**705,659**	618,657	**705,659**	618,657
High cost drugs income from Commissioners	**95,473**	87,378	**95,473**	87,378
Accident and emergency income	**1,254**	1,293	**1,254**	1,293
Community services	**47,573**	44,754	**47,573**	44,754
Private patient income	**1,248**	791	**1,248**	791
Elective Recovery Fund	**0**	16,046	**0**	16,046
Agenda for Change pay offer	**419**	17,096	**419**	17,096
Additional pension contribution central funding	**19,977**	18,250	**19,977**	18,250
Other non-protected clinical income	**222**	201	**222**	201
Total income from activities	**871,825**	**804,466**	**871,825**	**804,466**
Research and development	**7,022**	7,832	**7,022**	7,832
Education and training	**25,835**	23,571	**25,835**	23,571
Charitable and other contributions to expenditure	**2,308**	231	**2,308**	231
COVID consumables donated from DHSC group	**287**	1,183	**287**	1,183
Non-patient care services to other bodies	**2,531**	2,204	**2,531**	2,204
Top up funding reimbursement	**0**	1,659	**0**	1,659
Charitable fund - incoming resources	**279**	1,525	**0**	0
Other income (**)	**21,111**	19,787	**20,866**	19,662
	59,373	**57,992**	**58,849**	**56,342**
Total income from continuing operations	**931,198**	862,458	**930,674**	860,808

* Further information on income is available within the Accounting Policies, Note 1.4.

** Other income includes consideration arising from car parking charges £2.295 million (2022/23 £2.237 million), income in respect of recovered staff costs £0.563 million (2022/23 £0.534 million), clinical excellence awards £1.089 million (2022/23 £1.156 million), staff accommodation £1.384 million (2022/23 £1.190 million), clinical tests £2.764 million (2022/23 £2.059 million) and creche services £0.537 million (2022/23 £0.502 million). The Trust has not received an individual transaction within fees and charges greater than £1.0 million in the financial year.

Under the Terms of Authorisation the Group's total activity income from Commissioner Requested Services amounts to £848.705 million (2022/23 £750.789 million). All other activity income relates to Non-Commissioner Requested Services.

3.2 Income from activities by source

	2023/24 £000	2022/23 £000
Group and Trust		
Integrated Care Boards	**585,309**	395,616
Clinical Commissioning Groups	**0**	118,844
NHS England	**283,792**	287,721
Local Authorities	**50**	0
Non-NHS - overseas patients (non-reciprocal) (*)	**172**	175
Non-NHS - private patients	**1,248**	791
Non-NHS - other	**0**	26
NHS Injury Scheme	**1,254**	1,293
Total income from activities	**871,825**	804,466

(*) Cash payments received in year from overseas visitors, where patients are charged directly by the Trust, and relating to invoices raised in the current and prior years amounted to £0.053 million (£0.129 million in 2022/23). Additions to the provision for the impairment of receivables amounted to £0.143 million (£0.126 million increase in 2022/23) and the Trust did not write off any charges in year (no write offs in 2022/23).

Injury cost recovery is subject to a charge for credit loss allowances on receivables of 23.07% (2022/23, 24.86%) to reflect expected rates of collection.

4. Operating expenses

4.1 Operating expenses comprise:

	GROUP		TRUST	
	2023/24	2022/23	**2023/24**	2022/23
	£000	£000	**£000**	£000
Services from NHS Foundation Trusts	**4,128**	6,167	**4,128**	6,167
Purchase of healthcare from non NHS bodies	**10,193**	8,419	**10,772**	8,993
Employee expenses - non-executive directors	**164**	169	**164**	169
Employee expenses - staff	**562,115**	522,758	**561,352**	522,121
Employee expenses - charitable fund	**520**	555	**0**	0
Drug costs	**95,752**	86,318	**95,762**	86,192
Supplies and services - clinical	**106,711**	98,574	**106,702**	98,669
Supplies and services - donated from DHSC for COVID	**346**	1,486	**346**	1,486
Supplies and services - general	**4,134**	3,701	**4,134**	3,701
Research and development	**2,736**	2,602	**2,736**	2,602
Establishment	**15,514**	13,436	**15,501**	13,423
Transport	**5,015**	5,217	**5,015**	5,217
Premises	**75,115**	64,833	**75,115**	64,829
Increase/(decrease) in provision for impairment of receivables	**239**	516	**239**	516
Increase/(decrease) in other provisions	**268**	216	**268**	216
Change in provisions discount rate	**(35)**	(41)	**(35)**	(41)
Inventories written down	**289**	239	**289**	239
Depreciation of property, plant and equipment	**19,932**	23,718	**19,932**	23,718
Amortisation of intangible assets	**7,484**	2,545	**7,484**	2,545
Net impairments of property, plant and equipment	**25,380**	58,277	**25,380**	58,277
Audit fees - audit services - statutory audit (*)	**149**	102	**143**	94
- audit services - charitable fund (*)	**9**	9	**0**	0
Clinical negligence	**16,553**	17,892	**16,553**	17,892
Legal fees	**346**	403	**346**	403
Consultancy costs	**665**	1,608	**665**	1,608
Internal audit costs	**119**	109	**119**	109
Training, courses and conferences	**2,402**	1,774	**2,394**	1,774
Redundancy	**1,054**	143	**1,054**	143
Other services	**1,250**	1,175	**1,250**	1,175
Hospitality	**1**	3	**1**	3
Insurance	**317**	264	**312**	264
Losses, ex gratia and special payments	**179**	171	**179**	171
Other resources expended - charitable fund	**471**	496	**0**	0
Other	**2,628**	1,142	**2,628**	1,142
	962,143	924,996	**960,928**	923,817

* the value of statutory audit fees disclosed above excludes VAT.

5. Employee expenses and numbers

5.1 Employee expenses (including Executive Directors' costs)

Group and Trust	2023/24 Total	2022/23 Total
	£000	£000
Salaries and wages	**429,192**	401,828
Social security costs	**42,787**	38,724
Pension costs - defined contribution plans employer contributions to NHS Pensions	**65,689**	60,038
Agency/contract staff	**26,114**	23,150
Charitable fund staff	**520**	555
Total staff costs	**564,302**	524,295
Costs capitalised as part of assets	**(613)**	(839)
Total staff costs excluding capitalised costs	**563,689**	523,456

The executive costs covers 6 directors (2022/23, 5) and consists of salaries amounting to £0.944 million (2022/23 £0.894 million) including employers NI contributions £0.123 million (2022/23 £0.119 million) and employers superannuation contributions £0.071 million (2022/23 £0.065 million). Included within these values the highest paid director receives a salary amounting to £0.239 million (2022/23 22 £0.232 million) including employers NI contributions £0.031 million (2022/23 £0.032 million) and £nil for employers superannuation contributions (2022/23, £nil). For further information on Directors' remuneration and pension benefits please refer to the Remuneration Report in the Trust's Annual Report.

5.2 Monthly average number of people employed

Group and Trust	2023/24 Total	2023/24 Permanently Employed	2023/24 Other	2022/23 Total
	Number	**Number**	**Number**	Number
Medical and dental	**1,320**	**1,298**	**22**	1,298
Administration and estates	**2,148**	**2,096**	**52**	2,028
Healthcare assistants and other support staff	**599**	**398**	**201**	571
Nursing, midwifery and health visiting staff	**2,958**	**2,816**	**142**	2,812
Nursing, midwifery and health visiting learners	**1,140**	**1,140**	**0**	1,129
Scientific, therapeutic, technical staff and other	**1,481**	**1,470**	**11**	1,412
Total	**9,646**	**9,218**	**428**	9,250
Number of staff (WTE) capitalised in capital projects (included above)	**10**			13

Note: the figures represent the Whole Time Equivalent as opposed to the number of employees.

5. Employee expenses and numbers

5.3 Staff exit packages

Exit package cost band	2023/24				2022/23			
Group and Trust	Number of other departures agreed	Cost of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages by cost band	Number of other departures agreed	Cost of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages by cost band
	Number	£000's	Number	£000's	Number	£000's	Number	£000's
< £10,000	1	2	1	2	1	6	1	6
£10,000 to £25,000	0	0	0	0	0	0	0	0
£25,001 to £50,000	1	43	1	43	0	0	0	0
£50,001 to £100,000	2	112	2	112	0	0	0	0
£100,001 to £150,000	0	0	0	0	1	137	1	137
£150,001 to £200,000	1	160	1	160	0	0	0	0
> £200,001	0	0	0	0	0	0	0	0
Total number and cost of exit packages by type	5	317	5	317	2	143	2	143

Redundancy and other departure costs have been paid in accordance with NHS Agenda for Change terms and conditions. Exit costs are accounted for in full in the year of departure. Where the Group has agreed to early retirements, the additional costs are met by the Group and not by the NHS Pension Scheme. Ill health retirement costs are met by the NHS Pension scheme and are not included in the table. There were no departures in 2023/24 or in 2022/23 where special payments were made.

5.4 Exit packages: non-compulsory departure payments

	2023/24		2022/23	
	Agreements	Total value	Agreements	Total value
	number	£000	number	£000
Voluntary redundancies including early retirement	0	0	0	0
Mutually agreed resignations (MARS)	0	0	0	0
Contractual payments in lieu of notice	5	317	2	143
Total	5	317	2	143

Further information on exit packages is included in the Remuneration statements in the Annual Report. There were no non-contractual payments requiring HMT approval in 2023/24 or 2022/23.

5. Employee expenses and numbers (continued)

5.5 Retirements due to ill-health

During 2023/24 there were 16 (2022/23, 8) early retirements from South Tees Hospitals NHS Foundation Trust agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements will be £1.063 million (2022/23, £0.957 million). The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

6. Pension costs

Past and present employees are covered by the provisions of the NHS Pension Schemes. Details of the benefits payable and rules of the schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both the 1995/2008 and 2015 schemes are accounted for, and the scheme liability valued, as a single combined scheme. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that “the period between formal valuations shall be four years, with approximate assessments in intervening years”. An outline of these follows:

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary’s Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2024, is based on valuation data as 31 March 2023, updated to 31 March 2024 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2020. The results of this valuation set the employer contribution rate payable from April 2024. The Department of Health and Social Care has recently laid Scheme Regulations confirming the employer contribution rate will increase to 23.7% (amounting to £53.6 million) of pensionable pay from 1 April 2024 (previously 20.6%). The core cost cap cost of the scheme was calculated to be outside of the 3% cost cap corridor as at 31 March 2020. However, when the wider economic situation was taken into account through the economic cost cap cost of the scheme, the cost cap corridor was not similarly breached. As a result, there was no impact on the member benefit structure or contribution rates.

6. Pension costs (continued)

c) Scheme provisions

The NHS Pension Scheme provided defined benefits, which are summarised below. The list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met before these benefits can be obtained.

Annual pensions
The scheme is a “final salary” scheme. Annual pensions are normally based on 1/80th for the 1995 section and the best of the last 3 years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.

With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as "pension commutation".

Pensions indexation
Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in the Consumer Price Index (CPI) in the twelve months ending 30 September in the previous calendar year.

Ill-health retirement
Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity.

Early retirements other than ill-health
For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the employer.

Death benefits
A death gratuity of twice their final year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable.

Additional Voluntary Contributions (AVCs)
Members can purchase additional service in the NHS Scheme and contribute to money purchase AVCs run by the Scheme's approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

7. Finance costs

7.1 Finance costs - interest expenses

Group and Trust	2023/24 £000	2022/23 £000
Leases	**1,032**	1,252
Interest on late payment of commercial debts	**0**	1
Finance costs in PFI obligations		
- Main finance cost	**14,413**	7,117
- Contingent finance costs	**0**	8,057
- IFRS16 remeasurement of PFI liability resulting from change in index	**14,884**	0
Total	**30,329**	16,427

7.2 Impairment of assets (property, plant and equipment)

Group and Trust	2023/24 £000	2022/23 £000
Income and Expenditure:		
Impairment of PPE	**25,380**	58,277
Other Comprehensive Income:		
Impairment	**689**	968
Revaluation gain	**(587)**	(2,057)
Total	**25,482**	57,188

Further information on impairments is available within Note 8.3 and 10.1 to the Accounts.

The impairment relates to decreases in property valuations and capital works including new build, enhancements and lifecycle that do not increase the value of the property. The impairment includes movements in the valuation of Right of Use assets.

8. Property, plant and equipment

8.1 Property, plant and equipment comprise the following:

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant and machinery	Transport equipment	Information technology	Furniture and fittings	Total
Group and Trust									
Cost or valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2023	2,795	179,803	643	45,042	127,982	84	38,627	2,788	397,764
Additions purchased	0	16,794	0	25,542	910	0	253	0	43,499
Additions donated and government granted	0	1,764	0	24	272	0	181	58	2,299
Reclassifications from assets under construction	0	1,414	0	(9,788)	7,157	0	1,206	11	0
Disposals	0	0	0	0	(3,730)	0	0	0	(3,730)
Impairments charged to the revaluation reserve	(107)	(582)	0	0	0	0	0	0	(689)
Revaluation surpluses credited to revaluation reserve	0	278	0	0	0	0	0	0	278
Adjustment for in year revaluation	0	(19,830)	(22)	0	0	0	0	0	(19,852)
Cost or valuation at 31 March 2024	**2,688**	**179,641**	**621**	**60,820**	**132,591**	**84**	**40,267**	**2,857**	**419,569**
Depreciation									
Accumulated depreciation at 1 April 2023	0	0	0	118	90,824	62	26,832	2,557	120,393
Disposals	0	0	0	0	(3,730)	0	0	0	(3,730)
Impairments	0	18,237	0	0	77	0	9	0	18,323
Reversal of impairments credited to operating expenses	0	(2,938)	(3)	0	0	0	0	0	(2,941)
Provided during the year	0	4,531	25	0	9,914	5	3,094	78	17,647
Adjustment for accumulated depreciation on valuation	0	(19,830)	(22)	0	0	0	0	0	(19,852)
Accumulated depreciation at 31 March 2024	**0**	**0**	**0**	**118**	**97,085**	**67**	**29,935**	**2,635**	**129,840**
Net book value at 1 April 2023									
Owned	**2,795**	**19,873**	**643**	**39,365**	**34,051**	**22**	**11,574**	**173**	**108,496**
Private Finance Initiative	**0**	**152,732**	**0**	**0**	**0**	**0**	**0**	**0**	**152,732**
Leases	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Donated and government granted	**0**	**7,198**	**0**	**5,559**	**1,593**	**0**	**221**	**58**	**14,629**
Donated from DHSC for COVID response	**0**	**0**	**0**	**0**	**1,514**	**0**	**0**	**0**	**1,514**
Net book value total at 1 April 2023	**2,795**	**179,803**	**643**	**44,924**	**37,158**	**22**	**11,795**	**231**	**277,371**
Net book value at 31 March 2024									
Owned	**2,688**	**26,527**	**621**	**55,143**	**32,971**	**17**	**9,979**	**129**	**128,075**
Private Finance Initiative	**0**	**144,251**	**0**	**0**	**0**	**0**	**0**	**0**	**144,251**
Leases	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Donated and government granted	**0**	**8,863**	**0**	**5,559**	**1,251**	**0**	**353**	**93**	**16,119**
Donated from DHSC for COVID response	**0**	**0**	**0**	**0**	**1,284**	**0**	**0**	**0**	**1,284**
Net book value total at 31 March 2024	**2,688**	**179,641**	**621**	**60,702**	**35,506**	**17**	**10,332**	**222**	**289,729**

8. Property, plant and equipment (continued)

8.2 Prior year - Property, plant and equipment comprise the following:

Group and Trust	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant and machinery	Transport equipment	Information technology	Furniture and fittings	Total
Cost or valuation at 1 April 2022	3,010	167,270	561	32,174	129,770	63	33,488	2,617	368,953
Reclassification of existing leased assets to right of use assets on 1 April 2022	0	0	0	0	(9,224)	0	0	0	(9,224)
Additions purchased	0	11,195	0	24,107	3,791	21	1,777	91	40,982
Additions leased	0	0	0	0	0	0	0	0	0
Additions equipment donated from DHSC	0	0	0	0	0	0	0	0	0
Additions donated and government granted	0	117	0	24	78	0	0	12	231
Reclassifications from assets under construction	0	474	0	(11,263)	6,022	0	3,362	68	(1,337)
Disposals	0	0	0	0	(2,455)	0	0	0	(2,455)
Impairments charged to the revaluation reserve	(215)	(753)	0	0	0	0	0	0	(968)
Revaluation surpluses credited to revaluation reserve	0	1,954	103	0	0	0	0	0	2,057
Adjustment for in year revaluation	0	(454)	(21)	0	0	0	0	0	(475)
Cost or valuation at 31 March 2023	**2,795**	**179,803**	**643**	**45,042**	**127,982**	**84**	**38,627**	**2,788**	**397,764**
Depreciation									
Accumulated depreciation at 1 April 2022	0	0	0	118	91,498	58	23,949	2,489	118,112
Reclassification of existing leased assets to right of use assets on 1 April 2022	0	0	0	0	(8,857)	0	0	0	(8,857)
Disposals	0	0	0	0	(2,353)	0	0	0	(2,353)
Impairments	0	12,102	0	0	37	0	149	0	12,288
Reversal of impairments credited to operating expenses	0	(15,708)	0	0	0	0	0	0	(15,708)
Provided during the year	0	4,060	21	0	10,499	4	2,734	68	17,386
Adjustment for accumulated depreciation on valuation	0	(454)	(21)	0	0	0	0	0	(475)
Accumulated depreciation at 31 March 2023	**0**	**0**	**0**	**118**	**90,824**	**62**	**26,832**	**2,557**	**120,393**
Net book value at 1 April 2022									
Owned	**3,010**	**17,066**	**561**	**26,521**	**34,019**	**5**	**9,268**	**65**	**90,515**
Private Finance Initiative	**0**	**143,467**	**0**	**0**	**0**	**0**	**0**	**0**	**143,467**
Leases	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Donated and government granted	**0**	**6,737**	**0**	**5,535**	**1,973**	**0**	**271**	**63**	**14,579**
Donated from DHSC for COVID response	**0**	**0**	**0**	**0**	**1,913**	**0**	**0**	**0**	**1,913**
Net book value total at 1 April 2022	**3,010**	**167,270**	**561**	**32,056**	**37,905**	**5**	**9,539**	**128**	**250,474**
Net book value at 31 March 2023									
Owned	**2,795**	**19,873**	**643**	**39,365**	**34,051**	**22**	**11,574**	**173**	**108,496**
Private Finance Initiative	**0**	**152,732**	**0**	**0**	**0**	**0**	**0**	**0**	**152,732**
Leases	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Donated and government granted	**0**	**7,198**	**0**	**5,559**	**1,593**	**0**	**221**	**58**	**14,629**
Donated from DHSC for COVID response	**0**	**0**	**0**	**0**	**1,514**	**0**	**0**	**0**	**1,514**
Net book value total at 31 March 2023	**2,795**	**179,803**	**643**	**44,924**	**37,158**	**22**	**11,795**	**231**	**277,371**

8. Property, plant and equipment (continued)

8.3 Property, plant and equipment - revaluation

A desktop revaluation exercise was undertaken during March as at 31 March, 2024 on the Group and Trust's owned land and buildings by Cushman and Wakefield. The exercise was undertaken in accordance with the HM Treasury's Modern Equivalent Asset (MEA) recommendation adjusting the valuation undertaken at 31 March 2023, for movements in building cost indices and location factors since that date.

The exercise undertaken as at 31 March, 2024, identified a net revaluation increase of £2.5 million on Trust properties over the James Cook and Friarage sites. The resulting changes in valuation on both sites are summarised in Note 7.2.

8.4 Economic lives of property, plant and equipment

The economic asset lives are as follows:

	Min life Years	Max life Years
Buildings excluding dwellings	17	55
Dwellings	47	47
Plant and machinery	5	15
Transport equipment	7	7
Information technology	5	7
Furniture and fittings	5	7

This represents the current range of asset lives relating to these assets.

8.5 Capital management

The Trust's capital programme is approved on an annual basis via the Capital Planning Oversight Group, Senior Leadership Team and Clinical Policy Group with final approval through the Board of Directors. The full plan is included in the Annual Plan submitted to NHS England. The revised capital programme for the year amounted to £51.9 million and included essential investment in infrastructure, the estate, medical equipment, Information Technology replacement programmes and lifecycle works under the PFI contract.

8.6 Donated assets

There are no restrictions or conditions imposed by the donor on the use of a donated assets reported within the Trust's Statement of Financial Position. The Trust's consolidated charity and other capital contributions towards investment in the estate and gifted equipment to the value of £2.3 million (2022/23, £0.2 million) during the year to help deliver patient care. This equipment is held on the Trust's Statement of Financial Position at 31 March 2024.

9. Intangible assets

9.1 Intangible assets

2023/24: Group and Trust	Computer software purchased £000	Assets under construction £000	Total £000
Gross cost at 1 April 2023	28,954	1,900	30,854
Additions purchased	327	473	800
Reclassifications from assets under construction	2,148	(2,148)	0
Gross cost at 31 March 2024	**31,429**	**225**	**31,654**
Accumulated amortisation at 1 April 2023	13,088	0	13,088
Provided during the year	7,484	0	7,484
Accumulated amortisation at 31 March 2024	**20,572**	**0**	**20,572**
Net book value at 1 April 2023			
Purchased	15,634	1,900	17,534
Donated	232	0	232
Net book value total at 1 April 2023	**15,866**	**1,900**	**17,766**
Net book value at 31 March 2024			
Purchased	10,642	225	10,867
Donated	215	0	215
Net book value total at 31 March 2024	**10,857**	**225**	**11,082**

9.2 Prior year Intangible assets

2022/23: Group and Trust	Computer software purchased £000	Assets under construction £000	Total £000
Gross cost at 1 April 2022	15,373	12,304	27,677
Additions purchased	1,784	56	1,840
Reclassifications from assets under construction	11,797	(10,460)	1,337
Gross cost at 31 March 2023	**28,954**	**1,900**	**30,854**
Accumulated amortisation at 1 April 2022	10,543	0	10,543
Provided during the year	2,545	0	2,545
Accumulated amortisation at 31 March 2023	**13,088**	**0**	**13,088**
Net book value at 1 April 2022			
Purchased	4,555	12,304	16,859
Donated	275	0	275
Net book value total at 1 April 2022	**4,830**	**12,304**	**17,134**
Net book value at 31 March 2023			
Purchased	15,634	1,900	17,534
Donated	232	0	232
Net book value total at 31 March 2023	**15,866**	**1,900**	**17,766**

9.3. Intangible assets - asset lives

Each class of intangible asset has a finite remaining life as detailed below:

Economic lives of assets

	Min life Years	Max life Years
Computer software	5	5

This represents the current range of asset lives relating to these assets.

10. Right of Use Assets

10.1 Right of Use Assets comprise of the following:

	Property land and buildings	Plant and machinery	Transport equipment	Information technology	Furniture and fittings	Intangible assets	Total
Group and Trust							
Cost or valuation	£000	£000	£000	£000	£000	£000	£000
Gross cost or valuation at 1 April 2023	103,908	9,342	226	559	0	0	114,035
Additions - lease liability	228	5,011	25	0	0	0	5,264
Additions - remeasurement	3,292	0	0	0	0	0	3,292
Revaluations	309	0	0	0	0	0	309
Disposals - lease termination	(1,695)	0	0	0	0	0	(1,695)
Adjustment for in year revaluation	(78,902)	0	0	0	0	0	(78,902)
Gross cost or valuation at 31 March 2024	**27,140**	**14,353**	**251**	**559**	**0**	**0**	**42,303**
Depreciation							
Accumulated depreciation at 1 April 2023	67,108	9,127	92	559	0	0	76,886
Provided during the year - right of use asset	1,881	312	92	0	0	0	2,285
Impairments	13,119	0	0	0	0	0	13,119
Reversal of impairments credited to operating expenses	(3,121)	0	0	0	0	0	(3,121)
Disposals - lease termination	(85)	0	0	0	0	0	(85)
Adjustment for accumulated depreciation on valuation	(78,902)	0	0	0	0	0	(78,902)
Accumulated depreciation at 31 March 2024	**0**	**9,439**	**184**	**559**	**0**	**0**	**10,182**
Net book value total at 31 March 2024	**27,140**	**4,914**	**67**	**0**	**0**	**0**	**32,121**

The revaluation exercise was undertaken as at 31 March, 2024, on leased buildings by Cushman and Wakefield. The exercise identified a net impairment of £9.7 million over the Trust and Community estate. The resulting changes in valuation are summarised in Note 7.2.

10. Right of Use Assets

10.2 Prior year Right of Use Assets comprise of the following:

	Property land and buildings	Plant and machinery	Transport equipment	Information technology	Furniture and fittings	Intangible assets	Total
Group and Trust							
Cost or valuation	£000	£000	£000	£000	£000	£000	£000
Gross cost or valuation at 1 April 2022	0	0	0	0	0	0	0
Reclassification of existing finance leased assets to right of use assets on 1 April 2022	0	9,224	0	0	0	0	9,224
Recognition of right of use assets for existing operating leases on initial application of IFRS16 on 1 April 2022	103,908	0	179	559	0	0	104,646
Additions - lease liability	0	118	47	0	0	0	165
Gross cost or valuation at 31 March 2023	**103,908**	**9,342**	**226**	**559**	**0**	**0**	**114,035**
Depreciation							
Accumulated depreciation at 1 April 2022	0	0	0	0	0	0	0
Reclassification of existing finance leased assets to right of use assets on 1 April 2022	0	8,857	0	0	0	0	8,857
Provided during the year - right of use asset	5,411	270	92	559	0	0	6,332
Impairments	61,697	0	0	0	0	0	61,697
Accumulated depreciation at 31 March 2023	**67,108**	**9,127**	**92**	**559**	**0**	**0**	**76,886**
Net book value total at 31 March 2023	**36,800**	**215**	**134**	**0**	**0**	**0**	**37,149**

11. Capital commitments

Contracted capital commitments at 31 March not otherwise included in these accounts:

Group and Trust	**31 March 2024**	31 March 2023
	£000	£000
Property, plant and equipment	**20,181**	1,264
Intangible assets	**1,264**	1,701
Total	**21,445**	2,965

The increase this year is mainly due to the outstanding commitment relating to the Friarage Hospital Theatre scheme. The scheme is due to be completed this year with £18.5 million estimated to be

12. Subsidiaries and consolidation of charitable funds

The Trust's 1 principal subsidiary, South Tees Healthcare Management Limited, and South Tees Hospitals Charity and Associated Funds are included in the consolidation at 31 March 2024. The accounting date of the financial statements for these subsidiaries is in line with the Trust date of 31 March 2024. The South Tees Institute of Learning, Research and Innovation LLP also has a financial year end of 31 March 2024 but the transactions of this company in 2023/24 have not been consolidated on the basis of materiality. Key financial information for the charitable fund and South Tees Healthcare Management Limited are provided as follows:

South Tees Hospitals Charity and Associated Funds

12.1 Reserves

	31 March 2024	31 March 2023
	£000	£000
Restricted funds	**1,059**	1,103
Unrestricted funds	**5,819**	5,732
Total	**6,878**	6,835

Funds specific to wards, departments or schemes are held as un-restricted designated funds. Legacies and donations received for a specific purpose or 'trust' are recorded and accounted for as restricted funds. Further information covering the nature of the restricted and unrestricted funds is available within Accounting Policy 1.2.

12.2 Aggregated amounts relating to the charitable fund

	31 March 2024	31 March 2023
	£000	£000
Summary Statement of Financial Position:		
Non-current assets	**6,466**	6,206
Current assets	**1,757**	1,365
Current liabilities	**(1,345)**	(736)
Net assets	**6,878**	6,835
Reserves	**6,878**	6,835
Summary Statement of Financial Activities:		
Income	**1,898**	1,913
Expenditure	**(2,441)**	(1,267)
Total	**(543)**	646
Net realised gains on investment assets and other reserve movements.	**586**	(306)
Net movement in funds	**43**	340

12. Subsidiaries and consolidation of charitable funds (continued)

South Tees Healthcare Management Limited

12.3 Subsidiary undertakings

The company is a 100% subsidiary to the Trust that began operations on 6 October 2019 providing an outpatient pharmacy service. Further information covering the nature of the company is available within Accounting Policy 1.2.

12.4 Aggregated amounts relating to the company

	31 March 2024	31 March 2023
	£000	£000
Summary Statement of Financial Position:		
Current assets	**2,991**	2,796
Current liabilities	**(3,063)**	(2,898)
Net assets	**(72)**	(102)
Reserves	**(72)**	(102)
Summary Statement of Financial Activities:		
Income	**20,864**	**20,596**
Expenditure	**(20,834)**	**(20,590)**
Total	**30**	**6**
Corporation Tax	**0**	**0**
Net movement in funds	**30**	**6**

12.5 Group eliminations of the subsidiary and charitable funds

In 2023/24 on the charity, eliminations consisted of a £1.474 million adjustment to income and expenditure for capital transactions (£0.207 million in 2022/23) and adjustments to working capital, consisting of a receivable in the Trust and a payable in the Charity, amounted to £1.271 million (£0.679 million in 2022/23).

On the subsidiary, intra group eliminations on income and expenditure consisted of a £20.585 million adjustment for drug and rendering recharges and corporate service charges (£20.471 million in 2022/23) and adjustments for working capital, consisting of a receivable in the Trust and a payable in the subsidiary, amounting to £0.332 million (£1.356 million in 2022/23).

The above summary statements have initially been presented before group eliminations with an explanation to reconcile to the amounts included within the consolidated statements. As per accounting policy 1.2 the accounts of the charitable fund and the subsidiary have been consolidated in full after the elimination of intra group transactions and balances.

13. Other investments

The management of the investment portfolio of South Tees Hospitals Charity and Associated Funds is undertaken by CCLA. Cash funds are held outside the portfolio by the fund to deal with short term cash flow issues. The movements in the fund during 2023/24 are detailed in the table below.

	31 March 2024	31 March 2023
	£000	£000
Fair value brought forward	**6,206**	6,512
Fair value (losses) / gains	**586**	(306)
Disposal during the year	**(326)**	0
Market value at 31 March	**6,466**	6,206
Investments held:		
Alternative assets	**0**	326
COIF Charities Ethical Investment Fund	**6,466**	5,880
	6,466	6,206

Property investments were disposed of during the year with funds retained in the Charity to support liquidity.

14. Inventories

14.1 Inventories

	Group		**Trust**	
	31 March 2024	31 March 2023	**31 March 2024**	31 March 2023
	£000	£000	**£000**	£000
Group and Trust				
Drugs	**6,093**	5,623	**4,683**	4,502
Consumables	**9,929**	9,296	**9,929**	9,296
Consumables donated from DHSC	**86**	166	**86**	166
Total	**16,108**	15,085	**14,698**	13,964

14.2 Inventories recognised in expenses

	Group		**Trust**	
	31 March 2024	31 March 2023	**31 March 2024**	31 March 2023
	£000	£000	**£000**	£000
Group and Trust				
Inventories recognised as an expense	**214,959**	197,614	**195,902**	197,488
Write-down of inventories recognised as an expense	**289**	239	**181**	239
Total	**215,248**	197,853	**196,083**	197,727

15. Cash and cash equivalents

	Group		Trust	
Group and Trust	**31 March 2024 £000**	31 March 2023 £000	**31 March 2024 £000**	31 March 2023 £000
At 1 April	**58,029**	71,587	**56,129**	69,090
Net change in year	**(2,041)**	(13,558)	**(2,260)**	(12,961)
Balance at 31 March	**55,988**	58,029	**53,869**	56,129
Broken down to:				
Cash with the Government Banking Service	**53,646**	55,110	**53,646**	55,110
Commercial banks and in hand	**2,342**	2,919	**223**	1,019
Cash and cash equivalents as in statement of cash flows	**55,988**	58,029	**53,869**	56,129

16. Trade and other receivables

16.1 Trade and other receivables

	Group		Trust	
Group and Trust	**31 March 2024 £000**	31 March 2023 £000	**31 March 2024 £000**	31 March 2023 £000
Current				
Contract receivables invoiced	**12,621**	11,202	**12,621**	11,202
Contract receivables not yet invoiced	**19,365**	25,163	**20,023**	26,555
Capital receivables	**662**	147	**662**	147
Other trade receivables	**253**	177	**253**	177
VAT	**2,418**	4,119	**1,812**	3,743
PDC dividend receivable	**0**	0	**0**	0
Allowance for impaired contract receivables	**(1,300)**	(731)	**(1,300)**	(731)
Clinicians Pension tax provision reimbursement	**51**	32	**51**	32
Prepayments	**19,847**	18,485	**19,847**	18,485
Total	**53,917**	58,594	**53,969**	59,610
Non-current				
Contract receivables not yet invoiced	**2,069**	3,647	**2,069**	3,647
Allowance for impaired contract receivables	**(2,045)**	(2,375)	**(2,045)**	(2,375)
Clinicians Pension tax provision reimbursement	**1,155**	1,462	**1,155**	1,462
Total	**1,179**	2,734	**1,179**	2,734

The great majority of trade is with Integrated Care Boards and NHS England, as commissioners for NHS patient care services. As these NHS bodies are funded by government to buy NHS patient care services, no credit scoring of them is considered necessary.

16. Trade and other receivables (continued)

16.2 Allowance for credit losses

	31 March 2024	31 March 2023
	£000	£000
Balance at 1 April	**3,106**	2,590
Utilisation/reversal of allowances	**(1,063)**	(794)
Increase in allowance	**1,302**	1,310
Balance at 31 March	**3,345**	3,106

The allowance relates to outstanding Compensation Recovery Unit debts concerning Road Traffic Accidents (23.07% allowance created on all outstanding debt), and allowances on non-NHS debtors (providing between 10 and 100% dependant on the type of debt) that includes allowances for individual invoices in dispute and in formal recovery . The Group does not hold any collateral in support of these debts.

17. Trade and other payables

	GROUP		**TRUST**	
	31 March 2024	31 March 2023	**31 March 2024**	31 March 2023
	£000	£000	**£000**	£000
Current				
NHS payables	**14,741**	27,661	**14,741**	27,603
Amounts due to other related parties	**9,640**	1,269	**9,640**	1,269
Other trade payables - revenue	**80,743**	76,071	**77,620**	74,663
Other trade payables - capital	**19,785**	18,346	**19,785**	18,346
Taxes payable (VAT, Income Tax and Social Security)	**11,579**	10,477	**11,568**	10,467
Accruals	**12,842**	4,509	**12,842**	4,508
PDC payable	**0**	117	**0**	117
Annual Leave accrual	**3,518**	7,428	**3,517**	7,427
Receipts in advance	**9,131**	8,923	**9,131**	8,923
Other payables	**7,327**	8,061	**7,325**	8,061
Total current trade and other payables	**169,306**	162,862	**166,169**	161,384

Other payables includes £6.456 million for outstanding pensions contributions (31 March 2023, £5.984 million).

18. Borrowings

Group and Trust	31 March 2024 £000	31 March 2023 £000
Current		
Obligations under:		
Lease liabilities	**5,807**	5,091
Private finance initiative contracts	**8,661**	2,796
Total current borrowings	**14,468**	7,887
Non-current		
Obligations under:		
Lease liabilities	**94,988**	94,104
Private finance initiative contracts	**169,272**	84,330
Total non-current borrowings	**264,260**	178,434

19. Lease Liabilities

Significant contractual arrangements involving assets have been reviewed to assess compliance with IFRS16. The agreements that included assets in compliance with the standard covered NHS Property agreements, former sale and leaseback of property, equipment and business related car leases. In addition, the Trust held in 2023/24 former finance leases reported under IAS17 that were reclassified under the standard that incorporated agreements for Pathology and medical equipment. The term of IFRS16 arrangements ranges from 3 to 20 years in line with the economic use and lives of the individual assets.

The minimum lease payments outstanding on the lease agreements amount to £109.674 million and the Present Value of minimum lease payments included on the Group and Trust's Statement of Financial Position amounts to £100.795 million at 31 March 2024. The variance of £8.879 million at 31 March 2024 relates to future finance charges on the agreements. The values disclosed do not include any liabilities relating to the private finance initiative.

	Minimum lease lability payments	
Group and Trust	**31 March 2024 £000**	**31 March 2023 £000**
Not later than one year	**6,924**	6,194
Later than one year, not later than five years	**26,902**	23,731
Later than five years	**75,848**	78,251
Sub total	**109,674**	108,176
Less: interest element	**(8,879)**	(8,981)
Total	**100,795**	99,195
Net lease liabilities		
Not later than one year;	**5,807**	5,196
Later than one year and not later than five years;	**23,429**	20,541
Later than five years	**71,559**	73,458
Total	**100,795**	99,195
Analysis of Net Lease Liabilities:	**£000**	**£000**
Leased from DHSC bodies	**77,254**	79,259
Leased from non DHSC bodies	**23,541**	19,936
Total	**100,795**	99,195

Note: the Group and Trust does not offer any leases as a Lessor and does not recover any rental income through such arrangements.

20. Private finance Initiative contracts

20.1 PFI schemes on Statement of Financial Position

The scheme was for the development of the James Cook University Hospital (JCUH) site resulting in the rationalisation of four existing sites into one. Services at Middlesbrough General Hospital, North Riding Infirmary and West Lane Hospital transferred to JCUH upon completion of the scheme in August 2003.

The scheme comprised 60,000m^2 of new build with 11,000m^2 of refurbishment, with an approximate capital cost of £157 million. Upon completion of the scheme the Trust granted a head lease with associated rights to Endeavour SCH Plc for a period of 30 years. Endeavour maintain the site, providing facilities management services via Serco Group plc (formerly Sovereign Healthcare), and grant an underlease with associated rights to the Trust for the use of the buildings. The Trust makes a unitary payment, quarterly in advance, to Endeavour SCH Plc for use of the building and associated facilities management services that amounts to approximately £71.810 million per annum excluding VAT. An element of the payment is also set aside to fund lifecycle expenditure amounting to £13.595 million. In return the Trust receives guaranteed income of approximately £0.391 million in respect of mall retail units, laundry and catering income. Responsibility for the collection of car parking income transferred back to the Trust from 1 April 2014.

The annual service fee is indexed linked in line with the 12 month rolling average of retail price indices (CHAW) as at January of each year, for the following contract year. The availability fee is uplifted in line with RPI twice a year based upon the published CHAW indices for March (effective from 1 April) and September (effective from 1 October). The soft services element of the facilities management service is subject to market testing or benchmarking every 5 years, although the Trust has the option to extend this period by a further 12 months. The hard service element of the service is subject to benchmarking every 10 years.

Upon the Contract Period Expiry Date the Trust has a number of options ("the Expiry Options"):

- to extend the agreement on terms to be agreed with the concessionaire;
- to re-tender for the provision of services;
- to leave the hospital and terminate the underlease; and
- to remain in the hospital and assume responsibility for the provision of services.

Under the control test of IFRIC 12, the asset has been treated as an asset of the Trust. The substance of the contract is that the Trust has a lease arrangement and payments to the contractor comprise 2 elements; an lease charge and service charges. Total lease obligations for the on-Statement of Financial Position PFI contract due are:

Group and Trust	**31 March 2024 £000**	31 March 2023 £000
Not later than one year	**22,775**	9,731
Later than one year, not later than five years	**112,011**	50,388
Later than five years	**124,709**	72,576
Sub total	**259,495**	132,695
Less: interest element	**(81,562)**	(45,569)
Total	**177,933**	87,126
Net PFI liabilities		
Not later than one year;	**8,661**	2,796
Later than one year and not later than five years;	**66,192**	26,445
Later than five years	**103,080**	57,885
	177,933	87,126

On 1 April 2023 the measurement principles of IFRS16 were implemented to PFI schemes resulting in an increase in reported liabilities as summarised in the note above. The values in 2022/23 were reported under IAS17 and the measurement principles applied to PFI liabilities are covered in accounting policy note 1.12. The impact on the liability through the restatement at 1 April 2023 amounted to an increase of £81.7 million with a further remeasurement in year of £14.9 million for RPI indexation.

20. Private finance initiative contracts (continued)

20.2 Charges to expenditure

The total charged in the year to expenditure in respect of the service element of on-

The Trust is committed to the following annual charges:

Group and Trust	31 March 2024 £000	31 March 2023 £000
Not later than one year	**36,795**	34,442
Later than one year, not later than five years	**147,180**	137,768
Later than five years	**162,511**	186,561
Total	**346,486**	358,771

20.3 Total concession arrangement charges

The Trust is committed to the following annual charges in respect of the PFI.

Group and Trust	31 March 2024 £000	31 March 2023 £000
Not later than one year	**72,084**	66,204
Later than one year, not later than five years	**288,336**	264,816
Later than five years	**318,371**	358,605
Total	**678,791**	689,625

20.4 Total unitary payment charge on PFI scheme

The unitary payment paid in year to the service concession operator is made up as follows:

Group and Trust	31 March 2024 £000	31 March 2023 £000
Interest charge	**14,413**	7,117
Repayment of balance sheet obligation	**5,822**	2,125
Service element	**37,979**	34,442
Capital lifecycle maintenance	**6,287**	8,222
Contingent finance costs	**0**	8,057
Addition to capital lifecycle prepayment	**7,309**	4,942
Total	**71,810**	64,905

20.5 Impact of change in PFI Accounting Policy on the allocation of unitary charge.

The implemetation of IFRS 16 to the PFI and the remeasurement of PFI liabilities at 1 April 2023 are covered in accounting policy note 1.12. The impact on the policy in 2023/24 is summarised below:

Group and Trust	IFRS 16 basis (new basis) £000	IAS17 basis (old basis) £000	Impact of change £000
Consisting of:			
Interest charges	14,413	6,934	7,479
Repayment of balance sheet obligation	5,822	2,796	3,026
Service element	37,979	37,979	0
Capital lifecycle maintenance	6,287	6,287	0
Contingent rent	0	10,505	(10,505)
Addition to capital lifecycle prepayment	7,309	7,309	0
Carrying value at 31 March 2024	**71,810**	**71,810**	**0**

20. Private finance initiative contracts (continued)

20.6 Impact of change in Accounting Policy on financial statement lines

This table discloses the impact of the change in the Accounting Policy on the Statement of Financial Position (SoFP), the Statement of Comprehensive income (SoCI), the Statement of Change in Equity (SoCIE) and the Statement of Cash Flow (SoCF).

	All Schemes 31 March 2024 £000
2023/24 impact of change in PFI accounting policy - SoFP 31 March 2024	
Increase in PFI / LIFT and other service concession liabilities	(93,603)
Decrease in PDC dividend payable	1,648
Impact on net assets as at 31 March 2024	**(91,955)**
2023/24 impact of change in PFI accounting policy - SoCI	
PFI liability remeasurement charged to finance costs	(14,884)
Increase in interest arising on PFI liability	(7,479)
Reduction in contingent rent	10,505
Reducion in PDC dividend charge	1,648
Net impact on deficit	**(10,210)**
2023/24 impact of change in PFI accounting policy - SoCIE	
Adjustment to reserves for the cumulative retrospective impact on 1 April 2023	(81,745)
Net impact on 2023/24 deficit	(10,210)
Impact on equity at 31 March 2024	**(91,955)**
2023/24 impact of change in PFI accounting policy - SoCF	
Increase in cash ouflows for capital element of PFI	(3,026)
Decrease in cash ouflows for financing element of PFI	3,026
Net impact on cash flows from financing activities	**0**

21. Reconciliation of Liabilities arising from financing activities

The total outstanding liability from financing is detailed below:

Group and Trust	**Lease Liabilities £000**	**PFI £000**	**Total 2023/24 £000**	**Total 2022/23 £000**
Carrying value at 1 April 2023	**99,195**	**87,126**	**186,321**	89,501
Cash movements:				
Financing cash flows - principal	(5,339)	(5,822)	(11,161)	(7,991)
Financing cash flows - interest	(1,032)	(14,413)	(15,445)	(8,369)
Non-cash movements:				
Impact of implementing IFRS16 at 1 April 2022	0	0	0	104,646
Application of IFRS16 on PFI Liability at 1 April 2023	0	81,745	81,745	0
Remeasurement of Liability from change in index	3,292	14,884	18,176	0
Additions in year	5,264	0	5,264	165
Early terminations	(1,617)	0	(1,617)	0
Interest charge arising in year	1,032	14,413	15,445	8,369
Carrying value at 31 March 2024	**100,795**	**177,933**	**278,728**	186,321

22. Provisions

	Current		Non-current	
	31 March 2024	31 March 2023	**31 March 2024**	31 March 2023
Group and Trust	**£000**	£000	**£000**	£000
Pensions relating to staff	**78**	80	**143**	189
Legal claims	**769**	664	**72**	86
Restructuring	**931**	194	**0**	0
Clinicians Pension Reimbursement	**51**	32	**1,155**	1,462
Total	**1,829**	970	**1,370**	1,737

	Pensions relating to staff	**Legal claims**	**Restructuring**	**Clinicians pension reimbursement**	**Total**
Group and Trust	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2023	269	750	194	1,494	2,707
Arising during the year	56	212	737	0	1,005
Changes in discount rate	(24)	(11)	0	(260)	(295)
Utilised during the year	(100)	(113)	0	(15)	(228)
Reversed unused	0	0	0	(91)	(91)
Unwinding of discount	20	3	0	78	101
At 31 March 2024	221	841	931	1,206	3,199
Expected timing of cash flows:					
- not later than one year;	78	769	931	51	1,829
- later than one year and not	119	38	0	121	278
- later than five years.	24	34	0	1,034	1,092
Total	221	841	931	1,206	3,199

Pensions relating to staff

The amounts relate to sums payable to former employees who have retired prematurely. The outstanding liability is based on actuarial guidance from the NHS Pension Agency using computed life expectancies for the pension recipients. Variations in life expectancy will impact on these figures and the timings of payments. There is no contingent liability associated with this provision.

Legal claims

The timings and amounts within the provision are based upon the NHS Litigation Authority's assessment of probabilities in line with IAS 37 guidance. The provision relates to employer and public liability claims with the Group and Trust raised by staff and patients. This provision also includes injury benefit claims made by NHS employees with the level of awards determined by the NHS Pension Agency. The discounted provision is based on notifications received from the agency.

£190.342 million is included in the provisions of the NHS Litigation Authority at 31 March 2024, in respect of clinical negligence liabilities of the Group and Trust (2022/23, £226.700 million). This is not provided for within these financial statements.

Restructuring

The amount relates to the creation of a provision for the obligations arising from internal and group restructuring which will be undertaken in 2024/25.

Clinicians pension tax reimbursement

The provision is held for lump sums due to clinicians on retirement where 'scheme pays' is expected to be used to settle the additional tax liability due under the 2019/20 scheme.

23. Financial instruments

23.1 Financial assets

	GROUP		TRUST	
	31 March 2024 £000	31 March 2023 £000	**31 March 2024 £000**	31 March 2023 £000
Financial Assets held at amortised cost				
Receivables excluding non financial assets with DHSC and other bodies	**32,499**	38,724	**33,157**	40,085
Cash and cash equivalents at bank and in hand	**55,988**	58,029	**53,869**	56,129
Assets at fair value through profit and loss				
Investments	**6,466**	6,206	**0**	0
Total	**94,953**	**102,959**	**87,026**	**96,214**

23.2 Financial liabilities

	GROUP		TRUST	
	31 March 2024 £000	31 March 2023 £000	**31 March 2024 £000**	31 March 2023 £000
Financial Liabilities held at amortised cost				
Obligations under leases	**(97,503)**	(99,195)	**(97,503)**	(99,195)
Obligations under PFI contracts	**(177,933)**	(87,126)	**(177,933)**	(87,126)
Trade and other payables excluding non financial liabilities with DHSC and other bodies	**(132,186)**	(137,304)	**(122,604)**	(135,837)
Total	**(407,622)**	(323,625)	**(398,040)**	(322,158)

23.3 Maturity of financial liabilities

	GROUP		TRUST	
	31 March 2024 £000	31 March 2023 £000	**31 March 2024 £000**	31 March 2023 £000
In one year or less	**(161,686)**	(153,229)	**(158,560)**	(151,762)
In more than one year but not more than five years	**(138,117)**	(74,119)	**(138,117)**	(74,119)
In more than five years	**(197,969)**	(150,827)	**(197,969)**	(150,827)
Total	**(497,772)**	(378,175)	**(494,646)**	(376,708)

This maturity analysis for financial liabilities is a requirment of IFRS7 and provides an analysis of undiscounted future contractual cash flows i.e. gross liabilities including finance charges.

23.4 Fair values of financial instruments held at amortised cost

The fair values of financial instruments are considered to be materially similar to the book values.

23.5 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the year in creating or changing the risks a body faces in undertaking its activities. Due to the continuing service provider relationship that the NHS Foundation Trust has with Integrated Care Boards and NHS England and the way that these are financed, the NHS Foundation Trust is not exposed to the degree of financial risk faced by business entities. Financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The Group has limited powers to invest surplus funds and requires support to deliver the capital programme in the form of Public Dividend Capital (PDC) from the Department of Health and Social Care. Financial assets and liabilities are only generated by the day-to-day operational activities of the Group in undertaking its operations.

The Group’s treasury management operations are carried out by the finance department, within parameters defined formally within the Group’s Treasury Management Policy and Standing Financial Instructions agreed by the Board. A key theme of the Group's strategic direction is business stability which means achieving target levels of financial performance. To support this target, the key objectives of the Treasury Management Policy includes the achievement of a competitive return on surplus cash balances and effectively identifying and managing financial risk.

23. Financial instruments (continued)

23.5 Financial risk management (continued)

Currency risk

The Group is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Group has no overseas operations. The Group therefore has low exposure to currency rate fluctuations.

Interest rate risk

The Group and Trust receives support from the government for capital expenditure in the form of Public Dividend Capital. The Trust does have any borrowing on the Balance Sheet and it is the Trust's expectation that it will not need to borrow to finance forthcoming capital spend. The Group and Trust therefore has low exposure to interest rate fluctuations.

The Trust is exposed to interest rate risk on the PFI scheme due to the linkage of the availability payment to RPI which impacts on contingent rent, PFI lifecycle and non-operating expenditure.

Credit risk

The majority of the Group's income comes from contracts with other public sector bodies, the Group has low exposure to credit risk. The maximum exposures as at 31 March 2024 are in receivables from customers, as disclosed in Note 16.

The financial instruments utilised by the Group and Trust are deemed to be minimum risk. The Group's investments are held within the Charity with investment management undertaken by CCLA utilising a COIF Charities Ethical Investment Fund.

Liquidity risk

The Group's operating costs are incurred under contracts with Integrated Care Boards and NHS England, which are financed from resources voted annually by Parliament . The Group and Trust funds its capital expenditure from funds allocated by the Department of Health and Social Care and does not have any flexibility to vary principal or interest payments on any of its fixed term liabilities, including those relating to the PFI contract. Further information on risk within the Group and Trust's annual plans is included within the disclosures within the Annual Report.

24. Events after the reporting year

The Trust agreed to back date a pay increase to Healthcare Assistants for 4 year 9 months, which has been reflected in the 2023/24 financial position. Payments in 2024/25 are in line with the accrued amount.

25. Related party information

25.1 Related party transactions

South Tees Hospitals NHS Foundation Trust is a body corporate established by order of the Secretary of State for Health. The Trust completes national returns in accordance with the requirements of IAS 24 "Related Party Disclosures".

25.2 Whole of Government Accounts bodies

All government bodies which fall within the Whole of Government accounts boundary are regarded as related parties because they are all under the common control of HM Government and Parliament. This includes for example, all NHS bodies, all local authorities and central government bodies. The Trust's major related parties include:

- NHS North East and North Cumbria ICB;
- NHS Humber and North Yorkshire ICB;
- NHS Property Services;
- NHS Resolution;
- Department of Health and Social Care;
- NHS England;
- County Durham and Darlington NHS Foundation
- North Tees and Hartlepool NHS Foundation Trust;
- Northumbria Healthcare NHS Foundation Trust;
- The Newcastle Upon Tyne Hospitals NHS Foundation Trust;
- Tees, Esk and Wear Valleys NHS Foundation Trust;
- Middlesbrough Borough Council;
- North Yokshire County Council;
- HM Revenue and Customs;
- Ministry of Defence;
- NHS Pension Scheme;
- NHS Blood and Transplant; and
- NHS Professionals.

25.3 Charitable funds

The Trust receives revenue and capital payments from a number of charitable funds, including South Tees Hospitals Charity and Associated Funds. The Trust Board members are also corporate trustees of the charity. The accounts of South Tees Hospitals Charity and Associated Funds are consolidated into the Trust's Annual Accounts as detailed in Accounting Policies 1.2 and Note 12 to the Accounts.

25.4 Board Members and Directors

During the year no Group Board Members or members of the key management staff, or parties related to any of them, have undertaken any material transactions with South Tees Hospitals NHS Foundation Trust (2023/23, £nil)

Declarations of interests, completed on an annual basis by Executive and Non-Executive Directors, have been reviewed to identify any related party relationships requiring disclosure within this note.

IAS 24 specifically requires the separate disclosure of compensation payments made to management. In line with the standard, the HM Treasury has given dispensation that this requirement will be satisfied through disclosure in the Remuneration Report included in the Group and Trust's Annual Report.

26. Losses and special payments

The total number and value of losses and special payments in year amounted to the following:

	2023/24		2022/23	
Group and Trust	**Number of cases**	**Total value of cases £000**	Number of cases	Total value of cases £000
Losses:				
Losses of cash	**11**	**5**	9	1
Bad debts and claims abandoned	**0**	**0**	0	0
Damage to buildings, property as a result of theft, criminal damage etc.	**154**	**18**	160	12
Special payments:				
Ex gratia payments	**62**	**156**	102	158
Total	**227**	**179**	271	171

The amounts included above are reported on an accruals basis and exclude provisions for future losses.

There were no special severance payments (2022/23, there were no cases over £100,000 and there were no severance payments requiring HMT approval) arising from divisional restructuring or other cases of clinical negligence, fraud, personal injury, compensation under legal obligation or fruitless payment cases where the net payment exceeded £300,000.