

A medical stethoscope with a black tube and silver chest piece is resting on a light blue clipboard. The clipboard holds a white form with various fields and text, including 'INSURANCE', 'Patient name', 'Address', 'Phone', 'Email', 'Workplace', and 'GP'. The background is a blurred clinical setting with a window and a blue container.

**Essex Partnership
University NHS
Foundation Trust
Auditor's Annual Report**

Year ended 31 March 2023

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The contents of this report are subject to the terms and conditions of our appointment as set out in our engagement letter of 23 May 2023

This report is made solely to the Audit Committee, Board of Governors and management of Essex Partnership University NHS Foundation Trust in accordance with our engagement letter. Our work has been undertaken so that we might state to the Audit Committee, Board of Governors and management of Essex Partnership University NHS Foundation Trust those matters we are required to state to them in this 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 Audit Committee, Board of Governors and management of Essex Partnership University NHS Foundation Trust for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



Introduction

Purpose

The purpose of the Auditor's Annual Report is to bring together all of the auditor's work over the year. A core element of the report is the commentary on value for money (VFM) arrangements, which aims to draw to the attention of the Trust or the wider public relevant issues, recommendations arising from the audit and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.

Responsibilities of the appointed auditor

We have undertaken our 2022/23 audit work in accordance with the Audit Plan that we issued in March 2023. We have complied with the National Audit Office's (NAO) 2020 Code of Audit Practice, other guidance issued by the NAO and International Standards on Auditing (UK).

As auditors we are responsible for:

Expressing an opinion on:

- The 2022/23 financial statements;
- The parts of the remuneration and staff report to be audited;
- The consistency of other information published with the financial statements, including the annual report; and
- Whether the consolidation schedules are consistent with the Trust's financial statements for the relevant reporting period.

Reporting by exception:

- If the governance statement does not comply with relevant guidance or is not consistent with our understanding of the Trust;
- To the Secretary of State for Health and Social Care and NHS England if we have concerns about the legality of transactions or decisions taken by the Trust;
- If we identify a significant weakness in the Trust's arrangements in place to secure economy, efficiency and effectiveness in its use of resources;
- Any significant matters that are in the public interest; and
- Any significant issues or outstanding matters arising from our work which are relevant to the NAO as group auditor.

Responsibilities of the Trust

The Trust is responsible for preparing and publishing its financial statements, annual report and governance statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.



Introduction (continued)

2022/23 Conclusions - Draft

Financial statements	Unqualified – the financial statements give a true and fair view of the financial position of the Trust as at 31 March 2023 and of its expenditure and income for the year then ended. We issued our auditor’s report on 30 June 2023.
Parts of the remuneration report and staff report subject to audit	We had no matters to report.
Consistency of the other information published with the financial statement	Financial information in the annual report and published with the financial statements was consistent with the audited accounts.
Value for money (VFM)	We had no matters to report by exception on the Trust’s VFM arrangements. We have included our VFM commentary in Section 03.
Consistency of the annual governance statement	We were satisfied that the Annual Governance Statement was consistent with our understanding of the Trust.
Referrals to the Secretary of State and NHS England	We made no such referrals.
Public interest report and other auditor powers	We had no reason to use our auditor powers.
Reporting to the Trust on its consolidation schedules	We concluded that the Trust’s consolidation schedules agreed, within a £300,000 tolerance, to the audited financial statements.
Reporting to the National Audit Office (NAO) in line with group instructions	We had no matters to report to the NAO.
Certificate	We issued our certificate on 5 July 2023.

Audit of the financial statements

Key findings

The Annual Report and Accounts is an important tool for the Trust to show how it has used public money and how it can demonstrate its financial management and financial health. The financial statements have been prepared properly in accordance with the Department of Health and Social Care Group Accounting Manual 2022 to 2023 and the National Health Service Act 2006 (as amended by the Health and Social Care Act 2012).

On 30 June 2023, we issued an unqualified opinion on the financial statements. We reported our detailed findings to the 27 June 2023 Audit Committee meeting, and provided an updated report on 29 June 2023 in advance of the issue of our audit report. We outline below the key issues identified as part of our audit, reported against the significant risks and other areas of audit focus we included in our Audit Plan.

Significant/Fraud risk	Conclusion
Management override: Misstatements due to fraud or error	We did not identify any evidence that management has overridden controls in order to prepare fraudulent financial statement balances or postings within the financial statements.
Risk of fraud in revenue and expenditure recognition	We did not identify any evidence of manipulation of revenue and expenditure through improper revenue and expenditure to inflate income or understate expenditure,
Inappropriate capitalisation of revenue expenditure	We did not identify any evidence of manipulation of expenditure through incorrect capitalisation of revenue expenditure.
National cyber incident	Our work on NHS and non-NHS income and expenditure between 1 July 2022 and 31 October 2022 has not identified any material misstatements or instances of incorrect accounting treatment.
Area of Audit Focus	Conclusion
Agreement of balances with commissioners	We investigated differences from the agreement of balances exercise and did not identify any issues.
Valuation of land and buildings	We are satisfied that the value of assets is materially accurate and that accounting entries have been correctly posted. We identified a factual audit difference, which management has chosen not to adjust. The valuations of land and buildings in the Trust's external valuer's report were different to those recorded in the fixed asset register and the financial statements. As a result, within the financial statements, land is understated by £1.0 million and buildings are overstated by £0.4 million. This treatment was in line with the Trust's agreed approach that if the movement resulting from the 31 March 2023 valuation was not material the Trust would not reflect these updated balances in the Accounts. For 2022/23 the valuation was a desktop valuation and follows a full valuation of all the Trust's assets undertaken in 2021/22 and therefore movements were not expected to be material.
New accounting standard – IFRS 16	Our work on leases did not identify any material misstatements or instances of incorrect accounting treatment. The total net book value of Right of Use assets in the accounts is £41.3 million and the Trust completed all submission required to NHS England and submitted them to required deadlines.



Audit of the financial statements

Key findings (continued)

Area of Audit Focus	Conclusion
Independent inquiry	<p>We have not identified any material misstatements in relation to the provision for the response to the inquiry and disclosures in the Annual Report and accounts accurately reflect the current position. The Trust revisited the basis of the provisions in the accounts following the issue of the open letter by the Chair of the Inquiry which indicated it may move to a statutory basis. The expected change in status of the inquiry was confirmed when The Secretary of State for Health and Social Care made a statement in Parliament on the 28 June 2023 indicating intention to give the inquiry statutory powers. As the Trust had already calculated the provision in the accounts on the basis that the inquiry would move to a statutory basis, there is no impact on the provision already included in the accounts.</p>
Local Government Pension Scheme (LGPS)	<p>To gain assurance over the material accuracy of the balances related to the LGPS, we liaised with the administering authority (Essex Pension Fund) to obtain information and supporting evidence over the investment asset values and assessed the work of the Pension Fund actuary including the assumptions they used. We also undertook additional procedures using our own pensions specialists to gain assurance over this material estimate. We did not identify any matters arising from the work completed and are satisfied that the Trust's valuation of pension assets, liabilities and disclosures are not materially misstated.</p> <p>As a result of the fact that the Trust's IAS19 report on pension liabilities includes an asset ceiling, we undertook further work in relation to this matter. An asset ceiling is the present value of any economic benefit available to the Trust in the form of refunds or reduced future employer contributions. The value of this in 2022/23 was £5.796 million (£2.121 million in 2021/22), with the cumulative impact at 31 March 2023 being £7.917 million. This has the effect of reducing the plan assets along with the net defined benefits and other reserves recognised in the SOFP.</p> <p>Our key findings in relation to this were that:</p> <ul style="list-style-type: none">• Based on the proxy calculation by our own pensions specialist, the defined benefit obligation determined by the actuary was materially accurate;• In our view, although payment of exit credits (i.e. a refund on exiting the scheme, when the Trust is in a surplus position) is discretionary under the terms of the scheme, we would not conclude there is no unconditional right to such a payment. In our view, it is likely that such a payment would be made and therefore there should be no adjustment to the plan assets in relation to the asset ceiling. This is however a judgement and will depend on specific circumstances and individual facts. The Trust should give further consideration to this matter as part of the preparation of the 2023/23 financial statement and determine whether the asset ceiling should be included or not in line with IFRIC 14. Management have not amended the accounts for this change; and• On the basis that management were not amending to remove the asset ceiling adjustment, we identified that a change to the presentation of the asset ceiling in note 7.4 (employee retirement benefit obligation) was required. The value of this in 2022/23 was £5.796 million (£2.121 million in 2021/22). There is no impact on the overall defined benefit net asset reported in the statement of financial position as a result of these changes which are purely presentational. Management amended the accounts for this change;

We did not identify any risks of significant weaknesses in the Trust's VFM arrangements for 2022/23.

Our VFM commentary highlights relevant issues for the Trust and the wider public.

We had no matters to report by exception in the audit report.

Scope

We are required to report on whether the Trust has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. We have complied with the guidance issued to auditors in respect of their work on value for money arrangements (VFM) in the 2020 Code of Audit Practice (2020 Code) and Auditor Guidance Note 3 (AGN 03). We presented our preliminary VFM risk assessment to the Audit Committee members in March 2023 as part of our Audit Plan. We completed our risk assessment procedures during our audit, based on a combination of our cumulative audit knowledge and experience, our review of Trust Board and committee reports, meetings with the Executive Chief Financial Officer and Deputy Chief Executive, and evaluation of associated documentation through our regular engagement with Trust management and the finance team.

Reporting

We completed our risk assessment procedures in June 2023 and did not identify any significant weaknesses in the Trust's VFM arrangements. We have also not identified any significant risks during the course of our audit. As a result, we had no matters to report by exception in the audit report on the financial statements.

Our commentary for 2023/23 is set out on pages 8 to 13, The detailed arrangements underpinning the reporting criteria are set out in Appendix 1.

In accordance with the NAO's 2020 Code, we are required to report a commentary against three specified reporting criteria:

Reporting criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Trust plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weaknesses identified
Governance: How the Trust ensures that it makes informed decisions and properly manages its risks	No significant risks identified	No significant weaknesses identified
Improving economy, efficiency and effectiveness: How the Trust uses information about its costs and performance to improve the way it manages and delivers its services	No significant risks identified	No significant weaknesses identified



Value for Money (continued)

Financial Sustainability: How the Trust plans and manages its resources to ensure it can continue to deliver its services

Essex Partnership University NHS Trust has continued to improve the management of financial resources over the financial year and has maintained both its governance and financial oversight arrangements. The management of the financial position has continued despite significant underlying financial pressures within all catchment ICS's and the ongoing financial impact of the Inquiry. Particular improvements during the year have included an increased level of substantial rated Internal Audit reports, including budget setting and monitoring, whilst reducing the number of limited report ratings, with only one limited assurance report in relation to operational effectiveness for the site visits review. There has also been a strengthened focus on income reporting, more concrete plans for reducing procurement waivers and enhanced financial reporting into the Accountability Framework meetings with Care Units. The Trust also received the highest score for budget setting in the HFMA financial sustainability assessment.

The Trust agreed its draft Operational Plan on 27 March 2023. This sets out the key commitments and priorities for the first year of delivery against their new strategic plan for 2023/24 to 2027/28 for the Trust as well as for each care unit. The Operational Plan also outlines the key risks that will be addressed in 2023/24. Key priorities include delivering high quality and safe integrated care services, which will include actions in response to the Essex Mental Health Independent Inquiry.

The Trust has also submitted its final Financial Plan for 2023/24 on the 31 May 2023 to the board of directors with initial plan approved in March 2023. The Financial Plan includes a breakeven position for 2023/24 but recognises that the financial challenges that it faces are greater than in 2022/23. The Integrated Care System (ICS) is expected to have a net deficit of £40 million, and there is an expectation to deliver efficiency savings while not compromising patient safety. One of the key risks identified for the Trust is escalating costs in response to the independent Inquiry, which is now expected to run past the planned deadline of Spring 2023 into 2024/25.

The Trust has continually monitored its short-term financial pressures throughout the year. Where pressures have been identified, they have been reported to EPUT's system partners and efficiency plans have been put in place to resolve the position. The Trust was initially reporting a planned deficit for 2023/24 of £9.8 million. This has been partially addressed through an increase to planned efficiency savings of £22.9 million (4.4% of operating expenditure) of which £3.8 million is currently unidentified, which is lower than the position of £10.9 million unidentified in prior year. The Trust has therefore set a balanced financial position for 2023/24 with the financial plan formally agreed by the Board.

The Trust submitted a breakeven plan for 2022/23 which included £17.3 million efficiency savings. They reported an overall surplus position of 96k (adjusted financial performance) for the 2022/23 year, after achieving savings of £13.6m against the planned savings of £17.3 million. The Trust has a consistent record of delivery of a high level of efficiency savings and is expected to do so for 2023/24. The Trust recognises delivery and development of recurrent efficiencies will be required to further improve this position as noted above with efficiency requirements much greater than previously delivered.

Conclusion

The Trust had the arrangements we would expect to see in 2022/23 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.



Value for Money (continued)

Governance: How the Trust ensures that it makes informed decisions and properly manages its risks

The Trust has continued to improve its governance structures through constant review of its existing frameworks throughout the year.

During the year, the Trust has continued its governance oversight arrangements through the Accountability Framework Model which was implemented in 2021/22. Monthly meetings have taken place with the six Care Units which has enabled teams to meet internally to review their positions ahead of meeting the Executive Team representatives. It also provides a common structure to produce the supporting data packs. The development of the framework has been jointly led by the Chief Finance Officer and Chief Operating Officer, with the meetings having been used to encourage empowerment, transparency, accountability and dialogue.

The Trust has recently given more focus to managing procurement risks, with the aim of reducing waivers for 2023/24. Regular communication between the procurement team and operational colleagues have been planned through one-on-one meetings and Accountability Framework meetings. The Trust has also consolidated procurement activities and is also planning to recruit two new Procurement Business Partners and are migrating from Delta to a new procurement software called Atamis, which enables better benchmarking. Waivers are being reported to the weekly Executive Operational Committee and on to the Audit Committee.

The supply and recruitment of nurses continues to be a well-known and documented challenge for all NHS Trusts, and this was no different for 2022/23. This has been identified as a longstanding historic strategic risk. The risk for the Trust is that if it does not effectively address and manage staff supply and demand (including looking at staff competency), this could result in potential failure to provide optimal patient care and treatment, the resultant impact being on safety and quality of care. The Trust has undertaken significant activity to transform the workforce through investment, international recruitment and enhanced oversight during daily planning and busier periods. The 'Time to Care Programme' has redesigned the staffing model and activities to ensure better quality care, a more therapeutic inpatient stay and improve the overall experience for staff. The Trust is simultaneously trying to reduce temporary and agency staffing as part of their efficiency savings for 2023/24, with the target of savings of approximately £2 million to be achieved through successful recruitment to substantive nursing posts.

Cyber security

The Trust has a strong governance structure in place to identify, monitor and mitigate key cyber security risks. An Information Governance and Cyber Risk Log is used to capture and monitor information governance and cyber security risks and to log mitigating controls implemented or to be implemented. This is further strengthened by having a dedicated Data Security and Protection Toolkit (DSPT) & Risk Working Group, which provides a focal point for the discussion of information governance risks and issues. The Trust utilises a product called LANSweeper to monitor potential security exposures, such as device and server patching compliance, anti-virus updates and drive encryption status.

The Trust, along with other NHS organisations, was impacted in August 2023 by a national cyber-attack on Advanced. As a result of the attack, One Advanced (who provide the eFinancials and eProcurement system the Trust uses) shut down connection into HSCN (which impacted the Trust's ability to access eFinancials). Although eFinancials were not listed by One Advanced as one of the systems affected, when Advanced turned systems back on, the Trust, and other users of the system, took the decision to cut access to the system until further assurance could be obtained. The finance department initiated its business continuity plan (BCP) and established daily meetings with key staff across finance and undertook a risk assessment. This focussed on ensuring critical goods and services were able to be ordered and payments made to suppliers.

During this event, the Trust identified that its current business continuity plan did not explicitly cover actions to be taken in the event of complete lack of access to the system, and as such, this was developed as a live document. Trust staff were also regularly communicated with and this was escalated and monitored via the Trusts emergency command structure. The Trust also worked closely with other NHS organisations and NHSE to ensure the most up to date information was available and assuring that it was taking all necessary actions. The Trust established a 'walled garden' arrangement to enable controlled testing to be undertaken in a secure environment. A detailed testing plan was prepared and worked through before the system was released to all users. The Trust also asked its Internal Auditors to review their BCP to ensure it covered everything they would expect from a financial perspective. This review did not identify any concerns and provided a moderate assurance report.



Value for Money (continued)

Governance: How the Trust ensures that it makes informed decisions and properly manages its risks

Cyber security (continued)

Only moderate priority recommendations have been identified by Internal Audit for Cyber Security and Control Design and Operational Effectiveness have been given a moderate assurance rating. There were ten findings and recommendations made by the Internal Auditors, of which the most relevant one in light of the cyber security breach, was around the Trust's ability to adequately identify threats as well as the lack of procedures in place to prevent vulnerabilities being exploited. It was recommended that the Standard Operating Procedures that were drafted by the Cyber Security Operation Manager be developed further. Management have agreed to the recommendation and that it will form part of a new Cyber Governance Manager role.

Collaboration and joint working

The Trust is the lead for Adult Secure Services within the Provider Collaborative (PC). There are five other members within this collaborative structure with Cambridge and Peterborough NHS Foundation Trust acting as lead provider for Adult Eating Disorder Services and the host for the Transformation and Commissioning team. Hertfordshire Partnership University NHS Foundation Trust acts as lead provider for Child and Adolescent Mental Health Services. The six member organisations form part of the Collaborative Board reporting to NHS England.

The Trust is also in a Community Collaborative for Mid and South Essex, with North East London NHS Foundation Trust (NELFT) & Provide Community Interest Company (Provide CIC) forming the Mid and South Essex Community Collaborative (MSECC) which delivers community services.

CQC reports

The Trust has received a number of reports from the Care Quality Commission (CQC) as well as high levels of media interest over the last 12 months. Key inspection reports include:

July 22 Child and Adult Mental Health Services (CAMHS):

CQC carried out an unannounced focused inspection during March and April 2022 to follow up on the conditions placed on the Trust's registration after the previous inspection which was reported in September 2021. The conditions put in place from the previous inspection included restricting the service from admitting any new children and young people without the prior written agreement of the CQC and a condition to ensure all three wards are staffed with the required numbers of suitably skilled staff to meet the new children and young people's needs and to undertake children and young people's observations as prescribed.

During the inspection the Trust demonstrated that improvements have been made and as a result the service is no longer rated as inadequate overall, and the imposed conditions were removed, indicating that governance arrangements were operating effectively in relation to addressing the issues identified in the previous CQC inspection.

October 2022 Acute wards for adults of working age and psychiatric intensive care units:

CQC carried out an unannounced focused inspection following the Trust notifying them of concerns about the safety and quality of the services, that was to be included in a Channel 4 Dispatches programme.. CQC visited the two wards identified in the Channel 4 programme and following this suspended Trust's rating for acute wards for adults of working age and psychiatric intensive care units pending further inspection activity.

Governance: How the Trust ensures that it makes informed decisions and properly manages its risks

CQC reports (continued)

A Letter of Intent was sent to the Trust following this inspection and this was followed up with a Section 29 Warning Notice on 30 October 2022. This asked the Trust to make improvements by 18 November 2022 regarding: Patient observations; Sufficient numbers of regular staff; Patient consent; Blanket restrictions; Incident reporting; storage of Ligature cutters.

The Trust responded to this warning notice in the required timeframes and all actions arising from the warning notice have now been delivered, with the exception of roll out of e-observations, which is due to go live in June 2023. The current status of the service is a rating of 'inadequate', although the CQC has not imposed any conditions on the Trust's registration within the warning notice or in the subsequent report.

This indicates that the Trust has taken action to respond to the issues raised by the CQC inspection and is reporting these through its governance structures.

April 23 Overall inspection rating;

Despite the inspections noted above the CQC have not re-rated the overall Trust rating which remained as good... The Trust is anticipating a re-rating when the CQC core services report is published, and this is expected in late July.

Essex Mental Health Independent Inquiry

In addition to the CQC inspections, the Essex Mental Health Independent Inquiry was announced by the Government on 21 January 2021, with the aim of publishing a report in Spring 2023. It was established to investigate the circumstances of mental health inpatient deaths which occurred over a 20-year period between 1 January 2000 and 31 December 2020 at the former North Essex Partnership University NHS Foundation Trust, the former South Essex Partnership University Trust and the successor body, Essex Partnership University NHS Foundation Trust.

The Chair of the inquiry has sent an open letter to the Secretary of State on the 15 May 2023 requesting that the Essex Mental Health Independent Inquiry is converted to a statutory Inquiry under the 2005 Inquiries Act. This was on the basis that, in her view, she cannot effectively meet the Terms of Reference if the Inquiry remains on a non-statutory footing. The Chair noted in her letter that staff who have come forward at present are not representative: 75% are senior managers and 75% do not work directly with patients. Only a small number are patient-facing staff have come forward to date. In the Chair's view, the engagement of these staff, and in particular witnesses involved in deaths being investigated, is critical to the Inquiry and it is not possible to properly investigate matters with the current level of engagement.

It was previously expected that the Inquiry findings would be published in Spring 2023. However, due to the issues noted above it is now not expected to conclude until 2025. As a result, the Trust has recognised provisions future costs in its 2022/23 accounts and 2023/24 Financial plan.

We have considered the Trust's response to the inquiry as part of our 2022/23 audit. We have concluded that the Trust has put in place appropriate governance arrangements to manage and learn from the Inquiry. A Project Team has been established, and an Independent Director appointed, which provides regular updates to relevant Committees and the Board. The risk of not responding appropriately to the inquiry is also noted in the BAF as a strategic risk. The Trust have also made effective use of Internal Audit to assist in learning the lessons from the inquiry to date as well as reviewing issues that have been identified in relation to weaknesses and gaps in records held.



Value for Money (continued)

Governance: How the Trust ensures that it makes informed decisions and properly manages its risks

Essex Mental Health Independent Inquiry (continued)

Where there have been changes to the scope of the inquiry, the Trust has reviewed the implications and ensured that support has been provided in the form of legal representation, internal communications, back filling posts and re-aligning the financial provision. We noted in particular, that the Trust has been prudent in extending their provision for the inquiry to 2024/25 and increasing the legal costs on the basis of advice from their legal advisors in relation to the likelihood of the basis of the inquiry moving to a statutory basis. The expected change in status of the inquiry was confirmed when The Secretary of State for Health and Social Care made a statement in Parliament on the 28 June 2023 indicating intention to give the inquiry statutory powers. As the Trust had already calculated the provision in the accounts on the basis that the inquiry would move to a statutory basis, there is no impact on the provision already included in the accounts.

Based on the above and our review of the papers and minutes presented to Audit Committee, Board of Directors and supported by our discussions with the Senior Trust Officers and attendance at Audit Committee meetings, we are satisfied that, from a governance perspective, the Trust is responding appropriately to the inquiry and arrangements in place related to support this are adequate.

Conclusion: The Trust had the arrangements we would expect to see in 2022/23 to enable it to make informed decisions and properly manage its risks.



Value for Money (continued)

Improving economy, efficiency and effectiveness: How the Trust uses information about its costs and performance to improve the way it manages and delivers its services

The Trust has a variety of ways of measuring its own performance across all aspects of its operations. It brings these together in the form of monthly reporting to the Board against national and local indicators. The Integrated Quality & Performance Report sets out the performance of the Trust against a range of key indicators. Where performance is below plan, these reports highlight the action being taken to seek the required improvement.

In terms of financial review, monthly finance reports are reported to the Finance and Performance Committee. A detailed summary of the finance position is provided in these reports covering the current surplus/deficit position along with a forecast to the year end and this is challenged regularly by the Committee. As at year end, the Trust had successfully achieved most of its saving efficiency targets with £13.6 million total savings against planned savings of £17.3 million. We note that £4.5 million of the savings was due to an unplanned non-recurrent receipt of income from non-patient care. The remaining variances to the planned budget related to procurement, which had a shortfall of £3.3 million, as well as £5 million for skill mix reviews. The savings have been monitored throughout the year by the Trust who have reported monthly to the Executive Operational Committee and Finance & Performance Committee, as well as to the Mid and South Essex (MSE) ICB and NHS England as part of the monthly monitoring return.

In addition to assurance services, the Trust's Internal Auditors also provide operational recommendations and controls reviews in areas highlighted by Trust Management. The outcome of these and any recommendations are tracked at Audit and Assurance Committees. This information is used in conjunction with financial and performance information to identify areas for improvement.

Internal Audit undertook various reviews requested by management during 2022/23 including site visits, reviewing patient safety and Cyber Security. The site visit reviews was rated as limited in effectiveness and moderate in design. The Cyber security received a moderate rating in design and effectiveness. Management is developing plans to address the Internal Audit recommendations from these reviews and these will be routinely followed up to establish compliance by the Audit Committee. Internal Audits on budget control and monitoring and costing both received substantial Assurance.

The Trust has an established Systems and Partnerships Committee which provides oversight of its active role within the local ICS. An executive director and non-executive director head up work in the three main ICSs that the Trust operates in: Mid and South Essex, Hertfordshire and West Essex and Suffolk and North East Essex. This has ensured a strong Trust presence at decision-making ICS meetings, ensuring mental health and community health services remain a high priority in all system-wide considerations. This has also enabled ongoing scrutiny of the equality of service delivery to different groups.

The progression of the ICS is one of the key areas to address for the Trust heading into 2023/24. The formation of Integrated Care Boards and Integrated Care Partnerships alongside place-based health and care partnerships, maintaining inclusive focus of West Essex within the Herts and West Essex ICS. The Trust recognise creating and forming these new organisational structures and new strategic ways of working will allow more opportunities for the Trust and for them to work in partnerships with others to achieve strategic objectives.

Conclusion: The Trust had the arrangements we would expect to see in 2022/23 to enable it to use information about its costs and performance to improve the way it manages and delivers services.

Appendices



Appendix A – Summary of arrangements

Financial Sustainability

Reporting Sub-Criteria	Findings
<p>How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them</p>	<p>The Trust's Finance and Performance (F&P) Committee maintains and provides oversight over the financial performance of the Trust. They also have oversight over the Board Assurance Framework (BAF) to identify and evaluate any changes in financial performance related risks. F&P reports quarterly to the Trust Board (quarterly performance through outturn reports).</p> <p>The month end outturn position (and the associated report) is subject to review at a number of levels – reviewed by management accountants and their Senior Finance Manager, before further review by the Assistant DoF and Associate DoF throughout the outturn process. This is then reviewed by the ECFO at the draft position stage. The final position and annual report are reviewed by the CFO before the report is finalised. The finalised reports are presented at Board meeting regularly. Hot spots for overspend are identified at each Board meetings and corrective action are taken (e.g. high level of bank/ agency use, addressed by tight control over staffing level and recruitment to fill up vacant post).</p>
<p>How the body plans to bridge its funding gaps and identifies achievable savings</p>	<p>Management makes recommendations to the Board. Monthly reporting on financial performance and planning to a Finance and Investment Committee enable the Trust to identify gaps in funding and monitor progress on meeting savings targets. The Board then takes decisions, such as strategic initiatives and major transactions and probes for explanations of past results (e.g. budget variances/gaps), which appear to be constructively challenged by the Board and relevant subcommittees such as the Finance and Performance Committee and the Quality Committee.</p>
<p>How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities</p>	<p>The Trust has a vision and a long-term strategic plan (5 years) which articulates how it will deliver its statutory responsibilities. The Trust translates this into an annual operating plan including the financial plans for enabling sustainable delivery of services. This forms the basis of monthly Trust Board reporting. EPUT has a Board Assurance Framework in place which identifies business risks, evaluates the significance of those risks and the likelihood of occurrence against strategic priority. The BAF is reviewed by Executive Operational Committee and Audit Committee regularly. The Trust has aligned its financial plans with its BAF which is a key enabler of delivering its strategic plan, operational plans and statutory duties.</p>
<p>How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system</p>	<p>The Trust reports to each Board meeting on key performance areas including Patients, Sustainability, People and Quality. The Trust's financial plans include reporting on these wider areas as part of the Trust's mechanisms for monitoring the achievement of targets for each of the key performance areas. Where the Trust identifies a risk to target achievement, it incorporates the resulting identified mitigating actions into the BAF, which enables it to identify the necessary financial resources required to implement the actions.</p> <p>The Trusts Board Assurance Framework (BAF) provides a mechanism for the Board to monitor the risks to delivery of the trust's strategic objectives as well as the effectiveness of the controls and assurance processes. The BAF is reviewed by Executive Operational Committee and Audit Committee regularly. The Quality Committee provide assurance to the Board and oversight of the Trust's active role within the local Integrated Care System.</p>
<p>How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans</p>	<p>The Trust maintains an integrated performance report that is reported to the Board and F&P Committee. The report includes actual financial outturn as well as the expected/projected outturn position for the financial year. Within this report the Trust will identify if there are additional risks to financial resilience and required mitigations to deliver financial targets.</p>

Appendix A – Summary of arrangements (continued)

Governance

Reporting Sub-Criteria

How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

Findings

The Trust's BAF is refreshed annually to match its strategic aims and align to strategic priorities and risks. The BAF outlines the actions being undertaken by the Trust to provide assurance that risks are being mitigated to an acceptable level. This framework provides a comprehensive method for the effective management of the potential risks that may prevent the achievement of the key items (i.e. strategic priorities) agreed by the Board of Directors.

The BAF is supported by corporate and service risk registers. The risks assessed are wider than just financial, due to the nature of the Trust's activities. The Trust assesses impact of risks on a matrix of likelihood and occurrence against a strategic priority, with a combined score produced to assess the importance of the risk. The Trust has a risk appetite statement that defines acceptable levels of risk for its activities.

The BAF is reviewed regularly as the Executive Operational Standard Committee (EOSC) receive reports monthly and the Board every two months or as per the Board meeting schedule. Earlier in 2021, the CFO oversaw a complete refresh of the BAF to ensure work is run in parallel to the high-level governance and accountability framework projects. The Trust is currently working on ensuring BAF risks can consolidate where practical and that the Trust achieves regular Executive engagement on a monthly basis.

The Trust has an internal audit service to help gain assurance over the effective operation of internal controls. It also has a Local Counter Fraud Specialist (LCFS) as part of its arrangements to prevent and detect fraud. The Trust's LCFS regularly reviews the Trust's policies and procedures and inputs into the Trust's counter fraud policy to ensure the Trust's internal processes are robust as possible. In addition to this, LCFS also run a series of counter fraud awareness sessions throughout the year and online surveys are undertaken and used to check staff awareness of counter fraud processes.

The Chief Finance Officer (CFO) is responsible for the adequate provision of Internal audit with oversight from the Audit Committee. Trust management is responsible for responding to the internal audit findings appropriately and in a timely manner with appropriate challenge from the Audit Committee. The Audit Committee receives a copy of the counter fraud plan each year and approves the activities and proactive audits to be undertaken. LCFS attend all Audit Committee meetings and updates members on the progress of all investigations, proactive audits and awareness sessions.

How the body approaches and carries out its annual budget setting process

The Trust develops its financial plan and budget using dual processes:

- Top down: where the Trust quantifies the core financial gap to assess the Trust's affordability envelope and inform the scale of the efficiency expectation for forthcoming year. This is developed through the application of national and local planning assumptions, as well as known commitments.
- Bottom up: where the Trust develops a granular level of activity, income, expenditure, workforce, capacity and efficiency planning. The Trust then triangulates these plans with operational, performance and workforce leads.

The financial plan is reviewed by the F&P Committee before being presented to the Board for approval prior to 1 April.

Appendix A – Summary of arrangements (continued)

Governance

Reporting Sub-Criteria

How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed

Findings

The CFO oversees the adoption and operation of the Trust’s Standing Financial Instructions including the rules relating to budgetary control, procurement, banking, losses and controls over income and expenditure transactions. The CFO reports to the F&P Committee that oversees and ensures that effective processes and systems are in place to ensure budgetary control. This is evident through the quarterly reporting by the F&P Committee to the Board to indicate the actual financial outturn compared to the budget/plan. Hot spots for overspend are identified at each Board meetings and corrective action are taken (e.g. high level of bank/ agency use, address by tight control over staffing level and recruitment to fill up vacant post).

Reporting to the Board also includes the full range of non-financial management information on all the Trust’s key performance areas. As the Trust deliver a wide range of services commissioned by different Clinical Commissioning Groups (CCGs) and specialist commissioners, there are a great number and wide variety of mandated, contractual and locally identified key performance indicators (KPIs) that are used to monitor the performance and quality of services delivered.

Each year the Board of Directors approve a performance framework for the Trust that includes target levels of performance across the entire range of the organisation’s activities; from front line customer care; to the efficiency of back office functions; to the well-being of staff. The targets that have been agreed by the Board are then monitored at inpatient ward, community team and individual consultant level. In addition to these targets, managers at the Trust monitor local trends and measure the other work that EPUT do to compare how well their services are performing. Activity is recorded and sent in a report to the CCGs. These monthly reports compare the levels of activity that have been planned to the actual activity that has taken place, and highlight any areas of concern.

Performance against all KPIs are provided to the F&P Committee each month and any areas of significant under-achievement are advised to the Board of Directors as ‘Inadequate indicators’ each month. Updates on how the Trust address these ‘inadequate indicators’ are also reported on, these are evaluated and approved by the Board of Directors.

How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee

The effective operation of the Board, supported with regular, clear and relevant information, is the Trust’s key tool for ensuring that it makes properly informed decisions. Published Board papers and minutes evidence the challenge made by non-executive members and the transparency in decision making.

The Audit Committee meets quarterly, is comprised of appropriately skilled and experienced members, has clear terms of reference which emphasises the Committee’s role in providing effective challenge and has an annual work plan to help ensure that it focuses on the relevant aspects of governance, internal control and financial reporting. We attend all meetings of the Audit Committee and have directly observed the challenge given by non-executives in their role as the body charged with governance for the Trust.

Appendix A – Summary of arrangements (continued)

Governance

Reporting Sub-Criteria

How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)

Findings

The Trust has policies and procedures in place to ensure that staff operate in accordance with relevant legislative and regulatory requirements. These policies and procedures are monitored and reviewed by the Audit Committee annually. The Trust has an appointed 'Principal Freedom to Speak Up' guardian as well as local guardians, which allow staff to raise any further concerns.

The Trust has a comprehensive system of internal control; this includes Standing Orders (SOs), Standing Financial Instructions (SFIs), Standards of Business Conduct (SBC), and disciplinary procedures in relation to fraud. The SOs, SFIs and SBC are set out in the Scheme of Reservation & Delegation (SoRD) and Governance Manual approved by the Trust Board and circulated to all staff. The aim of the Standards of Business Conduct is to protect the Trust and its staff from any suggestion of corruption, partiality or dishonesty by providing a clear framework through which the Trust can provide assurance that staff conduct themselves with honesty, integrity and probity.

The Trust has specific policies for staff and non-executive directors in respect of gifts and hospitality and conflicts of interest. Annually, all Senior Staff and non-executive directors as well the governors are required to make declarations. These declarations are recorded in a register and disclosed within the Annual Report.

Appendix A – Summary of arrangements (continued)

Improving economy, efficiency and effectiveness

Reporting Sub-Criteria	Findings
<p>How financial and performance information has been used to assess performance to identify areas for improvement</p>	<p>The Chief Finance Officer produces a finance report which is considered by the F&P Committee and forms part of the Integrated Performance Report presented to every meeting of the Trust Board. This considers the current and forecast financial performance and position of the Trust, details of variations from plan, updates on funding arrangements which have changed throughout the year due to financial risks to the Trust and mitigating actions as appropriate.</p> <p>This is presented together with extensive reporting on performance, quality and workforce metrics so that a complete balanced scorecard for the whole Trust and its outputs can be considered by executives and non-executives. This is then used to identify areas that need to be improved and is also linked through to the BAF and wider risk management arrangements where areas needing improvement create corporate risks for the Trust.</p> <p>The Board receives reports on performance in its key areas, which includes Patients, Sustainability, People, Quality and Systems & Partnerships. The reports clearly outline performance against planned targets and outcomes. Depending on the performance area, a Board committee will have oversight of the actions being identified and taken to address areas where performance is below plan. Each committee has a process in place for monitoring agreed actions and these are then included in subsequent Board reports.</p>
<p>How the body evaluates the services it provides to assess performance and identify areas for improvement</p>	<p>The Trust has an array of ways of measuring its own performance across all aspects of its operations. It brings these together in the form of monthly reporting to the Board against national and local indicators. The Integrated Quality & Performance Report sets out at the performance of the Trust against a range of key indicators. Where performance is below plan these reports highlight the action being taken to seek the required improvement. The Finance and Performance Committee, People, Innovation and Transformation Committee, and Quality Committee have a responsibility to receive and scrutinise action plans that mitigate significant potential risks identified. The Trust publishes an annual Quality Report outlining the its performance against a wide range of quality measures.</p> <p>The Trust is regularly inspected by the Care Quality Commission (CQC), with the most recent overall report on how well the Trust uses its resources being in October 2019 and reporting a “good” overall rating. This included “outstanding” ratings for the ‘Caring domain’ and for ‘CAMHS’ and ‘End of Life Care.’</p> <p>There have been further CQC inspections and reports and negative press coverage following a Health and Safety Executive fine in June 2022 related to historic deaths in the predecessor Trust (North Essex). Following this an Essex Mental Health Inquiry was initiated and there was a negative Channel 4 Dispatches programme in October 2022. Following these inspections the Trust has been served with a number of notices by CQC. Its overall CQC assessment however remains good and there is evidence of action being taken by the Trust in response to the issues identified in the CQC inspections.</p>

Appendix A – Summary of arrangements (continued)

Improving economy, efficiency and effectiveness

Reporting Sub-Criteria	Findings
<p>How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve</p>	<p>The Trust has an established Systems and Partnerships Committee which provides oversight of its active role within the local Integrated Care System. An executive director and non-executive director head up our work in each of the three of the integrated care systems that EPUT operate in: Mid and South Essex Health and Care Partnership, Hertfordshire and West Essex and Suffolk and North East Essex. This has ensured a strong Trust presence at decision-making ICS meetings, ensuring mental health and community health services remain a high priority in all system-wide considerations. This has also enabled ongoing scrutiny of the equality of service delivery to different groups.</p> <p>An integral part of the Trust is the Council of Governors which brings the views and interests of the public, service users and patients, carers, our staff and other stakeholders into the heart of our governance. This group of committed individuals has an essential involvement with the Trust and contributes to its work and future developments in order to help improve the quality of services and care for all our service users and patients.</p> <p>The Trust believes that receiving and acting on feedback from its service users is crucial to maintaining the high quality standards it sets itself and work has continued to increase the feedback received and actions taken. The Trust uses a range of mechanisms to gather feedback from our service users, including; Organisational and national patient surveys; “Your Voice” meetings giving service users, carers, members of the Trust and Governors as well as the public a chance to speak directly to the Chief Executive about the services provided by EPUT; Patient Council set up to involve service users in transformation work within the Trust .</p> <p>During 2020/21 the Patient Experience Team finalised a project to engage with people with lived experience to co-produce the Trust’s new Patient Experience Framework for 2020-2023, which is available on the Trust’s website. The Trust also has a Membership Framework in place that recognises the need to put service users and the public at the heart of our engagement. It outlines the visions for membership and includes the priorities to build an effective, responsive and representative membership body that will assist in ensuring the Trust is fit for its future in the changing NHS environment. The Trust seeks to ensure it is inclusive in its approach in engaging the community, appreciating the wide social and cultural mix of its constituencies.</p>

Appendix A – Summary of arrangements (continued)

Improving economy, efficiency and effectiveness

Reporting Sub-Criteria	Findings
How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits	<p>The Trust use national contracts or agreements wherever possible, primarily through NHS Supply Chain, the Crown Commercial Service and NHS Commercial Alliance. Where it is not possible to use a national agreement, contracts are advertised in the public domain via the government portal Contracts Finder.</p> <p>Procurement of services is undertaken by the Trust’s in-house Procurement team. The team has appropriately qualified staff and policies to ensure that procurement is undertaken in accordance to legislation. Where specialist knowledge is required, the Trust will obtain advice, legal advice relating to tender or routes to market.</p> <p>The Trust takes all reasonable steps to ensure laws and regulations are complied with. This includes ensuring appropriate knowledge and expertise of its own staff and, where required obtaining professional and specialist advice in certain areas e.g. VAT, employment, Health and Safety. The Trust receives a quarterly update from its legal advisors which identifies all recent legal cases or legislation potentially relating to Trust business. The Executive Operational Committee are provided with details of any material claims from the Executive Director for Corporate Governance.</p> <p>Public stakeholders, including Clinical Commissioning Groups, Sustainability and Transformation Partnerships (STPs) and Local Authorities are involved in managing key risks through well-established contract management and partnership committee structures that oversee the operational delivery of and potential threats to services delivered in partnership. In addition, the Trust imparts information to the Council of Governors on key risks that may have arisen or are likely to materialise, through regular meetings.</p>

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