

Annual Report & Accounts

1 April 2014 - 31 March 2015



North Essex Partnership University NHS Foundation Trust

Annual Report & Accounts, 1 April 2014 – 31 March 2015

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

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Our values:

Humanity, Strive for Excellence, Our cause, our passion, Commercial Head, Community Heart, Creative Collaboration, Keep it simple

Foreword from the Chairman and Chief Executive

Welcome to our Annual Report and Accounts for 2014/15, the third such report from us as a University Foundation Trust. The year has seen considerable change at the Trust, from the change of our main clinical system to the re-organisation of our complete community service, from joining with our neighbouring South Essex Partnership University NHS Foundation Trust (SEPT) to bid for contracts to launching a unique partnership with the Samaritans.

It has also been a year of challenge, challenge from the ever increasing number of referrals into our services and consequential pressure on available beds, to the decision by our main Commissioners, the three CCGs in north Essex, to underpay us by £1.3m for patients we have treated which contributed towards the £17.3m operational deficit you will see in the accounts section of this report, the other £16m reflecting a technical accounting adjustment relating to the revaluation of assets held for sale.

We have also seen changes in our Executive Director team with the departure of a Rick Tazzini, our finance director, to Basildon Hospital, and Paul Keedwell, our director of nursing and operations, to a Trust in the West Country. We welcomed David Griffiths as our new finance director and Natalie Hammond as our new director of nursing and quality. Vince McCabe has taken on the mantle of Director of Operations. We also launched our new strategic plan 'All together, better' which will guide us through the next five years, and our new corporate identity and values.

Much of the year has been dominated by the introduction of our Journeys Programme, which redesigned our entire community services. Implementing such a radical change was an enormous task and we must publically thank all those involved, the HR team, the estates and IT support team and, of course, the community staff themselves. We are now moving forward with a better and more adaptable structure which will benefit patients, simplify pathways, deliver the best care available and will realise the financial savings that have been required by our commissioners.

Another challenge has been embedding REMEDY, a completely new patient information system. This has also been a major job, training all staff and ensuring all service user care and outcomes are recorded quickly and accurately.

A particular new venture for us has been partnering with SEPT, as Essex Health Partners, in bids for pan Essex services. Our first bid, for substance misuse services, was successful and we had the new service up and running within just four months. It was a great achievement by all concerned. Since the end of the year we have learned that the second bid, for a new model of community services for children and young people has not been chosen. However, Essex Health Partners remains strong and will, we are certain, be used again when appropriate.

Looking forward it is certain 2015/16 will bring with it more challenges, as the squeeze on funding remains and the Government's and NHS England's policy of 'parity of esteem' between physical and mental health has not been met by our local commissioners. There are also other changes on the horizon with the development of Integrated Care Organisation models in our West area. We are also looking forward to our first Chief Inspector of Hospitals full inspection of the Trust, in August.

However, our new strategic plan and the changes we introduced during 2014/15 are designed to guide us through exactly these uncertainties and with the continuing dedication of our staff, who are in the top 20% of all NHS staff for dedication as measured by the NHS Staff Survey, we face these factors with confidence and determination to provide the very best, safe and effective care for our service users.



Chris Paveley
(Chairman)



Andrew Geldard
(Chief Executive)

Strategic Report

Introduction - who we are

- We provide specialist mental health and substance misuse services across Essex
- Marginalised and Vulnerable Adults (MVA)
- GP Practices

We are a large organisation (covering most of Essex, from the Central Line in west Essex, up from Epping Forest into Harlow through to Uttlesford and Stansted airport and across Essex from Chelmsford and Braintree to Colchester, Clacton and Harwich and south to Maldon and South Woodham Ferrers).

We provide

- Consultant Psychiatrist clinics (including in some GP surgeries)
- Psychology
- Hospital care for all ages – including a Mother and Baby Unit and intensive care units, day care and partial hospitalisation and Rehabilitation services
- Crisis Resolution and Home Treatment
- Assertive Outreach
- Early Intervention in Psychosis
- Community Mental Health Teams
- Memory Assessment Services
- Child and Adolescent Services
- Specialist Eating Disorders Services
- Community Drug and Alcohol Services
- Prison and Criminal Justice teams

In the last year, we provided:

Occupied Bed Days - 128,646

Adult Services Attendances - 120,659

Older Adult Services Attendances - 26,598

CAMH Services Attendances - 21,675

Day Care Services Attendances - 16,051

Drug & Alcohol Attendances - 10,488

Telephone Contacts Recorded - 56,346

Telephone Contacts to Patients regarding their Care - 3,300

We support the Green Light for Mental Health which means that people with a learning disability can be treated alongside anyone else who uses our services.

We support patient choice and want the best experience for patients; we want patients and carers and their families to have clinically effective treatments; and we want people to be safe with us. We campaign in the community against discrimination and for a greater awareness of mental health.

We have regular feedback from patients. How we do something is as important as what we do; and we want to continue to improve. We want to be the natural choice in North Essex – for people to choose us when they need help and to work here when they want a fulfilling and rewarding job.

Our vision is to provide care that is outstanding in its quality, transforming the lives of individuals and families every day. Our communities will have total confidence in our services, our staff feel a strong sense of belonging and satisfaction, and our partners be proud to work purposefully with us.

Our commitments

To individuals and families (including carers):

we will work together, building on strengths, to improve mental health and wellbeing,

To our staff:

- we will value everyone individually, promote wellbeing, support involvement and encourage personal development and leadership
- we will support teams in their delivery of best value, innovation and excellence
- To our commissioners and key partners:
- we will listen, work with you, create ideas, demonstrate our effectiveness and flexibility, and earn recognition as provider of choice

Our values underpin everything we do:

Humanity, Strive for Excellence, Our cause, our passion, Commercial Head, Community Heart, Creative Collaboration, Keep it simple

Trust-wide Highlights

The Trust had some positive media coverage over the past year and mixed in with those were some negative ones. We are very sympathetic every time a suicide occurs. Not only is it traumatic for the families but also for our staff who work very hard to help people with serious and enduring mental illness. Preventing suicides is very important to us. There was prolonged and negative media coverage of the inquest into the death of Matthew Leahy – a 20 year old man who sadly died whilst at the Linden Centre. The extensive media coverage prompted former patients to talk to the media about their experiences. There were a number of other inquests which attracted media attention. The Trust is rolling out new doors at the Linden Centre which opens inwardly and outwardly (this means that in an emergency, staff are able to open the door from outside despite it being locked from inside). These new type of doors have been specifically designed to reduce the risk of people using them as ligature points, thereby reducing the risks of suicide.

Dedicated place of safety for children and young people

The CQC reported that NEP provides the only dedicated NHS 'place of safety' for young people in the country.

A new map prepared by the Care Quality Commission, which highlights 'worrying restrictions' in access to health-based places of safety for young people experiencing a mental health crisis, reveals the North Essex Partnership University NHS Foundation Trust (NEP) has the only health-based place in the country that was designed and built just for young people.

Trust welcomes CAMHS Taskforce

Norman Lamb, MP visited the St Aubyn Centre in Colchester to announce a new CAMHS Taskforce to help children and young people. During his two hour visit Mr Lamb toured the whole centre and spoke with staff and young people. He said the centre was an 'exemplar' model of the sort of in-patient provision that should be available.

Outstanding Education at St Aubyn Centre Says Ofsted Report

During the year, Ofsted rated the St Aubyn Centre's Therapeutic Education Department as 'an outstanding school,' following their inspection of the unit in November 2014. Ofsted judged The Therapeutic Education Department to be outstanding in all areas inspected. These were leadership and management, behaviour and safety of pupils, quality of teaching, achievement of pupils and the sixth form provision.

Caring for Carers

The Trust launched an age-inclusive three year strategy to improve the lives of Carers. The new Carers Strategy was developed as a result of feedback from Carers about their experiences and how they would like NEP services to meet their needs better.

Prize Winning Doctors

Three trainee doctors from NEP won first and second prizes in a Royal College of Psychiatrists competition.

Dr Scott Farenden and Dr Dominic Fenn won First Prize in the Foundation Years category (Eastern Division) for their work to improve handovers during weekends.

Dr Daniela Patrascu won Second Prize for her presentation and poster on the "Neurobiology of Trauma".

Trusts join forces to tackle drug and alcohol misuse

NEP and SEPT are working together as Essex Health Partners in a ground breaking move to establish a single, new, specialist treatment and recovery service (STaRS) for people with a drug or alcohol dependence across the whole of Essex.

Essex STaRS, as the new service is known, is different from previous specialist prescribing and shared care service and will be a collaborative, recovery-focused system designed to empower people to move from the illicit use of drugs and alcohol towards a life free from dependency and which is maintained voluntarily.

Essex STaRS will have its main centre in Chelmsford, but all clinical staff will be co-located at other partners' premises, such as Choices, other local alcohol service providers, some GPs' practices and other community locations.

The Graduates

A ceremony to thank staff at NEP who graduated in summer last year from the Foundation Degree in Health Sciences was held in November 2014 at Margaretting Suite, Ivy Hill, Chelmsford.

The event was particularly significant as it marked the 100th student to complete the prestigious Foundation Degree in Health Sciences since NEP started the education programme nine years earlier.

Howe's that for a VIP visit?

The Rt Hon Earl Howe, Parliamentary Under-Secretary at the Department of Health visited NEP in early September as part of the NHS Connecting programme.

Lord Howe had the opportunity to see at first-hand mental health services provided by NEP at our sites in Chelmsford; the Linden Centre, Crystal Centre and Edward House. Lord Howe met and spoke with doctors, nurses, admin staff and patients during his one-day visit to the Trust.

Mental Health Conference

More than 100 local employers, service users, carers and commissioners attended the 'Mental Health Works' conference on mental health and employment organised by NEP.

The keynote speaker was Dame Carol Black, the Government's Adviser on work and health. Dame Carol outlined the 'business case' for employers to look after the mental health of their workforce and what they can do to help. She highlighted the importance of communicating and listening to and valuing staff. Employers should have systems in place where employees who are experiencing mental illness can be helped quickly.

MPs Wowed by Health Service for Veterans

Shadow Defence Secretary, Vernon Coaker, MP and his team visited the Veterans First Service at the Lakes in Colchester.

Mr Coaker said: "It's brilliant to come and see the work of Veterans First led by Diane Palmer. What we need to do is to see if we can use this as an example across the country, so that armed forces personnel and veterans who have served their country get the help and support they need."

Veterans First Wins Nursing Standard Award

Veterans First won the Nursing Standard Award for Mental Health Nursing Team of the Year. The ceremony was held at the Savoy Hotel in London on Friday 9 May 2014.

Veterans First provides help, support and treatment for Veterans of all ages. The service is specifically for former military personnel who are experiencing Post Traumatic Stress Disorder (PTSD), depression, anxiety, alcohol misuse or may have difficulty in adjusting to civilian life.

University Awards NEP First Ever Trust Wide Honour

NEP became one of the first Trusts in England to be awarded the prestigious Practice Development Unit (PDU) accreditation for the whole organisation from Bournemouth University.

The award followed an 18 month programme which culminated in a two day assessment by a panel of experts from the university.

Researchers find more accurate ways of diagnosing dementia

One of NEP's leading Consultant Psychiatrists, Dr Zuzana Walker together with colleagues at University College London (UCL) published important research which makes a significant impact nationally and internationally on improving the diagnosis and treatment of dementia.

Dementia with Lewy bodies (DLB) is particularly difficult to diagnose and is the second most common

type of degenerative dementia after Alzheimer's disease. The difficulties in diagnosing DLB can have serious detrimental effects on patients' health. However, this research revealed that a Dopamine transporter scan (DaTSAN) is helpful in cases with very uncertain diagnosis (patients with only one feature of DLB) that are frequently misdiagnosed as Alzheimer's disease.

Dr Walker who works at NEP and UCL has been conducting research into dementia, its care and treatment since 1996 and has published more than one hundred papers on various subjects.

Deputy PM at North Essex Partnership's Veteran's Service

Deputy Prime Minister, Nick Clegg, visited NEP's Veterans First service in Colchester, and met with staff and ex service personnel.

Mr Clegg, who was accompanied on his visit by Colchester MP, Sir Bob Russell, was at the Veteran's service to announce an additional £500,000 to help eradicate homelessness amongst the garrison town's veterans.

Children's mental health gets a boost

NEP and Essex County Council have come together to provide Children and Young People Improved Access to Psychological Therapies (CYP-IAPT) across north Essex.

The new way of working is focussed on patient outcomes and service user participation and using those outcomes to evaluate and develop future services.

This is a joint undertaking between tier 3, Children and Young People Mental Health Service (CAMHS) provided by NEP and the tier 2 service provided by Essex County Council.

Good partnership working

NEP and Samaritans were mentioned in the Department of Health's Annual Report on "Preventing Suicide in England" as an example of how the voluntary sector and the NHS can deliver better support to people by working together more closely.

Safeguarding

This year has seen significant developments in the national context of adult safeguarding as the government and agencies prepared for the implementation of the Care Act (2015) and continued to respond to the issues raised in the Winterbourne View Serious Case Review and Francis Report inquiry into the Mid Staffordshire NHS Foundation Trust. In addition the judgement in the Supreme Court (P v Cheshire West and Chester Council; P & Q v Surrey County Council [2014] UKSC 19) – commonly referred to as the Cheshire West judgment resulted in a national increase in the volume of applications for Deprivation of Liberty Safeguards Authorisations – which in turn resulted in delays in the processing of DoLS applications by the Local Authority.

Safeguarding Children has been dominated by the national profile of the Savile investigation and recent child sexual exploitation investigations in Rochdale, Oxford and in Kent. Revisions have been made to Working Together (2013) and the profile of Prevent has increased leading to the Home Office requiring training to be mandatory for all staff. NEP has contributed actively to this work through CAMHS and Veterans First.

NEP professionals have led over 500 safeguarding adult investigations during 2014-2015 and made over 150 safeguarding children referrals. The Trust has participated actively in Serious Case Reviews and Domestic Homicide Reviews and engaged actively in the work of the Essex Safeguarding Adult Board and the Essex Safeguarding Children Board alongside working with colleagues on the Suffolk Safeguarding Boards.

NEP has submitted fully compliant audit returns to the Essex Safeguarding Children Board and Essex Safeguarding Adults Board and has continued to develop its work in this domain, with the NEP Safeguarding Training programmes (mandatory for all staff) being reviewed and revised. Bournemouth University National Centre for Computer Animation Studies are developing the NEP Safeguarding Resource Book into a national web tool on safeguarding and the Head of Safeguarding has been recently approved by Bournemouth University to deliver Best Interest Assessor training courses.

Operating Review

Our strategic priorities are:

- NEP will be recognised as a leading provider of specialist mental health care
- NEP will be a system leader and a partner in the development and delivery of integrated community services
- NEP will continue to improve patient experience
- NEP will continue to improve patient outcomes

Our strategic aims are underpinned by our refreshed values, which will be owned by the whole organisation:

- Humanity
- Strive for Excellence
- Commercial Head Community Heart
- Our Cause, our Passion
- Creative Collaboration
- Keep it Simple

Our Performance

NEP has multiple key performance indicators (KPIs) relating to the services it provides. Some of the KPIs are nationally mandated by Monitor (the regulator of NHS-funded health care services), whilst others are mandated through our contracts with our commissioners. In addition, NEP has a range of locally developed KPIs which assist the organisation in understanding how it is performing and to assess the quality of the services it provides.

The table below provides a summary of NEP performance during 2014/15 against the KPIs included within Monitor's Risk Assessment Framework, and demonstrates a largely positive picture, with the majority of targets achieved. Further details regarding our performance against these KPIs and other indicators can be found within the Quality Report section.

Risk Assessment Framework Indicator	Threshold	2014/15 Qtr 1	2014/15 Qtr 2	2014/15 Qtr 3	2014/15 Qtr 4

Care Programme Approach (i) (CPA) patients receiving follow-up contact within 7 days of discharge	95%	99% 91%	99% 93%	99% 94.6%	99% 95%
(ii) (CPA) patients receiving a formal review within 12 months					
Minimising MH delayed transfers of care	<7.5%	1%	1%	2%	2%
Admissions to inpatients services had access to crisis resolution/home treatment teams	95%	98%	95%	96.5%	95%
Meeting commitment to serve new psychosis cases by early intervention teams	95%	139%	112%	85%	112%
Data completeness – identifiers	97%	98%	99%	98%	99%
Data completeness – outcomes for patients on CPA	50%	65%	70%	68%	75%

Principle Risks and Uncertainties

The Trust's approach to Risk Management is to ensure that appropriate scrutiny and challenge is commonplace to achieve the best possible decisions and there are clear lines of accountability in the management of risk. The Trust considers that risk management is a matter for everyone's concern and the embedding of risk management at a local level is crucial to ensuring the appropriate escalation of risks throughout the Trust to the Board.

The Trust has in place a comprehensive Risk Management Framework which enables informed management decisions in the identification, assessment, treatment and monitoring of risk.

Throughout 2014/15 regular reports were provided to the Risk and Governance Executive, the Quality and Governance Committee and the Board of Directors to ensure that the risk management and assurance systems remained productive and fit for purpose. The Risk Management Framework was revised in xxx 2014, taking on board previous recommendations from internal and external audits and national reviews.

The risks to achieving the objectives with the highest impact if they were not achieved provided the basis for the Board Assurance Framework. Twenty potential significant risks were escalated to the Board Assurance Framework during the period 2014/15. These risks related to:

- financial risks arising from changes in service models;
- maintaining a viable organisation;
- relationships with external stakeholders;
- emergency preparedness;
- deployment of a new Clinical Information System (Remedy);
- staff engagement;
- strategy development;
- health and safety compliance;
- information governance compliance;
- patient experience;
- mandatory training;
- realising benefits from service transformation reforms
- safeguarding; and
- financial risks as included in the Operational Plan.

Sustainability

Carbon Management Plan - Update Report for 2013/14

The Trust has made further progress in accordance with its approved Carbon Management Plan (CMP) of December 2009 where a carbon reduction target of 30% in carbon emissions for the Trust by 2015 was agreed. The original plan was to rewrite the 2009 CMP during 2014 into a new Sustainability Development Management Plan (SDMP) however due to resources and workload this was not possible and is now targeted for Summer 2015. In addition, as the original Trust target date for carbon reduction expires in 2015 it was felt beneficial to write its new SDMP reflecting upon its achievement since 2009 and setting a new target for the wider Sustainability agenda. A detailed assessment will be carried out this year by external consultants appointed to write the Trusts new SDMP to ascertain whether the Trust has reached its target of 30% reduction in Carbon emissions as set out in the 2009 CMP.

The baseline study within the 2009 CMP observed that the Trust is already using less energy and generating less carbon emissions since the baseline year of 2007 but maintaining this momentum has been increasingly challenging. The purpose of implementing a carbon management programme is to achieve both the latest targets set within the NHS Sustainability Strategy and statutory legislation linked to the Climate Change Act 2008. Using 2007/08 as the baseline year the Trust can and should reduce carbon emissions in its use of buildings by 30% before March 2015 and had already achieved the 10% overall reduction by the end of 2010 (from 2007 baseline).

Carbon emissions come from the three sources which are procurement, travel and buildings, procurement accounting for 60%, travel 18%, and buildings 22% of the NHS total respectively. The baseline study found that the 30% reduction in carbon emissions can be best achieved through an approach entirely consistent with the Trust's vision and values. Carbon management will most effectively optimise emissions in buildings, transport, and procurement if it is centred on service users, promotes staff participation and includes genuine consultation with stakeholders.

A number of advances have been made since 2007/08, which has already reduced carbon emissions overall. Examples of these works are included within the main body of the report but have ranged across the spectrum of Business Infrastructure Services responsibilities in Estates, Facilities, Capital Development, ICT and Procurement. Progress against the 2009 Carbon Reduction Target has been steady through the last twelve month period as follows:

Capital Development

Energy Efficiency Capital Schemes

Projects that have specifically addressed energy efficiency measures are as follows:

- Clough Road – Absence detection fitted to lighting in meeting room and mess room. This technology enables lighting circuits to be used as normal but a sensor detects when the room is unoccupied for 15mins and switches lights off.
- Western House – As above fitted to all consulting rooms on the ground floor.
- Rectory Lane Health Centre – PIR's used in all store rooms to prevent lights being left on.
- Kingswood Corridor Lighting – Replacement of corridor lighting in Bernard, Hennage and admin areas with HF lighting to provide a higher lux level by direct replacement of existing fittings.

New Construction Projects

Phases 2 to 5 of the refurbishment of the Derwent Centre, located within the main Princes Alexandra Hospital in Harlow were finally commenced in late 2014 through Vinci Construction with this element of the refurbishment lasting two years. This building is a 1960's concrete constructed, flat roof building with single glazed 'Crittall' steel windows and heated via a high pressure steam main from the hospital's boiler house.

The refurbishment of the phases 2 – 5 element of the scheme is programmed to be complete by early December 2016, the program being heavily dictated by the fact it is being carried out in a 'live' working environment with Health and Safety at the 'top of the agenda'. The planned works features a number of energy initiatives within the design of the building, which are as follows:

- New gas main to be installed to the Derwent Centre and new gas fired Condensing Boilers to L2 Building Regulations to be installed, and existing steam main heating system disconnected to the building

- Double glazed windows installed throughout to replace old single glazed steel 'Crittall' windows and external cladding of all external concrete panelling therefore enclosing the building in an highly 'insulated' cladding system
- Installation of an insulated 'pitched' roof system which will be overlaid across the existing un-insulated flat roof
- Meter Strategy linked to a Building Management System (BMS)
- All lighting to have high frequency control gear with T5 high efficiency lamps and low energy lamps to down lights and PIR room sensors controlling room lighting & dimming lighting controls
- Heat Recovery Exchanger on Air Plant to L2 Building Regulations approved Document ADL2

Following completion of the phases 2 – 5 section of the works, a number of work sections will be undertaken to provide a replacement main entrance area and Section 136 suite for the building, and this work will also undertake the completion of the external cladding to the main ward block of the building and also complete the installation of double glazed window units to the same area enhancing thermal efficiency.

Energy Supplier

Our current energy supplier of electricity, British Gas has continued to install smart meters into some of our properties across the Trust, (Regent Road, Cedar Coffee Shop, Oxford Road). This will ensure that we receive accurate monthly bills unlike the current estimated ones and that we only pay for energy we have used. In addition we will also be able to monitor sudden rises in usage and thus investigate what has caused this to happen and take any necessary action promptly to reduce our usage. This year, the Trust has taken steps to collate energy data and usage data on all sites where we procure the energy to enable an increased number of smart meters to be installed on selected sites in advance of the suppliers upgrade.

Energy Usage 2014/15

The energy use for 2014/15 is indicated below, albeit the last three months usage for this year have been extrapolated for the purpose of this report, final figures will be available from May 2015 and these will be corrected for the benefit of the Trusts ERIC returns to the Department of Health.

Electric

2014 Kwh	2015 Kwh	% Difference	CO2 (Tonnes)
4142418	4780286	15%	2367.2
2014 Cost	2015 Cost		
£429,820	£497,149		

Gas

2014 Kwh	2015 Kwh	% Difference	CO2 (Tonnes)
8254720	7994838	4%	1467.85
2014 Cost	2015 Cost		
£272,701	£279,819		

Water & Sewerage

2014 M3	2015 M3	% Difference
28211	29465	4%
2014 Cost	2015 Cost	
£84,209	£89,573	

Procurement

The procurement team have reviewed their current operational processes and procedures and identified a number of measures to enable the team to work more efficiently and be more sustainable. Some of these measures include:

1. Eliminated the printing of Purchase Orders and the team only access the electronic copies when required. A new electronic log has been created to record any queries and query updates and this new process removes the need to hold hard copies with notes attached. The Procurement team raises around 8,000 orders a year with an average of 2 pages per order. On an annual basis this has saved the Trust around 16,000 sheets, 8 printing cartridges, reduced noise pollution and reduced electrical usage.
2. Duplicate printing - All print options within the team have been set for duplicate printing as a default. This has halved the number of pages printed.
3. An Agreement has been signed with the Energy Trust to undertake a green fleet review. This exercise is valuable to enable the Trust to continue to achieve efficiencies and improve the Trust's carbon footprint.
4. The trial of an electric van is underway and if successful this will be rolled out further within the Estates department.
5. The Head of Procurement has responsibility for the car leasing team and they have increased the uptake of cars within the organisation from 211 last year to 218 this year.
6. A Procurement sustainability strategy has been drafted and will be implemented in the financial year 2015/2016.

Information Communications Technology

There are a number of key themes which ICT are either supporting or leading which will both improve operational capabilities and the carbon footprint across the organisation:

1. Increased effectiveness of mobile working – within this there are 3 streams of activity. Firstly, building on the deployment of Remedy (the replacement of the main clinical information system - Carebase), it is planned to develop the mobile working solution which will reduce the amount of paper-based recording/printing of clinical records through access to on-line and real-time digitised clinical records. This capability is scheduled for initial deployment in 2015/16. Secondly, reducing the footprint of desktops and associated power requirements, through a move to 2:1 desktop ratio for clinical staffs involved in mobile working. Lastly, through the active deployment of a secure mobile system to enable remote access to systems for both clinical and non-clinical staffs.

This will reduce the amount of travel required to gain access to corporate systems when working

2. Server rationalisation – it is intended to rationalise the server estate by circa 50% during Financial Year 2015/16, which will reduce the demand on air-conditioning as well as introducing systems that operate at a 10 % improvement in power consumption. Further work will also be undertaken to consider increased adoption of 'Cloud' based technology services which will increase the efficiencies to be gained through shared services.
3. Collaborative working – planned development of a collaborative workplace solution which will directly reduce the amount of travel required by staff associated with non-clinical duties.
4. Managed Print Services – A joint initiative between Procurement and ICT to reduce the substantial waste brought about by the over subscription of printers, scanners and fax devices within the Trust. This programme will undoubtedly mean greater use of Multi-Function Device (MFD) enabling documents to be digitised and transferred electronically, saving paper and associated transportation costs. However the primary reduction in carbon will be reduction of power, and consumables, this is consistent with a survey undertaken in October 2012, which highlighted over 110 devices within 4 buildings, and suggested the same could be achieved with circa 30 devices.
5. Information Assets – we are in the process of building our information asset register so we know what we need to keep, how we can store it efficiently and what we can dispose of. This should reduce storage requirements, leading to cost efficiencies in optimising storage demand and contributing to the green agenda through reduction in transportation costs.
6. Disposal of confidential waste – we will review the way our information is destroyed and collected to reducing our carbon footprint.

Conclusion

The Trust continues to progress its Carbon Reduction plans across the procurement, travel, ICT and buildings activities that it manages. As can be seen the Trust has grown its estate portfolio in recent years and this has had a detrimental effect on energy usage across the estate, in respect of volume and cost. But it should be noted that whilst the Trust continues to invest into its buildings, both in fabric and services, these are predominately creating more energy efficient buildings and therefore the Trust should start to see the benefit of this work over the following years.

A major element of our Sustainability agenda this year will be the collection of baseline data and information to populate a comprehensive, new Sustainability Development Management Plan which will be approved by the Trust board by late summer 2015 and will have key objectives and a new overall target of carbon reduction for the Trust along with a detailed action plan on measuring each of those key objectives.

Further work will continue through the period 2015/16 in accordance with the following objectives:

- Continue to implement energy efficient designs into all capital schemes
- Further rationalisation of the estate through the benefit of the 'Journeys' program and the implementation of mobile working technologies to all staff.
- Implementation of electric vehicles, possibly pool vehicles, for staff to use when travelling to/from major Trust buildings for meetings or site visits etc.
- Increased use of ICT Mobile Technologies and 'Video conference' capability across the Trust to reduce travel and increase productivity.
-

Regulatory Ratings

The Trust's performance for 2014/15 was assessed by Monitor against its Risk Assessment Framework. This assigns the Trust a Continuity of Services risk rating (based on its financial sustainability), and a Governance risk rating based on the way the Trust is managed. The Trust is awarded a Continuity of Services risk rating (COSRR) of between 1 and 4, with 1 representing significant risk and 4 reflecting that Monitor has no evident concerns. The Governance rating assigned is either red, reflecting that enforcement action is being taken, or green.

During 2014/15 the Trust was assessed as at least a "3" under for COSRR and Green for Governance each quarter.

Comparative information is also provided for 2013/14, although the first two quarters were assessed under Monitor's old Compliance Regime.

2014/15	Annual Plan	Q1	Q2	Q3	Q4
Under the Risk assessment framework					
Continuity of service rating	3	4	3	3	3
Governance rating	Green	Green	Green	Green	Green

2013/14	Annual Plan	Q1	Q2	Q3	Q4
Under the Compliance Framework					
Financial risk rating	3	4	4		
Governance risk rating	Green	Green	Green		

Under the Risk assessment framework					
Continuity of service rating				3	3
Governance rating				Green	Green

Financial Review

Overview

This part of the Strategic Report provides a commentary on the Trust's financial performance for the financial year ending 31 March 2015. In addition, an overview of the accounting process and analysis of financial performance is provided. This includes information in relation to the Trust's capital plan and efficiency/savings initiatives. Where appropriate, financial trends relating to last year's performance are also considered and provide an indication of future financial performance and activities for the Trust.

Financial Statements

The Trust's annual report and accounts cover the 12 month period from 1 April 2014 to 31 March 2015. The full set of accounts is included within this document. The Trust's accounts have been prepared in accordance with directions given by Monitor, the Independent Regulator of Foundation Trusts. They are also prepared to comply with International Financial Reporting Standards (IFRS) and are designed to present a true and fair view of the Trust's financial activities.

Going Concern

The Trust's accounts have been prepared on the basis that the Trust is a 'going concern'. This means that the Trust's assets and liabilities reflect the ongoing nature of the Trust's activities. The Trust's Directors have considered and declared that:

"After making enquires, the Directors have a reasonable expectation that the NHS Foundation Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the 'going concern' basis in preparing the accounts."

Financial Performance

The NHS, and public services in general, has continued to face financial pressures during 2014/15, arising from increased demand for healthcare services as the population ages which is outstripping increases in funding made available to the NHS. The Trust operates within North Essex health system, where a number of local providers and Clinical Commissioning Groups face significant financial challenges, and these issues are now impacting on the Trust. The Trust is reporting a net deficit of £17.3m for the 2014/15 financial year. £1.3m of the deficit arose as a consequence of reduced level of funding from the three North Essex Clinical Commissioning Groups, which could not be matched by reduced expenditure by the Trust given the number of patients being referred, assessed and treated by the Trust. The remaining £16m loss is a technical adjustment to the accounts reflecting a revised valuation, provided by the District Valuer, for an asset currently held for sale.

In line with planning guidance, the Trust was required to deliver an efficiency requirement of 4% consisting of a 1.8% reduction in income and assumed inflationary pressures of 2.2%. This was in the context of limited inflationary, growth or cost pressure funding being available from commissioners. In total this required an efficiency savings programme to deliver recurrent savings of £2.5 million.

The Trust has continued to benefit from the stability and freedoms associated with Foundation Trust status. This has enabled the Trust to carry forward and retain surpluses from previous financial years and undertake environmental and capital developments as required.

Despite the operating deficit reported for 2014/15, the Trust maintained strong working capital balances and ended the year with a Monitor Continuity of Services risk rating of 3, in line with Plan.

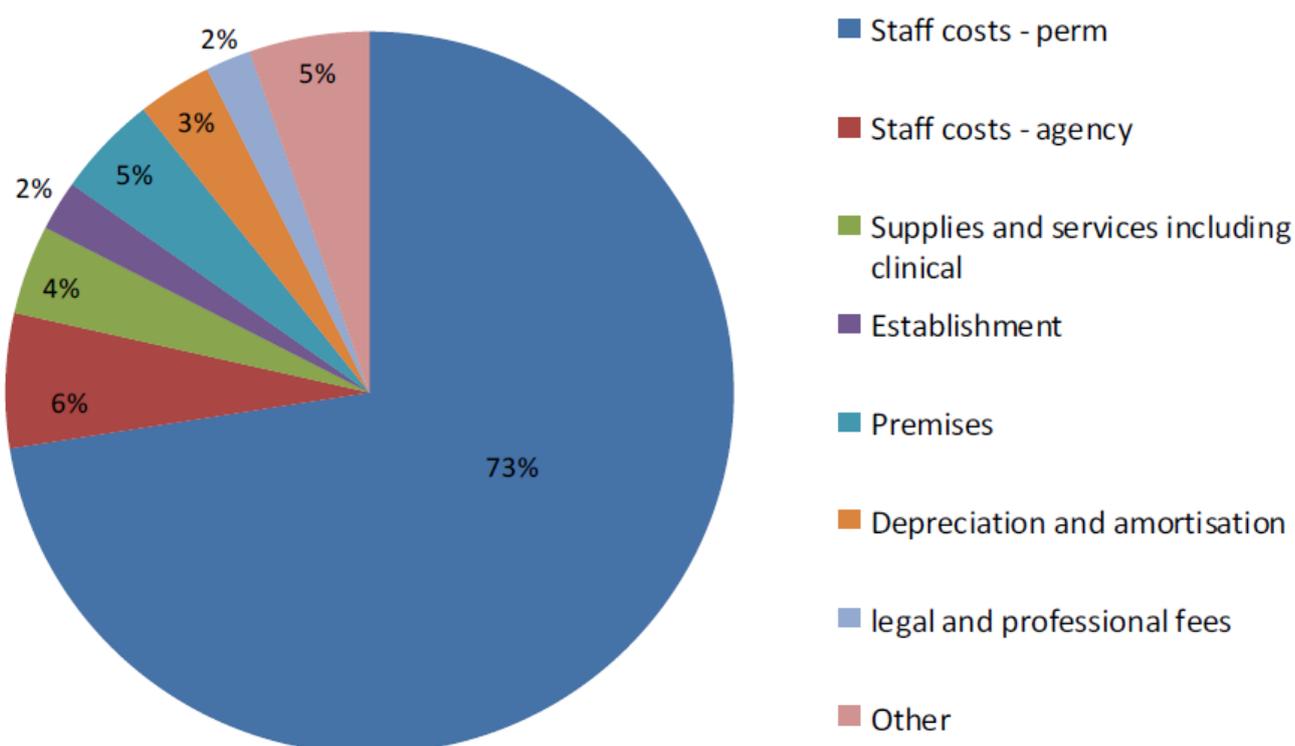
Income from Health Care Activities

The NHS Act 2006 (as amended by the Health and Social Act 2012) requires that the income from the provision of goods and services for the purposes of the health service in England must be greater than its income from the provision of goods and services for any other purpose. During the year the Trust received £107.3 million of income relating to the provision of goods and services for the purposes of the health service in England. This was greater than other operating income received for the provision of goods and services for other purposes, which amounted to £2.4 million.

Operating Expenditure

The total operating expenditure for the 12 month period ended 31 March 2015 was £108.6 million. Around 79 per cent of total operating expenditure was spent on staff costs. Further information on key items of expenditure is shown in Figure x below

Analysis of Operating Expenditure by Category



Efficiency/Savings Initiatives

During 2014/15, the Trust delivered efficiency savings of £2.5m million compared to a target of £3.1 million. The savings were required to cover the reduction in the Trust's income as per the Department of Health's financial framework and to meet a number of national and local cost pressures across the Trust. The Trust's efficiency plan included a major reconfiguration of the Trust's community services (the 'Journey's' programme) together with a number of other smaller initiatives for community services.

A summary of the Trust's main savings initiatives delivered during 2014/15, together with the recurrent impact is shown in table x:

Table x – Efficiency/Savings Initiatives

Scheme	Plan	Actual	Var
	£ms	£ms	£ms
Reconfiguration of Community Services - "Journeys"	0.9	0.3	(0.6)
Clinical Services/Inpatients	0.5	0.4	(0.1)
Specialist Services	0.2	0.2	0.0
Estates, Facilities ,Procurement	0.3	0.3	0.0
Other Corporate Savings	0.6	0.6	0
Recovery Services – change in service model		0.5	0.5
Single point of Access		0.2	0.2
Total	2.5	2.5	0.0

Loss on Local Government Pension Scheme (LGPS)

The Trust is required to obtain an actuarial valuation on the Local Government Pension Scheme (LPGS) on an annual basis, which relates to Essex social workers who are employed by the Trust under the Section 75 agreements. This is based on figures provided by the actuary at Essex County Council, with the figures subsequently being verified by the Trust's External Auditors.

The operational cost, finance income and finance costs of the scheme for 2014/15 have been reflected within the Trust's Statement of Comprehensive income and reduced the Trust's surplus by £0.2 million. In addition, an actuarial loss of £0.9 million resulting from a reduction in the value of scheme assets has been reflected as a reduction in reserves within the Statement of Comprehensive Income.

Capital Structure, Expenditure and Investments

Capital finance has historically been provided by the Treasury in the form of Public Dividend Capital and as a result the Trust is required to pay the Treasury dividends relating to this capital in September and March each year. The dividends payable are calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the NHS Foundation Trust. Average relevant net assets are calculated as a simple mean of opening and closing balances, and are therefore based on the closing Statement of Financial Position at the end of the year. As such, a creditor and debtor arrangement may exist at year end between the Treasury and the Foundation Trust.

The Trust also has reserves relating to income and expenditure surpluses and asset revaluation

resulting from the impact of valuations of the Trust's estate. The total of the Trust's Public Dividend Capital and reserves is equivalent to the taxpayers' equity in the Trust.

Capital Expenditure

Table x summarises the Trust's capital expenditure for 2014/15.

	2014/15
£000s	
Derwent Centre Refurbishment (Phases 2-5)	1,414
Remedy Programme	854
Western House and West Essex Optimisation	591
Other Strategic Schemes	512
Replacement and Refurbishment	697
Infrastructure and Development	600
Total Capital Expenditure	4,668

The Trust funds its capital programme from internally generated funds; accumulated cash balances and long-term loans. During 2014/15 the Trust drew down a further £6m loan from the Department of Health's Independent Trust Financing Facility to support the redevelopment of the Derwent Centre, which started in 2014/15. Major investments in the Trust's estate included: the start of the Derwent Centre Refurbishment programme (£1.4m); Western House and West Essex Estate Optimisation works (£0.6m) and Trust wide Replacement and Refurbishment works (£0.7m).

The Trust has continued to invest in IT hardware and software, with £1.6 million being spent on various projects during 2014/15. These include £0.9 million on the implementation of Remedy, the Trust's Clinical Records system and £0.4 million on IT Hardware and £0.3 million on the Trust's IT infrastructure.

Private Finance Initiative

The Trust does not have any buildings developed via the Private Finance Initiative.

Impaired Value of Land and Property The Trust is required to undertake a full five yearly revaluation of its land and building assets, together with an interim revaluation in year three which was completed as part of the 2013/14 annual accounts process. For the current financial year, the Trust did not therefore undertake any Trust wide impairment reviews.

Assets Held for Sale

The Trust is holding assets in preparation for disposal with a market value of £15 million as at March 2015. These are shown as Non Current Assets held for Sale on the face of the Statement of Financial Position. The major asset held for sale is Severalls Hospital in Colchester, along with a further 8 smaller properties that are no longer required for the delivery of services.

At the time of writing the Trust is in negotiation, together with the Homes & Community Agency (HCA), to sell the former Severalls Hospital site in Colchester. The disposal of this iconic 119 acre site on the north side of the town is complex and involves significant contributions by the two landowners and the developer to provide new schools, roads, cycle and bus lanes and community infrastructure. In the summer of 2014 the landowners' preferred purchaser withdrew from the sale. The Trust and the HCA therefore undertook a process to seek updated offers from previous under-bidders. This has resulted in the selection of a new preferred purchaser and it is anticipated that that completion will take place in 2015/16. The receipt from the land sale will be paid over a 4 year period and will

be used to repay on-going loan commitments, support the capital programme and cash/liquidity requirements.

The Trust revalued the Assets Held for Sale as at March 2015, which resulted in a net impairment (reduction in value) of £16m. This related to the valuation of Severalls site. This has been treated as expenditure within the accounts and reflected in the Trusts' overall loss for the year.

Working Capital and Liquidity

The Trust has continued to invest surplus cash on a day to day basis throughout the year, and generated interest from cash management activities of £50,000. The Trust was able to maintain a healthy cash position throughout the year and a strong cash working capital position at the end of the financial year of positive £10.4 million.

Events After the Reporting Period

In line with the Letter of Representation presented to the Trusts External Auditors in May 2015, the Trust Board of Directors are not aware of any such events which require disclosing within the accounts, other than those already addressed in Note 27 to the Annual Accounts.

Charitable Funds

The Trust's associated Charitable Fund is North Essex Partnership NHS Foundation Trust General Charitable Fund (Charity No: 1053509). This charitable fund has resulted from fund raising activities and donations received over many years, and is used to purchase equipment and other services in accordance with the purpose for which the funds were either raised or donated.

The Charitable Fund is administered by the Trust's Finance Department. The Board of Directors of the Foundation Trust acts as Corporate Trustee. The Board of Directors have also established a Charitable Funds Forum to oversee day to day management of the Charity on behalf of the Trustees. The Trust has approved the non-consolidation of the charity accounts into the Trust's main accounts on the grounds of materiality.

The financial activities of the charity for the 2014/15 financial year are contained within the Annual Report and Accounts for the Funds Held on Trust.

A copy of this document will be available from January 2015, free of charge, from the Director of Resources.

External Audit

The Trust's external auditors are Grant Thornton. The Trust's Engagement Lead is Paul Hughes and James Thirgood is the Trust's Engagement Manager.

During 2014/15, the Trust's external auditors have primarily focused on the audit work covered by the Code of Audit Practice for Foundation Trusts.

The Trust's Annual Governance Report for the 2014/15 financial year was presented to the Board of Directors in May 2015. Reports issued during the 2014/15 financial year were as follows:

- Review of Financial Statements 2013/14 Final ISA 260 Report
- Draft Audit Plan 2014/15

The total fee for external audit for 2014/15 was £46,000 in respect of the completion of the statutory audit work.

Accounting Policies

The Trust has detailed accounting policies which comply with both the NHS Foundation Trust Annual Reporting Manual and Capital Accounting Manual for Foundation Trusts and have been thoroughly reviewed by the Trust and agreed with External Auditors. Details of the policies are shown on pages x to x of the 2014/15 accounts.

Policy and Payment of Creditors

The Non NHS Trade Creditor Payment Policy of the NHS is to comply with both the CBI Prompt Payment Code and Government Accounting Rules. The Government Accounting Rules state: "The timing of payment should normally be stated in the contract. Where there is no contractual provision, departments should pay within 30 days of receipt of goods and services or on the presentation of a valid invoice, whichever is the later".

As a result of this policy, the Trust ensures that:

- a clear consistent policy of paying bills in accordance with contracts exists and that finance and purchasing divisions are aware of this policy;
- payment terms are agreed at the outset of a contract and are adhered to;
- payment terms are not altered without prior agreement of the supplier;
- suppliers are given clear guidance on payment terms;
- a system exists for dealing quickly with disputes and complaints;
- bills are paid within 30 days unless covered by other agreed payment terms.

During the 2014/15 financial year, the Trust achieved an average of 78% of all trade invoices paid within 30 days. This figure is consistent with performance in 2013/14.

Cost Allocation and Charging Requirements

The Trust has complied with the cost allocation and charging requirements set out in HM Treasury.

Counter Fraud Activities

The Trust receives a dedicated local counter fraud specialist advice service from Baker Tilly LLP. The Trust has agreed a comprehensive counter fraud work plan in accordance with guidance received from the NHS Protect. The Trust also has a counter fraud policy and response plan approved by the Board of Directors.

Anyone suspecting fraudulent activities within the Trust's services should report their suspicions to the Director of Resources or telephone the confidential hotline on 0800 028 4060.

Political and Charitable Donations

The Trust did not make any political or charitable donations from its exchequer or charitable funds during 2014/15.

NHS Pensions and Directors Remuneration The accounting policy in relation to employee pension and retirement benefits, and the remuneration report is set out on pages xx to xx of the annual accounts for 2014/15.

Financial Risk Management

For 2015/16 the Trust is required to submit an annual Operational Plan to Monitor in May 2015. This follows on from the submission in 2014 of a two year Operational Plan covering 2014/15 – 2015/16 and a five year Strategic Plan (covering 2014/15 – 2018/19). Within these Plans the Board of Directors need to confirm the Trust's sustainability, or set out the actions needed to satisfy this requirement.

In addition, the Trust completes a detailed five financial plan incorporating revenue, capital, cash and cost improvement / income generation plans. This is based on a number of assumptions which have all been duly considered by the Board of Directors, and which are then risk assessed.

Future Financial Performance

The Trust prepared a detailed Financial and Operational Plan which covers all services for 2015/16. This plan was developed based on Monitor's Planning requirements for 2015/16 and taking into account the Trust's Five Year Strategy "All Together, Better" which was published in January 2015. The Operational Plan demonstrates that the Trust plans to achieve a minimum Continuity of Service risk rating of 3, with a predicted break-even position for the year. However, there are a number of significant risks and challenges within that plan, including: delivery of a national efficiency requirement of at least 3.5%; the impact of CCG plans to transfer elements of services for patients with low – severe depression to alternative providers; and ongoing and unfunded cost pressures within the Trust's inpatient services arising from increased levels of occupancy and acuity of patients.

The Trust is continuing to operate in a period of financial constraint, and with commissioners who are facing their own financial difficulties. In addition, procurement processes are underway for a number of the Trust's services which will alter the landscape within which the Trust works over the coming year. The Trust is also working with CCG and Local Authority commissioners and South Essex Partnership University NHS Foundation Trust on an Essex wide review of Specialist Mental Health services. All of these influences will require the Trust to keep its longer-term financial plan under close review as the strategic landscape around the Trust changes.

Nevertheless the Directors remain proud of the Trust's track record in delivering excellent clinical services, alongside strong financial performance, and will do all they can to ensure that services are protected as much as possible over the coming years.

Letter of Representation to Auditors

In preparing this report the Directors confirm that they have provided the external auditors with a Letter of Representation. This letter has been duly considered by the Trust's Audit Committee and Board of Directors and confirms that all relevant audit information, of which the Directors are aware, has been passed onto the external auditors. The Trust's Directors have also taken all reasonable steps to ensure that the Trust's external auditors are aware of all material facts known to the Trust in relation to the Trust's annual report and accounts for 2014/15.

The Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS foundation Trust's performance, business model and strategy.

The Foundation Trust is a public benefit corporation which received foundation trust status on 1 October 2007. It is constituted in accordance with the National Health Services Act 2006 (as amended by the Health and Social Care Act 2012) and licensed on 1 April 2013 (Licence No: 120073).

Directors' Report

Introduction

The NHS Foundation Trust Code of Governance was updated in July 2014. The purpose of the Code is to assist NHS Foundation Trusts in improving their governance practices. It is issued as best practice advice, but imposes some disclosure requirements. This Annual Report includes all the disclosures required by the Code.

The Board of Directors of the Trust support and agree with the principles set out in the NHS Foundation Trust Code of Governance, and to the best of their knowledge, information, and belief the Trust has complied with the Code throughout the year to the 31 March 2015 save in the following respects: -

There is no formal process in place for the resolution of any dispute between the Board of Directors and the Council of Governors. The Chairman of the Board and the Chief Executive meet with the Lead Governor and the Deputy Lead Governor every month to discuss matters which are within the role and responsibilities of the governors, and to resolve any issues which there may be between them.

During 2014/15 The Council of Governors has not exercised its power under paragraph 10C of schedule 7 of the NHS Act 2006. Under this power the Council of Governors may require one or more of the directors to attend a meeting of the Council of Governors for the purpose of obtaining information about the Trust's performance of its functions or the directors' performance of their duties (and deciding whether to propose a vote on the foundation Trust's or directors' performance).

Chairman and Non Executive Appointments 2014/15

Name	Role	Expiry of Term
Ray Cox	Non Executive Director	31/03/15
Chris Paveley	Chairman	31/12/15
Charles Beaumont	Non Executive Director	30/09/16
Peter Little	Non Executive Director	31/05/17
Amanda Sherlock	Deputy Chairman	31/05/17
Brian Johnson	Non Executive Director & Senior Independent Director (from 01.06.14)	13/03/18

The Chairman and each of the Non-Executive Directors is an independent director. Amanda Sherlock was appointed Deputy Chairman by the Council of Governors from 07 October 2014. Brian Johnson was appointed as Senior Independent Director from 01 June 2014. The appointments of the Chairman and each of the Non-Executive Directors may be terminated in accordance with the Trust's Constitution. The balance of the membership of the Board is regularly considered by the Nominations Committee whose report appears below.

Executive Directors

The table below is a list of Executive Directors, their position, contract status, start date and notice periods. The contract start date is when the individual first joined the Trust. In other sections of this report, there are incidences where the individual may have been promoted to another role and this is shown as the appointment date.

Name	Position	Contract Date	Contract Status	Notice Period
Lisa Anastasiou	Director of Workforce & Development	29/03/2010	Permanent	3 Months
Mike Chapman	Director of Strategy	06/02/2010	Permanent	3 Months
Dr. Malte Flechner	Medical Director	01/02/2005	Permanent	3 Months
Andrew Geldard	Chief Executive	20/07/2002	Permanent	6 Months
David Griffiths	Director of Resources	17/11/2014	Secondment	N/A
Rick Tazzini	Director of Resources	23/11/2009 - 31/10/2014	Permanent	3 Months
Natalie Hammond	Director of Nursing & Quality	09/03/2015	Permanent	3 Months
Paul Keedwell	Director of Operations & Nursing	12/03/2010 - 31/01/2015	Permanent	3 Months
Vince McCabe	Director of Operations	04/06/2011	Permanent	3 Months

Register of Interests

All Executive Directors are employed on permanent contracts with a notice period of three months except for the Chief Executive, where the notice period is six months. There are no provisions for early termination within the contracts nor do they contain other details sufficient to ascertain the Trust's liability in the event of early termination. The Council of Governors is responsible at a general meeting for the appointment, re-appointment and renewal of the Chairman and other non-executive directors. Appointment to these roles is made for a maximum of six years, i.e. two terms of three years. The registers of Directors, and Governors interests can be inspected on appointment with the Trust Secretary.

Our Staff

The Trust employs 2,496 staff across Essex. The Trust takes staff engagement seriously and believes that having a motivated workforce that feels valued and listened to at work directly links to positive patient outcomes.

Whilst staff are encouraged to give regular feedback through a variety of informal channels, the annual Staff Survey provides a more formal opportunity for staff to give their views of what it is like to work in the organisation. Feedback data from the survey provides a measure of staff opinions around a number of important performance areas and gives a clear indication of things that are working well in the Trust and areas that need improvement.

The overall response rate to the 2014/15 staff survey conducted by The Picker Institute was 48.2%, slightly less than the national average response rate of 50.1%. The 2014 response rate of 48.2% is however improved on the 2013 response rate of 42%.

Staff survey

Top and Lower Ranking Scores

The table below sets out our top 5 ranking scores and lowest 5 ranking scores as they compare with the national picture and inform the action plan for 2015/16:

Top 5 Scores	NAT Average	Trust 2014	Lowest 5 Scores	NAT Average	Trust 2014
Training, learning & development	82%	85%	Reporting of errors, near misses/incidents	92%	87%
Staff motivation at work	3.84	3.94	Working extra hours	71%	78%
Contributing to improvements	72%	76%	Harassment, bullying or abuse from patients/public	29%	36%
Job satisfaction	3.67	3.71	Fairness and effectiveness of incident reporting procedures	3.52	3.44

The staff survey indicates some areas that we have to focus on to improve our staff experience at work. The wellbeing of our staff is important to us in helping us deliver outstanding care for our patients.

Staff Involvement and Engagement

Long hours working culture- We will continue to promote a work-life balance to address the long hours working culture in the organisation

Appraisal Quality – Our staff consistently tell us that they value our focus on learning and development and we will continue to ensure that we train and educate staff to a standard that enables them to deliver the highest quality patient care. Our focus on appraisals will continue this year, not only in terms of the numbers undertaken, but on improving the quality of the experience through regular training for those appraising staff and appraises. The aim, to ensure that staff leave their appraisal conversation feeling valued and clear on their objectives for the coming year.

Harassment, Bullying or Abuse from Patients, Relatives or the Public –

36% of staff responding to the survey reported this experience in the last 12 months (42% in 2013). This compares with 29% nationally. A security advisor has been employed by the Trust to work with

staff in combatting this issue. This work will continue and will be combined with a greater emphasis on training staff in de-escalation techniques.

A Focus on Incident Reporting – 87% of staff responding to the survey said that they have reported errors, near misses or witnessed incidents. The plan this year is to ensure that staff who do report incidents receive acknowledgement, feedback and see that changes to practice are made as a result. The Associate Director of Quality and Risk is taking this agenda forward.

Feeling Secure Raising Concerns – This is a new question in the staff survey and as such it is not possible to compare results with previous years. 64% of staff who responded told us that they would feel secure raising concerns about clinical practice in comparison to 69% nationally.

This will be our main area of focus this year. It is essential that our staff feel confident and secure enough to raise concerns, that concerns are investigated and acted on appropriately. The following are some of the key actions that will be taken in the next 12 months:

- In response to a review undertaken and published by Sir Robert Francis “Freedom to Speak Up”, consider the recommendations that; a person is appointed locally by the Chief Executive to act as a “Freedom to speak up guardian”; a manager in each department is nominated to receive concerns; staff have access to a helpline (internally)
- Staff are consulted on changes to the current Raising Concerns (Whistleblowing) Policy.
- Development of a Raising Concerns training workshop for staff in partnership with the University of Essex.

Monitoring arrangements

The Staff Survey Action Plan is monitored by the Staff Health and Wellbeing Strategy Group and the Equality and Diversity Group.

The Trust has a policy of ensuring all staff are aware of issues that impact on the organisation including its financial and trading position. This is achieved through a fortnightly all staff message of the Chief Executive, a quarterly printed newsletter, a weekly briefing to all staff and other ad-hoc methods as and when needed.

Equality and Diversity

Over the last three years - workforce numbers increased by 10% in 2013 (which included 103 staff that transferred from Essex County Council in Oct 2013) but decreased by 5% in 2014 as shown in Table 2 above. It is worth noting that vacancies have been carefully managed in the last year as part of the community services transformation programme.

Ethnicity: Our workforce broadly reflects the population that we serve with no significant changes noted. The majority of staff are from a white ethnic background 81.47% compared with the North Essex population breakdown of 94.14%.

There is an over representation of staff from Asian-Asian British ethnic groups 7.08% against a North Essex population of 2.14% and Black-Black British 8.35% compared to a North Essex population of 1.24%.

In terms of the medical workforce, 59% of our Consultants are from a BME background. 70% of all Doctors are from a BME background. With regard to the non-medical workforce, 13.46% are from a

BME background. Closer analysis of data suggests that 12.9% of our Band 8a staff are from a BME background, 12.1% of Band 8b's and 11% of Band 8C's. There is no BME staff representation above Band 8d and at Board level

Gender: The entire workforce composition breakdown by gender has not changed significantly over the last three years averaging 25% male and 75% female- 38% of female staff are in pay bands 1-4. Overall there are more females to the ratio of 3:1 in all pay bands than males. The ratio starts to alter at Band 8a and above. At Band 9 and above, (including the Board), there are more males compared to females, a ratio of 2:1.

1.1 Medical staff – Analysis of our data revealed that 59.6% of doctors are male and 40.4% are female; no significant change noted when compared to previous years data.

1.2 Disability. The percentage of staff who have disclosed a disability is 1.86% of the entire workforce, the key concern here is that a significant number of staff have not disclosed this information.

1.3 Marital status. Our data suggests that nearly 50% of our workforce are married and 25% are single, the number of staff in a civil partnership has increased by one in the last year.

1.4 Sexual orientation. The percentage of staff who have described their sexuality as heterosexual has increased steadily over the last three years and is currently at 36%. Yet again a large percentage, 63% of staff, have not disclosed this information, the data also suggest that 0.7% of staff are Gay, Lesbian, Bisexual.

1.5 Religion – The number of staff of a Christian faith has increased steadily over the last four years and is currently reported by 20% of the workforce. Only 1.8% of the current workforce has declared another religion and 73% of the workforce has not declared this information.

Workforce diversity

Staff profile over last three years by protected characteristics

	Year	2012	2013	2014
Protected characteristics		No of staff	No of staff	No of staff
Age	18-30	250	236	228
	31-40	440	465	424
	41-50	636	657	612
	51-60	478	543	537
	60 +	106	131	137
Sex	Male	495	516	512
	Female	1350	1516	1426
Ethnicity	White	1498	1671	1587
	BME	347	361	351
Religion or belief	Christian	306	365	391
	Atheist	78	98	97
	Other religion	29	36	35
	Not declared	1497	1533	1415

Sexual orientation	Heterosexual	532	670	696
	LGBT	13	14	13
	Not disclosed	1365	1348	1229
Disability	Disabled	31	39	36
	Not Disabled	187	442	504
	Not Disclosed	1692	1551	1398
Marriage and civil partnership	Married	961	1021	946
	Single	531	579	573
	Divorced	203	203	193
	Widowed	17	19	12
	Civil partnership	4	4	5
	Unknown	168	177	180
	Total number of staff	1845	2032	1938

Patient diversity

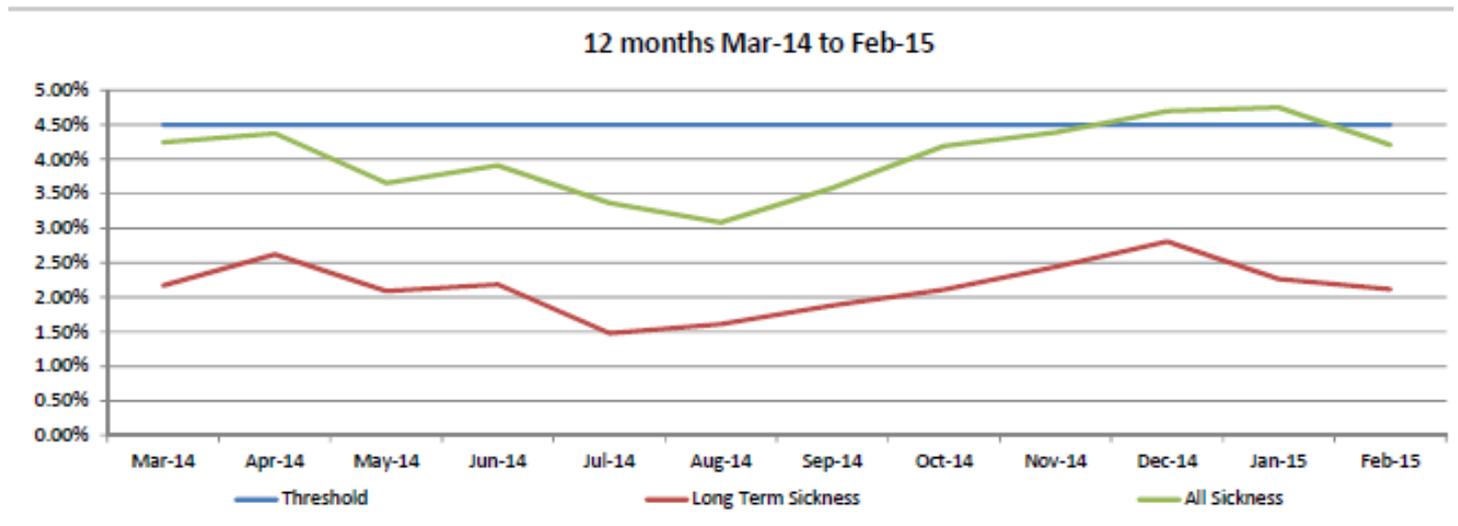
	Year	2013	2014
Protected characteristics		No of patients	No of patients
Age	Under 15	1,021	745
	15-25	2,131	2,101
	25-35	1,760	1,832
	35-45	2,169	2,113
	45-55	2,213	2,194
	55-65	1,526	1,594
	65 +	6,156	6,352
Sex	Male	7,448	7,458
	Female	9,520	9,472
Ethnicity	White	15,534	14,475
	BME	467	452
	Not disclosed/ recorded	975	2,010
Religion or belief	Christian	4,404	4,739
	Atheist		
	Other religion	608	572
	Not declared	11,974	11,626
Sexual orientation	Heterosexual		
	LGBT		
	Not disclosed		
Disability	Disabled	870	137
	Not Disabled	8,030	
	Not Disclosed/ recorded	8,086	16,800

Marriage and civil partnership	Married	5,291	4,719
	Single	7,113	6,392
	Divorced	1,167	1,088
	Widowed	2,109	1,734
	Separated	391	366
	Unknown	915	2,638
	Total number of patients	16,986	16,937

Sickness Absence

In month February 2015		
Directorate	0-1 month %	Great than 1 month %
Mid Essex Directorate	25.80%	3.18%
North East Essex Directorate	20.38%	5.10%
West Essex Directorate	16.88%	3.50%
Children & Young People Directorate	7.96%	2.23%
Corporate Directorate	6.69%	0.96%
Director of Operations & Nursing Directorate	1.59%	0.64%
Business Information Systems Directorate	4.78%	0.32%
Marginal'd & Vulnerable Adults Directorate	0.00%	0.00%
Enable East Directorate	0.00%	0.00%
Trust Total	84.08%	15.92%

12 month period Mar-14 to Feb-15			
Month	Threshold	Long Term Sickness	All Sickness
Mar-14	4.50%	2.17%	4.24%
Apr-14	4.50%	2.62%	4.37%
May-14	4.50%	2.09%	3.65%
Jun-14	4.50%	2.19%	3.91%
Jul-14	4.50%	1.47%	3.37%
Aug-14	4.50%	1.61%	3.08%
Sep-14	4.50%	1.88%	3.58%
Oct-14	4.50%	2.11%	4.19%
Nov-14	4.50%	2.44%	4.39%
Dec-14	4.50%	2.81%	4.70%
Jan-15	4.50%	2.27%	4.75%
Feb-15	4.50%	2.12%	4.21%



Evaluation of the Board

In 2013/14 the Trust carried out a comprehensive externally facilitated Board Evaluation in the context of Monitor’s ‘Well Led Framework for Governance Reviews’. In 2014/15 a further external review was carried as part of a 3-year cycle, building on the work of the previous year. This included on line feedback from all Board members, and an externally facilitated feedback session resulting in an updated Development Plan for 2015/16.

Profile of Board Members

 <p>Chris Paveley, Chairman Appointed January 2013</p>	<p>Responsibilities:</p> <ul style="list-style-type: none"> • Independent Director • Chairman of Board of Directors and Council of Governors • Quality & Risk Committee • Nominations Committee (Chair) • Remuneration Committee • Charitable Funds Forum (Chair) • Liaison with Governors • Estates, financial controls, budget & environmental development • Assurance Framework <p>Experience, Expertise and Other Interests Chris brings over 40 years of private and public sector experience to the Trust. Chris was previously the Chair of North Essex PCT. He did his formative business education in Japan. Chris returned to the UK in the mid 1980s' and set up his own business and has been on the boards of multiple organisations.</p>
 <p>Andrew Geldard, Chief Executive Appointed July 2009</p>	<p>Responsibilities:</p> <ul style="list-style-type: none"> • Trust Accounting Officer • Leading strategic development, corporate and clinical governance • Internal Control Systems • Assurance Framework Implementation <p>Experience, Expertise and Other Interests:</p> <ul style="list-style-type: none"> • 2002-2008 Director of Resources, North Essex Mental Health Partnership NHS Trust (from October 2007, North Essex Partnership NHS Foundation Trust) • 2000-2002 Director of Finance and Performance, Southend Primary Care Trust • 1996-2000 Deputy Director of Finance, Surrey and Sussex Healthcare NHS Trust • 1992-1996 Deputy Finance Manager, Brighton Healthcare NHS Trust • 1986-1992 South East Thames Regional Health Authority • BSc Hons (Geography and American Studies), MA (Geography) • Member of Chartered Institute of Public Finance and Accountancy Officer



Dr Malte Flechtner,
Medical Director
 Appointed October 2007

Responsibilities:

- Medical leadership
- Caldicott Guardian
- Research and Development
- Pharmacy
- Medical Education
- Risk Management
- Clinical Governance
- Complaints & Serious Incidents

Experience, Expertise and Other Interests:

- 2002 Elected as member of the Royal College of Psychiatrists
- 2002 Associate Medical Director for the mid Essex area, North Essex Mental Health Partnership NHS Trust
- 2001 Consultant Psychiatrist, North Essex Mental Health Partnership NHS Trust
- 1993-2001 Deputy Head of the Department for Social Psychiatry, Free University of Berlin
- MD, MRCPsych (Psychiatry and Neurology)
- Specialist training in Psychodynamic Psychotherapy



Natalie Hammond
Director of Nursing and Quality
 Appointed March 2015

Responsibilities:

The Director of Nursing and Quality has responsibility for the professional leadership of the Nursing, Allied Health Professionals and Psychology workforce ensuring care is delivered with compassion and safely meeting the high quality standards to our service users. Specific responsibility for safety, service user experience and outcomes. Executive responsibility for safeguarding and infection control.

Experience, Expertise and Other Interests:

Involved in the development of National Guidance for reducing Restrictive Practice at the Department of Health; Independent Police Commission Mental Health Deaths in Custody. Deputy Director of Nursing and Quality in North London. Previously a Consultant Nurse for the Promotion of Safe & Therapeutic services specifically at reducing harm to our patients In South London & Maudsley Trust. Research and expertise in mortality, addictions, service design, reducing restrictive practice and police liaison. RMN, MSc at the Institute of Psychiatry.

 <p>Paul Keedwell Director of Operations and Nursing Appointed October 2007 - January 2015</p>	<p>Responsibilities:</p> <ul style="list-style-type: none"> Operational Services - Adults of Working Age, Older Peoples' Services, Child and Adolescent Mental Health Services, Specialist Services, Psychology, Occupational Therapy, Operation of the Mental Health Act, Mental Capacity Act, Deprivation of Liberty Safeguards and Nursing Leadership <p>Experience, Expertise and Other Interests</p> <ul style="list-style-type: none"> 2003-2005 Area Director for central area, North Essex Mental Health Partnership NHS Trust 2001-2003 Service Manager, North Essex Mental Health Partnership NHS Trust Experience in psychiatric intensive care, rehabilitation, aggression management, criminal justice and prison in-reach, day services and community care RMN BSc (Hons) Health Studies
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 <p>Mike Chapman, Director of Strategy Appointed October 2013</p>	<p>Responsibilities:</p> <ul style="list-style-type: none"> Strategy Communications Commissioner Relationships Annual Planning Social Care <p>Experience, Expertise and Other Interests:</p> <ul style="list-style-type: none"> 2009 - 2013 Director of Commercial and Service Development 2006 - 2009 Area Director for Tending Operational Services and Trust-wide substance misuse 2003 - 2006 Essex Strategic Health Authority, Policy Lead for Mental Health, Substance Misuse, Children's Learning Disabilities and Prison Healthcare. Experience as a local authority and PCT Commissioner, Social Services Mental Health lead and practised as a social worker in mental health, Older Adult and Children's Services Masters Degree in Business Administration Approved Social Work, CQSW
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 <p>Rick Tazzini, Director of Resources Appointed November 2009 - October 2014</p>	<p>Responsibilities:</p> <ul style="list-style-type: none"> • Finance • Estates & Facilities • IT and Clinical Systems • Contracting and Performance • Procurement <p>Experience, Expertise and Other Interests:</p> <ul style="list-style-type: none"> • 2004 –2009 Director of Finance & Admin, Essex Police • 2002 –2004 Assistant Director of Finance, Essex SHA • 1998 –2002 Head of Finance, Essex Police • 1994 –1998 Deputy Director of Finance, BHB Community Healthcare NHS Trust • Prior to this, various posts with Essex County Council and Colchester Borough Council • Chartered Institute of Public Finance & Accountancy Officer • Masters in Business Administration • UK Police Strategic Command Course • Institute of Directors – Certificate in Company Direction
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 <p>David Griffiths, Director of Resources Appointed November 2014</p>	<p>Responsibilities:</p> <ul style="list-style-type: none"> • Finance • Estates & Facilities • IT and Clinical Systems • Contracting and Performance • Procurement <p>Experience, Expertise and Other Interests:</p> <ul style="list-style-type: none"> • 2011-14 Deputy Chief Finance Officer, South Essex Partnership University NHS Foundation Trust • 2006-11 Director of Finance, IM&T and Estates, South East Essex Primary Care Trust • 2002-06 Director of Finance and Performance, Castle Point and Rochford Primary Care Trust • 1999-02 Finance Manager, Castle Point and Rochford Primary Care Groups • Pre 1999 Qualified and worked as Value for Money auditor, National Audit Office • Chartered Member, Chartered Institute of Public Finance and Accountancy
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Lisa Anastasiou,
Director of
Workforce &
Development
 (Non-voting Board
 member)
 Appointed March 2010

Responsibilities:

- Human Resources
- Workforce Development
- Staff engagement
- Occupational Health
- Equality & Diversity

Experience, Expertise and Other Interests:

- 2005 - 2010 Head of Employment, Newham University Hospital NHS Trust
- 2001 - 2005 Human Resources Manager, Barking, Havering and Redbridge Hospitals NHS Trust
- Improvement Facilitator, NHS Modernisation Agency
- 1999 - 2001 Human Resources Adviser, Newham Community Health Services NHS Trust
- 1996 -1999 Human Resources Officer, Redbridge Healthcare NHS Trust
- Diploma in Personnel Management
- Member of the Chartered Institute of Personnel Development



Vince McCabe,
Director of
Operations (Non-voting
 Board member)
 Appointed October 2013

Responsibilities:

- Commercial Bidding Processes (including responding to tenders)
- Support service development in areas
- Responsible for operational service delivery and performance management
- Operation of the Mental Health Act, Mental Capacity Act and Deprivation of Liberty Safeguards
-

Experience, Expertise and Other Interests:

- January 2015 – present, Director of Operations
- April 2014 – January 2015 Director of Commercial & Service Integration, NEP
- June 2012 – April 2014, Director of Community Services
- PCT Chief Executive in Hertfordshire,
- Managing Director of West Essex Community Health Services
- Certificate and Diploma in Health Service Management,
- Accounting Technician, MBA (Cranfield/OU)

Independent Non Executive Directors

 <p>Ray Cox Reappointed December 2009 – 15 March 2014</p>	<p>Responsibilities:</p> <ul style="list-style-type: none">• Independent Director• Deputy Chairman (to October 2014)• Chairman of the Audit Committee• Takes an overview for Older Adults' services• Nominations Committee• Remuneration Committee• Liaison with Governors – North East Area• Assurance Framework Implementation <p>Experience, Expertise and Other Interests:</p> <ul style="list-style-type: none">• 1998-2001 Chairman of the Audit Committee, North East Essex Mental Health Partnership NHS Trust• 1986-1997 Director of Finance, Tendring District Council• Prior to this, Deputy Borough Treasurer, Colchester Borough Council• Chartered Member, Chartered Institute of Public Finance and Accountancy
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 <p>Jane Crame Resigned with effect from August 2014</p>	<p>Responsibilities:</p> <ul style="list-style-type: none">• N/A due to leave of absence <p>Experience, Expertise and Other Interests:</p> <ul style="list-style-type: none">• 1st Class Honours degree in Mathematics• Chartered accountant with Arthur Anderson & Co• Financial Controller and Finance Director, Ogilvy and Mather• Qualified teacher• Bursar, New Hall School• Private tutor, Mathematics.
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Brian Johnson
Appointed March 2012

Responsibilities:

- Senior Independent Director
- Quality & Risk Committee (Chair)
- Remuneration Committee
- Nomination Committee
- Liaison with Governors
- Marketing Commercial Communications
- Assurance Framework Implementation

Experience, Expertise and Other Interests:

- 2012 – present, Chief Executive – Metropolitan (Metropolitan Housing Trust Limited, and Clapham Park Homes)
- 2008 – 2012, Chief Executive Moat Homes Limited
- Chief Executive City West Homes
- Executive Director of Remploy
- Business Engineering Manager, Tate and Lyle
- Manufacturing Improvement Project Manager, ICI
- Process Research / Development Manager, ICI
- Venture Manager, ICI
- Commissioning Manager, ICI
- Senior Process Manager, ICI



Charles Beaumont
Appointed June 2013,
then Audit Committee
Chair from 1 October 2014

Responsibilities:

- Independent Director
- Audit Committee
- Nominations Committee
- Remuneration Committee Chair
- Charitable Funds Forum
- Liaison with Governors
- Assurance Framework Implementation

Experience, Expertise and Other Interests:

- Chartered Accountant
- Director of Tax Ford Britain to 2010
- Working party advisor to UK government on tax reform
- Associate Non Executive Director NHS North East London
- Non Executive Director NHS ONEL (outer north east London)
- Non Executive Director NHS Barking and Dagenham



Peter Little

Appointed June 2014

Responsibilities:

- Independent Director
- Audit Committee
- Nominations Committee
- Remuneration Committee
- Liaison with Governors – Mid Area
- Assurance Framework Implementation
- Business Development

Experience, Expertise and Other Interests:

- Production Director, Access (the Joint Credit Card Company)
- Chief Operating Officer for the Intek Corporation (USA)
- Managing Director with the Highway One Corporation
- Owner, PAJ Consulting Ltd
- Non Executive Director Southend University Hospital NHS Foundation Trust (2006-13)
- Vice President Operations with Millicom International Cellular
- CEO of Torch Telecom



Amanda Sherlock

Appointed June 2014

Responsibilities:

- Deputy Chairman (from October 2014)
- Independent Director
- Audit Committee
- Quality and Risk Committee
- Nominations Committee
- Remuneration Committee
- Liaison with Governors – West Area
- Assurance Framework Implementation
- Staff Development

Experience, Expertise and Other Interests:

- Occupational Therapy Services Manager
- Director of Clinical Services, Havering Hospitals NHS Trust
- Deputy Regional Director for Strategy and Performance at the Dept of Health
- Regional Director, Commission of Social Care Inspection
- Director of Operations, Care Quality Commission (CQC)



John Gilbert
 Appointed June 2008
 Reappointed March 2011
 – 31 May 2014

Responsibilities:

- Senior Independent Director
- Audit Committee
- Nominations Committee
- Chairs Risk and Governance Executive
- Liaison with Governors
- Overview of clinical services
- Special interests in investment bids and partnerships
- Assurance Framework implementation

Experience, Expertise and Other Interests:

- Career includes director level posts with Essex County Council and various management and senior executive posts with Barclays Bank plc
- Scope - Trustee and Treasurer
- Fellow of Royal Society for Encouragement of Arts, Manufactures and Commerce (FRSA)
- Fellow of Chartered Institute of Bankers
- Charities/Voluntary – Chair of Governors at Great Totham Primary School)
- Chair of Little Braxted Parish Council



Dermot McCarthy,
Trust Secretary

Responsibilities:

- Support to Board of Directors
- Support to Council of Governors
- Governance
- Liaison with Monitor
- Legal Services
- Commercial Insurance

Experience, Expertise and Other Interests:

- Fellow of the Institute of Chartered Secretaries and Administrators (FCIS)
- Master of Arts (International Governance) (MA)
- Masters of Business Administration (MBA)
- Bachelor of Arts (Hons) Modern English Studies (BA)

Remuneration Committee & Remuneration Report

1. Statement from the Chair of the Remuneration Committee

The Remuneration Committee met on one occasion during 2014/15.

At the meeting held on 25 June 2014 the Committee reviewed the current remuneration of Executive Directors (2013/14) and considered remuneration for the period 2014/15.

To support the Committee's deliberations and decision making the following information was reviewed:

- Details of the national pay award for 2014/15 for all NHS staff
- NHS Providers Executive Directors Salary Survey (2013)
- The Remuneration of Executive Directors at neighbouring mental health trust's (derived from 2012/13 annual reports)

In the context of the above the Committee took a decision to award all Executive Directors a 1% cost of living increase for the period 2014/15.

There were no substantial changes relating to senior managers' remuneration made during the year.

Charles Beaumont

Non Executive Director and Chair of the Remuneration Committee

2. Remuneration Committee

The Remuneration Committee comprised of the following Non-Executive Directors in 2014/15:

- Charles Beaumont, Committee Chair
- Chris Paveley, Trust Chairman
- Amanda Sherlock
- Peter Little
- Brian Johnson
- Ray Cox
- Jane Crame (part year)
- Lisa Anastasiou, Director of Workforce and Development (Advisor to the Committee)

Meeting held on 25 June 2014	Committee Member	In attendance Y/N
	Charles Beaumont	Y
	Chris Paveley	Y
	Amanda Sherlock	Y
	Peter Little	Y
	Brian Johnson	Y
	Ray Cox	N
	Jane Crame	N

3. Senior Managers' Remuneration Policy

3.1 With the exception of Executive Directors all trust senior managers' are remunerated in accordance with national pay arrangements. The Remuneration Committee is therefore only responsible for agreeing remuneration as it relates to Executive Directors at this time.

Executive Directors are remunerated on a spot salary basis with no additional pay components such as performance related pay. Changes to remuneration are therefore only made to reflect cost of living

increases (where this is deemed appropriate and in keeping with all employees) or market factors to aid recruitment and retention.

The consideration of Executive Director remuneration is undertaken on an annual basis and only when the national pay award has been agreed for all staff. This is to ensure that any changes to Executive Director remuneration is not out of kilter with the rest of the workforce. There have been no substantial changes to senior managers' remuneration during the year.

3.2 Non Executive Director remuneration is agreed and reviewed by Governors at the Remuneration and Appointments Committee. Remuneration comprises of a single component, a spot salary which is compared annually with market rates using the NHS Providers Non Executive Director Salary Survey. There have been no substantial changes to Non-Executive Directors' remuneration during the year.

3.3 There are no obligations on the trust or plans to enter into contractual obligations with Executive Directors through the employment contract which could give rise to, or impact on, remuneration payments or payments for loss of office.

3.4 Payments for loss of office are made in accordance with contractual notice periods which are 3 months for Executive Directors and 6 months in respect of the Chief Executive. The only exception to this policy relates to gross misconduct which could result in dismissal without contractual notice. No payments for loss of office have been made during the course of the year.

Table 4: Executive Directors contractual notice periods and contract status

Name	Position	Contract Date	Contract Status	Notice Period
Andrew Geldard	Chief Executive	30/07/2009	Permanent	6 months
Mike Chapman	Director of Strategy	06/02/2010	Permanent	3 months
Dr. Malte Flechtner	Medical Director	01/02/2005	Permanent	3 months
Lisa Anastasiou	Director of Workforce & Development	29/03/2010	Permanent	3 months
Paul Keedwell	Director of Operations & Nursing	12/03/2010 – 19/01/15	Permanent	3 months
Rick Tazzini	Director of Resources	23/11/2009 – 1/11/2014	Permanent	3 months
Vince McCabe	Director of Operations (from 9/01/15)	6/11/2011	Permanent	3 months
Natalie Hammond	Director of Nursing & Quality	9/03/15	Permanent	3 months

3.5 In instances where the Trust is unable to recruit senior managers, or there is a need for interim support, the Trust will, where necessary, consider engaging individuals under a 'contract for service'. These will be sourced through a relevant procurement process ensuring the Trust is able to demonstrate the maximum value for money benefits from competition in securing the relevant service. The only exception to this practice is the use of Enable East, an innovative, independent NHS team that assists other health and social care organisations' to deliver effective projects and measureable improvements. A 'common sense' alternative to commercial management consultants

offering competitive NHS rates. Enable East consists of a small core team and manages an Associate pool of talented resource which it can call upon to adopt flexible and cost effective solutions to its customer needs. All Enable East Associates have to go through a rigorous, objective procurement process via a bespoke Assessment Centre process and are engaged on projects for short periods.

Within our contracts for services, we ensure that the sole trader or company is aware that they are responsible for making appropriate PAYE deductions for tax and National Insurance contributions from the remuneration they pay themselves and/or their personnel and all other deductions as required by law from time to time. The sole trader or company is also required to indemnify the Trust in respect of any claims that may be made by the relevant authorities against the Trust in respect of tax demands or National Insurance or similar contributions relating to the provision of the Services under the contract.

Name and Title	Salary (bands of £5,000)	Other Remuneration (bands of £5,000)	Taxable Benefits (to the nearest £100)	Annual real increase in pension at age 60 (bands of £2,500)	Pension value at 31 March 2015 (bands of £5,000)	Annual real increase in related lump sum at age 60 (bands of £2,500)	Lump sum value at 31 March 2015 (bands of £5,000)	Cash equivalent transfer value at 31 March 2014 £:000	Annual real increase in cash equivalent transfer value £:000	Cash equivalent transfer values at 31 March 2015 £:000
C Paveley, Chairman	40,001-45,000		-	-	-	-	-	-	-	-
R Cox, Non-Executive Director and Deputy Chairman 1	10,001-15,000		-	-	-	-	-	-	-	-
J Gilbert, Non-Executive Director 3	0-5,000		-	-	-	-	-	-	-	-
B Johnson, Non-Executive Director	10,001-15,000		-	-	-	-	-	-	-	-
C Beaumont, Non-Executive Director 5	10,001-15,000		-	-	-	-	-	-	-	-
J Crame, Non-Executive Director 6	0-5,000		-	-	-	-	-	-	-	-
A Geldard, Chief Executive	150,001-155,000			0-2,500	55,001-60,000	2,501-5,000	175,001-180,000	1,080	66	1,175
M Flechtner, Medical Director 7	195,001-200,000		300	2,501-5,000	35,001-40,000	7,501-10,000	105,001-110,000	654	73	745

Name and Title	Salary (bands of £5,000)	Other Remuneration (bands of £5,000)	Taxable Benefits (to the nearest £100)	Annual real increase in pension at age 60 (bands of £2,500)	Pension value at 31 March 2015 (bands of £5,000)	Annual real increase in related lump sum at age 60 (bands of £2,500)	Lump sum value at 31 March 2015 (bands of £5,000)	Cash equivalent transfer value at 31 March 2014 £'000	Annual real increase in cash equivalent transfer value £'000	Cash equivalent transfer values at 31 March 2015 £'000
P Keedwell, Director of Operations and Nursing 8	80,001-85,000		4,300	0-2,500	40,001-45,000	2,501-5,000	130,001-135,000	764	24	808
G Scott, Director of Strategy 9										
R Tazzini, Director of Resources 10	65,001-70,000		4,000	0-2,500	65,001-70,000	-	-	648	36	726
L Anastasiou, Director of Workforce and Development	100,001-105,000		1,000	0-2,500	15,001-20,000	2,501-5,000	50,001-55,000	241	23	271
M Chapman, Director of Strategy	100,001-105,000			0-2,500	30,001-35,000	0-2,500	100,001-105,000	615	31	662
V McCabe, Director of Operations	90,001-95,000		11,800	0-2,500	35,001-40,000	0-2,500	115,001-120,000	682	30	730
N Hammond, Executive Director of Nursing and Quality 11	5,001-10,000			0-2,500	20,001-25,000	0-2,500	60,001-65,000	278	2	324
P Little, Non-Executive Director 12	5,001-10,000									
A Sherlock, Deputy Chairman 13	5,001-10,000									
D Griffiths, Director of Resources 14	50,001-55,000			N/A	30,001-35,000	N/A	95,001-100,000	N/A	N/A	516

Year ended 31 March 2014

Name and Title	Salary (bands of £5,000)	Other Remuneration (bands of £5,000)	Benefits in Kind (to the nearest £100)	Annual real increase in pension at age 60 (bands of £2,500)	Annual real increase in pension at age 60 (bands of £5,000)	Annual real increase in related lump sum at age 60 (bands of £2,500)	Lump sum value at 31 March 2014 (bands of £5,000)	Cash equivalent transfer value at 31 March 2013 (£'000)	Annual real increase in cash equivalent transfer value (£'000)	Cash equivalent transfer values at 31 March 2014 (£'000)
C Paveley, Chairman	40,001-45,000	-	-	-	-	-	-	-	-	-
R Cox, Non-Executive Director and Deputy Chairman	10,001-15,000	-	-	-	-	-	-	-	-	-
C Abel Smith, Non-Executive Director	5,001-10,000	-	100	-	-	-	-	-	-	-
J Gilbert, Non-Executive Director	10,001-15,000	-	300	-	-	-	-	-	-	-
S Phillips, Non-Executive Director	5,001-10,000	-	-	-	-	-	-	-	-	-
B Johnson, Non-Executive Director	10,001-15,000	-	-	-	-	-	-	-	-	-
C Beaumont, Non-Executive Director	5,001-10,000	-	-	-	-	-	-	-	-	-
J Crame, Non-Executive Director	0-5,000	-	-	-	-	-	-	-	-	-
A Geldard, Chief Executive	150,001-155,000	-	700	2,501-5,000	55,001-60,000	7,501-10,000	165,001-170,000	979	80	1,080
M Flechtner, Medical Director	190,001-195,000	-	300	2,501-5,000	30,001-35,000	7,501-10,000	95,001-100,000	573	69	654
P Keedwell, Director of Operations and Nursing	110,001-115,000	-	6,100	0-2,500	40,001-45,000	2,501-5,000	125,001-130,000	711	37	764
G Scott, Director of Strategy	50,001-55,000	-	1,600	-	-	-	-	-	-	-
R Tazzini, Director of Resources	115,001-120,000	-	3,800	0-2,500	60,001-65,000	-	-	613	22	648

Name and Title	Salary (bands of £5,000)	Other Remuneration (bands of £5,000)	Benefits in Kind (to the nearest £100)	Annual real increase in pension at age 60 (bands of £2,500)	Pension value at 31 March 2014 (bands of £5,000)	Annual real increase in related lump sum at age 60 (bands of £2,500)	Lump sum value at 31 March 2014 (bands of £5,000)	Cash equivalent transfer value at 31 March 2013 £'000	Annual real increase in cash equivalent transfer value £'000	Cash equivalent transfer values at 31 March 2014 £'000
L Anastasiou, Director of Workforce and Development	95,001-100,000	-	200	0-2,500	15,001-20,000	2,501-5,000	45,001-50,000	214	23	241
M Chapman, Director of Commercial and Service Development	95,001-100,000	-	700	0-2,500	30,001-35,000	2,501-5,000	95,001-100,000	570	32	615
V McCabe, Director of Community Services	95,001-100,000	-	11,500	0	35,001-40,000	0	110,001-115,000	683	0	682

- 1 R Cox resigned as a Non-Executive Director on 31st March 2015.
- 2 C Abel-Smith resigned as a Non-Executive Director on 30th September 2013.
- 3 J Gilbert resigned as a Non-Executive Director on 31st May 2014.
- 4 S Phillips resigned as a Non-Executive Director on 30th September 2013.
- 5 C Beaumont was appointed as a Non-Executive Director on 1st October 2013.
- 6 J Crame was appointed as a Non-Executive Director on 1st October 2013 and resigned on 1st August 2014.
- 7 M Flechtner receives a salary for his role as Medical Director and a salary as a Consultant. The information in this table reflects his total salary for both positions.
- 8 P Keedwell resigned as a Director on 18th January 2015.
- 9 G Scott seconded to the Trust from Essex County Council, resigned as a Director on 30th September 2013.
- 10 R Tazzini resigned as a Director on 31st October 2014.
- 11 N Hammond was appointed as a Director on 9th March 2015.
- 12 P Little was appointed as a Non-Executive Director on 1st June 2014.
- 13 A Sherlock was appointed as Deputy Chairman on 1st June 2014.
- 14 D Griffiths was seconded to the post of Director of Resources from South Essex Partnership NHS Foundation Trust on 17th November 2014, pension figures have been provided by South Essex Partnership NHS Foundation Trust as values at 31st March 2015. No comparison information is available.
- 15 P Keedwell held Non-Executive Directorships in other organisations during the current and preceding years. No remuneration was received for these positions. North Essex Partnership University NHS Foundation Trust does not operate any Profit-Related Pay scheme. No Payments for compensation for loss of office have been made to any former Director or Senior manager during the year.

	31 March 2015	31 March 2014
	£'000	£'000
Band of highest paid Director's total remuneration	195,001-200,000	195,001-200,000
	23,132	24,327
	8.5	8.0

The calculation of median remuneration is based on Whole Time Equivalent (WTE) staff of North Essex Partnership University NHS Foundation Trust, as at 31 March on an annualised basis. Further guidance is available on HM Treasury's FReM website (document – 'Hutton Review of Fair Pay – Implementation Guidance' – which can be found at http://www.hm-treasury.gov.uk/d/hutton_review_fairpay_implementation_guidance.pdf)

Off-payroll Arrangements

Table 1: For all off-payroll engagements as of 31 March 2015, for more than £220 per day and that last for longer than six months

No. of existing engagements as of 31 March 2015	21
Of which...	
No. that have existed for less than one year at a time of reporting.	2
No. that have existed between one and two years at time of reporting.	11
No. that have existed between two and three years at time of reporting.	5
No. that have existed between three and four years at time of reporting.	3
No. that have existed for four or more years at time of reporting.	0

For all existing arrangements, a request was made during the year to obtain assurance that the individuals above are paying the right amount of tax. Of the total number of 21 individuals above, 18 were able to provide assurance within the required timeframe.

Table 2: For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2014 and 31 March 2015, for more than £220 per day and that last for longer than six months

No. of new engagements, or those that reached six months in duration, between 1 April 2014 and 31 March 2015	2
No. of the above which include contractual clauses giving the trust the right to request assurance in relation to income tax and National Insurance obligations	0
No. for whom assurance has been requested	2
Of which...	
No. for whom assurance has been received	2
No. for whom assurance has not been received	0
No. that have been terminated as a result of assurance not being received.	0

Governance Review

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 North Essex Partnership University 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 North Essex Partnership University NHS Foundation Trust for the year ended 31 March 2015 and up to the date of approval of the annual report and accounts. The board has conducted a review of the effectiveness of its systems of internal controls during 2014/15.

Capacity to handle risk

The Trust has established a risk management framework in order to manage risks effectively within all areas of the Trust's operations. The responsibility for overseeing the management of organisational hazards is defined within the Risk Management Strategy, approved by the Board of Directors on 26 November 2014. The Quality and Risk Committee (QARC) undertook a review of this in March 2015. The Board of Directors retains strategic responsibility for the risk management agenda supported by the QARC which operated in shadow form in 2014/15 until its formal establishment as a Board Committee on 28 January 2015. Operational responsibility is delegated to the Risk and Governance Executive (R&GE), chaired by the Chief Executive. The risk register, which defines actions and sources of assurance, has been established and approved by the Board of Directors. Within this trust-wide approach, arrangements have been embedded to manage appropriate risks at a local level. The risk register is regularly reviewed, revised and submitted for approval to the Board of Directors. The Board of Directors has adopted an Assurance Framework. Following a review by Internal Audit the Trust is strengthening the associated processes, with the Quality and Risk Committee reviewing the Assurance Framework/Risk Register at each meeting and reporting to the Board twice a year.

All staff within the Trust contribute to the risk management process including the identification of risks and hazards and participate in risk assessment training programmes. All clinicians are involved in clinical risk assessment and attend training. Non clinical risk assessment training is mandatory for all managers. In order to disseminate and share good practice specialist risk assessment training is provided to staff who have been delegated a risk assessor role. All teams have identified staff who undertake risk assessments and these are monitored by the Health and Safety Group and the R&GE. Clinical Boards hold a local risk register, which identifies mitigating actions; this is reviewed

and submitted to the Risk and Governance Executive twice a year. Local risk management structures ensure that capacity exists to undertake assessments, identify hazards and to create and maintain the local risk registers.

The R&GE regularly reviews the Assurance Framework and this is submitted to the Board of Directors for approval (most recently in January 2015).

The risk and control framework

The Risk Management Strategy sets out the Trust's approach to risk, including the ways in which risk is identified, evaluated and controlled. The Board of Directors, supported by the Quality and Risk Committee (QARC), oversees the risk management agenda within the Trust particularly with regard to strategic risks and sets the risk appetite for the Trust. The Board receives periodic updates from the Risk and Governance Executive (R&GE). The R&GE, has adopted an integrated approach to risk management which takes into account a broad spectrum of risk categories covering strategic risks, operational risks, financial risks, and their associated control and mitigation strategies both from the perspective of impacts on quality of care and the continuing viability of the organisation.

The Trust has in place policies and procedures for the identification of hazards and the subsequent assessment and prioritisation of risks. Risk assessments are supported by risk treatment plans in order to create a planned approach to reducing or minimising risk.

Departments and services undertake hazard identification and risk assessments of operational hazards identified through working groups or by undertaking safety inspections of the workplace or task.

Risk Registers are subject to quarterly systematic review. The Risk Register is reviewed by the executive directors and submitted to the Quality & Risk Committee for approval prior to submission to the Board on a quarterly basis. This assists in embedding the risk management culture and activity throughout the Trust. The Risk Register details the sources of assurance and is subject to continuous review as a live, dynamic management tool. The Trust actively uses the sources of assurance contained within this framework to underpin this Annual Governance Statement.

The Risk Register was last reviewed by the Board of Directors at its meeting held on 28 January 2015. In 2014/15 key risks identified included IT systems, service transformation, clinical incident prevention and medicines management. A key risk moving forward into 2015/16 centred on security of income. The Risk Register includes a detailed risk description, assessment of consequences, risk appetite, gross risk (unmitigated) actions required and current risk core (mitigated) and allocated Executive Lead.

The R&GE is responsible for the operational monitoring of the framework. The Trust updates our Council of Governors on our management of risk, as the forum representing the views of members and the public in the constituencies we serve, as well as those of our staff and partner organisations.

In 2013/14 the Trust carried out a comprehensive externally facilitated Board Evaluation in the context of Monitor's 'Well Led Framework for Governance Reviews'. In 2014/15 a further review was carried as part of a 3-year cycle, building on the work of the previous year. This included on line feedback from all Board members, an externally facilitated feedback session resulting in an updated Development Plan. This process has contributed to the Board's assurance in respect of its Corporate Governance Statement in accordance with NHS FT Trust Licence Condition 4 (8) (b). Key governance structures are part of the internal audit programme, and the terms of reference of the Board Committees and the Executive Management Team are kept under annual review. The skills and experience required of the Non Executive Directors are kept under review by the Nominations

Committee of the Board of Directors and the Remuneration and Appointments Committee of the Council of Governors. This joint work has resulted in the appointment of a new Non Executive Director by the Council of Governors on 10 March 2015. Board members are subject to a regular appraisal process that informs their development; this includes a formal reporting process to the Council of Governors regarding the appraisal of the Chairman and Non Executive Directors.

Up to date and timely information regarding quality of care is brought to the Board including via a Performance Report, Quality Report (including a dashboard of key indicators, the Ward Quality Barometer) and a Safe Staffing Report; these are considered at each meeting in public. In 2014/15 these were supplemented by consideration of regular reports re Serious Incidents, the Patient Led Assessment of the Care Environment (PLACE), and our Patient Survey and Staff Surveys.

An update from the Chief Executive, including quality of care indicators, is brought to each meeting of the Council of Governors. These include metrics required by the regulator and a suite of indicators identified by the Trust.

Information Security is fundamental to the operation of all NHS bodies including the Trust, due to the sensitive and confidential patient data it captures. The Trust has an established Information Governance & Security Steering Group to co-ordinate the review of the Trust's information governance management and monitor our information governance data security. This steering group reports directly to the R&GE.

The Information Governance & Security arrangements take into account statutory arrangements and good practice. All staff are required to pass the relevant Information Governance training module supplied by the NHS Information Centre.

During 2014/15 the Trust recorded 13 Information Governance incidents, all of which were investigated fully and appropriate actions taken as necessary. All of these incidents were classified as Level 1 under the Information Governance Incident reporting Tool. There were therefore no Level 2 incidents which required reporting to the Information Commissioner's Office.

The Trust has reviewed its compliance with the Clinical Negligence Scheme for Trusts (CNST) and NHS Litigation Authority Risk Management Standards. The Trust has achieved Level 1 of the NHS Litigation Authority A Risk Management Standards for Mental Health Trusts (Level 0, low to level 3, High).

The foundation trust is fully compliant with the registration requirements of the Care Quality Commission. Compliance monitoring is through monthly reporting to the Risk & Governance Executive in the form of a CQC report or exception report as required. Any action plans arising out of CQC inspections are subject to monitoring, data quality auditing, and validation. Wards and teams maintain provider compliance assessment locally, assisted by Quality and Audit Specialists.

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

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with. The Trust has in place policies, procedures and monitoring arrangements to support its duty to eliminate discrimination, for example using equality impact arrangements to ensure that decisions made are fair and representative. The Board received

NEP's Equality and Diversity annual report on 29 January 2015 including a report on progress against the delivery of last year Equality Delivery System (EDS) objectives and proposed actions for 2015/16.

The foundation trust has undertaken risk assessments and Carbon Reduction Delivery Plans are in place in accordance with emergency preparedness and civil contingency requirements, as based on UKCIP 2009 weather projects, to ensure that this organisation's 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 Executive Team has responsibility for overseeing the day to day operations of the Trust and for ensuring that resources are being used economically, efficiently and effectively. To inform them in these matters the Team receives regular monthly finance and performance reports, which highlight any areas of concern.

Additionally, the Board of Directors receives monthly finance and performance reports and approves the quarterly compliance reports, which are required by the independent regulator, Monitor. For Quarter 1 the Trust was assessed as a Monitor Continuity of Service (financial) risk rating of 4 (scale 4 lowest risk to 1 highest risk) and a traffic light governance (performance) rating of green (highest rating). For Quarters 2 and 3 the Trust recorded a continuity of service risk rating of 3 and retained a governance (performance) rating of green. Similar performance is expected to be confirmed for Quarter 4.

Internal Audit conducts a review of the Trust's systems of internal control as part of an annually agreed audit plan. This review encompasses the committee structure, the flow of information pertaining to risk and associated assurances throughout the organisation. The focus of the work is to ensure that appropriate systems are in place and can be evidenced by a range of documents available within the organisation. Audits performed by internal audit have reviewed the governance arrangements within the Trust over a range of core functions and activities to ensure that there is an appropriate and robust approach to the use of resources.

Annual Quality Report

The directors are required under the Health Act 2009 and the National Health Service (Quality Accounts) Regulations 2010 (as amended) to prepare a Quality Account for each financial year. Monitor has issued guidance to NHS foundation trust boards on the form and content of annual Quality Reports which incorporate the above legal requirements in the NHS Foundation Trust Annual Reporting Manual.

Production of the Trust's Quality Report/Account is governed and led by the Risk & Governance Executive (R&GE), which reports into the Board of Directors. The Trust employs a comprehensive range of systems, reporting processes, training, data validity checks, as well as internal audit and external audit. The Trust has a Quality and Compliance Manager who manages the process for the Quality Account/Report and reports to the R&GE. This approach provides the Board with the assurance that the Quality Account/Report presents a balanced view and that there are appropriate controls in place to ensure the accuracy of the data.

The Trust's Quality Account/Report follows the Department of Health Toolkit and the Monitor Compliance Framework incorporating all mandatory statements including quality information with additional narrative where required. Governors have identified priorities for improvement and monitor progress during the year. Members of the R&GE provide input to the Quality Account/Report. A project plan is in place and updated on a regular basis to ensure that the correct staff are asked to submit information and that this can be validated through the data sources. The Trust's internal audit

programme includes an annual internal audit of the Quality Account/Report and in addition to input from the external auditors.

Policies are robustly managed through a Policy Advisory Group that meets monthly and ensures the review, consultation and publication of all revised and new policies. Policies are submitted to the Risk & Governance Executive for ratification, except for those relating to medicines management, which are managed through the Medicines Management Group.

The Director of Nursing & Quality's responsibilities include production of the Quality Account/Report and the drafts are reviewed by the Risk and Governance Executive. The host commissioners are also involved in the process and are kept apprised of progress on the priority improvements as well as the draft Quality Account/Report. Performance data is benchmarked with previous years and data source information is included. The Quality Account/Report includes a number of soft measures that take account of staff survey information and Governor planning events. This is balanced with the hard measured data incorporating Trust-chosen metrics (Board, R&GE and Executive Management Team) as well as national targets and key performance indicators. Information is also included about performance against our Commissioning for Quality and Innovation (CQUIN) targets. Full information is included regarding any planned or responsive review visits by the Care Quality Commission together with their findings.

The Trust Board approves the Quality Account/Report priority improvements to be included for the following year and approves the final version as part of the Annual Report. The Trust publishes the same document as its Quality Report and Quality Account.

The metrics included in the Quality Account/Report are monitored throughout the year principally by the R&GE and the Board Quality and Risk Committee (QARC). The R&GE manages a number of groups that make a key contribution to the Trust's assurance reporting process. The QARC makes an annual report to the Board of Directors. Presentation of quality data is in the form of performance reports, patient safety dashboard, ward quality barometer, serious incident and complaints reports among others. There is significant director focus on Serious Incidents for example through the detailed reporting to QARC. As a learning organisation, serious incidents are investigated and all Serious Incident investigation reports are reviewed by Executive Directors. Action plans are formulated and where appropriate, case conferences are held to review findings with all staff involved. Evidence is also collected for each action identified. In order to enhance shared learning across the Trust, Quality and Audit specialists will be attending all case conferences to quality control action plans and to ensure real sharing of learning across the Trust where that is applicable.

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 the content of the quality report attached to this Annual Report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee, the Quality and Risk Committee and the Risk & Governance Executive and a plan to address weaknesses and ensure continuous improvement of the system is in place.

During the year internal audit issued 14 reports. Three of these received an Amber/Red assurance opinion; Bank & Agency, Medicines Management and Payroll. An "Amber/Red" assurance opinion

is defined as “Taking account of the issues identified, the Board can take some assurance that the controls to manage this risk are suitably designed and consistently applied. Action is needed to strengthen the control framework to manage the identified risk(s)”. Detailed action plans have been implemented to strengthen these controls and progress in delivering the actions will be reviewed by internal audit in 2015/16. For four of the reports; Journeys Programme, PBR Clustering, Information Governance and Risk Management, no opinion was given due to the nature of the work undertaken. These reports included a number of High Priority recommendations, which also have detailed action plans in place. No reports received a “red (or nil assurance)” opinion.

I am able to place reliance upon the detailed programme of work undertaken by the Internal Auditors resulting in their opinion of ‘significant assurance’.

All reports with less than Amber/Green assurance are taken to the Executive Management Team for review. Plans have also been put in place to address other, less significant, weaknesses and ensure continual improvement in systems of internal control.

The Assurance Framework provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed, and evidence from Baker Tilly as Internal Auditors and Local Counter Fraud Service provider, Grant Thornton as External Auditors, the NHS Litigation Authority and the Care Quality Commission also inform my view of the Trust. This evidence is supplemented by views from our stakeholders through Staff and Service User Opinion Surveys and through views from our Council of Governors.

The Head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work. The Head of Internal Audit Opinion for the year ended 31 March 2014 is as follows:

“Based on the work undertaken 2014/15, significant assurance can be given that there is a generally sound system of internal control, designed to meet the organisation’s objectives, and that controls are generally being applied consistently. However, some weaknesses were identified that put the achievement of particular objectives at risk. The key issues are:

Data quality: our audits of both the transition to the Journeys Programme system and PBR clustering identified a number of weaknesses in respect of data quality within the Trust, particularly in respect to of the processes in place to ensure that data is subject to appropriate validation prior to being processed. As a result of these issues the Trust may not be able to fully demonstrate that data is accurate and potentially could result in decisions being made on the basis of un-validated data. The Trust is in the process of implementing new procedures with regards to the data validation to ensure that these weaknesses are addressed in the future. The Trust has developed action plans in respect of these issues and progress in implementing them is being monitored.

The following information summarises some of the key activities that allow the Board to review the effectiveness of the system of control:

i) The Board of Directors

The Board of Directors receives performance, safety, quality and financial reports at each of its meetings and receives reports from its Sub Committees to which it has delegated powers and responsibilities. The Board has reviewed the Assurance Framework and receives regular information from the Audit Committee and the Risk and Governance Executive. Executive Directors are responsible for risk management within their area of control and also have corporate responsibility as Board members.

ii) Area and Assistant Directors

These senior managers have responsibility for risk management and the effective management and deployment of their staff and other resources to maximise the efficiency of our Directorates and services.

iii) The Audit Committee

The Audit Committee provides independent scrutiny within the Trust's framework of governance. A Non-Executive Director chairs the Audit Committee, which comprises three independent Non-Executive Directors and which is attended by the Director of Resources, representatives of the Internal Auditors, External Auditors and the Local Counter Fraud Specialist. The Annual Internal Audit Plan is a key means by which the Board of Directors is assured that key internal financial controls and other matters relating to risk are regularly reviewed. It has reviewed internal and external audit reports, and reviewed progress on the implementation of recommendations. The Audit Committee regularly reports progress to the Board of Directors as well as making an annual report. The Committee also assesses its effectiveness.

iv) Quality and Risk Committee

The Quality and Risk Committee consists of 3 Non-Executive Directors, the Chief Executive, Director of Nursing and Quality, Medical Director and the Associate Director of Quality, Risk & Patient Safety. Its key purposes include to ensure that the Board receives assurance on quality of care. Its outputs will include a compliance assurance matrix showing each dimension of required compliance, how the trust complies and how this is assured

v) The Risk and Governance Executive

Operational management of the risk management agenda sits with the Risk and Governance Executive, which has responsibility for implementing the Risk Management Strategy. The group is also responsible for developing the Trust's Quality Strategy for consideration by the QAC and approval by the Board.

vi) Internal Audit

Following a procurement exercise during 2013 the contract for both Internal Audit and Local Counter Fraud Services was awarded to Baker Tilly with effect from 1 April 2014. The effective implementation and operation of these arrangements has been overseen by the Audit Committee.

vii) External Audit

The contract for external audit was awarded to Grant Thornton at a meeting of the Council of Governors held on 25 January 2012 (for a period of three years, with the option to extend for a further 2 years) to undertake the external audit from 2012/13.

viii) Monitor

As reported above, the Trust has maintained very good performance throughout the year against the financial and governance framework set by Monitor.

viii) Care Quality Commission (CQC)

The Trust received 2 planned/responsive compliance inspections during 2014/15 covering inpatient areas. One of these was found to be fully compliant upon a return visit; the second report is still awaited at the time of writing. Five locations remain non-compliant (from 2013/14) awaiting return visits; however NEP has completed an data quality audited/validated action plans. These have been submitted to the CQC.

Conclusion

Based upon the available guidance and requirements of the regulator, Monitor, the CQC, the Trust's internal and external auditor's views, the Board of Directors has not identified any significant internal control issues.

A handwritten signature in black ink, appearing to read 'Andrew Geldard', with a large loop at the end.

Andrew Geldard
Chief Executive

Date: 27 May 2015

Attendance at Board meetings

Attendance at Board Meetings	Name		Notes	21/05/2014	30/07/2014	24/09/2014	26/11/2014	28/01/2015	25/03/2015	Meetings Attended	Out of
Chairman	Chris	Paveley		1	1	1	1	1	1	6	6
Non Executive Director	Charles	Beaumont		1	1	1	1	1	1	6	6
Non Executive Director	Ray	Cox	to 31/03/15	1	1	1	1	1	1	6	6
Non Executive Director	Jane	Crame	resigned w.e.f. 01/08/15	1	1	N/A	N/A	N/A	N/A	2	2
Non Executive Director	John	Gilbert	to 31/05/2015	1	N/A	N/A	N/A	N/A	N/A	1	1
Senior Independent Director	Brian	Johnson		1	1	1	1	1	1	6	6
Non Executive Director	Peter	Little	from 01/06/2014	N/A	1	0	1	1	1	4	5
Deputy Chairman	Amanda	Sherlock	from 01/06/2014	N/A	1	1	1	1	1	5	5
Chief Executive	Andrew	Geldard		1	1	1	1	1	1	6	6
Director of Strategy	Mike	Chapman		1	1	1	1	1	1	6	6
Medical Director	Dr Malte	Flechtner		1	1	0	1	1	1	5	6
Director of Nursing & Operations	Paul	Keedwell		1	0	1	1	N/A	N/A	3	4
Director of Nursing & Quality	Natalie	Hammond	from 09/03/2015	N/A	N/A	N/A	N/A	N/A	1	1	1
Director of Resources	Rick	Tazzini	to 30/09/2014	1	1	1	N/A	N/A	N/A	3	3
Director of Resources	David	Griffiths	from 17/10/2014	N/A	N/A	N/A	1	1	1	3	3
Director of Workforce & Development	Lisa	Anastasiou		1	1	1	1	1	1	6	6

Attendance at Board Meetings	Name		Notes	21/05/2014	30/07/2014	24/09/2014	26/11/2014	28/01/2015	25/03/2015	Meetings Attended	Out of
Director of Operations	Vince	McCabe		1	1	0	1	1	1	5	6

Attendance at Meetings of the Council of Governors

Attendance at Meetings of the Council of Governors	Name		Notes	10/06/2014	AGM 22/09/14	07/10/2014	09/12/2014	10/03/2015	Meetings Attended	Out of
Chairman	Chris	Paveley		1	1	1	1	1	5	5
Non Executive Director	Charles	Beaumont		1	1	1	1	1	5	5
Non Executive Director	Ray	Cox	to 31/03/15	1	1	0	1	1	4	5
Non Executive Director	Jane	Crame	resigned w.e.f. 01/08/15	1	N/A	N/A	N/A	N/A	1	1
Non Executive Director	John	Gilbert	to 31/05/2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Senior Independent Director	Brian	Johnson		1	0	0	0	1	2	5
Non Executive Director	Peter	Little	from 01/06/2014	1	1	1	1	1	5	5
Deputy Chairman	Amanda	Sherlock	from 01/06/2014	1	1	1	1	1	5	5
Chief Executive	Andrew	Geldard		1	1	1	1	1	5	5
Medical Director	Dr Malte	Flechner		0	0	1	1	1	3	5
Director of Nursing & Operations	Paul	Keedwell		1	0	1	1	N/A	3	4

Attendance at Meetings of the Council of Governors	Name		Notes	10/06/2014	AGM 22/09/14	07/10/2014	09/12/2014	10/03/2015	Meetings At-tended	Out of
Director of Nursing & Quality	Natalie	Hammond	from 09/03/2015	N/A	N/A	N/A	N/A	1	1	1
Director of Resources	Rick	Tazzini	to 30/09/2014	0	1	N/A	N/A	N/A	1	2
Director of Resources	David	Griffiths	from 17/10/2014	N/A	N/A	0	1	1	2	3
Director of Strategy	Mike	Chapman		1	0	0	1	1	3	5
Director of Workforce & Development	Lisa	Anastasiou		1	0	1	0	1	3	5
Director of Operations	Vince	McCabe		0	0	1	0	0	1	5

The Council of Governors

The Council of Governors works with the Board of Directors, which is responsible for the day-to-day running of the Foundation Trust, to ensure that the Foundation Trust delivers high quality care and plays a role in helping to set the overall direction of the organisation. Councils of governors are expected to focus on ensuring that NHS Foundation Trusts listen and respond to the needs and preferences of stakeholders, especially local communities.

Governors' statutory roles include:

- holding the Non-Executive Directors individually and collectively to account for the performance of the board of directors;
- representing the interests of the Foundation Trust members and of the public;
- appointing, removing and deciding the terms of office of the chair and other non-executive directors;
- approving the appointment of the chief executive;
- receiving the annual report and accounts, and auditor's report, at a general meeting;
- appointing and removing the auditor;
- approving increases to non-NHS income of more than 5% of total income;
- approving acquisitions, mergers, separations and dissolutions;
- approving changes to the Trust's constitution; and
- expressing a view on the Board's plans for the NHS Foundation Trust, in advance of the plan's submission to Monitor.

The Board of Directors is responsible for the day-to-day running of the Trust and is made up of both executive, for example the Chief Executive, and Non-Executive Directors.

The council of governors does not have an operational role. Governors are responsible primarily for holding the Non-Executive Directors individually and collectively to account for the performance of the Board of Directors and for representing the interests of the Foundation Trust members and of the

public.

The Council is consulted on the development of forward plans for the Trust and approves the Trust's membership strategy.

The Council has four regular meetings in public every year which are publicised via the Trust's website.

There are 45 governors in total. 29 of these are from our 10 public constituencies: Braintree, Colchester, Chelmsford, Epping Forest, Harlow, Maldon, Tendring and Uttlesford (all in north Essex), plus south Essex and Suffolk. There are 9 elected Staff Governors and 7 appointed Governors representing partner organisations.

Trust Governors have opportunities to meet their constituents and the public at events organised by the Trust throughout the year. Any Trust member age 16 or over can apply to become a Governor when a vacancy becomes available.

Members are encouraged to communicate with Governors through the Trust membership office by telephone – 01245 546400, by email: governors@nepft.nhs.uk or in writing to the Trust Secretary at the address below.

Trust Secretary, North Essex Partnership NHS Foundation Trust
Stapleford House, 103 Stapleford Close, Chelmsford, Essex, CM2 0QX

Membership numbers are reported to the board at every meeting by the Chief Executive. The Council of Governors have approved a new strategy to improve membership and, in particular, increase membership from under-represented groups and communities. This will include the increasing use of social media, improving the organisation of constituency member meetings and improved communications with members.

Council of Governors Attendance Record

First Name	Last Name	10/06/2014	AGM 22/09/14	07/10/2014	09/12/14	10/03/15	Meetings Attended	Out of
Ron	Abbott	1	1	1	1	1	5	5
Lloyd	Armstrong	1	1	1	1	1	5	5
David	Bamber	1	0	1	1	0	3	5
Dr Rach- na	Bansal	N/A	N/A	1	0	0	1	3
Cllr Gra- ham	Butland	0	N/A	N/A	N/A	N/A	0	1
Peter	Cheng MBE	1	0	0	1	1	3	5
Benita	Christie	0	0	1	1	0	2	2
Janet	Crane	1	1	1	0	1	4	5
Mark	Dale	0	0	0	0	0	0	5
Pippa	Eccle- stone	1	1	1	1	0	4	5

First Name	Last Name	10/06/2014	AGM 22/09/14	07/10/2014	09/12/14	10/03/15	Meetings Attended	Out of
Linda	Embleton	0	N/A	N/A	N/A	N/A	0	1
Clive	Enders	N/A	N/A	0	1	0	1	3
David	Fair- weather	1	1	0	1	0	3	5
Hamid	Farahi	1	1	0	1	1	4	5
Dr Pavel	Fridrich	1	0	1	1	0	3	5
Emeritus Professor Chris	Green OBE	N/A	1	1	0	0	2	4
Ray	Hardisty (Deputy Governor)	1	1	1	1	1	5	5
Jane- Marie	Hardy	0	0	N/A	N/A	N/A	0	2
Andrew	Hensman	N/A	1	1	1	1	4	4
Sheila	Jackman MBE	0	1	1	1	1	4	5
Chuda	Karki	0	1	1	1	1	4	5
Pauline	Keeling	0	1	0	0	1	2	5
Keith	Lever	1	0	1	0	0	2	5
Jayne	Lingard	0	0	0	N/A	N/A	0	3
Mary	Martin	0	1	1	0	N/A	2	4
Mark	McGrath	1	0	1	0	1	3	5
James	McQuig- gan	1	1	0	1	1	4	5
Fiona	Nelmes	1	0	1	0	0	2	5
Nick	Ntiako Brown	0	0	0	0	0	0	5
Linda	Pearson	0	0	0	1	1	2	5
Mary	Power	1	1	0	N/A	N/A	2	3
Hazel	Ruane	1	1	1	0	1	4	5
Paul	Sergent	1	1	0	0	0	2	5
Nazir	Shivji	0	0	1	0	1	2	5
Andrew	Smith	1	1	1	1	1	5	5
Brian	Spinks	0	0	1	1	1	3	5
Lucy	Taylor	1	0	1	1	1	4	5
Hugh	Thomp- son	1	0	0	1	1	3	5
Cathy	Trevald- wyn	1	1	1	1	1	5	5
Professor Graham	Under- wood	0	0	1	0	1	2	5
Clive	White (Lead Governor)	1	1	1	1	1	5	5

First Name	Last Name	10/06/2014	AGM 22/09/14	07/10/2014	09/12/14	10/03/15	Meetings Attended	Out of
Cllr Andy	Wood	N/A		1	0	1	2	4
David	Williams	1	1	1	1	1	5	5
Paul	Williams	1	1	1	1	1	5	5

Audit Committee Report

1. Introduction

The Audit Committee is established by the Board with approved terms of reference that have been revised during the year:- <http://www.nep.nhs.uk/about-us/audit-committee/>

The members and their dates of service are scheduled below:-

Charles Beaumont entire year and Chair from 1st October 2014

Ray Cox committee and Chair 1st April 14 to 30th September 14

John Gilbert 1st April 14 to 31st May 2014

Peter Little 1st June 2014 to 31st March 2015

Amanda Sherlock 1st October 2014 to 31st March 2015.

Each of the above fully attended meetings during their committee membership. In addition Amanda Sherlock and Peter Little each attended a further meeting prior to their appointment.

The Committee consists of 3 non-executive directors and it has carried out its work by meeting on five occasions during the year and also held an additional planning session.

The regular meeting attenders during the year were:-

Carol Edwards, Committee Administrator

Sally Felton, LCFS Baker Tilly

David Griffiths Director of Resources (started 17 November 2014)

Dermot McCarthy, Trust Secretary

Paul Hughes, External Auditor, Grant Thornton

Tim Merritt, Internal Audit Baker Tilly

Chris Rising, Internal Audit Baker Tilly

Rick Tazzini Director of Resources (left Trust 31 October 2014)

Hannah Wenlock LCFS Baker Tilly

2. Governance, risk management and internal control.

- The Committee reviewed and scrutinised various disclosure statements, including the Head of Internal Audit's opinion on internal control, the external auditor's opinion on the financial statements and Quality Accounts, the Trust's letter of Representation to the Auditor and other appropriate assurances, including going concern. The Committee considered and reviewed the Chief Executive's Annual Governance Statement (AGS) and concluded that it is consistent with these disclosure statements and therefore the Committee recommended Board approve the AGS.

- The Committee completed the planned review of the Reservation of Powers to the Board of Directors, Scheme of Delegation and Standing Financial Instructions. It made recommendations to the Board regarding appropriate amendments.
- The Committee reviewed the Anti Fraud and Bribery Policy made appropriate amendments and recommended to the Board.
- The committee approves and scrutinises compliance with accounting policies.
- The Committee has regularly monitored the progress towards the disposal of the Severalls site.
- The committee effectively challenged management responses to audit reports.
- The Committee overviews of the Charitable Funds Accounts.
- The committee chair makes a verbal report to the Board of Directors that follows each meeting of the committee. Once approved minutes are brought to the subsequent meeting of the Board of Directors.

3. Internal Audit

Throughout the year the Committee has worked effectively with Baker Tilly to assess, scrutinise and strengthen internal control processes and raise levels of assurance.

3.1 The Internal Audit Plan

The work of the Internal Auditor is based on an agreed a strategic audit plan which is prioritised through an audit needs and risk assessment process aimed at identifying potential areas of highest risk. Each audit subject is reviewed and is assigned an assurance level by the Internal Auditor. Recommendations where appropriate are agreed with management, and these are assigned a priority rating as follows:-

High: Immediate management attention is necessary. This is a serious internal control or risk management issue that may, with a high degree of certainty, lead to:

- Substantial losses;
- Breach or violation of corporate strategies, policies or values;
- Reputational damage or negative publicity in national or international media;
- Adverse regulatory impact, including loss of operating licences, fines, or other regulatory action.

Medium: Timely management attention is necessary. This is an internal control or risk management that could lead to:

- Financial losses or lack of control which affect the effective function of a department or a process;
- Reputational damage or negative publicity in local or regional media

Low: There is scope for enhancing control or improving efficiency.

For each audit subject report, the Internal Auditor determines an assurance level based on his opinion using the following criteria:

- Green– Taking account of the issues identified, the Board can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.
- Amber Green – Taking account of the issues identified, the Board can take reasonable assurance that the controls in place to manage this risk are suitably designed and consistently applied.

However, we have identified issues that need to be addressed in order to ensure that the control

framework is effective in managing the identified risk(s).

- Amber Red – Taking account of the issues identified, whilst the Board can take some assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective, action needs to be taken to ensure this risk is managed.
- Red – Taking account of the issues identified, the Board cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective. Action needs to be taken to ensure this risk is managed.

In addition, a number of reviews have been undertaken on an advisory basis where no formal opinion has been provided. These audits have specifically been undertaken on an advisory basis to support the Trust in the development of new systems and processes e.g. in respect of the Journey's programme and Care Clustering.

Internal audit reports issued for the 2014/15 audit plan:

Audit Subject	Assurance Level
Medicines Management	Amber/Red
Bank and Agency	Amber/Red
Doctor Revalidation	Amber/Green
Governance Quality and Performance Monitoring	Green
Serco Contract Management	Amber/Green
Financial Planning and Reporting	Amber /Green
CQC	Amber /Green
Financial Accounting Systems	Amber/Green
Payroll	Amber/Red
The Journeys Programme-Modelling Tool	Advisory
PBR Clustering	Advisory
Information Governance	Advisory
Risk Management and Assurance Framework	Advisory
Specialist IT Review	To be undertaken together with 2015/16 IT audit.

In conjunction with these reports the Committee has:

- Reviewed and considered the internal audit plan and recommended approval to the Board. The Committee is satisfied the internal audit plan and work is based on an effective strategy and risk assessment, and therefore the audit subjects are effectively focused reflecting the Trust's strategic plan. The internal audit plan is based on a total of 160 days work per year and covers the 3 year strategic audit plan period.
- Considered and scrutinised all reports from internal audit and monitored the implementation of recommendations made. The Committee has sought assure that management action is appropriately monitored and managed and that material interim risks during the implementation phase are managed by the executive directors.
- Advised the board of directors where additional resources are required to progress recommendations.

3.2 Management of Internal Audit

- The Committee received from the Internal Auditor regular performance indicators and is satisfied that the work of internal audit is efficiently and effectively carried out.
- The Committee is satisfied that based on advice from internal and external audit and management, the base number of days of internal audit work at 160 per year is adequate. The Committee received and reviewed the Internal Auditor's Annual Opinion on Internal Control which provided a significant level of assurance.

4. Counter Fraud

Local counter fraud specialist (LCFS) services are provided by Baker Tilly. They have reported regularly to the Committee, on progress in completing the agreed annual plan for counter fraud work and the Trust's performance in managing and minimising the risk of fraud including assistance with the review of the Trust's Anti Fraud and Bribery Policy. The Committee is satisfied there continues to be satisfactory progress in the arrangements for avoiding, minimising and managing the risk of fraud, and also in the arrangements for identifying and taking action on actual cases of fraud. The counter fraud plan is based on 55 days planned work per year plus additional reactive days as required for investigations. For 2014/15, 55 days of planned work were delivered, plus a further 29.51 days for such investigations.

5. External Audit

The work, advice and support provided by Grant Thornton is highly valued. The Committee is confident they will continue to provide an excellent audit service into the future and a report to this effect has been presented to the Council of Governors.

The External Auditor has direct access to the Chairman of the Trust, Chief Executive, and Director of Resources. The Audit Committee acts as their formal lines of communication. The Committee has:

- Received regular updates and reports from the External Auditor.
- Received the draft audit letter, and has been assured that appropriate action has been taken by management.
- Considered and reviewed the plans for auditing the 2014/15 accounts, and discussed topical auditing and accounting standards and solutions that have arisen.
- Reviewed in conjunction with the Director of Resources the draft accounts and annual report, the reports and comments of the External Auditor (unqualified audit opinion) and assisted in resolving all matters arising from the annual audit.
- The value of non-audit services provided by Grant Thornton is 0.

At its meeting on 21st May the Audit Committee received draft Audit Findings Reports on the Trust's Annual Report & Financial Accounts and Quality Accounts. These both provided positive opinions and there were no matters which we wished to draw to the attention of the Board.

6. Management

The Committee receives continuous commitment and assistance from Management. In particular the Director of Resources and his Secretary, the Trust Secretary, and other members of staff who attend meetings of the Committee, all played a vital role in supporting the work of the Committee.

The Committee is satisfied the Whistle-blowing Policy operates effectively and those who work for the Trust are confident regarding its use. The Committee also receives periodic reports to monitor its continued effectiveness.

7. Conclusion

The Committee is of the opinion that this Annual Report is consistent with the draft Annual Governance Statement, the Head of Internal Audit Opinion, and the declarations and opinion of the External Auditor. The Committee considers there are no material matters that have not been disclosed appropriately.

**Charles Beaumont,
Audit Committee Chair**

Quality and Risk Committee Report

At its meeting in public held on 28 January 2015 the Board of Directors approved the establishment of the Quality and Risk Committee as a Board committee, its the terms of reference, and membership.

This followed a detailed governance review commissioned by the Trust in 2013/14 which concluded that here was a need to focus on Board assurance process through the establishment of a 'dedicated quality assurance committee'.

Prior to its formal establishment the Committee met in shadow form on 1 August, 2 October and 16 December 2014.

Issues considered at these meeting included:

- Work Plan for 2014/15
- Monitoring Quality
- Risk Register
- Service User Survey
- Friends & Family Test
- Mandatory Training
- Serious Incidents and Complaints report
- Risk Register
- Patient Survey

Following its formal establishment as a Board committee the Quality & Risk Committee met on 20 March 2015, where the items discussed included:

- Friends & Family Test
- Mandatory Training update
- CQC Inspections Update
- Quality Governance Framework
- Risk Management Strategy
- Ward visit feedback

Nominations Committee Report

Committee Duties and Business

The Nominations Committee consists of the above named Non-Executive Directors. The duties of the Nominations Committee centre on keeping the size, structure, and composition of the Board of Directors under regular review and making recommendations to the Chairman of the Trust regarding

the Executive Directors, and to the Council of Governors regarding the Non Executive Directors, for any change which the Committee may consider to be desirable. During the year 1 April 2014 to 31 March 2015 the Nominations Committee of the Board of Directors met on two occasions on 01 September and on 22 October 2014.

The Committee considered and supported a proposal subsequently approved by the Council of Governors to extend the term of Ray Cox to the end of March 2015, following the resignation of Jane Crame as a Non Executive Director wef 01 August 2014. The Committee considered and agreed proposals with the Remuneration and Appointments Committee of the Council of Governors with regard to the detailed process for recruiting and selecting a Non Executive Director. Jan Hutchinson was appointed as a Non Executive Director by the Council of Governors on 10 March 2015 for a period of 3 years on the same terms and conditions as the other Non Executive Directors who do not chair the Audit Committee.

The committee also formed a successful recommendation to the Council of Governors in respect of the extension of the term of a Non Executive Director, with the reappointment of Brian Johnson for a 3-year made by the Council of Governors at its meeting held on 09 December 2014.

The Committee also received an update regarding the process and timescale for the recruitment of a Director of Nursing & Quality; Natalie Hammond commenced in this role on 09 March 2015.

The Committee reviewed its terms of reference at the meeting held on 01 September 2014. These remained unchanged and were approved by the Board of Directors on 24 September 2014.

PALS Report

Patient Advice & Liaison Service (PALS)

PALS offers support, advice and information to service users, carers, family and friends, and members of the public about Trust services.

A total of 703 enquiries were received during the period April 2014 - March 2015.

North East: 98 – Mid: 113 – West: 71– CYPS: 14– Community Services: 2 – Corporate: 6 - Business Infrastructure: 10 – Non Specific: 389.

389 were calls for various information requests, e.g. access to other PALS, clearer understanding of mental health services, to discuss in confidence a concern, how to make a complaint etc.

In total 314 Key issues were received by the Trust Directorates. PALS LOW complaints are included in the Patient Safety and Complaints report to the Board.

PALS LOW Complaints April 2014 – March 2015	
PALS Categories	Total
Information	389
Communication	91
Attitude	17
Appointment	14
Access to Services	13
Facilities	13

Medication	11
Compensation/Reimbursement	10
Change of mental health worker	10
Health & Safety	5
Confidentiality	3
Respect & Dignity	3
Service Provision	2
Funding/Commissioning	1
	703

Membership Report

Item	Actual	Population	Percentage	Index
Gender				
Female	3,247	1,176,045	0.28 %	110
Male	2,526	1,162,282	0.22 %	87
Not specified	29	0	N/A	
Prefer not to say	22	0	N/A	
Total	5,824	2,338,327	0.25 %	

Monitor Ethnicity				
White	5,136	2,199,909	0.23 %	93
Black	82	37,701	0.22 %	87
Asian	106	55,468	0.19 %	76
Mixed	36	36,857	0.10 %	39
Other	28	8,392	0.33 %	133
Unknown	436	0	N/A	
Total	5,824	2,338,327	0.25 %	

Quality Report and Quality Account 2014/15

Part 1 Statement on Quality from the Chief Executive

The past year has seen change, challenges, and new chapters for NEP. NEP is now our 'brand' – in a world where it is no longer just enough to be good at what we do, we need to show people that we are good, we need to tell people and we need to offer proof of our claims. This Quality Report and Account aims to do that and I hope you will find this informative and an accurate picture of what we do. We take account of the thoughts and views of service users and carers, not least of all through our annual community mental health survey, local discharge questionnaires, and friends and family test. We have extended the friends and family test to staff as well as taking account of the annual staff survey.

We ran a Health and Safety Awareness week in May with a focus on levels of abuse, physical violence, bullying, and harassment, to understand such issues in more detail and support staff to address concerns. Senior Managers and Union representatives were involved in this process.

A number of suicide prevention workshops were held, in conjunction with The Samaritans, for support workers, Health Care Assistants, and administrative staff in clinical teams and with patient contact. This innovative programme can really save lives.

We pride ourselves in being a safe organisation. It is always very sad when things go wrong, they inevitably do, and we may lose patients in tragic circumstances. High profile inquests come with the territory and are inevitably traumatic not just for families but staff who have cared for and worked with those patients. We always strive to learn from incidents and are constantly risk assessing through our patient safety audits, which encompass ligature assessments, and we try hard to mitigate the risks as much as is possible.

NEP has embraced Schwartz rounds, an approach designed to help providers of health and social care develop an organisational culture and support staff by allowing time for staff reflection and sharing insights. They have brought together professionals to share lunch and explore a workplace event, such as a serious incident, or a theme. There is evidence to show that staff become more empathetic, more confident in handling sensitive issues and non-clinical aspects of care, and are more open to expressing thoughts, questions, and feelings.

We embrace our nurses through annual Nursing Awards and it was clear to me from the nominations that our nurses embody the principles of the Nursing 6Cs – Care, Compassion, Competence, Communication, Courage and Commitment. The nominations demonstrated to me that so many of our staff are willing to 'go the extra mile'.

We were acknowledged nationally by the Care Quality Commission as having the only health-based place in the country that was designed and built just for young people in the form of the St Aubyn Centre. NEP took the decision to build this facility based on concerns and experiences of children being detained and taken to adult facilities with the difficulties this caused for the young person and their families as well as staff trying to care for them in an unsuitable environment.

Our innovative Veterans First Team won the prestigious RCN/Nursing Standard Awards Mental

Health Nursing Team of the Year at a ceremony at The Savoy Hotel. Their national leadership in this field has been recognised with the Team Leader appointed as Chair of the NHS England Armed Forces and Veterans Mental Health Sub Clinical Reference Group, which consists of all the Veterans Mental Health Clinical Leads across the UK.

We participated in the Care Quality Commission thematic review of crisis care and the outcome of this review locally is later in this report.

The year 2014/15 has seen intense preparation for implementation of the innovative Journeys Clinical Model from April 2015. We are committed to ensuring that services are delivered to a high standard in a system that is safe for patients and sustainable for clinicians. Journeys recognises the need to embark upon a pathway of discovery to transform our services for the benefit of all. Throughout the project key discussions and events have taken place such as service mapping, big issues, patient pathway and treatment care clusters, locality task force proposals, staff workshops, communication days held across each area, and capacity modelling. The model focusses on two distinct elements. The first is a single point of access and assessment to undertake comprehensive needs assessments of patients, whilst providing specialist short-term interventions, enabling a quicker recovery and resolution for people that do not require longer-term care packages. The second is Community Recovery Teams for delivering a range of evidence based interventions to patients based on identified needs, reviewing effectiveness of care packages and discharge to primary care/other providers in a timely manner. This modern mental health system works with service users towards individualised recovery and has five key principles: being responsive, effective and safe, person-centred, streamlined and of a high quality.

One of the challenges has been embedding REMEDY, a completely new patient information system, within NEP. This has been a huge task to ensure that all service user care and outcomes is recorded accurately and in a timely manner. Up-to-date and comprehensive information about service users is crucial to minimising risk.

There have been some significant changes to the NEP Board over the last year with two new Executive Directors in the form of Natalie Hammond joining us as our Director of Nursing and Quality, and David Griffiths joining us as our Director of Resources, both with a wealth of experience behind them. The opportunity was taken to separate out Director of Operations from Nursing, carried out through internal changes to Director Portfolios, and enabling a better focus on both Operations and Nursing. In terms of Non-Executive Directors 2 joined us during the year with a third starting on 1st April. During this time continuity and stability has been maintained through organisational knowledge. Internal promotions have seen a new Area Director in West as well as at Clinical Board level in each area.

I am confident that we are a well-led organisation; we lead because we care. We have introduced new vision and values as well as a fresh strategy called “All Together, Better”. There are robust reporting mechanisms in place and Board assurance has been strengthened through the introduction of a sub-group Quality and Risk Committee chaired by a Non-Executive Director.

We held a ‘Mental Health Works’ Conference organised by our vocational services team. The Keynote speaker was Dame Carol Black an expert adviser to the Department of Health, playing a major role in building and promoting the positive relationship between work and health. We have also received Ministerial visits and been party to events at Parliament, all helping to raise the profile of NEP.

Our Annual Celebration of Achievements has taken place, where we award innovation and good practice and this event never ceases to fill me with pride. Part of this is the Chairman’s ‘Can Do’ award, with so many staff identified as ‘going the extra mile’. World Mental Health Day saw our

annual celebration in Central Park with 25 organisations participating with us and 300 people taking part in the walk to 'Go the extra mile' for mental health.

As a 'University' Trust we are proud of our links with local academic establishments. Since 2005 we have had a Foundation Degree in Health Sciences in place with The University of Essex, enabling unregistered clinical staff to gain a recognised qualification in mental health (whilst working full-time in NEP) and once again a large number of staff completed this in 2014/15.

Last month saw more than 80 people from acute and mental health trusts, commissioners, voluntary sector and local government, together with service users, from across the county, meet up at Anglia Ruskin University to explore the setting up of an Essex Dementia Partnership. This is an exciting opportunity to bring together all the different agencies and groups who are providing services for people with dementia to identify gaps in services, reduce waste and duplication and spread ideas and best practice. It will help people with dementia, carers and families find exactly what is available and how to access the services.

NEP was successful in obtaining full Practice Development Unit status by Bournemouth University. This is an incredible badge for the Trust and we are the first in the country to receive such an award for the whole organisation. They found the level of commitment and compassion in the Trust outstanding. Linda Kaye said "You should be very proud of the work you do here, I know in the past you have not been keen to shout about your achievements, but you should now."

We won the tender for the provision of Supported Employment Services to Adults with Mental Health needs for Essex. Working with Employ-ability we will now extend our service from North Essex to the whole of Essex (except unitary authorities Thurrock and Southend). As part of Essex Health Partners (NEP and SEPT) we have also won the contract to provide a new substance misuse service in Essex (except Thurrock and Southend). The latter has been challenging for the staff involved in substance misuse as tough choices have to be made about how the service is delivered in line with the contract.

One key challenge is maintaining the income we need to provide high quality services and continuing to hold robust contract negotiations in order to move positively towards the parity of esteem between physical and mental health care.

This Quality Report/Account tells the story of our journey through 2014/15. I declare that this Quality Report/Account is a fair and accurate reflection of quality in NEP and as always your comments are welcomed.



Andrew Geldard,
Chief Executive

Statement of purpose 2014/15

Our aims, vision and values

Our core purpose is:

“At NEP we work in partnership to enable people to be at their best in mind and body” and summarised by our new strapline:

All together, better”

This encapsulates what NEP is all about as an organisation moving forward:

- Our core reason for being is to enable people to be healthy and maximise their potential – to provide expert treatment and support to enable recovery and promote independence
- The best way to achieve this is to work together, with people who use our services, their families, our staff and with our partners in health and social care
- We believe strongly in joined-up integrated health and social care
- As a high performing specialist provider we have much to offer both in terms of excellent specialist services and as a contributor to integrated care pathways for mental and physical health and social care

Our commitment to our stakeholders is:

Our communities will have total confidence in our services, our staff feel a strong sense of belonging and satisfaction, and our partners be proud to work purposefully with us

Community Heart

Our commitment to individuals and families:

- We will work together, building on strengths, to improve mental health and wellbeing

Our commitment to our staff:

- We will value everyone individually, promote wellbeing, support involvement and encourage personal development and leadership
- We will support teams in their delivery of best value, innovation and excellence.

Our commitment to our commissioners and key partners:

- We will listen, work with you, create ideas, demonstrate our effectiveness and flexibility, and earn recognition as provider of choice

Our strategic aims over the next five years are:

- NEP will be recognised as a leading provider of specialist mental health care
- NEP will be a system leader and a partner in the development and delivery of integrated community services
- NEP will continue to improve patient experience
- NEP will continue to improve patient outcomes

Our strategic aims are underpinned by our refreshed values, which will be owned by the whole organisation:

Our Values

Humanity

- We put patients and their families at the heart of what we do.
- We listen without prejudice so that we understand the whole person.

• We stand for dignity and respect. We care with compassion.

Strive for excellence

- We have a reputation for integrity, quality and ability to deliver.
- We combine excellent management, and financial governance with excellent clinical governance.
- We use our expertise and training to provide general as well as specialist care.
- We are always learning and improving, constantly pushing the boundaries, using the best resources available.

Commercial head, Community heart

- We think like a business so we can perform on a bigger stage, delivering social value and investing in our community.
- Our financial stability ensures we can invest in our future, enabling us to grow and to deliver our services to more people.
- We're committed to the community, delivering an integrated approach, supporting people at home in their community and out of hospital.
- We make people feel reassured and safe.

Our cause, our passion

- We encourage our people to make a difference.
- We campaign with integrity, aiming to eliminate stigma wherever we find it.
- We are candid, open and honest.
- Our people like working here; they want to go the extra mile

Creative collaboration

- We love to use our leadership and pioneering approach to provide innovative solutions.
- We are a team; we work best when we work alongside you.
- We build long-term, trusting relationships, helping commissioners deliver the best outcomes for patients
- We make things happen

Keep it simple

- We try to make things easy where we can through our efficient processes and professional people.

Terms of Licence with Monitor (Foundation Trust Regulator)

As a Foundation Trust we work within our conditions of the provider licence laid down by the 2012 Health and Social Care Act. Our schedule of goods and services can be found together with further information about our terms of authorisation through the following updated link:

<https://www.gov.uk/government/groups/north-essex-partnership-university-nhs-foundation-trust>

Registered Regulated Activities with the Care Quality Commission

Our regulated activities are:

- Treatment of disease, disorder or injury
- Assessment of medical treatment for persons detained under the 1983 (Mental Health) Act

Services and Locations

Our Directory of Services can be found as part of our Statement of Purpose on our Trust website www.nepft.nhs.uk. This outlines details of our locations and the services provided.

<http://www.nep.nhs.uk/about-us/statement-purpose/>

Part 2: Priorities for improvement and statements of assurance from the board

Review of Priorities for improvement 2014/15

In our 2013/14 Quality Account/Report we set ourselves a number of priorities for improvement for 2014/15. We have done this each year we have published a Quality Account/Report and several of the main headings have remained consistent for that period of time, with new priorities added each year. We involve our Council of Governors in this process and this follows on from the annual planning events that take place each autumn; this includes our staff governors. We also take account of national patient and staff surveys when setting these priorities. This section looks back at what we said we would measure and what we actually achieved during the year.

What we said we would do in 2014/15	CQC domain	How we said we would measure	What we achieved in 2014/15	Responsibility
<p>1 Social inclusion and anti-stigma – continue to develop a framework of approaches to social inclusion and further promote anti-stigma</p>	<p>Responsive</p>	<ol style="list-style-type: none"> 1. Refresh the anti-stigma campaign during 2014/15 2. Target schools and employers to promote mental health and build on the work already done by the communications team 3. Hold a conference in the autumn with a national speaker 4. Improve engagement with local press in order to promote mental health and anti-stigma 5. Build positive working relationships with local media 6. Collaborate on good news stories 7. Use positive and honest approach to press statements 8. Governors' social inclusion group (SIG) to take forward objectives they have set for the year 	<ol style="list-style-type: none"> 1. The updated Trust website re-launched with a strong anti-stigma content. Anti-stigma is a continuing theme for World Mental Health Day and over 20 organisations and 300 people participated in October. The Trust's Facebook page is a major vehicle for anti-stigma and sees a steady increase in numbers of people viewing. We are now at more than 530 'likes' with some postings attracting around 2,000 views. The Trust's Twitter account is highly successful with over 1,450 'followers' since launch. The communications department continues with an underlying message in all media activity. 2. The Conference on employment was very successful with keynote speaker Dame Carol Black, author of the Government Report on returning people to work, and approximately 90 people attending from employers, employer organisations, and service users. The event was given media coverage. 3. The school competition is broadening in scope and is in the planning phase for 2015. 4. With the national focus on mental health issues and funding, most of the work in regards to media relations has been in this direction, not with the local press. A re-fresh of the Trust's media relations work has taken place and includes media information packs, revised media circulation lists, revised media release 'e' friendly formatting, facility visits and interview opportunities. All of this work carries the anti-stigma messaging. 	<p>Associate Director of Communications</p> <p>Council of Governors SIG</p>

What we said we would do in 2014/15	CQC do-main	How we said we would measure	What we achieved in 2014/15	Respon-sibility
			<p>5. The SIG is now PACE (Patient and Carer Engage-ment). The group collects views of service users and carers and presents them to patient experience board. PACE objectives – identify public consultation opportunities, work with communications to arrange public consultations, loca-tions, subjects and people; collect and collate comments and questions from the public; produce briefing pack for PXB; attend PXB (3 members). This is now under review by the Lead Governor.</p>	<p>Associate Director of Communi-cations Council of Governors SIG</p>

What we said we would do in 2014/15	CQC do-main	How we said we would measure	What we achieved in 2014/15	Responsibility
<p>2. Improving medicines management – focus on medicines security, reporting and benchmarking of medicines management activity</p>	<p>Safe Well Led</p>	<p>1. Review medicines security in relation to recent guidance from NHS Protect, considering implementation of:</p> <ul style="list-style-type: none"> • Medicine security self-assessment tool • Medicine security pharmacy checklist • Medicine security ward/department checklist • Medicines security action plan template <p>2. Develop more meaningful reporting</p> <ul style="list-style-type: none"> • Produce breakdown of expenditure on wards and clinics and relating this to activity. This way we will be able to compare like with like so for example how an adult acute ward in East compares with an acute adult ward in Mid <p>3. Focus on quality and benchmarking</p> <ul style="list-style-type: none"> • Purchase software tool called Define which will allow benchmarking with other Trusts 	<p>1. NHS Protect – piloted on emergency drug cupboard across the Trust. Checklist and assessment tools developed. Trust Wide audit including dispensary, clinical wards in each locality completed with Audit Lead, Security Manager, AD QRPS. Report being compiled with actions. Tabled at Medicines Procedures Group on 13th April and to be discussed in Medicines Management Group</p> <p>2. Correlation of medicines expenditure and activity takes place and is part of the Clinical Board agenda. Exercise on review of current budget and spend completed. Agreement in principle to roll out drugs budgets to AMD for each locality in 2015-16.</p> <p>3. Define is in use for benchmarking purposes with software provided free for the first year as NEP is the only Trust not currently using it. This presents as a cost pressure as budget had not been uplifted for this facility.</p>	<p>Associate Director of Pharmacy</p>

What we said we would do in 2014/15	CQC do-main	How we said we would measure	What we achieved in 2014/15	Responsibility
<p>3. Improving engagement and support of staff – continue to build on work already done with staff and focus on staff survey information</p>	<p>1. Staff Governors to form a conduit for feedback direct from the Council of Governors and the Executive Team</p> <p>2. Implement action plan from 2014 staff survey including the staff friends and family test</p>	<p>1. Staff Governors to form a conduit for feedback direct from Governors and the Executive Team</p> <p>2. Implement action plan from 2014 staff survey including the staff friends and family test</p>	<p>1. This is in place through the Lead Governor meetings with the Chief Executive and the plan is to improve on this.</p> <ul style="list-style-type: none"> • Friends and Family Test - NEP is using The Picker Institute to co-ordinate the patient survey results with the staff survey results, and Friends and Family tests and are triangulating information to improve reports and rank questions by importance. • Improved risk management - Increased psychological input is embedded into Ethical Care, Control and Restraint Training (ECCR). • Increased occupational health commitments - We increased our occupational health commitments in rolling out new training on resilience and extended our training for Flu Fighters. We have also pledged as part of the Public Health Responsibility at Work Deal to increase the number of staff participating in Health Checks and to provide even more resources to support mental health and wellbeing across the organisation. Another successful flu job campaign as well as another round of health checks for staff saw very good uptake. • Increased awareness of bullying and harassment - In the last survey there were some staff who fed back that they had observed or experienced bullying in the workplace. Though the numbers were fairly small, we were concerned by this response and took the following actions: 	

What we said we would do in 2014/15	CQC do-main	How we said we would measure	What we achieved in 2014/15	Responsibility
		<p>3. Take forward actions from the administration review in conjunction with the implementation of the Journeys programme</p> <p>4. Continue with the leadership and resilience training programme</p> <p>5. Hold a clinical conference in October 2014</p>	<ul style="list-style-type: none"> • A dedicated Health and Safety Awareness Week held on the subject of violence and aggression. • Members of the Boards visited various sites, listened, and addressed the concerns they heard from staff. • In partnership with Trade Union colleagues, we ran open sessions for staff to come along and talk about behaviours they had experienced that did not align with our values. Appropriate actions in place because of what we heard. <p>3. The results of the administration review have informed the proposed staffing structures in the Journey's service delivery model. Response to the consultation published. Actions completed</p> <p>4. A Resilience training programme designed for managers and is currently on offer to managers as part of the Journey's Support Programme. New Leadership and Management training is in place for managers Comprehensive programme in place.</p> <p>5. In light of the current level of activities within the Trust coupled with the consultation on Journeys, the next Clinical Conference will take place in July 2015</p>	

What we said we would do in 2014/15	CQC do-main	How we said we would measure	What we achieved in 2014/15	Responsibility
<p>4.(a) Improving the patient experience – through structured activity for in-patients and a focus on real patient experiences at an operational level</p>		<p>Structured patient activity levels Embed and monitor the structured activity levels of 18 hours minimum per patient. The following steps are carried forward from 2013/14:</p> <ul style="list-style-type: none"> To bring together a new cohort of practitioners, (OTs) to map practice and levels of engagement as at April 2014 (First meeting 7th April 2014) Promote the ownership for the delivery of therapeutic activity in in-patient wards and engagement across all professions including ward managers, clinical managers and other key practitioners Consultant OTs to take the lead for their own designated areas in the collection of data, evaluation, development of sustained levels of therapeutic activity, and engagement on adult acute in-patient wards. Analyse data received for quarter 4 (2013/14) 	<ul style="list-style-type: none"> Trust wide group in place. Agreed consistency in approach/model, staffing, data collection and need for OT prioritisation protocol Mid pilot of Occupational Therapy assessment framework (MOHOST) in place and OTs attended training by College of OT's. Training extended to other staff. Organizational issues of sustainability to be addressed. A schedule of training for 2015 will be devised and funding bid from CPD monies Mid leading on initial engagement with other disciplines to explore therapeutic environment on in-patient wards at The Linden Centre and linking to "Safe Wards" OT prioritisation protocol completed and out to consultation Data recording under review as manual collection not being sustained New tool under development that fits with Remedy recording. Meeting has taken place with Information Team and issues to be resolved in conjunction with Clinical Systems Manager Some impact on levels of engagement due to staff vacancies and staff being redeployed to other teams and Journeys Establishment in place for West area dedicated to in-patient and formally part of therapeutic day West piloting activity co-ordinator roles from within nursing establishment to support therapeutic programme and ensure a sustained level of engagement. Further work will take place as the OT service to the inpatient wards becomes fully operational/integrated. Area Consultant OT to lead on this 	<p>Associate Director of OT's and AHP's</p>

What we said we would do in 2014/15	CQC do-main	How we said we would measure	What we achieved in 2014/15	Responsibility
		<p>Patient Experience</p> <p>Continue to develop the patient experience board with a particular focus on real patient experience and outcomes of patient surveys</p> <ul style="list-style-type: none"> Area Director as chair of the patient experience board with operational support from each of the 3 areas/localities Named operational patient experience lead in each area Align the work of the patient experience board with the journeys programme to contribute to a smooth transition Develop formal feedback form for use by governors to feedback from public meetings/events Risk and Governance Executive to receive the feedback from governors alongside the verbatims from discharge questionnaires <p>Service user and carer involvement strategy</p> <p>Continue to implement the service user and carer involvement strategy</p> <ul style="list-style-type: none"> Implementation of the strategy to be brought in-house with a handover from Enable East Develop involvement boards in each area 	<p>Patient Experience Board has evolved and there are now bi-monthly links with local Involvement Boards</p> <p>Action completed</p> <p>Action completed</p> <p>Action completed</p> <p>Under review</p> <p>Pending review</p> <p>This was done in April 2014. In July agreed for budget transfer to recruit part-time administrator and to cover operational costs (out of pocket expenses, publicity etc)</p> <p>An Involvement Board for each area established. RA also working on making the local involvement boards more robust, ensuring the links and reporting lines are clear and relevant</p> <ul style="list-style-type: none"> Yet to recruit Administrator, currently in the process of appealing to Agenda for Change re banding 	<p>Associate Director of Social Care</p>

What we said we would do in 2014/15	CQC do-main	How we said we would measure	What we achieved in 2014/15	Responsibility
<p>4.(b) Improving the carer experience – implementation of the service user and carer involvement strategy and the carer’s strategy</p>		<p>Carers Strategy 2014-17 – implement action plan</p> <ul style="list-style-type: none"> • Updated information leaflet published • Updated resources on website • Maintain and improve reported performance against targets • Increased number of carers on the involvement database • Improved carer satisfaction via surveys and feedback • Updating on the development of new groups via annual review • Annual review will provide an update on staff trained • Production of e-learning module • Carers information at corporate induction 	<ul style="list-style-type: none"> • After recruitment of Administrator, publicity to be produced and distributed to increase the number of service users and carers who wish to be involved • Local involvement boards are now well established, meeting regularly and aligned with Clinical Boards in localities • Regular updates are provided to the trust wide Patient Experience Board; quarterly to NEPs Contracts and Performance Department for quality assurance purposes • During third quarter we have responded well to a high volume of unexpected requests for service user and carer involvement – internal and external. This has included service users and carer representation in focus groups, interview panels and service reviews • Strategy is being project managed • Steady increase of numbers on database, new publicity should lead to significant increase in membership • Service users and carers are supported at monthly staff induction with excellent feedback • Lead for Service User and Carer Involvement Board is a member of the PxB and provides regular updates • Evaluation/mapping of current involvement activity will take place in the last quarter of 2014/15, which will dovetail review of current strategy • Recruitment of database administration has been delayed due to other HR priorities; Agenda for Change banding to be appealed • External requests for involvement have led to 	<p>Associate Director of Social Care</p>

What we said we would do in 2014/15	CQC do-main	How we said we would measure	What we achieved in 2014/15	Responsibility
		<ul style="list-style-type: none"> Production and delivery of the course via recovery college and production of web based course Annual review will provide an update on support accessed 	<p>increase in range of opportunities. There will be further diversification of opportunities following recruitment of administrator</p> <ul style="list-style-type: none"> Training developed and offered at RC, but there were very small numbers accessing it. Continue to receive feedback via involvement boards in localities, shared with respective clinical boards and PXB External links are maintained (e.g. with Rethink Carers Support Group) Carers are members of the involvement boards in localities, also carers routinely speak to new staff at corporate induction about their experience, needs and priorities Carers survey in 2015 will provide evidence Carers involved in local involvement boards Ongoing with information/website updated as required Performance against targets (carers assessments): in general showing an upward trend since October 2014, but unlikely to achieve KPI (see below) There are more carers on involvement database, compared to previous quarter Carer satisfaction survey to be carried out planning for post Journeys implementation There has been a presentation on carers needs/priorities at corporate induction every month during the year 	

What we said we would do in 2014/15	CQC do-main	How we said we would measure	What we achieved in 2014/15	Responsibility
5. Trust response to Francis Report – implement an action plan developed from the gap analysis	Safe Caring Responsive Effective Well Led	1. Consultation on gap analysis 2. Develop, consult on and implement agreed actions 3. Actions from Chief Executive Board paper 4. Embedding the revised Being Open and Duty of Candour policy 5. Report on staffing levels		Risk and Governance Executive

Priorities for improvement 2015/16

As described in the introduction to the previous section our priorities for improvement for the coming year have been set with the help of our Council of Governors. We will monitor our progress on a quarterly basis and report in through our Risk and Governance Executive, Trust Board and Council of Governors. In the second column we state whether the priority is related to patient safety, patient experience or clinical effectiveness, or any combination of the three.

Priority for improvement	CQC domain	How we will measure	Responsibility
1. Better communication and information			
Improving communication with Governors	Responsive	1. Prompt and timely responses to communications from Governors – acknowledge emails within 48 hours and respond within 1 week	Associate Director of Communications and Public Affairs
	Responsive	2. Feedback from Governors – immediate email or phone call for critical concerns, at next appropriate meeting for other issues, but never more than 1 month	Lead Governor
	Responsive	3. 3 slides on priority improvement progress included in Chief Executive presentation to Council of Governors on a quarterly basis	Quality and compliance manager
	Responsive	4. Protocol in place for formal and information communication with Governors	Associate Director of Communications and Public Affairs
Monitoring the implementation of the Public and Member Engagement Strategy	Responsive	1. Quarterly progress reports to the Executive Team, Board and Council of Governors	Associate Director of Communications and Public Affairs
Preparing for CQC new style inspections	Well led	1. Communication work stream plan	Associate Director of Communications and Public Affairs
	Well led	2. Staff are engaged through a clear communication strategy	Associate Director of Communications and Public Affairs
	Well led	3. Stakeholders are engaged through a clear communication strategy	Associate Director of Communications and Public Affairs
	Well led	4. Lines of communication are clear between NEP and the CQC	Quality and Compliance Manager

Priority for improvement	CQC domain	How we will measure	Responsibility
More effective communications support function	Well led	1. Performance measurement based on Government Communications Service (GCS) CORE system with measurement against: <ul style="list-style-type: none"> • Changing behaviours • Operational effectiveness of services • Reputation management • Explanation of the organisation's policies and programmes 	Associate Director of Communications and Public Affairs
	Responsive	2. Up-to-date media databases, media monitoring and performance management, social media and digital support, core message structure and strong business approach to project management	Associate Director of Communications and Public Affairs
2. Implementation of Journeys programme			
Create a narrative on implementation	Well led	1. Narrative on implementation of Journeys to Council of Governors	Director of Nursing Director of Operations Medical Director
Develop clinical audits in parallel with Journeys	Effective	1. Clinical audits relating to Journeys (prospective)	Director of Nursing Associate Director of QRPS
Maintain engagement with staff and patients throughout implementation	Well led Responsive	1. Communications with staff and patients	Director of Nursing Director of Operations Medical Director
	Well led	2. Staff feedback on implementation of Journeys	
	Caring Responsive	3. Patient feedback on implementation of Journeys including PROMs and PREMs	
Evaluate Journeys project	Well led	1. Formal evaluation of Journeys programme	Director of Nursing Director of Operations Medical Director

Priority for improvement	CQC domain	How we will measure	Responsibility
3. Patient and carer experience			
Improving patient activity - embed and monitor the structured activity levels of 18 hours minimum per patient	Safe Caring Responsive Effective Well led	1. Monitoring of activity levels	Associate Director of OT and AHPs
	Responsive Effective	2. Patient feedback on structure and quality of activities	Associate Director of OT and AHPs
Improving physical health checks	Caring Effective	1. Outcome of joint project between NEP and CCGs	Director of Nursing Director of Operations
	Well led	2. Ward and community barometers	Director of Nursing Director of Operations
Triangulating information from staff surveys, community surveys and Friends and Family Test	Well led	1. Reports from Pickers	Associate Director of Communications
	Well led	2. Analysis of reports	Associate Director of Communications
Monitoring the implementation of the Carer's Strategy	Well led	1. Progress reports	Associate Director of Social Care
	Responsive	2. Feedback from carers	
	Responsive	3. Analysis of feedback	
Monitoring the implementation of the Patient and Carer Involvement Strategy	Well led	1. Progress reports	Associate Director of OT and AHPs
	Responsive	2. Feedback from patients and carers	
	Responsive	3. Analysis of feedback	

Review of services

The Trust has reviewed all the data available to it on the quality of care in all 28 services covered by our three main contracts that are subject to monthly quality assurance and contract monitoring processes. The income generated by the NHS services reviewed in 2014/15 represents 90.1% (£91.1m) of the total income of £101.1m generated from the provision of NHS services by the Trust for 2014/15.

- The Journeys programme described in the CEO introduction is the culmination of 2 years work reviewing community and day services to come up with a new way of working that is patient centred and aligned with care clusters for psychosis; non-psychosis; dementia/frailty; and with a single referral point of access, assessment, brief intervention and home treatment. As we move into the new financial year, we start a period of transition, which will need focussed management to ensure a safe and effective launch of new pathways.
- A review of older adult dementia services has resulted in the need for fewer beds through enhanced community services in North East Essex.
- Due to major refurbishment at The Derwent Centre in Harlow there has been a rationalisation of services, providing areas to accommodate decanting of facilities which will continue during 2015/16.
- Sadly the one year pilot service development of the Recovery College/Hub in Mid Essex is to be decommissioned by Mid Essex CCG.
- A Commissioner led review of inpatient rehabilitation services has led to the decommissioning of some beds during the year, for example Severalls House.
- Work on the frailty pathway has been ongoing throughout the year with various partners/stakeholders and this has been integral to reviews led by each of the CCGs.
- An Essex wide re-procurement of substance misuse services has resulted in NEP (working in partnership with its neighbour SEPT) being successful in its bid to provide an integrated Essex Specialist Treatment and Recovery Services (STARS).
- CAMHS is currently subject to a procurement process for an integrated emotional and mental health wellbeing service for young people.

Participation in clinical audits

The trust has a programme of national and corporate audit is managed through the Risk & Governance Executive with local clinical audit activity managed through local audit groups. This is overseen by the Quality and Audit Team and reviewed/monitored in line with Risk & Governance reporting and through the clinical boards. Exception reporting on limited assurance audits is made to the Risk and Governance Executive on a quarterly basis.

During 2014/15 there were 4 national clinical audits (including POMH) and 1 national confidential enquiry covering NHS services that the Trust provides. During 2014/15 the Trust participated in 100% of the total clinical audits (including POMH) and 100% national confidential enquiries of the national clinical audits and national confidential enquiries which it was eligible to participate in. The national clinical audits and national confidential enquires that NEP participated in, and for which

data collection was completed during 2014/15, are listed below alongside the number of cases submitted to each audit or enquiry as a percentage of the number of registered cases required by the terms of that audit or enquiry.

Eligible national audits for Trust 100%	Trust participated in 75%	Data collection completed 2014/15	No. of cases submitted to audit as % no. of registered cases required by the terms of the audit
Audit of cardio metabolic parameters	Yes	Yes	100%
Prescribing Observatory in Mental Health (POMH)			
Topic 12b prescribing for personality disorder	Yes	Yes	6 patients, 2 teams*
Topic 14a prescribing for substance misuse: alcohol detoxification	Yes	Yes	22 patients * 1 team
Topic 9c antipsychotic prescribing in people with a learning disability	No	No	N/A – no audit lead and difficult to identify LD patients
Eligible National Confidential Enquiries for Trust			
National Confidential Inquiry into Suicide and Homicide by People with Mental Illness (and its various constituent studies into sudden unexplained deaths and victims of homicide)	Yes	Yes	

*There is no requirement in the audit standard to recruit a minimum number of patients so we report on the number we can identify within the period

Learning/actions from national and local clinical audits

The reports of 4 national audits (including National Audit of Schizophrenia from 2013/14 were reviewed by NEP during this reporting period, direct to Risk and Governance Executive, Quality Prescribing Group or through one of the local audit groups, reporting to the clinical boards and to the Risk and Governance Executive. A total of 22 reports and action plans were received and reviewed. Each audit report has an action plan and implementation is monitored by the audit group and/or the most appropriate group working to the RGE. Some of the learning and actions from these audits are iterated in the table below.

Title/Subject	Learning/actions
National Audit of schizophrenia	<p>A learning event was well attended by key professionals in the autumn 2014 leading to the development and implementation of a local action plan to address key areas for improvement. The findings from the audit together with the action plan are being widely reviewed with the various groups identified to ensure the recommendations made are to be addressed within the given time-frames before a Trust wide targeted re audit of prescribing practice standards is undertaken.</p> <p>The formulation of the action plan focused upon a number of key areas designed to strengthen and address the following areas for those service users managed by Trust services with a severe mental illness. These include</p> <ul style="list-style-type: none"> • A review of the carer's strategy to include more patient and carer support thereby ensuring better support is offered to carers with this reflected within the carer's strategy • A review of the medication cards for the inclusion of the patient's BMI is recorded to support monitoring by the multi professional team • A review of the Trust's clozapine policy by including an appendix for the initiating and monitoring of those patients prescribed clozapine managed within the community. This will reduce current dispensing delays enabling patients to remain in the community • Consideration to developing a medication phone line to raise awareness for patient's /carers by providing information relating to medication/drugs. This will help support concordance issues with medication • Consideration to developing a smoking cessation strategy to help those who want to improve their overall health • To undertake a targeted re audit of prescribing practice standards once the recommendations on the action plan are implemented
Antimicrobial Prescribing	<p>Antimicrobial prescribing is monitored in the organisation, on a quarterly basis, as part of the code of practice, which supports compliance with the Health and Social Care Act (2008). All prescriptions of antimicrobials within the organisation are governed by prescribing guidelines, which advocate the use of simple generic antimicrobials first whenever possible for as short a time as possible. Non-formulary antimicrobials are only available following advice from consultant microbiology colleagues in the local acute trusts. These are not dispensed by pharmacy unless assurances are received that the prescription has been discussed and agreed. Anything that is not routine will be picked up by pharmacy and prescribers alerted to contact Infection Prevention and Control.</p> <p>IPCT continue to attend Doctors induction biannually to reinforce the principle of good prescribing practice and the antimicrobial prescribing audit remains a standing agenda item for the trust wide quality prescribing group. In order to underpin good practice IPCT have begun to develop an antimicrobial e-learning package, which will be available in draft form in March.</p>

Title/Subject	Learning/actions
Hand Hygiene Audits	<p>This features in the monthly ward Quality Barometer. The in-patient clinical staff and day hospitals have good compliance with the Trust's hand hygiene policy with the majority of clinical areas submitting the required audits.</p> <p>A Service user hand hygiene audits was conducted in October to coincide with International Infection Prevention Week (20th-25th October 2014). During this week IPCT invited service users to audit staff members' compliance with hand hygiene by using the service user audit tool piloted last year.</p> <p>Those invited included all service users in inpatient areas (excluding dementia services), service users on community team caseloads (Adult CMHT, Older Adult CMHT, AOT and MVA) who were identified to be receiving a prescribed depot injection or other personal care and those attending depot or clozaril clinics.</p> <p>The service users completed the forms themselves and placed them in pre-addressed envelopes, which were returned directly to the Infection Prevention & Control Team.</p> <p>In total 74 completed audit forms received compared to 146 previously. Findings indicate a slighter lower adherence with staff cleaning their hands before carrying out care but an overall higher compliance with other elements of the trust's hand hygiene policy such as the principles of being bare below the elbows. To increase the uptake of this audit IPCT will have verbal contact with all team leaders as well as e-mail and core briefing communication to ensure that the proposed process are understood and adhered to.</p> <p>These audits will be carried out twice a year in May for WHO 5th May hand hygiene day and Infection Prevention Week which falls in October. IPCT are keen to involve carers in our dementia services in the next round of audits.</p>

Title/Subject	Learning/actions
Enhanced Infection Control and Cleaning audits	<p data-bbox="456 170 1487 443">Early this year RGE approved the proposal to change the way in which the twice-yearly enhanced cleaning audits are conducted, reducing the frequency yet providing increased assurance to the Board of the standard of cleanliness and infection control. Whilst initial audits indicated a reduction in overall scores, re-auditing has ensured that compliance levels have been met. The audit cycle was longer than anticipated due to reduced capacity within the team. IPCT would like to continue to conduct the audits on an annual basis in a timelier manner when the team is running at full capacity.</p> <p data-bbox="456 483 1487 689">Of the 25 inpatient areas audited 12 were partially compliant. All areas are now compliant; however, there are still some outstanding areas, which predominantly relate to estates. These include old and tarnished taps and plug holes which are in numerous areas across the Trust. The fabric and condition of some buildings, which are undergoing refurbishment i.e. the Derwent centre, including Shannon House, has a negative impact on the overall score.</p> <p data-bbox="456 730 1487 936">Some current themes which are lowering the scores included sharps boxes not being correctly assembled or labelled whilst in use. No small sharps trays or boxes available to take to the bedside. Weekly checklists not consistently completed. Correct segregation of clinical waste. ADL kitchens have been highlighted as an issue as each ADL kitchen across the organisation falls into different staffing groups. Some ADL kitchens require refurbishment.</p> <p data-bbox="456 976 1487 1111">The enhanced cleaning audits are addressed by the action plan and any training identified by the current themes are incorporated in the link nurse training sessions and highlighted at the Infection Control Group meeting and link nurse and physical health care forums</p>
PLACE – Patient-Led Assessment of the Care Environment	<p data-bbox="456 1155 1487 1397">On the 21st May 2014, the Board received the preliminary report in connection with the PLACE 2014 inspection results and ensuing action plan. This report provides an update to the Department of Health confirmed PLACE 2014 results and action plan and sets its results against the National Average and other mental health trusts within its cluster group. The PLACE inspections for 2014 took place between March 3rd and May 30th 2014. All in-patients sites despite bed numbers were included.</p> <p data-bbox="456 1438 1487 1505">The trust has a mandatory obligation to publish its PLACE inspection results and Action Plan via its web site, which it has done.</p> <p data-bbox="456 1545 1487 1751">The annual PLACE inspection forms a critical part of the overall assessment of the Clinical environment across the trusts estate portfolio and links with the existing Infection Control Assessments, Cleaning, Catering and Patient Environment inspections that take place throughout the year. The Trust's overall PLACE Action Plan has clear ownership and target/completion dates of relevant actions and is required to be published by the Trust.</p> <p data-bbox="456 1792 1487 1998">Across the four main areas of inspection: Cleanliness, Food and Hydration, Privacy, Dignity and Well-being, and Condition, Appearance and Maintenance the Trust maintains good scores, although as can be seen in the table in Appendix 2 some of our 2014 scores fell, but this is mainly due to the change in the methodology of the scoring introduced by the Health and Social Care Information Centre.</p>

Title/Subject	Learning/actions
C4C Audits	These audits are conducted monthly by BIS and overall show consistency in scores. However, for a variety of reasons some wards and clinical areas were not able to be audited for up to 3 months, which creates a gap in providing quality assurance. IPCT instigated discussions with BIS to identify a strategy to ensure that units do not miss audits for 2 consecutive months and establish a minimum standard for the number of audits conducted within the year to ensure quality assurance is maintained.
Autism Gap Analysis	The audit identified those assessments undertaken by psychologists using the standardised measures as recommended by NICE met best practice. The audit identified a number of limitations; this included the small sample of cases given the transition from carebase to Remedy. It highlighted the extent to which commissioning and services had changed significantly in particular the signposting of autism referrals. A clearer referral pathways for adults with no comorbidity seeking an autism assessment has been set up with the Herts Parts new service to deliver the service Essex wide
Controlled Drug Audit:	Requirement by ward staff to sign the requisition book on receipt of controlled drugs from pharmacy. Requirement by staff to bracket errors and not to cross anything out in the CD register Requirement by staff to sign a list of all staff who are able to order and administer controlled drugs on the ward, and update the list annually. Requirement by staff to reconcile liquid controlled drugs at the end of each bottle as bottles often contain any overage. Following the results of the CD audits training can be arranged with the individual wards and pharmacy/Christine Ayres-Sach (Practice Development facilitator)
Emergency Drug Cupboard Audit	Requirement by pharmacy staff to monitor the temperature within the emergency drug cupboard.(Previously no temperatures were monitored) Requirement by staff removing FP10 to sign and print clearly their names and details of what the FP10 was used for.(Envelope label as a result of the audit was enlarged to allow for extra space) Requirement by staff to enter in the record book when medication is replaced. (The design of the EDC record book was altered to allow for staff to sign when medication was placed into the EDC when it arrived on the ward).
FP10 audit (CDAT services)	An addendum to the prescribing policy was added to allow CDAT staff to destroy used FP10s. Previously all FP10s were supposed to be returned to pharmacy but due to the large numbers, this was not safe or practical. An addendum to the prescribing policy was added to have a more robust system in place to record all FP10 serial numbers on receipt from pharmacy. Previously FP10s were recorded in batches and this did not account for every FP10. A clear audit trail for each FP10 is now possible.
Topic 7d – monitoring of patient's taking Lithium	Alert consultants about lithium monitoring booklets to ensure these are provided to those patients prescribed lithium. Review the current lithium monitoring tool. Share the key audit findings with medical staff. Discuss at MMG about eclipse live lithium programme.

Research and Development (R&D)

The number of patients receiving HS services provided or sub-contracted by North Essex Partnership University NHS Foundation Trust in 2014/2015 that were recruited during that period to participate in research approved by a research ethics committee was 535.

Participation in clinical research demonstrates North Essex Partnership University NHS Foundation Trust's commitment to improving the quality of care we offer and to making our contribution to wider health improvement. Our clinical staff stay abreast of the latest possible treatment possibilities and active participation in research leads to successful patient outcomes.

The Trust approved 18 new research projects and currently 55 are ongoing within the organisation. The majority of these projects are around Mental Health (58%) and Dementias and Neurodegenerative Diseases topics (29%). Research themes include anxiety, schizophrenia, Alzheimer's disease, frontotemporal lobe dementia, health services research and eating disorders.

North Essex Partnership has been among the highest recruiters in the East of England (CRN Eastern) region for dementia research studies. Study approval times have been within the national target of 30 days, with an average time of 8 days from the submission of a valid research application. As required by the NIHR, NEP reports on performance in initiating and delivering research for clinical trials. Currently all applicable clinical trials are meeting targets on these outcome measures, demonstrating our commitment to support studies of national significance in order to improve patient outcomes and experience across the NHS. These reports, along with details of publications authored by clinical staff can be viewed at <http://www.nep.nhs.uk/professional-development/useful-documents/>
Use of CQUIN (Commissioning for Quality and Innovation) Payment Framework

A proportion of Trust income in 2014/15 was conditional on achieving quality improvement and innovation goals agreed between the Trust and any person or body they entered into a contract, agreement, or arrangement with the provision of NHS services, through the Commissioning for Quality and Innovation payment framework. The following table outlines the income received from CQUIN for 2014/15 and the proposed income for 2015/16 and the headline goals attached to them.

Contract	2014/15	2015/16		
	£	£		Goals
Adult and Older Adult Main block	1,242,368 (£427,601 lost)	TBA	1	Improving Physical healthcare to reduce premature mortality in people with Severe Mental Illness (National)
			2	Urgent and Emergency Care (National)
			3	Smoking Cessation
			4	Patient Reported Outcomes Measures
			5	Shared Education & Training
			6	Physical Healthcare
Children & Young People (Tier 3)	176,571	TBA	1	HoNOSCA
			2	Transition to New Service Model
Specialised Commissioning Group	227,652	242,510	1	Improving Physical healthcare to reduce premature mortality in people with Severe Mental Illness (National)
			2	Urgent and Emergency Care (National)
			3	(Low Secure) Supporting Service Users to Stop Smoking
			4	(Perinatal) Specific Support & Involvement for Partners
			5	(CAMHS T4) Improving CAMHS Care Pathways
			6	(CAMHS T4) Appropriateness of Unplanned Admissions

Contract	2014/15	2015/16		Goals
	£	£		
MVA	22,863	22,863	1	New Models to Improve Service User Engagement
Total	£1,669,454	*To be confirmed		

Note: contract negotiations are currently still underway; contract values and CQUIN schemes are yet to be finalised

Statements from the Care Quality Commission

NEP is required to register with the Care Quality Commission and its current registration status is compliant without conditions. This section details the 17 compliance inspections received by us over a two-year period. The CQC has not taken enforcement action against the Trust in 2014/15. The following table reflects our compliance with the planned/ responsive inspections received at our 15 in-patient locations.

Unit	Date of Visit	1. Involvement and information	2. Personalised care, treatment and support	3. Safeguarding and safety	4. Suitability of Staffing	5. Quality and Management	STATUS OF ACTION PLAN
439 Ipswich Road	8th January 2014	✓	✓	✓	✓	✓	
Peter Bruff Unit	17th December 2013	✓	✓	✓	✓	✓	
Severalls House	28th January 2014	✓	✓	✓	✓	✓	
Landmere (Tower)	2nd December 2013	✗	✗	✓	✓	✓	
King's Wood Centre	13th January 2014	✓	✓	✓	✓	✓	
The Lakes	9th October 2013	✓	✓	✓	✓	✓	
Brian Roycroft Unit	30th September 2013	✓	✓	✓	✓	✓	
Chelmer & Stort	20th November 2014	✗	✓	✓	✓	✓	
Kitwood & Roding	20th November 2013	✗	✓	✓	✓	✓	
Edward House	10th February 2014	✗	✓	✓	✓	✓	
Shannon House	20th January 2014	✓	✓	✓	✓	✓	
Christopher Unit	26th November 2013	✓	✓	✓	✓	✓	
The Crystal Centre	11th December 2013	✓	✓	✓	✓	✓	
The Linden Centre	13th June 2013	✓	✓	✓	✓	✓	
		SAFE	CARING	RESPONSIVE	EFFECTIVE	WELL-LED	
The Linden Centre	20th February 2015	Requires improvement	Good	Good	Requires improvement	Good	
Ardleigh/Gosfield	23rd April 2015						

Key:

Old inspection regime	✓	All standards were being met	✗	At least one standard in this area required improvement(s).	✗	At least one standard in this area was not being met and the CQC have taken enforcement action
New inspection regime	OUTSTANDING	GOOD	REQUIRES IMPROVEMENT	INADEQUATE		

The following are verbatim extracts from the full CQC reports published on the CQC website for visits in 2014/15. Any non-compliant locations have robust action plans in place, monitored by RGE.

Chelmer and Stort Wards (Derwent Centre Harlow)

Inspection carried out on 20 November 2014

During a routine inspection

We last inspected this service on 04 February 2014 and we identified areas where the trust needed to take action. The trust sent us a report detailing the actions they had taken. We carried out this inspection to check on the actions taken. We found that overall improvements had been made by the hospital.

During this inspection we spoke to approximately six people and 16 staff in detail. We reviewed 12 assessment and treatment records and trust wide policies and procedures. We observed a community meeting of the people using the service.

The service was safe. Risk assessments and management plans were available for people and the environment to keep them and others safe. People we spoke with told us they felt safe.

The service was effective. We noted that clear assessment and care plans were in place for each person using the service to ensure people's needs were being effectively met. We found staff had received relevant training. However we found that further some improvements were needed for recording individual documenting capacity assessments on Chelmer ward. This was brought to attention of senior trust staff.

The service was caring. Most people gave us positive feedback about staff and the care given. The service was responsive. People and staff were encouraged to give feedback on the quality of the service in various ways such as meetings and surveys and we saw evidence of actions taken by the trust following this feedback.

The service was well led. Systems were in place to assess and monitor the quality of service provision.

The Linden Centre (Chelmsford)

A focussed inspection took place on 23rd February 2015. The following is the overall summary from the report:

Overall summary

We rated the Linden Centre Mental Health Wards overall as requires improvement because:

- We noticed environmental risk areas around the wards and it was not apparent that actions had been taken to fully address these. Most risk assessments seen lacked detail and did not include clear guidance for staff to follow. Following a serious incident in 2012 an action point was to review the door hinges in place throughout this location and this had yet to be fully addressed by the trust.
- Those care plans seen lacked sufficient detail to enable staff to provide informed interventions. There were no care plans seen for physical healthcare monitoring or potential interventions for these if required.
- Some actions were required to ensure that all staff were adhering to the Mental Health Act and the code of practice relating to section 17 leave and recording clearly that patients were informed of their rights under section 132. Three patients told us they had not received information about their rights as a detained patient.
- Individual records did not demonstrate an involvement in their care and treatment by all patients. Five patients told us that there were not enough activities taking place, particularly at weekends. Some issues affecting the privacy and dignity of patients were identified.
- Staffing levels and the granting of section 17 leave was affected by changes in patient dependency. Both wards were full and staff reported a high turnover of admissions and there were some delayed discharges.
- Patients us that they felt safe on the wards. Most patients told us staff treated them with dignity and respect and felt staff were approachable. We observed interactions with staff and patients and found that staff communicated in a calm and professional way. Staff showed an understanding of individual needs of the patient. Most patients told us they had been involved in developing their care plan. Patients had opportunities for attending group activities. We found examples of how staff supported patients to raise complaints. Patients were aware of the independent advocacy service and information regarding patient rights under the Act was on display. We saw that people's mental capacity to consent to their care and treatment had been assessed where relevant.
- We found that some actions had been taken by the trust to mitigate risks to patients. For example the provision of high dependency bedrooms. Staff had received safeguarding training and were aware of their responsibilities for reporting concerns. Staff knew how to report incidents and these were reviewed by the trust's clinical governance structure. Staff were aware of the trust's policy on enhanced observation levels and these records were mostly well completed. Patients told us that physical healthcare assessments took place following admission.
- Staff confirmed that they had received mandatory training and there were systems for monitoring supervision attendance and staff appraisals. Governance systems were in place and managers had access to trust data to gauge the performance of the team and compare against other locations within the trust. Staff reported good morale and being supported by their colleagues.

However:

Periodic reviews

NEP is subject to periodic reviews by the Care Quality Commission and the last review was the (national) thematic review of mental health crisis care 16th-17th December 2014.

Areas of good practice:

- Committed, caring and professional staff who employed the least restrictive means of caring for people

- Implementation of the street triage teams. The improved information shared with staff ahead of attendance allowed them to consider risks and identify how best to meet the person's needs
- Strong working relationships between section 136 staff and the police, supported by monthly liaison meetings to review issues and concerns
- Services to meet the needs of specific groups e.g. services for the military community
- Strategic recognition and commitment by partner services to address barriers to people experiencing mental health crisis receiving timely and appropriate assessment and care

Areas for development:

- Improved access to crisis services for people known to the service or recently referred. People need to be aware of the response capacity of the service and alternative means of accessing crisis services if staff are unavailable
- Evaluation of and improvements in the responsiveness of the out of hours telephone helplines
- Engagement with people using services to support improvements to care and development of services that meet the needs of the population
- Development of multi-agency training to support partnership working and increased knowledge and skills of staff
- Increased knowledge, within primary medical services, on the routes into crisis mental health services. All practice staff should be able to support and refer people in crisis to appropriate crisis mental health services
- Ensure assessments are individualised to reflect people's needs and inform the consistent management and delivery of their care across services. For example, assessments should be sufficiently individualised to aid the Crisis and Trust Line staff to best support patients, at a time when they are vulnerable

At the time of writing this report is at factual accuracy stage. Once formally published actions will be developed in response to the areas identified for development.

Data Quality

NHS Number Validity and General Medical Practice Code

NEP submitted records during 2014/15 (to end Feb '15) to the Secondary Uses Service for inclusion in the Hospital Episode Statistics, which are included in the latest published data. The percentage of records in the published data, which included the patient's valid NHS number was 99.4%; 100% for outpatient care.

admitted patient care	99.4% NHS No.	100% GP Code
outpatient care	100% NHS No.	100% GP Code

Information Governance Toolkit Attainment Levels

Information governance is the way organisations handle personal information relating to patients and staff, and corporate information relating to finance and accounts. It provides a way for staff to deal consistently with many rules and regulations, e.g. Data Protection Act 1998 and Confidentiality NHS Code of Practice. The Toolkit is a performance tool produced by the Department of Health that sets all rules and regulations into one framework allowing self-assessment of compliance with the law and central guidance.

NEP's score for 2014/15 for Information Quality and Records Management, assessed using the Information Governance Toolkit was 70%:

Information governance management Score: 80% Grade: satisfactory

Confidentiality and data protection assurance	Score: 70%	Grade: satisfactory
Information security assurance	Score: 66%	Grade: satisfactory
Clinical information assurance	Score: 73%	Grade: satisfactory
Secondary use assurance	Score: 66%	Grade: satisfactory
Corporate information assurance	Score: 77%	Grade: satisfactory
Overall assessment Version 12	Score: 70%	Grade: satisfactory

Clinical Coding Error Rate

NEP was not subject to the Payment by Results clinical coding audit during 2014/15 by the Audit Commission.

PART 3: OTHER INFORMATION AND REVIEW OF QUALITY PERFORMANCE INDICATORS

Introduction

Part 3 of our Quality Report reviews our quality performance indicators. This is divided up into three sections:

- 'Safe' measures (identified by the Risk and Governance Executive on behalf of the Trust Board). The rationale for these measures is the importance of patient safety; people need to feel safe while using our services and if they do not then this has the potential to impact on serious incidents and complaints.
- 'Effective and Care' measures – these measures include the key national priorities identified by the Department of Health Operating Framework; in addition there are a number of locally agreed performance measures agreed by the Executive Management Team and the Trust Board. The rationale for these measures is not only the need to comply with national targets but to monitor our performance against a whole range of measures that impact on the quality of care we offer to our service users.
- 'Responsive and Well Led' measures – Executive Directors, on behalf of the Trust Board, agreed elements of the national patient survey results together with complaints and compliments. The rationale for including these measures is that complaints are a gauge to how well we are doing and identifies potential areas for improvement. Each complaint (or expression of concern) is taken seriously and acted on in each case but they also alert us to potential areas for improvement. We also record compliments a service receives, as there is potentially learning there too and they are a general indicator about good customer care.

We regularly involve stakeholders in planning workshops, which help to identify areas of concern that it may be appropriate to measure and monitor on a regular basis. Our Council of Governors represent a wide range of stakeholders from constituencies across the geographical area, service users and service user groups, carers and members of staff .

The Trust has a reference cost index (RCI) for Mental Health services of 97 for 2013/14, compared to 102 in the previous year. This demonstrates that our costs are below the national average for mental health trusts and we continue to drive efficiencies where they can be safely delivered.

According to the 2014 NHS benchmarking data, based upon returns from 66 providers, the Trust performs well on a range of mental health productivity measures, with

- Below average lengths of stay for both acute adult and older adult patients
- Below lower-quartile acute adult and older adult readmissions rates

- Below lower-quartile delayed discharge rates for older adults
- Upper quartile staff satisfaction rates
- Below average Serious Incidents and complaints per 100,000 population.

The comparative spending on mental health by two of the local Clinical Commissioning Groups are below both the national and local area average (source NHSE Programme Budgeting, for 13/14 published March 2015).

Performance of Trust against selected metrics (measures)

We have chosen to measure our performance against the following across the CQC domains

Quality Report – ‘Safe’ measures

The charts that follow are an extract from our monthly Quality Report patient safety dashboard as at the end of March 2015. We have been able to benchmark the figures over several years. We have developed clear targets for the reports within the dashboard. We also use National Patient Safety Agency national reports for benchmarking.

The Patient Safety Dashboard is part of the patient safety element of our Quality Report, which encompasses all three Quality headings of patient safety, patient experience, and clinical effectiveness. All of the indicators are used by the Trust to support its drive for quality. The data sources are our local incident reports and the indicators are in line with National Reporting and Learning Service (NRLS) requirements.

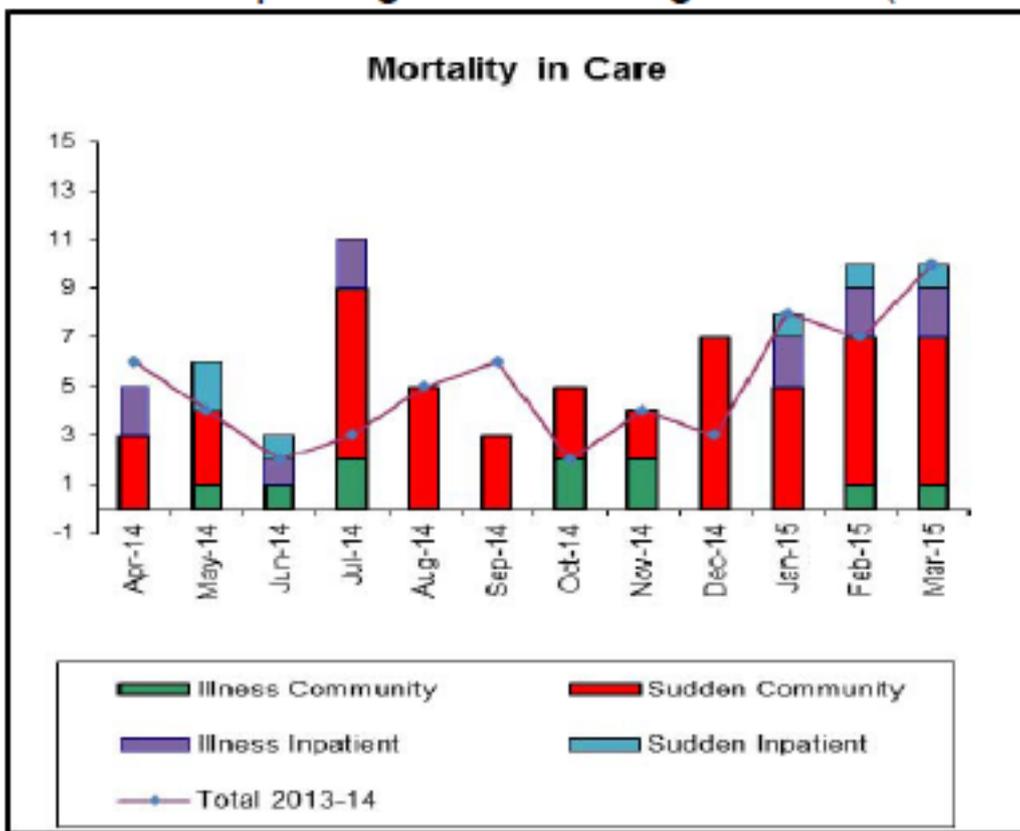


Chart 1 – Mortality in care

This indicator measures mortality in care due to physical illness and self-harm or accident. For this indicator, we record and analyse deaths in our direct care, including those in the community. All deaths where no physical illness is evident are subject to full investigation. We are not subject to the Standard Hospital Mortality Indicator used by acute hospitals.

The total number of deaths in 2014/15 is higher than last year at 77. We have separated in-patient deaths from those in the community. These are in turn broken down by sudden and those due to physical illness. Almost 65% of the total deaths were sudden and in the community.

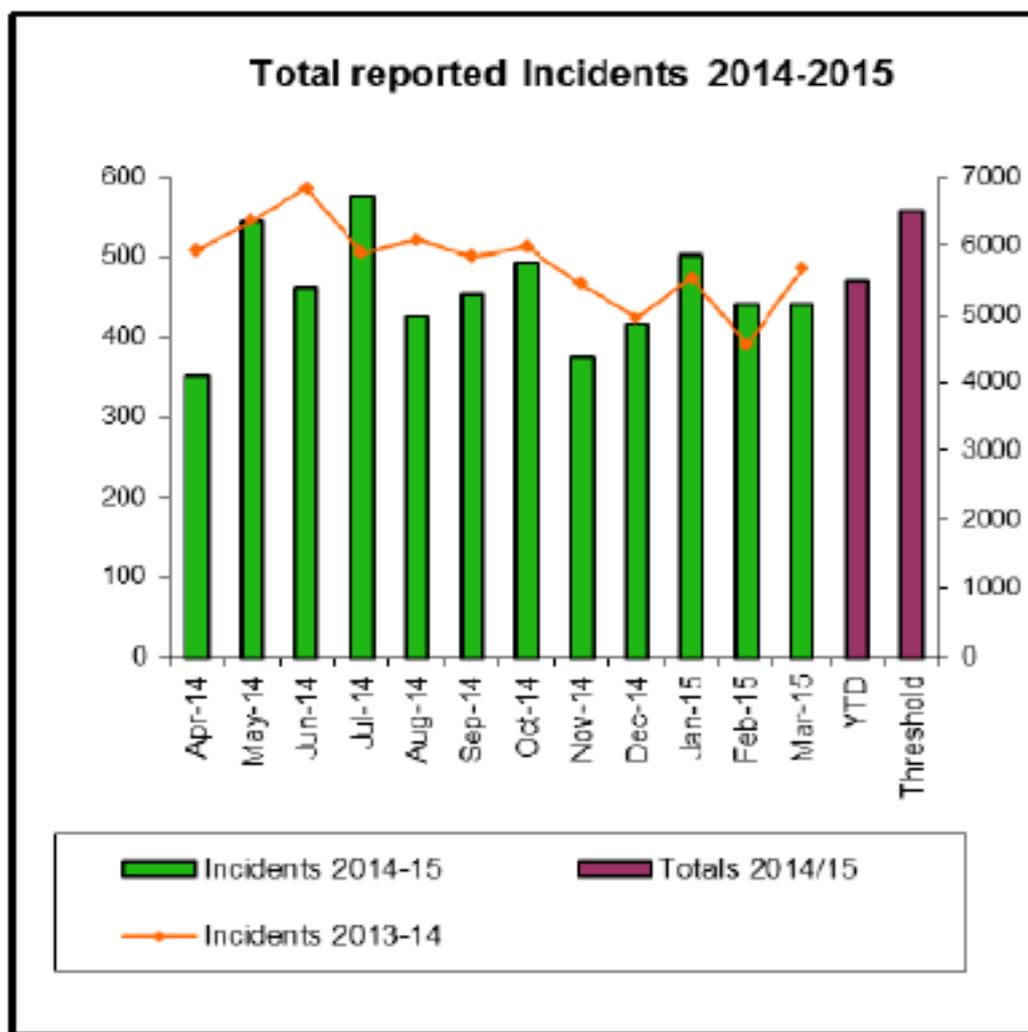


Chart 2 – Total number of incidents

An incident in the Trust is any adverse event that has the potential to cause harm to an individual. There is proactive reporting of incidents in the Trust. It is imperative that staff report incidents if we are to continue to learn from events. A high level of reporting is actively encouraged nationally.

The total number of incidents for the year is 5484 and this represents a decrease on the previous year of 7.4%.

Monitor requires the Trust to report on two indicators relating to patient safety incidents:

The number and, where available, the rate of patient safety incidents reported within NEP during 2014/15, and the number and percentage of such patient safety incidents that resulted in severe harm or death

NEP considers that this data is as described for the following reasons: Submission of statutory information to the National Reporting and Learning System

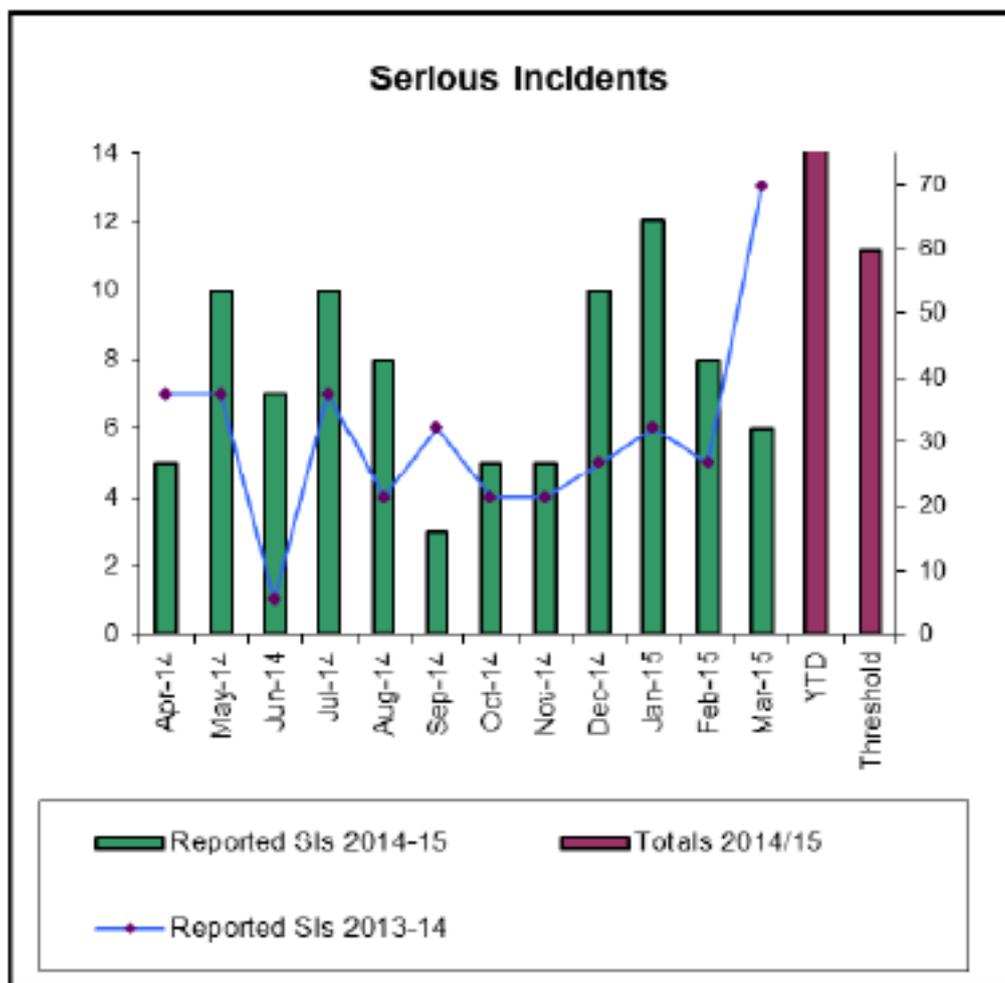
NEP has taken the following actions to reduce the number of patient safety incidents that result in severe harm or death: NEP monitors and analyses closely the number of patient safety incidents and encourages reporting thereof. During 2014/15 NEP developed partnership working with The Samaritans. NEP has an active Avoidable Deaths Group. Annual patient safety audits include ligature risk

assessments that are acted upon and followed up through patient safety group meetings. There is close working between the Quality, Risk and Patient Safety Department and the Estates Department in this respect.

Indicator 1: Patient safety incidents (PSI) reported to the NRLS (A PSI is any unintended or unexpected incident that could or did lead to harm for one or more persons receiving NHS funded healthcare). The number of patient safety incidents reported to the NRLS in 2014/15 is 2260 (down significantly from 2343 in 2013/14).

Indicator 2: Patient safety incidents reported to the NRLS where degree of harm is recorded as severe harm or death as a percentage of all patient safety incidents reported (severe – the patient has been permanently harmed as a result of the PSI, and death – the PSI has resulted in the death of the patient). 0.2% of the total number of PSI's reported to the NRLS resulted in severe harm or death in 2014/15 (up from 0.085% in 2013/14).

Chart 3 – Total number of reported serious incidents (SI's)



The full definition of a serious incident requiring investigation (SIRI) can be found at the following link: <http://www.england.nhs.uk/ourwork/patientsafety/serious-incident/>

There were 89 reported (through Strategic Executive Information System STEIS) serious incidents during 2014/15 and this is a 31% increase on the previous year. 32% of the total were not death related. It should be noted that there were 15 deaths in the community related to drug/alcohol misuse which equates to 17%. The Trust continues to implement its suicide prevention strategy including measures covering inpatient and community care.

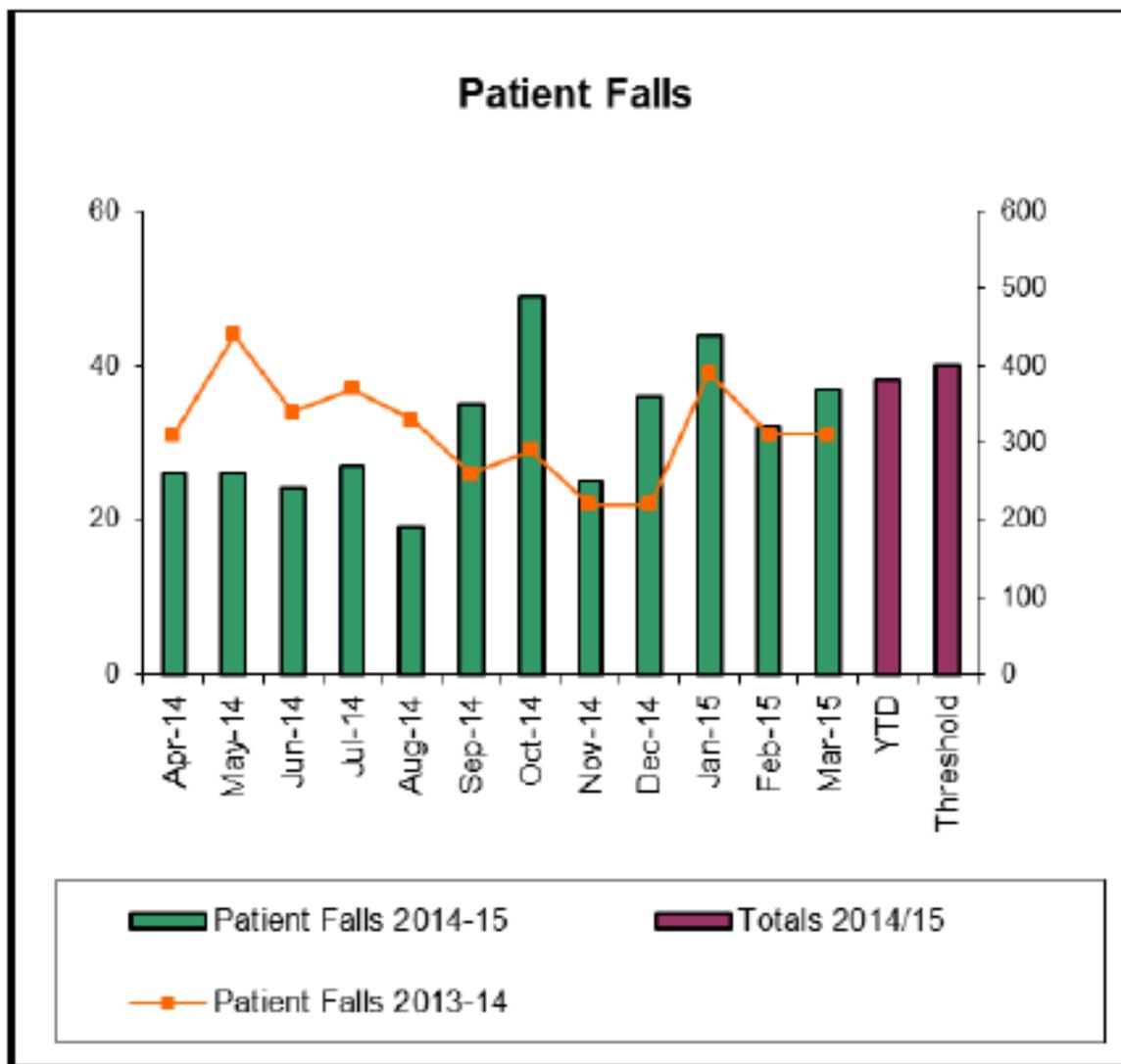
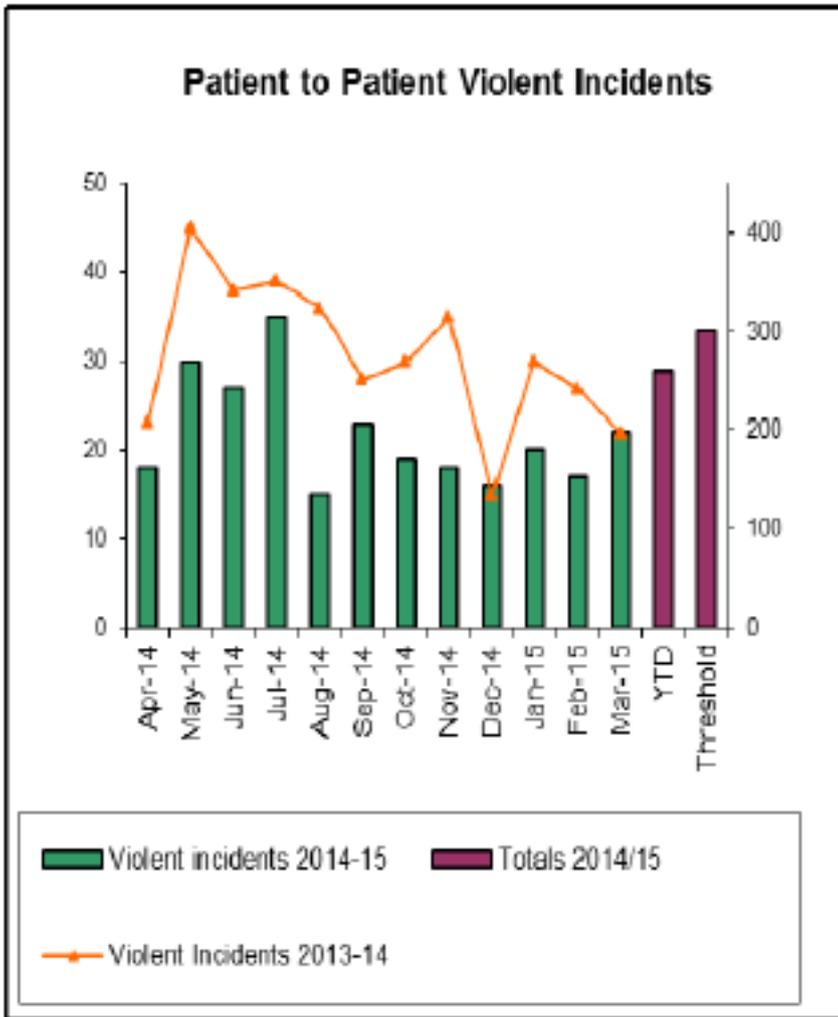


Chart 4 – Falls (patient)

Our falls prevention strategy has resulted in the year on year reductions as outlined below however this year the number has plateaued.

2014/15	380
2013/14	379 (9.5% reduction)
2012/13	419 (19% reduction)
2011/12	515 (21% reduction)
2010/11	674 (23% reduction)
2009/10	876 (16% reduction)

Chart 5 - patient to patient violent incidents and Chart 6 – total number of violent incidents



Patient to patient violence incorporates aggression, harassment, actual assault, and inappropriate behaviour towards another patient - see chart 5. Violence towards property - chart 6 incorporates. It is appropriate to stress in chart 6 there is a high level of verbal aggression towards staff reported rather than physical damage to property. Chart 6 does not include physical assaults on staff.

Patient to patient violent incidents has decreased by 108 incidents on last year; this represents a decrease of 29% and can mainly be attributed to the older adult wards. Violent incidents have decreased by 28% on last year's total; the majority of these are attributable to verbal aggression.

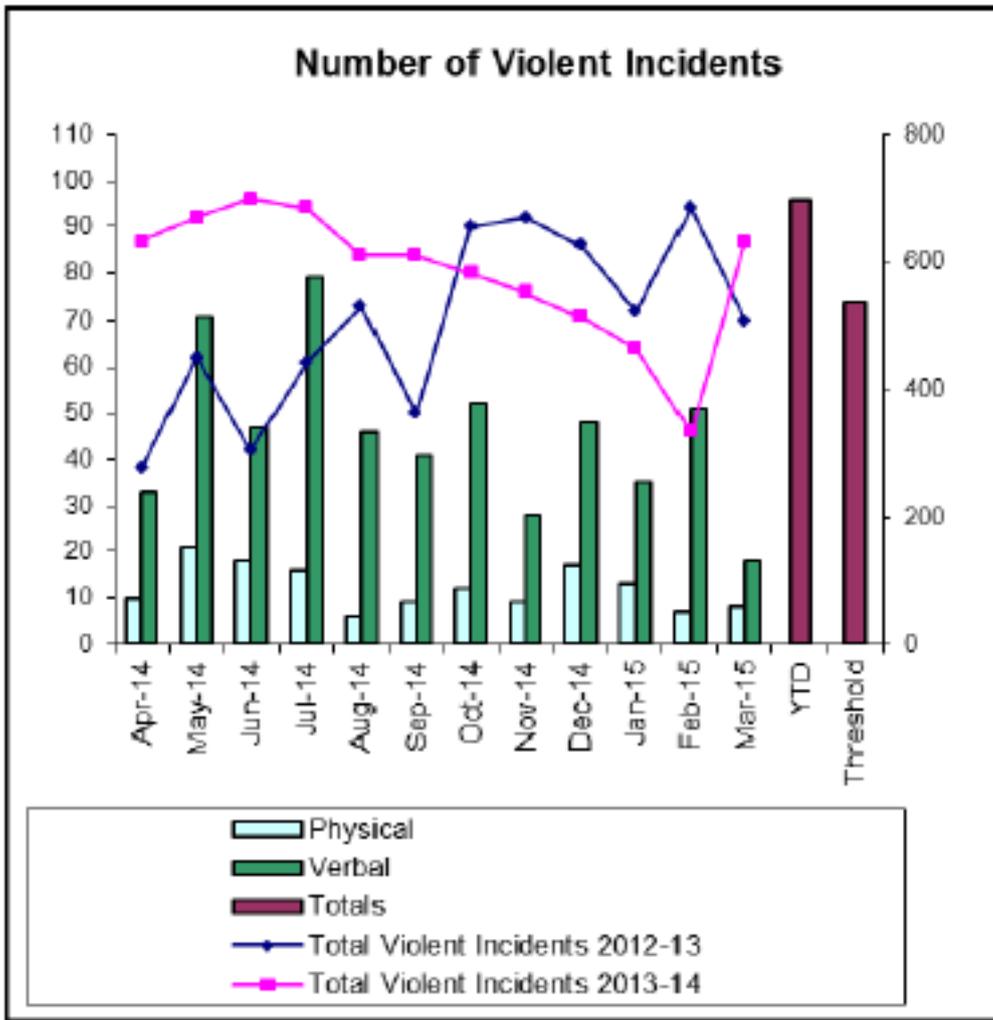


Chart 7 – Medication Incidents

Medication incidents are patient safety incidents involving medicines in which there has been an error in the process of prescribing, dispensing, preparing, administering, monitoring, or providing medicine advice, regardless of whether any harm occurred. This is a broad definition and the majority of medication errors do not result in harm. (http://www.npc.nhs.uk/improving_safety/improving_safety/resources/Medication_Error/Reducing_5mg.pdf)

Medication incident reporting is actively encouraged in order to promote safety. The reporting has increase by 21%. This includes the addition of 'near miss' reporting. There were 3 incidents in the year that resulted in serious harm.

Pharmacy interventions are monitored to ensure that correct prescribing practices are being followed and there is a high level in this area as this is proactive medicines management. Pharmacy staff engagement occurs on all wards on a daily basis

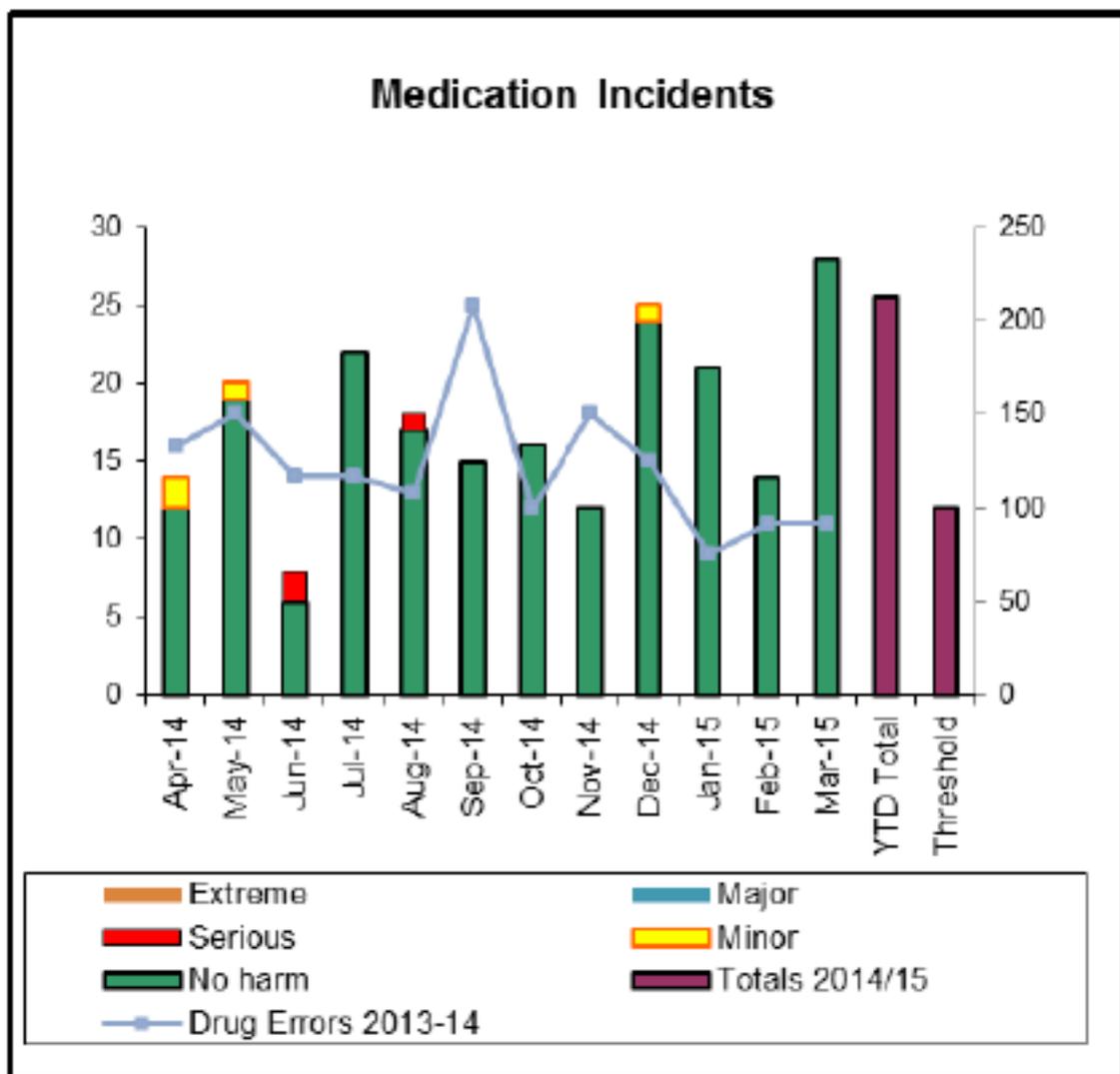
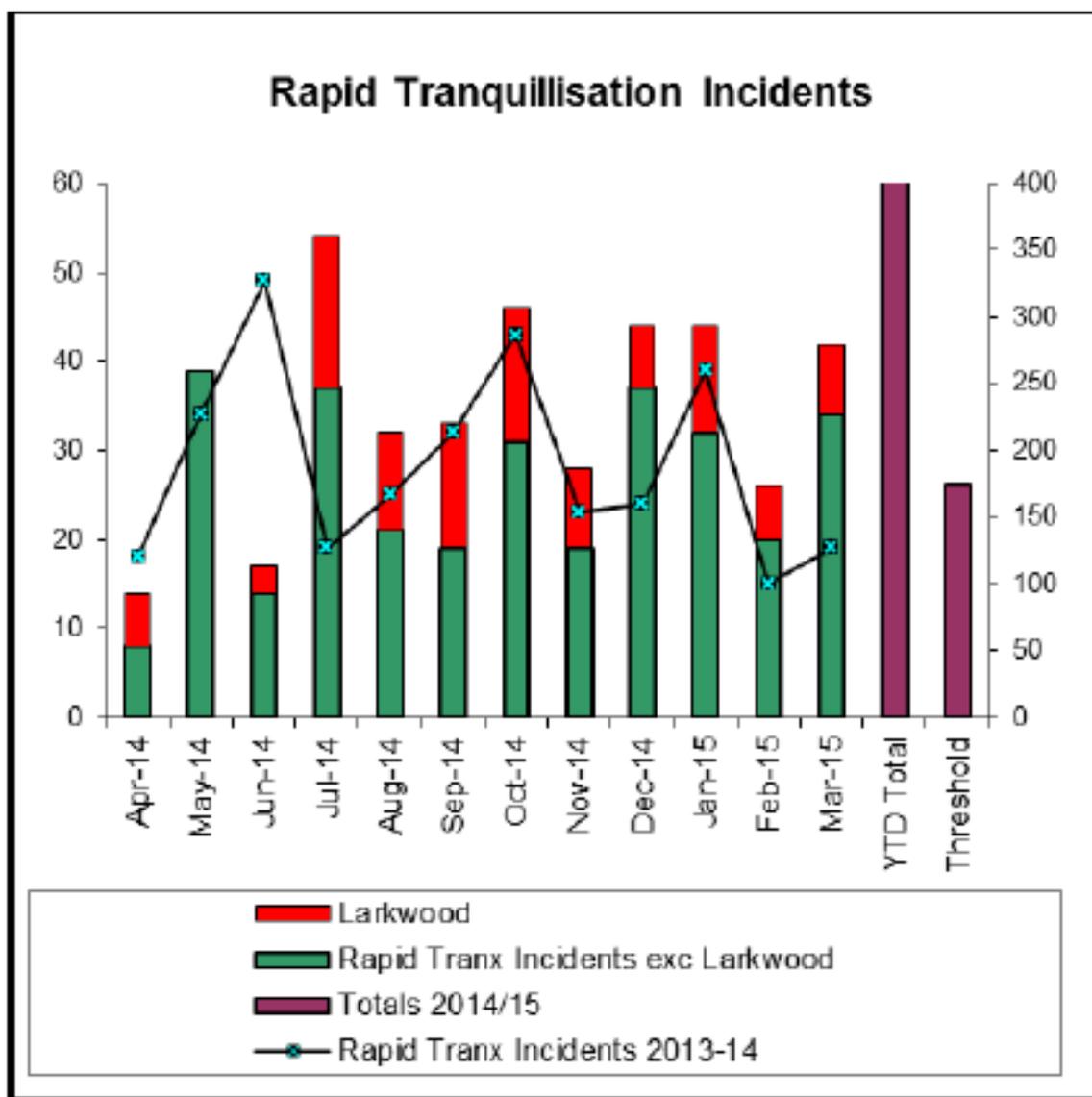


Chart 9 – rapid tranquillisation incidents

Rapid tranquillisation incidents are where medication in line with the protocol is administered to control behaviour usually precipitated by violence/impulsivity. This chart looks at the number of rapid tranquillisations that have taken place. There has been an overall increase of 23%. 25% of these relate to Larkwood ward (St Aubyn Centre). Every incident is audited.



Clinical Effectiveness and other outcome measures

National targets, key priorities, regulatory requirements, and primary indicators

The following indicators are collected from the data sources below and referenced in brackets in the table. This includes key national priorities from the DH operating framework that are relevant to mental health service.

In the following key to data sources, the bracketed information refers to any nationally defined standards:

- (1) Remedy – patient database (nationally defined by Department of Health/ Care Quality Commission/ Monitor)
- (2) Electronic staff records (nationally defined as above)
- (3) Poppie/Theseus database (in line with Drug Action Team requirements)
- (4) Electronic staff records (locally defined indicators)

Performance of Trust against selected metrics (as at 31/03/15)				
(data source – see legend above)	2014/15	2013/14	2012/13	Comment
Early intervention in psychosis (new cases) (1)	116.50%	115.50%	298	Target is 103 new cases per year and this percentage reflects the cases over and above
Carer assessments (completed and declined) (1)	1122	1103	1612	
Crisis Resolution Home Treatment (gatekeeping) (1)	97.39%	96.60%	100%	
Staff turnover (12month average) (2) [to end Mar-15]	13.30%	8.60%	7.60%	Turnover has increased steadily in line with the increase in Leavers
Sickness absence (in months) (2) [to end Feb-15]	5.10%	4.20%	4.40%	
Clients 18+ receiving a review within 12 months (1)	95.60%	75.40%	97.70%	
Care Programme Approach 7 day follow up (1)	99.54%	94.47%	98.80%	
Delayed transfers of care (in total % occupied bed days delayed) (1)	2.30%	2.70%	2.40%	
18 week referral to treatment (Consultant led services) (1)	93.40%	91.40%	99.70%	
MHMDS data completeness (1)	99.17%	98.83%	99.80%	
Monitor data completeness (1)	75.05%	63.2q	97.60%	Showing an increase following a low in 2013/14 as issues around migration have been addressed. Data quality issues on HoNOS are being addressed via a weekly data quality report sent to all Directorates.

Performance of Trust against selected metrics (as at 31/03/15)				
Inpatient discharges with a diagnosis recorded (1)	95.70%	N/A	94.50%+/85207410	Performance remains consistently high
Problematic drug users in effective treatment (3) [to end Nov-14]	87.90%	89.20%	89.70%	Performance remains relatively consistent. Year-end performance data available late Apr-15
18 week referral to treatment (non-Consultant led services) (1)	92.40%	N/A	96.80%	Slight decrease in performance
Under 18 admissions to an adult ward (1)	9	9	4	Age appropriate admissions
Under 16 admissions (1)	0	0	0	Consistent performance against the previous three years
Inpatient re-admissions within 28 days of previous discharge (1)	7.93%	2.42%	2.53%	Increase attributed to changes in the coding used to record emergency admissions that have been gate kept by CRHT.
Long term Sickness absence (4) [to end Feb-15]	2.12%	2.76%	4.40%	
Turnover excluding retirement (4) [to end March-15]	13.50%	5.70%	5.10%	Turnover has increased steadily in line with the increase in Leavers
Leavers (4) [to end Mar-15]	253.61	176.75	163.64	Increased number of leavers attributing to increased Turnover rate
Leavers excluding retirement (4) [to end Mar-15]	180.65	133.03	138.26	Increased number of leavers attributing to increased Turnover rate
% of staff who would recommend the trust as a provider of care to family or friends (Q12d of staff survey '13)	55%	59%	60%	

All indicators as at 31st March 2015 except where indicated

Patients on Care Programme Approach who were followed up within 7 days after discharge from psychiatric in-patient care during the reporting period

North Essex Partnership University NHS Foundation Trust considers that this data is as described for

the following reasons: Submission of the QAR / MH Prov-Comm data set

North Essex Partnership University NHS Foundation Trust performance against this indicator has remained consistently high against the threshold throughout the 2014/15. Quality improvement is not required for this indicator, performance being over threshold and very close to 100%.

Risk Assessment Framework Indicator	Threshold	2014/15 Qtr 1	2014/15 Qtr 2	2014/15 Qtr 3	2014/15 Qtr 4
Care Programme Approach (CPA) patients receiving follow-up contact within 7 days of discharge	95%	99%	99%	99%	99%

Admissions to Acute Wards for which the Crisis Resolution and Home Treatment acted as gatekeeper

North Essex Partnership University NHS Foundation Trust considers that this data is as described for the following reasons: Submission of the QAR / MH Prov-Comm data set

NEP performance against this indicator is consistently above threshold and considers that no quality improvement action is required at this point in time.

Risk Assessment Framework Indicator	Threshold	2014/15 Qtr 1	2014/15 Qtr 2	2014/15 Qtr 3	2014/15 Qtr 4
Admissions to inpatients services had access to crisis resolution/home treatment teams	95%	98%	95%	96.5%	95%

Patients re-admitted within 28 days of being discharged from hospital

North Essex Partnership University NHS Foundation Trust considers that this data is as described for the following reasons: Submission of the SUS Data Set

Risk Assessment Framework Indicator	Threshold	2014/15 Qtr 1	2014/15 Qtr 2	2014/15 Qtr 3	2014/15 Qtr 4
Patients re-admitted with 28 days of being discharged from hospital	0 to 14	0%	0%	0%	0%
	15 or over	8%	7.5%	8.4%	7.9%

Staff employed by, or under contract to, NEP during the reporting period who would recommend the trust as a provider of care to their family or friends

NEP considers that this data is as described for the following reasons: Submission of staff friends and family test data through the UNIFY2 system for mental health providers

NEP intends to take the following actions to improve this percentage, and so the quality of its services, by supporting and encouraging participation in the annual national staff survey and through the quarterly Staff Friends and Family Survey, which is open to all staff each time. The fortnightly update from the Chief Executive is sent to all staff and there is a standing invitation for all staff to comment back directly to him. The Trust wants to develop more 'visible' leadership with both non-executive and executive directors visiting wards and units, talking to both service users and staff. Changes and developments put forward by staff and implemented, will be acknowledged in Trust wide communications.

% of staff who would recommend the trust as a provider of care to family or friends (Q12d of staff survey '13)	55%
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Patient experience of community mental health services indicator score with regard to a patient's experience of contact with a health or social care worker during the reporting period
NEP considers that this data is as described for the following reasons: Care Quality Commission national Community Mental Health Survey

NEP is one of the highest performing Trusts within the region and whilst there are no specific actions to improve this percentage, the implementation of Journeys will see new ways of working that should impact in a positive manner.

For the person or people seen most recently listening carefully to them (2014 survey) Patient experience of contact with a health or social care worker during the reporting period (2013 and earlier)*	85%
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NEP is compliant with requirements regarding access to healthcare for people with a learning disability and uses the Green Light Toolkit as a monitoring tool. The LD & ASD (Learning Disability and Autistic Spectrum Disorder) Census took place on 30th September 2014 and NEP returned data showing 11 inpatients with LD or ASD. This compares to 27 inpatients the year before. This reflects the nature of admissions as this is a snapshot on one night of the year. The census demonstrates that people have access to services.

Patient experience measures

We have measured ourselves on the following patient experience measures. The data source for formal complaints and compliments is our local Respond and Datix databases and the data source for PALS low level complaints is from an Excel spread sheet with extracted information from Customisable Analysis Management Software (CAMS) database on 2nd April 2013 (extracted to ensure no duplicated issues from single enquiries). The complaints data is nationally defined whilst the compliments is locally defined. The patient survey indicators are taken from the national community survey and are nationally defined questions. How we compared with other Trusts in this survey can be found on the Care Quality Commission website at <http://www.cqc.org.uk/survey/mentalhealth/RRD>

	2014/15	2013/14	2012/13
Complaints (including low level)	396	441	531
Compliments (*includes a manual count for March of 15)	251*	447	399
Patient Survey For those prescribed new medicine(s), being given information about it in a way that they could understand (2014 survey) Were the purposes of the medications explained to you? (2013 and earlier)*	71%	80%	79%

	2014/15	2013/14	2012/13
Patient Survey For those who have agreed what care and services they will receive, being involved as much as they would like in agreeing this (2014 survey) Do you understand what is in your care plan? (2013 and earlier)*	73%	75%	75%
Patient Survey Overall view of mental health services, for feeling that overall they had a good experience (2014 survey) Overall, how would you rate the care you have received from Mental Health Services in the last 12 months? (2013 and earlier)*	72%	72%	73%
For the person or people seen most recently listening carefully to them (2014 survey) Patient experience of contact with a health or social care worker during the reporting period (2014 and earlier)*	85%	84%	

* Community Mental Health Service Users Survey results

The patient survey results for 2014 published by the Care Quality Commission (CQC) shows that the majority of patients who use community mental health services provided by NEP are happy with the service. NEP scored the highest in the country for two specific areas: how well the Trust organise patient care (9 out of 10) and awareness of crisis care (7.3 out of 10). In all other areas, the Trust is performing at the same level as other Trusts that provide similar services. NEP is one of the highest performing Trusts in the region. The Trust scored 9 out of 10 for treating patients with dignity and respect.

We welcome feedback in the form of comments, compliments, and complaints. We are a very large organisation with thousands of episodes of care delivered. We want to provide the best but there will be occasions where people are not satisfied or are unhappy so we want to hear about it. We have many ways people can pass these on to team managers, reception staff, direct to the Chief Executive, or through the patient advice and liaison service. People do not generally like to complain but other people can benefit from complaints where shortcomings in the service are highlighted.

ANNEXE 1 STATEMENTS FROM CLINICAL COMMISSIONING GROUPS, HEALTH OVERVIEW AND SCRUTINY COMMITTEE AND HEALTHWATCH

North Essex Partnership NHS Foundation Trust has requested third party commentaries from local Clinical Commissioning Groups, local Healthwatch and the Health Overview and Scrutiny Committee.

Statement from Healthwatch Essex for NEP Quality Account 2014-2015

Healthwatch Essex is an independent organisation with a vision to be a voice for the people of Essex, helping to shape and improve local health and social care services. We believe that people who use health and social care services and their lived experience should be at the heart of the NHS and social care services.

We recognise that Quality Account reports are an important way for local NHS services to report on what services are working well, as well as where there may be scope for improvements. The quality of the services is measured by looking at patient safety, the effectiveness of treatments that patients receive and patient experience of care. We welcome the opportunity to provide a critical, but constructive, perspective on the Quality Accounts for NEP, and we will comment where we believe we have evidence – grounded in people's voice and lived experience – that is relevant to the quality of services delivered by NEP.

Healthwatch Essex (HWE) recognises the ever-changing landscape of health and social care in Essex around mental health. HWE also recognises the continued dedication of NEP staff, governance, and supporters in delivering a service that is still fit-for-purpose in financially challenging times. To improve its services, NEP has been developing the 'Journeys' programme which has involved reviewing services to ensure they are person centred. This process has involved reviewing a number of community and day services to develop a patient-centred service for psychosis, non-psychosis, and dementia/frailty. Healthwatch Essex anticipates the launch of these new pathways and the improvement to patient experience.

NEP has a patient experience board, which focuses on patient experience and the outcomes of patient surveys. The Trust is performing well on measures patient experience. In the Care Quality Commission's community mental health survey, NEP scored around the same as other Trusts participating. The Trust scored particularly well on organising patient care and awareness of crisis care. Also, the Trust has received fewer complaints this year than last year.

However, Healthwatch Essex's '555' report on people's lived experience of mental health services in Essex has highlighted areas across health and social care where there is need of improvement. Our report showed that people report both good and bad experiences, with themes emerging around continuity of care, trust, person-centred services, choice and control, and communication. Services for post-natal depression were identified as needing improvement.

Healthwatch Essex endorses the continued efforts of NEP to capture the lived experience of service users and its commitment to working with other agencies - such as NEP's response to HWE's 555 report. We recognise that NEP has a clear programme of activities through which they engage the public including World Mental Health Day, the nascent Dementia Alliance and the Friends and Family test.

Healthwatch Essex believes that lived experience should be heart of services, and believes that listening to the voice and lived experience of patients, service users, carers, and the wider community, is a vital component of providing good quality care. We will continue to support the work of NEP in this regard.

Dr Thomas Nutt
Chief Executive

15th May 2015

Statement from Essex County Council Health Overview and Scrutiny Committee for NEP Quality Account 2014/15

The HOSC has sought to provide critical friend challenge whilst being supportive to the Trust. Trust representatives have appeared before the HOSC twice in the last year as the Committee has sought assurances on continued quality of services, patient safety, leadership and culture, as part of reviewing performance and assessing proposed changes to service delivery (such as the Journeys Programme). There were also two HOSC visits to the Linden Centre during 2014. A representative from the HOSC also attended the CQC Commission summit for Crisis Intervention convened in December 2014.

Whilst reviewing the overall impression and messages given in the Quality Accounts, I am mindful of the collaborative and supportive partnership work that has been in place, particularly in relation to early interventions such as falls prevention, the specialist community health services, and support around encouraging independent living. Significant partnership work has also been undertaken around the Child and Adolescent Mental Health Service. As part of presenting your review, I think it would be helpful in future, to include commentary on some of the significant partnership working undertaken, how you think it has benefitted performance and assess its effectiveness, and where it has most value and outline any plans for further joint working in future.

On behalf of the HOSC may I thank you for the opportunity to comment on these Accounts.

Jill Reeves
Chairman HOSC
ECC



North East Essex Clinical Commissioning Group response to North Essex Partnership University Foundation Trust Quality Account 2014-15

North East Essex CCG is pleased to have this opportunity to comment on the Quality Account provided by North Essex Partnership University Foundation Trust (NEP) and does so by virtue of its role as Lead commissioner for the North Essex Clinical Commissioning Groups (North East, Mid and West Essex).

Our comments are based on a draft version of this Quality Account. Assurance has been an iterative process and we have already had the opportunity to inform its content and are happy with its general accuracy. The CCG cannot assure all of the data as some was not provided or has been updated on publication.

This Quality Account clearly demonstrates the importance that the Trust attaches to the provision of safe, effective services that provide a positive experience to its client group. This Account also clearly evidences the importance given to working collaboratively with other health care providers as well as emergency services to improve the efficiency with which people are able to access mental health care. For example, the Trust has played an active role in setting up the Street Triage service across Essex which has led to a reduction in the number of assessments required under the Mental Health Act as people in distress are referred to the appropriate service without the requirement for the use of Section 136 by a police officer.

The thematic review of urgent care performed by the Care Quality Commission in December 2014 has recognised the value of the Trust having "caring, committed, professional staff as well as the strong working relationship between its staff and police in the management of people in crisis. Opportunities for development include individualising assessment, multi-agency training and improving access to mental health services for those in crisis. Once this review is formally published an appropriate action plan will be made.

You have shown your commitment to continuous quality improvement through a series of locally devised audits as well as participation in three of the 4 eligible national audits with development of action plans to ensure learning and improvements in practice occur.

Similarly your commitment to research shows your drive to improve quality; in particular you have 55 research projects currently underway.

The use of the Commissioning for Quality and Innovation (CQUIN) Payment Framework provided a further opportunity to improve quality across several areas including suicide prevention and improving physical health care for those with an enduring mental illness as well as helping to improve patient pathways across the local health economy. Unfortunately not all of those opportunities have been realised and you received in some instances partial payments only.

As you note, one of the challenges you have faced this year has been embedding the use of your new patient electronic record system – Remedy, within the organisation. Unfortunately this has led to lack of assurance on the accuracy and completeness of submitted data leading to the commissioner issuing contract queries and the development of remedial action plans. The position has, however improved as the year has progressed.

You have identified 3 key priorities for improvement in the coming year-

- Better Communication and information
- Implementation of Journeys programme
- Patient and Carer experience.

We look forward to working collaboratively with you in support of such opportunities for quality improvement.

We note that you have performed well, according to NHS bench marking data received from 66 providers on a range of mental health productivity measures, with:

- Below average lengths of stay for both acute adult and older adult patients
- Below lower-quartile acute adult and older adult readmissions rates
- Below lower-quartile delayed discharge rates for older adults
- Upper quartile staff satisfaction rates

Local data analysis revealed that the number of incidents has decreased overall but there has been a rise in the number of serious incident compared with the previous year. This is in spite of the development of a suicide strategy and the use of the CQuIN framework to improve suicide prevention. Your falls strategy has led to a reduction in the number of falls occurring year on year. Similarly there has been a decrease in the overall number of both patient to patient violent incidents as well as patient to staff. The number of patients requiring rapid tranquilisation has also increased with 255 of those incidents attributable to the children and young people in patient unit. The commissioners will be interested to note the impact of the recently developed national requirement for a strategy to reduce restrictive interventions on these incidents. Medication incident report has increased which helps support patient safety

You have performed well against the majority of the identified measures of clinical effectiveness and outcome measures. One notable exception is the completeness of data required by Monitor (the financial regulator for foundation Trusts). This difficulty is attributable to the difficulties caused by the introduction of the new electronic patient information system previously discussed. Improvements in data quality are already occurring.

Patient experience Data has shown that you compare very favourably with other mental health providers and it is expected that the implementation of the recovery focussed Journeys programme will have a further positive impact. Similarly the

community patient survey also delivered very positive results and you scored the highest in the country for two specific areas: how well the Trust organise patient care (9 out of 10) and awareness of crisis care (7.3 out of 10).

The conclusion of the Lead Commissioner is that North Essex Partnership University Foundation Trust's Quality Account 2014-15 provides a clear picture of your performance, improvements and future ambitions for improving quality and safety in your services. The CCG are in agreement with the broad areas of priority you have identified for 2015-16. The CCG continues to embrace every opportunity to work with the Trust in our combined ambitions to both commission and deliver quality services to the people of North Essex.

Lisa Llewelyn

Director of Nursing and Clinical Quality

NHS North East Essex Clinical Commissioning Group

19th May 2015

ANNEXE 2 STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE QUALITY REPORT

In preparing the Quality Report the Directors are satisfied that:

- the content of the Quality Report meets the requirements set out in the NHS Foundation Trust Annual Reporting Manual 2014/15
- the content of the Quality Report is not inconsistent with internal and external sources of information including:
 - o Board minutes and papers for the period April 2014 to March 2015
 - o Papers relating to quality reported to the Board over the period April 2014 to March 2015
 - o Feedback from the commissioners dated 19th May 2015
 - o Feedback from governors in minutes over the period April 2014 to March 2015
 - o Feedback from Healthwatch (Essex) dated 15th May 2015
 - o The Trust's annual complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009 as at 31st March 2015.
 - o Care Quality Commission Community Mental Health Survey 2014
 - o 2014 NHS Staff Survey
 - o The Head of Internal Audit's annual opinion over the Trust's control environment dated 21st May 2015
 - o CQC quality and risk profiles and intelligent monitoring reports over the period April 2014 to March 2015
- the Quality Report presents a balanced picture of the NHS Foundation Trust's performance over the period covered
- the performance information reported in the Quality Report is reliable and accurate
- there are proper internal controls over the collection and reporting of the measures of performance included in the Quality Report, and these controls are subject to review to confirm that they are working effectively in practice
- the data underpinning the measures of performance reported in the Quality Report is robust and reliable, conforms to specified data quality standards and prescribed definitions, is subject to appropriate scrutiny and review; and the Quality Report has been prepared in accordance with Monitor's annual reporting guidance (which incorporates the Quality Accounts regulations) (published at www.monitor-nhsft.gov.uk/annualreportingmanual) as well as the standards to support data quality for the preparation of the Quality Report.

The Board of Directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the Quality Report

By order of the Board

27th May 2015	Chris Paveley	Chairman
27th May 2015	Andrew Geldard	Chief Executive
27th May 2015	Dr Malte Flechtner	Medical Director
27th May 2015	Lisa Anastasiou	Director of Workforce and Development
27th May 2015	Natalie Hammond	Director of Nursing and Quality
27th May 2015	David Griffiths	Director of Resources
27th May 2015	Mike Chapman	Director of Strategy
27th May 2015	Vince McCabe	Director of Operations
27th May 2015	Amanda Sherlock	Deputy Chairman/Non-Executive Director
27th May 2015	Charles Beaumont	Non-Executive Director
27th May 2015	Peter Little	Non-Executive Director
27th May 2015	Brian Johnson	Non-Executive Director

27th May 2015

Jan Hutchinson

Non-Executive Director

HOW TO PROVIDE FEEDBACK ON THE QUALITY REPORT

We would welcome feedback on our Quality Report and you may telephone, write, email, or contact us through our website or our facebook page, all details below:

Freephone 0800 169 1625

Andrew Geldard

Chief Executive

North Essex Partnership NHS FT

Freepost

RLXX-ZXRZ-ESZG

Trust Headquarters, Stapleford House

Stapleford Close, Chelmsford

CM2 0QX

Email enquiries@nepft.nhs.uk

Website <http://www.nepft.nhs.uk/>

Facebook: [facebook.com/NorthEssexPartnership](https://www.facebook.com/NorthEssexPartnership)

Twitter: [@nepnhs](https://twitter.com/nepnhs)

Independent auditor's limited assurance report to the Board of Directors and Board of Governors of North Essex Partnership University NHS Foundation Trust on the Quality Report

We have been engaged by the Board of Directors and Board of Governors of North Essex Partnership University NHS Foundation Trust to perform an independent limited assurance engagement in respect of North Essex Partnership University NHS Foundation Trust's Quality Report for the year ended 31 March 2015 (the 'Quality Report') and certain performance indicators contained therein.

Scope and subject matter

The indicators for the year ended 31 March 2015 subject to limited assurance consist of the national priority indicators as mandated by Monitor:

- 100% enhanced Care Programme Approach (CPA) patients receive follow-up
- Percentage of admissions to acute wards gate kept by the Crisis Resolution Home Treatment Team (CRHT).

We refer to these national priority indicators collectively as the 'indicators'.

Respective responsibilities of the directors and auditor

The directors are responsible for the content and the preparation of the Quality Report in accordance with the criteria set out in the 'NHS Foundation Trust Annual Reporting Manual' issued by Monitor.

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that:

- the Quality Report is not prepared in all material respects in line with the criteria set out in the 'NHS Foundation Trust Annual Reporting Manual'
- the Quality Report is not consistent in all material respects with the sources specified in Monitor's 'Detailed guidance for external assurance on quality reports 2014/15', and
- the indicators in the Quality Report identified as having been the subject of limited assurance in the Quality Report are not reasonably stated in all material respects in accordance with the 'NHS Foundation Trust Annual Reporting Manual' and the six dimensions of data quality set out in the 'Detailed guidance for external assurance on quality reports 2014/15'.

We read the Quality Report and consider whether it addresses the content requirements of the 'NHS Foundation Trust Annual Reporting Manual', and consider the implications for our report if we become aware of any material omissions.

We read the other information contained in the Quality Report and consider whether it is materially inconsistent with:

- Board minutes for the period 1 April 2014 to 27 May 2015
- papers relating to quality reported to the board over the period 1 April 2014 to 27 May 2015
- feedback from Commissioners, dated 19 May 2015
- feedback from Healthwatch Essex, dated 15 May 2015
- feedback from governors in minutes over the period April 2014 to March 2015

- the Trust's annual complaints report published under regulation 18 of the Local Authority Social Services and NHS Complaints Regulations 2009, dated 31 March 2015
- the national staff survey 2014
- Care Quality Commission Intelligent Monitoring Reports over the period April 2014 to March 2015, and
- the Head of Internal Audit's annual opinion over the Trust's control environment, dated 21 May 2015.

We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with those documents (collectively, the 'documents'). Our responsibilities do not extend to any other information.

We are in compliance with the applicable independence and competency requirements of the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics. Our team comprised assurance practitioners and relevant subject matter experts.

This report, including the conclusion, has been prepared solely for the Council of Governors of North Essex Partnership University NHS Foundation Trust as a body and the Board of Directors of the Trust as a body, to assist the Board of Directors and Council of Governors in reporting North Essex Partnership University NHS Foundation Trust's quality agenda, performance and activities. We permit the disclosure of this report within the Annual Report for the year ended 31 March 2015, to enable the Board of Directors and Board of Governors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the indicators. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors as a body, the Board of Governors as a body and North Essex Partnership University NHS Foundation Trust for our work or this report, except where terms are expressly agreed and with our prior consent in writing.

Assurance work performed

We conducted this limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – 'Assurance Engagements other than Audits or Reviews of Historical Financial Information', issued by the International Auditing and Assurance Standards Board ('ISAE 3000'). Our limited assurance procedures included:

- evaluating the design and implementation of the key processes and controls for managing and reporting the indicators
- making enquiries of management
- analytical procedures
- limited testing, on a selective basis, of the data used to calculate the indicator back to supporting documentation
- comparing the content requirements of the 'NHS Foundation Trust Annual Reporting Manual' to the categories reported in the quality report and
- reading the documents.

A limited assurance engagement is smaller in scope than a reasonable assurance engagement. The nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

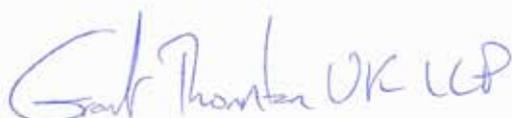
The absence of a significant body of established practice on which to draw allows for the selection of different, but acceptable measurement techniques which can result in materially different measurements and can affect comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision of these criteria, may change over time. It is important to read the Quality Report in the context of the criteria set out in the 'NHS Foundation Trust Annual Reporting Manual'.

The scope of our assurance work has not included governance over quality or non-mandated indicators, which have been determined locally by North Essex Partnership University NHS Foundation Trust.

Conclusion

Based on the results of our procedures, nothing has come to our attention that causes us to believe that, for the year ended 31 March 2015:

- the Quality Report is not prepared in all material respects in line with the criteria set out in the 'NHS Foundation Trust Annual Reporting Manual'
- the Quality Report is not consistent in all material respects with the sources specified above, and
- the indicators in the Quality Report subject to limited assurance have not been reasonably stated in all material respects in accordance with the 'NHS Foundation Trust Annual Reporting Manual'.



Grant Thornton UK LLP
Grant Thornton House,
Melton Street,
Euston Square,
London
NW1 2EP

27 May 2015

North Essex Partnership
University NHS Foundation Trust



2014/15

AUDITED ACCOUNTS

VERSION 1.7, 27 May 2015

PREPARED BY: JO BAKER

REVIEWED BY: DAVID LAMBERT

REVIEWED BY: DAVID GRIFFITHS

Statement of the Chief Executive's Responsibilities as the Accounting Officer of North Essex Partnership University NHS Foundation Trust

The National Health Service 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 Monitor.

Under the National Health Service Act 2006, Monitor has directed North Essex Partnership University NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The Financial Statements are prepared on an accruals basis and must give a true and fair view of the state of affairs of North Essex Partnership University NHS Foundation Trust and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the Financial Statements, the Accounting Officer is required to comply with the requirements of the *NHS Foundation Trust Annual Reporting Manual* and in particular to:

- observe the Accounts Direction issued by Monitor, 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* 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; and
- 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 the NHS Foundation Trust and to enable him to ensure that the Financial Statements comply with requirements outlined in the above mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of the NHS Foundation Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



Andrew Geldard
Chief Executive

Date: 27 May 2015

Statement of Directors' Responsibilities in Respect of the Accounts

The Directors are required under the National Health Service Act 2006 to prepare Financial Statements for each financial year. The Secretary of State, with the approval of Treasury, directs that these financial statements give a true and fair view of the state of affairs of the NHS Foundation Trust and of the Income and Expenditure of the NHS Foundation Trust for that period. In preparing those Financial Statements, the Directors are required to:

- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of Treasury;
- make judgements and estimates which are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS Foundation Trust and to enable them to ensure that the Financial Statements comply with requirements outlined in the above mentioned direction of the Secretary of State. They are also responsible for safeguarding the assets of the NHS Foundation Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm to the best of their knowledge and belief that they have complied with the above requirements in preparing the Financial Statements.

Each Director is not aware of any relevant audit information that has not been made available to the Auditors and has taken all steps that he or she 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.

By Order of the Board



Andrew Geldard
Chief Executive

Date: **27 May 2015**



David Griffiths
Director of Resources

Date: **27 May 2015**

Independent auditor's report to the Board of Governors of North Essex University Partnership NHS Foundation Trust

Our opinion on the financial statements is unmodified

In our opinion the financial statements:

give a true and fair view of the state of the financial position of North Essex University Partnership NHS Foundation Trust as at 31 March 2015 and of its income and expenditure for the year then ended; and

have been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual and the directions under paragraph 25(2) of Schedule 7 of the National Health Service Act 2006.

Who we are reporting to

This report is made solely to the Board of Governors of North Essex University Partnership NHS Foundation Trust, as a body, in accordance with paragraph 24(5) of Schedule 7 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Trust's Board of Governors 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 Trust and the Trust's Board of Governors as a body, for our audit work, for this report, or for the opinions we have formed.

What we have audited

We have audited the financial statements of North Essex University Partnership NHS Foundation Trust ('the Trust') for the year ended 31 March 2015 which comprise the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in taxpayers' equity and the related notes.

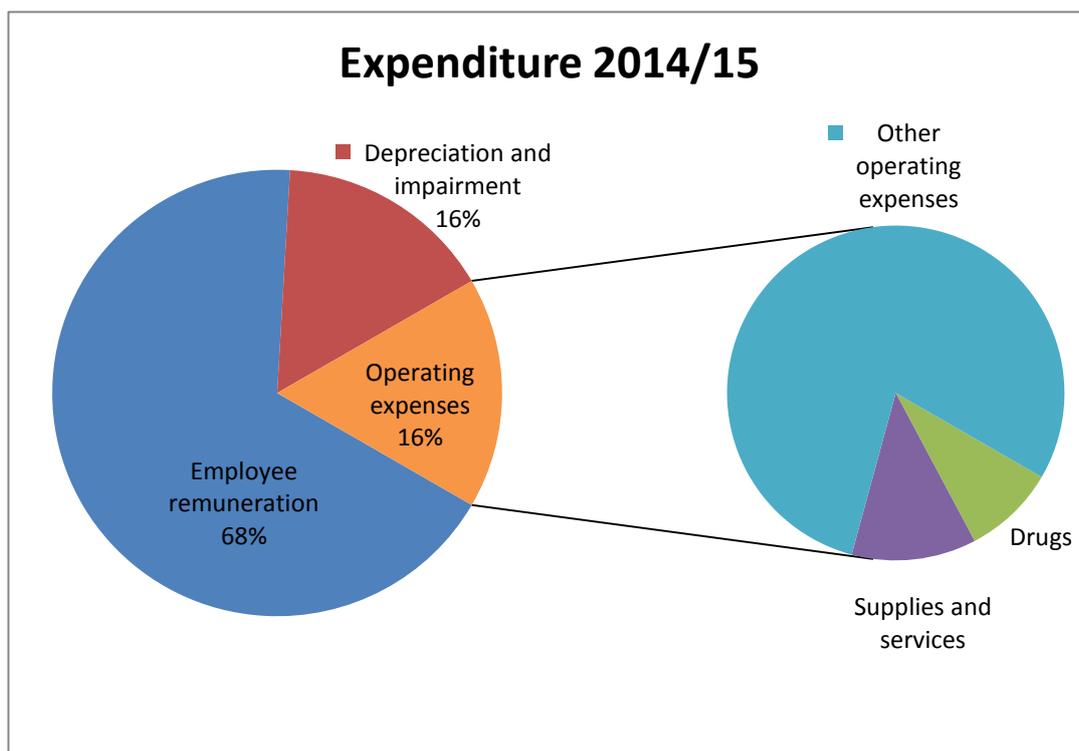
The financial reporting framework that has been applied in their preparation is the NHS Foundation Trust Annual Reporting Manual issued by Monitor, the Independent Regulator of NHS Foundation Trusts.

Our assessment of risk

In arriving at our opinions set out in this report, we highlight the following risks that are, in our judgement, likely to be most important to users' understanding of our audit.

Completeness of employee remuneration and operating expenses and associated payables

The risk: The majority of the Trust's expenditure relates to employee remuneration and operating expenses. Together they account for 84% of the Trust's gross expenditure. The Trust pays the majority of this expenditure through its payroll and accounts payable systems and at the year-end estimates and accrues for un-invoiced expenses. Invoices for the final weeks of the year are not received and processed until after the year-end and in many cases after the deadline for the production of the financial statements. There is therefore a risk that the expenses (and associated payables) recognised in the financial statements may be misstated. We identified the completeness



of employee remuneration and operating expenses (in particular the understatement of accruals) as risks that had the greatest impact on our audit strategy.

Our response: Our audit work included, but was not restricted to, understanding management's processes to recognise payroll and accounts payable expenditure and year-end accruals for unprocessed invoices and expenditure incurred and not yet invoiced (GRNI), walking through management's key controls over recognition of expenditure (for example authorisation of expenditure subsystem interfaces, processing of adjustments and authorisation of payments) to assess whether they were designed effectively and substantively testing expenditure and associated payables.

Our substantive testing included:

- testing the reconciliation of employee remuneration expenditure in the financial statements to the general ledger and payroll subsystems;
- performing a trend analysis of payroll costs to identify any unusual cost variations for follow up;
- testing payroll transactions to source documents;
- agreeing subsequent year end payment to HMRC to the Month 12 payroll files;
- agreeing the NHS pension liability to third party confirmation;
- agreement of Local Government Pension Scheme balances to the actuarial report;
- assessing whether the Trust's processes for accruing for GRNIs were sufficiently robust to ensure that uninvoiced expenditure had been accrued for appropriately;
- sample testing of expenditure included within the financial statements;
- testing a sample of payments and invoices shortly before and after the year end to verify that had been included in the correct financial year; and

- testing a judgemental sample of post year-end payments to confirm the completeness of accruals.

The Trust's accounting policy for recognition of expenditure is shown in notes 1.3 and 1.4, its analysis of employee remuneration costs is included in note 7 and its analysis of operating costs is included in note 5 to the financial statements.

We did not identify any material errors in the completeness of employee remuneration or operating expenses from our testing, but we noted some non-trivial misstatements in respect of this expenditure which we have reported to the Audit Committee in our Audit Findings Report. Management agreed to amend the financial statements to correct these non-trivial misstatements.

Our application of materiality and an overview of the scope of our audit

Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the judgement of a reasonably knowledgeable person would be changed or influenced.

We determined materiality for the audit of the financial statements as a whole to be £2,173,000, which is 2% of the Trust's gross operating costs. This benchmark is considered the most appropriate because users of the financial statements are particularly interested in how healthcare funding has been spent. We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 75% of financial statement materiality.

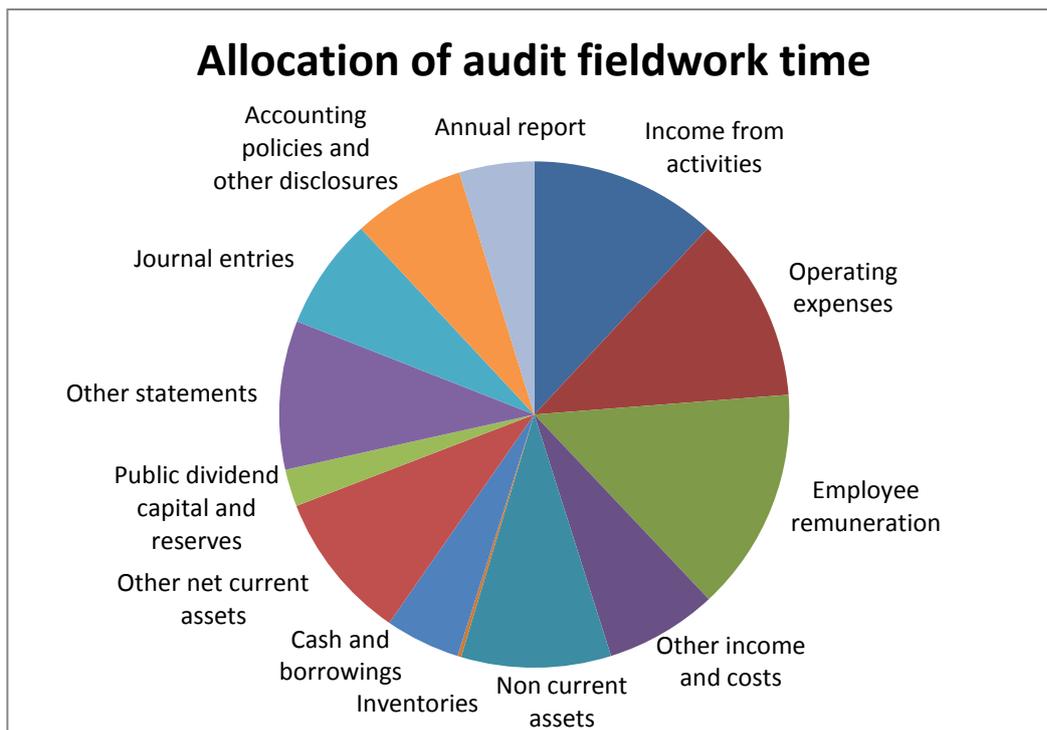
We determined the threshold at which we will communicate misstatements to the Trust's Audit Committee to be £109,000. In addition we communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Overview of the scope of our audit

We conducted our audit in accordance with International Standards on Auditing (ISAs) (UK and Ireland) having regard to the Financial Reporting Council's Practice Note 10 'Audit of Financial Statements of Public Bodies in the UK (Revised)'. Our responsibilities under the Code and the ISAs (UK and Ireland) are further described in the 'Responsibilities for the financial statements and the audit' section of our report. We believe that the audit evidence we have obtained from our audit is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Trust in accordance with the Auditing Practices Board's Ethical Standards for Auditors, and we have fulfilled our other ethical responsibilities in accordance with those Ethical Standards.

Our audit approach was based on a thorough understanding of the Trust's business and is risk based. The Trust has outsourced financial services relating to payroll, accounts payable, accounts receivable and cash processing to SERCO. Accordingly, our audit work was focused on obtaining an understanding of, and evaluating, relevant internal controls at the service provider, as well as understanding the controls that the Trust operate.



We undertook substantive testing on significant transactions, balances and disclosures in the financial statements, the extent of which was based on various factors such as our overall assessment of the Trust's control environment, the design effectiveness of controls over significant financial systems and the management of risks.

Other reporting required by regulations

Our opinion on other matters prescribed by the Audit Code for NHS Foundation Trusts is unmodified

In our opinion:

- the part of the Directors' Remuneration Report subject to audit has been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2014-15 issued by Monitor; and
- the information given in the strategic report and directors' 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

We have nothing to report in respect of the following:

Under the Code we are required to report to you if, in our opinion:

- the Annual Governance Statement does not meet the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual or is misleading or inconsistent with the information of which we are aware from our audit;
- we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources; or

- the Trust's Quality Report has not been prepared in line with the requirements set out in Monitor's published guidance or is inconsistent with other sources of evidence.

Under the ISAs (UK and Ireland), we are also required to report to you if, in our opinion, information in the annual report is:

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

In particular, we are required to report to you if:

- we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable; or
- the annual report does not appropriately disclose those matters that were communicated to the Audit Committee which we consider should have been disclosed.

Responsibilities for the financial statements and the audit

What an audit of financial statements involves:

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trust; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

What the Chief Executive is responsible for as accounting officer:

As explained more fully in the Chief Executive's Responsibilities Statement, the Chief Executive as Accounting Officer is responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Direction issued by Monitor and for being satisfied that they give a true and fair view.

What are we responsible for:

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, the Audit Code for NHS Foundation Trusts issued by Monitor, and ISAs (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Certificate

We certify that we have completed the audit of the financial statements of North Essex Partnership University NHS Foundation Trust in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Audit Code for NHS Foundation Trusts issued by Monitor.



Paul Hughes

Director

for and on behalf of Grant Thornton UK LLP

Grant Thornton House

Melton Street

Euston Square

London

NW1 2EP

27 May 2015

Foreword to the Financial Statements

These Financial Statements for the year ended 31 March 2015 are prepared in accordance with paragraphs 24 and 25 of Schedule 7 to the National Health Service Act 2006.

A handwritten signature in black ink, appearing to read 'Andrew Geldard', with a large, sweeping loop at the end.

Andrew Geldard
Chief Executive

Date: **27 May 2015**

North Essex Partnership University NHS Foundation Trust
Statement of Comprehensive Income
For The Year Ended 31 March 2015

	Note	2014/15		2013/14	
		£'000	£'000	£'000	£'000
Operating Income	3, 4		109,702		112,749
Operating Expenses	5		<u>(124,623)</u>		<u>(124,902)</u>
Operating Surplus/(Deficit)			(14,921)		(12,153)
Finance Costs					
Finance Income	11	50		295	
Finance Expense – Financial Liabilities	13	(534)		(536)	
Finance Expense – Unwinding of Discount on Provisions	24	(500)		(532)	
PDC Dividends Payable		<u>(1,375)</u>		<u>(1,727)</u>	
Net Finance Costs			<u>(2,359)</u>		<u>(2,500)</u>
Surplus/(Deficit) From Continuing Operations			<u>(17,280)</u>		<u>(14,653)</u>
SURPLUS/(DEFICIT) FOR THE YEAR			<u>(17,280)</u>		<u>(14,653)</u>
Other Comprehensive Income:					
Revaluation Gains/(Losses) and Impairments on Property, Plant and Equipment	15		(4)		27,187
Remeasurements of net defined benefit pension scheme liability / asset			<u>(895)</u>		<u>-</u>
TOTAL COMPREHENSIVE INCOME AND EXPENSE FOR THE YEAR			<u>(18,179)</u>		<u>12,534</u>

The Notes on pages 145 to 203 form part of these Financial Statements.

North Essex Partnership University NHS Foundation Trust
Statement of Financial Position
As At 31 March 2015

		31 March 2015		31 March 2014	
	Note	£'000	£'000	As Restated	
				£'000	£'000
NON-CURRENT ASSETS					
Intangible Assets	14		6,172		5,705
Property, Plant and Equipment	15		73,198		74,080
Trade and Other Receivables	19		<u>24</u>		<u>15</u>
Total Non-Current Assets			79,394		79,800
CURRENT ASSETS					
Inventories	18	57		73	
Trade and Other Receivables	19	6,222		5,631	
Non Current Assets Held for Sale	15	15,117		29,688	
Cash and Cash Equivalents	20	<u>10,353</u>		<u>9,243</u>	
Total Current Assets			31,749		44,635
CURRENT LIABILITIES					
Trade and Other Payables	21	(6,944)		(8,114)	
Borrowings	22	(2,614)		(2,215)	
Provisions	24	(4,401)		(3,681)	
Tax Payable		(1,543)		(1,671)	
Other Liabilities	23	<u>(601)</u>		<u>(167)</u>	
Total Current Liabilities			(16,103)		(15,848)
TOTAL ASSETS LESS CURRENT LIABILITIES			95,040		108,587
NON-CURRENT LIABILITIES					
Borrowings	22	(15,097)		(11,711)	
Provisions	24	(12,964)		(12,843)	
Other liabilities	9	<u>(3,032)</u>		<u>(1,907)</u>	
Total Non-Current Liabilities			(31,093)		(26,461)
TOTAL ASSETS EMPLOYED			<u>63,947</u>		<u>82,126</u>

North Essex Partnership University NHS Foundation Trust
Statement of Financial Position
As At 31 March 2015

TAXPAYERS' EQUITY

Income and Expenditure Reserve	(11,196)	5,537
Revaluation Reserve	49,088	49,409
Pension Reserve	(3,032)	(1,907)
Public Dividend Capital	<u>29,087</u>	<u>29,087</u>
TOTAL TAXPAYERS' EQUITY	<u>63,947</u>	<u>82,126</u>

The Financial Statements on pages 129 to 203 were approved by the Board on **27 May 2015**
and signed on its behalf by



Andrew Geldard
Chief Executive

North Essex Partnership University NHS Foundation Trust
Statement of Changes In Taxpayers' Equity

	Note	Income and Expenditure Reserve £'000	Pension Reserve £'000	Revaluation Reserve £'000	Public Dividend Capital £'000	Total £'000
Taxpayers' Equity at 1 April 2013		16,843	-	23,662	29,087	69,592
Surplus/(Deficit) For The Year		(14,653)	-	-	-	(14,653)
Revaluation Gains/(Losses) and Impairment Losses on Property, Plant and Equipment		-	-	26,716	-	26,716
Other Recognised Gains and Losses		400	-	71	-	471
Transfers between Reserves		1,907	(1,907)	-	-	-
Other Transfers Between Reserves – Historic Cost Adjustment	1 5	164	-	(164)	-	-
Other Transfers Between Reserves – Disposal of Assets	1 5	876	-	(876)	-	-
Taxpayers' Equity at 31 March 2014		5,537	(1,907)	49,409	29,087	82,126
Taxpayers' Equity at 1 April 2014		5,537	(1,907)	49,409	29,087	82,126
Surplus/(Deficit) For The Year		(17,280)	-	-	-	(17,280)
Revaluation Gains/(Losses) and Impairment Losses on		10	-	(10)	-	-

North Essex Partnership University NHS Foundation Trust
Statement of Changes In Taxpayers' Equity

Property, Plant and Equipment				
Remeasurements of pension scheme		(895)		(895)
Other Recognised Gains and Losses				
Transfer between Reserves	230	(230)	-	-
Other Transfers Between Reserves – Historic Cost				
Adjustment	1			
	5	-	(307)	-
Other Transfers Between Reserves – Disposal of Assets			(4)	(4)
Taxpayers' Equity at 31 March 2015	(11,196)	(3,032)	49,088	63,947

		31 March 2015	31 March 2014
	Note	£'000	£'000
Cash Flows from Operating Activities			
Operating Surplus/(Deficit) from Operating Activities		(14,921)	(12,153)
Operating Surplus/(Deficit)			
Depreciation and Amortisation		3,583	2,889
Impairments		16,015	4,313
Pension liability – Employer Contributions Paid Less Net Charge to Operating Deficit			1,907
(Increase)/Decrease in Inventories		16	(18)
(Increase)/Decrease in Trade and Other Receivables		(1,008)	229
Increase/(Decrease) in Trade and Other Payables		(1,078)	2,481
Increase/(Decrease) in Other Liabilities		664	(734)
Increase/(Decrease) in Provisions		341	1,111
Increase/(Decrease) in Tax Payable		-	15
Other Movement in Operating Cash Flow – (Gain)/Loss on Disposal of Assets		52	8,511
Other Movements in Operating Cash Flows		-	-
		<u>3,664</u>	<u>8,551</u>
NET CASH GENERATED FROM/(USED IN) OPERATIONS			
Cash Flows from Investing Activities			
Interest Received		50	295
Purchase of Intangible Assets		(973)	(2,696)
Purchase of Property, Plant and Equipment		(3,916)	(6,087)
Disposal of Property, Plant and Equipment		-	2,363
		<u>(4,839)</u>	<u>(6,125)</u>
Net Cash Generated From/(Used In) Investing Activities			
Cash Flows from Financing Activities			
Loans Received	22	6,000	-
Loans Repaid		(2,215)	(2,215)
Interest Paid		(533)	(536)
PDC Dividend Paid		(967)	(2,200)
		<u>2,285</u>	<u>(4,951)</u>
Net Cash Generated From/(Used In) Financing Activities			
Increase/(Decrease) In Cash and Cash Equivalents			
Cash and Cash Equivalents at 1 April 2014	20	<u>9,243</u>	<u>11,768</u>
Cash and Cash Equivalents at 31 March 2015	20	<u>10,353</u>	<u>9,243</u>

North Essex Partnership University NHS Foundation Trust

Notes To The Financial Statements
For The Year Ended 31 March 2015

1 Accounting Policies And Other Information

Monitor has directed that the Financial Statements of NHS Foundation Trusts shall meet the accounting requirements of the Foundation Trust Annual Reporting Manual (*FT ARM*) which shall be agreed with HM Treasury. Consequently, the following Financial Statements have been prepared in accordance with the *FT ARM 2014/15* issued by Monitor. The Accounting Policies contained in that manual follow International Financial Reporting Standards (IFRS) and HM Treasury's *FReM* to the extent that they are meaningful and appropriate to NHS Foundation Trusts. The Accounting Policies have been applied consistently in dealing with items considered material in relation to the Financial Statements.

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.

1.1 Consolidation

The NHS Foundation Trust is the corporate trustee to North Essex Partnership NHS Foundation Trust Charitable Funds. The NHS Foundation Trust has assessed its relationship to the charitable fund and determined it to be a subsidiary as it effectively has the power to exercise control so as to obtain economic benefits. However, the transactions are immaterial in the context of the group and transactions have therefore not been consolidated.

1.2 Income

Income in respect of services provided is recognised when, and to the extent that, performance occurs and is measured at the fair value of the consideration receivable. The main source of Income for the NHS Foundation Trust is contracts with Commissioners in respect of healthcare services.

Where income is received for a specific activity which is to be delivered in the following year, that income is deferred.

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 due under the sale contract.

1.3 Revenue Government Grants And Other Grants

Government Grants are grants from Government bodies other than income from Primary Care Trusts or NHS Trusts for the provision of services. Where a Grant is used to fund revenue expenditure, it is taken to the Statement of Comprehensive Income to match that expenditure.

1.4 Expenditure On Employee Benefits

Short-Term Employee Benefits

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

Pension Costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the NHS Pension Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions

The Scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. The Scheme is not designed 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 a defined contribution scheme: the cost to the NHS Foundation Trust of participating in the Scheme is taken as equal to the contributions payable to the Scheme for the accounting period. Employers pension cost contributions are charged to Operating Expenses as and when they become due.

Additional pension liabilities arising from early retirements are not funded by the Scheme except where the retirement is due to ill-health. The full amount of the liability for additional costs is charged to the Operating Expenses at the time the NHS Foundation Trust commits itself to the retirement, regardless of the method of payment.

Local Government Superannuation Scheme

Some employees are members of the Local Government Superannuation Scheme, which is a defined benefit pension scheme. The scheme assets and liabilities attributable to these employees can be identified and are recognised in the NHS Foundation Trust's accounts. The assets are measured at fair value, and the liabilities at the present value of future obligations.

The increase in the liability arising from pensionable service earned during the year is recognised within Operating Expenses. The Net Interest Cost during the year arising from the unwinding of the discount on the Net Scheme Liabilities is recognised within Finance Costs. Remeasurements of the Defined Benefit Plan are recognised in the Income and Expenditure Reserve and reported in the Statement of Comprehensive Income as an item of "Other Comprehensive Income".

1.5 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.

North Essex Partnership University NHS Foundation Trust

1.6 Property, Plant And Equipment**Recognition**

Property, Plant and Equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential be provided to, the NHS Foundation Trust;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the assets:
 - individually have a cost of at least £5,000; or
 - form a group of assets which individually have a cost of more than £250 and collectively have a cost of at least £5,000, are functionally interdependent with broadly simultaneous purchase dates and are under single managerial control with anticipated simultaneous disposal dates; or
 - are furniture and equipment which forms part of the initial setting-up cost of a new building or refurbishment of a ward or unit, irrespective of their individual or collective cost.

Where a large asset, for example a building, includes a number of components with significantly different asset lives e.g. Plant and Equipment, then these components are treated as separate assets and depreciated over their useful economic lives.

Measurement**Valuation**

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

All assets are measured subsequently at fair value. Fair value is the lower of replacement cost and recoverable amount. The carrying value is reviewed for impairment in the period if events or changes in circumstances indicate the carrying value may not be recoverable.

Valuations are carried out by professionally qualified valuers in accordance with the Royal Institution of Chartered Surveyors (RICS) *Appraisal and Valuation Manual*. Valuations are carried out primarily on the basis of modern equivalent asset cost for specialised operational and non-specialised operational property. For non-operational properties, including surplus land, the valuations are carried out at open market value.

A full valuation was carried out and accounted for on the 31 March 2011; a desktop valuation was carried out and accounted for on the 31 March 2014. These valuations were carried out by Montagu Evans, an independent organisation of Chartered Surveyors.

North Essex Partnership University NHS Foundation Trust

A valuation was carried out in 2014/15 on the Severalls non-operational site (asset held for sale). The valuation was undertaken by the District Valuer and the date of valuation is 1st January 2015. This valuation was performed by Robert Butler MRICS, on behalf of the District Valuer.

Assets in the course of construction are initially valued at cost. Where there is an indication that the initial cost is significantly different to the fair value of the asset when it is first brought into use, it is valued by professional valuers. Otherwise, the asset is valued as part of the next five or three-yearly valuation.

Subsequent Expenditure

Subsequent Expenditure relating to an item of Property, Plant and Equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably.

Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised.

Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Depreciation

Items of Property, Plant and Equipment are depreciated over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

Freehold land is considered to have an infinite life and is not depreciated.

Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as assessed by the NHS Foundation Trust's professional valuers.

Leaseholds are depreciated over the primary lease term.

Equipment is depreciated on current value evenly over the estimated remaining life as follows:

Medical equipment and engineering plant and equipment	15 years
Furniture	10 years
Mainframe information and technology equipment	8 years
Soft furnishings	7 years
Office and information technology equipment	5 years
Set up costs in new buildings	10 years
Vehicles	7 years

North Essex Partnership University NHS Foundation Trust

Property, Plant and Equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon the reclassification.

Assets in the course of construction are not depreciated until the asset is brought into use.

Revaluation Gains and Losses

Revaluation gains are recognised in the Revaluation Reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in Operating Expenses, in which case they are recognised in Operating Income.

Revaluation losses are charged to the Revaluation Reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to Operating Expenses.

Gains and losses recognised in the Revaluation Reserve are reported in the Statement of Comprehensive Income as an item of 'Other Comprehensive Income'.

Impairments

In accordance with the *FT ARM*, impairments that arise from a clear consumption 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 that arises from a clear consumption 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 Income to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the Revaluation Reserve. Where, at the time of the original impairment, a transfer was made from the Revaluation Reserve to the Income and Expenditure Reserve, an amount is transferred back to the Revaluation Reserve when the impairment reversal is recognised.

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

North Essex Partnership University NHS Foundation Trust

De-Recognition

Assets intended for disposal are reclassified as 'Held for Sale' once all of the following criteria are met:

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable, i.e.:
 - management are committed to a plan to sell the asset;
 - an active programme has begun to find a buyer and complete the sale;
 - the asset is being actively marketed at a reasonable price;
 - the sale is expected within twelve months of the date of classification as 'Held for Sale'; and
 - the actions needed to complete the plan indicate it is unlikely that the plan will be dropped or significant changes made to it.

As part of the reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged. Assets are de-recognised when all material sale contract conditions have been met.

Property, Plant and Equipment which is to be scrapped or demolished does not qualify for recognition as 'Held for Sale' and instead is retained as an operational asset and the asset's economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

Donated, Government Grant and Other Grant-Funded Assets

Donated and grant funded Property, Plant and Equipment assets are capitalised at their fair value on receipt. The donation/ grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/ grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

The donated and grant-funded assets are subsequently accounted for in the same manner as other items of Property, Plant and Equipment.

1.7 Intangible Assets

Recognition

Intangible assets are non-monetary assets without physical substance that are capable of being sold separately from the rest of the NHS Foundation Trust's business which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the NHS Foundation Trust and where the cost of the asset can be measured reliably.

North Essex Partnership University NHS Foundation Trust

Internally Generated Intangible Assets

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets.

Expenditure on research is not capitalised.

Expenditure on development is capitalised only where all of the following can be demonstrated:

- the project is technically feasible to the point of completion and will result in an intangible asset for sale or use;
- the NHS Foundation Trust intends to complete the asset and sell or use it;
- the NHS Foundation Trust has the ability to sell or use the asset;
- how the Intangible Asset will generate probable future economic or service delivery benefits, e.g. the presence of a market for it or its output, or, where it is to be used for internal use, the usefulness of the asset;
- adequate financial, technical and other resources available to the NHS Foundation Trust to complete the development and sell or use the asset; and
- the NHS Foundation Trust can measure reliably the expenses attributable to the asset during development.

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.

Measurement

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

Subsequently, Intangible Assets are measured at Fair Value. Revaluation Gains and losses and Impairments are treated in the same manner as for Property, Plant and Equipment.

Amortisation

Intangible Assets are amortised over their expected useful economic lives in a manner consistent with the consumption of economic or service delivery benefits, as follows:

Software Licences	5 years
Information Systems	15 years

1.8 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of Inventories is measured using the weighted average cost method.

1.9 Financial Instruments And Financial Liabilities

Recognition

Financial Assets and Financial Liabilities which arise from contracts for the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the NHS Foundation Trust's normal purchase, sale or usage requirements, are recognised when, and to the extent which, performance occurs i.e. when receipt or delivery of the goods or services is made.

Financial Assets and Financial Liabilities are recognised when the NHS Foundation Trust becomes a party to the contractual provisions of the instrument.

De-Recognition

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

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

Classification and Measurement

Financial Assets are categorised as 'Loans and Receivables'.

Financial Liabilities are classified as 'Other Financial Liabilities'.

Loans and Receivables

Loans and Receivables are non-derivative Financial Assets with fixed or determinable payments which are not quoted in an active market. They are included within Current and Non-Current Assets. The NHS Foundation Trust's Loans and Receivables comprise: Cash and Cash Equivalents, NHS Receivables, Accrued Income and Other Receivables.

Loans and Receivables are recognised initially at fair value, net of transaction costs, and are measured subsequently at amortised cost.

North Essex Partnership University NHS Foundation Trust***Other Financial Liabilities***

All Financial Liabilities are recognised initially at fair value, net of transaction costs incurred, and measured subsequently at amortised cost using the effective interest method. The effective interest rate is the rate that discounts exactly estimated future cash receipts through the expected life of the financial liability or, where 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 Non-Current Liabilities.

Determination of Fair Value

For Financial Assets and Financial Liabilities carried at fair value, fair value is the amount at which the asset or liability can be exchanged or settled.

Impairment of Financial Assets

At the Statement of Financial Position date, the NHS Foundation Trust assesses whether any Financial Assets are impaired. Financial Assets are impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For Financial Assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the discounted future cash flows. The loss is recognised in the Statement of Comprehensive Income and the carrying amount of the asset is reduced through the use of a Bad Debt Provision.

Financial Assets which are significantly past their due date are impaired through the Bad Debt Provision. When it is no longer considered possible that the asset is viable, the amount is written off against the carrying amount of the Financial Asset.

The loss is recognised in the Statement of Comprehensive Income and the carrying amount of the asset is reduced directly.

1.10 Leases***Operating Leases***

Rentals are charged to Operating Expenses on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to Operating Expenses over the life of the lease.

Leases of Land And Buildings

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

1.11 Provisions

The NHS Foundation Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount, for which it is probable that there will be a future outflow of cash or other resource; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's real terms discount rates (as advised in PES (2014) 09, dated 1st December 2014) of -1.5% for cash flows up to five years; -1.05% for cash flows over five but less than ten years; and 2.2% for cash flows over ten years, in real terms, except for early retirement provisions and injury benefit provisions which both use the HM Treasury's pension discount rate of 1.3% in real terms.

Clinical Negligence Costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the NHS Foundation Trust pays an annual contribution to the NHSLA, which, in return, settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases, the legal liability remains with the NHS Foundation Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the NHS Foundation Trust is disclosed at Note 24 but is not recognised in the NHS Foundation Trust's Financial Statements.

Non-Clinical Risk Pooling

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

The Property Expenses Scheme covers building costs up to £1,000,000. The NHS Foundation Trust has separate cover for building costs over £1,000,000.

1.12 Contingencies

Contingent Assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in Note 25 where an inflow of economic benefits is probable.

Contingent Liabilities are not recognised, but are disclosed in Note 25, unless the probability of a transfer of economic benefits is remote. Contingent Liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or

North Essex Partnership University NHS Foundation Trust

- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

1.13 Public Dividend Capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS Trust. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

A charge, reflecting the forecast cost of capital utilised by the NHS Foundation Trust, is paid over as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the NHS Foundation Trust.

Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for (i) donated assets; (ii) average daily cash balances held with the Government Banking Services (GBS), and National Loans Fund (NLF), excluding cash balances held in GBS accounts that relate to a short-term working capital facility; (iii) for 2013/14 only, net assets and liabilities transferred from bodies which ceased to exist on 1 April 2013; and (iv) any PDC dividend balance receivable or payable. In accordance with the requirements laid down by the Department of Health (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the 'pre-audit' version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result of the audit of the annual accounts.

1.14 Value Added Tax

Most of the activities of the NHS Foundation Trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable.

Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input tax is recoverable, the amounts are stated net of VAT.

1.15 Corporation Tax

The NHS Foundation Trust does not consider that it has any corporation tax liability as it has not undertaken any activities which are chargeable to corporation tax in nature.

1.16 Foreign Exchange

The functional and presentational currencies of the NHS Foundation Trust are sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

There are some transactions in foreign currency but these are not material to the accounts. We have decided to include this note as they do exist.

1.17 Third Party Assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the financial statements since the NHS Foundation Trust has no beneficial interest in them.

However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's Financial Reporting Manual.

1.18 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 NHS trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

The Losses and Special Payments note is compiled directly from the Losses and Compensations Register which reports on an accruals basis with the exception of provisions for future losses.

1.19 Critical Accounting Judgements And Estimation Uncertainty

In the application of the NHS Foundation Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. These estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from those estimates, and the estimates and underlying assumptions are therefore continually reviewed.

Revisions to accounting estimates are recognised in the period in which the estimate is revised.

The areas of uncertainty include land and buildings, NHS Litigation Authority Claims, general provisions, accruals and deferred income, bad debts and pension liabilities.

The NHS Foundation Trust has no sources of estimation uncertainty which carry a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

North Essex Partnership University NHS Foundation Trust

2 Operating Segments

The operating segments disclosed here are those significant segments reported upon internally to the NHS Foundation Trust's Board of Directors. The NHS Foundation Trust does not allocate income to each healthcare segment.

Enable East provides a management consultancy service which assists other health and social care organisations to deliver effective projects and measurable improvements.

Year Ended 31 March 2015

	Income £'000	Operating Expenditure £'000	Operating Surplus/ (Deficit) £'000	Net Surplus/ (Deficit) £'000	Total Assets Employed £'000
Healthcare Activity	107,257	(122,265)	(15,008)	(18,266)	63,920
Enable East Activity	<u>2,445</u>	<u>(2,358)</u>	<u>87</u>	<u>87</u>	<u>27</u>
Total	<u>109,702</u>	<u>(124,623)</u>	<u>(14,921)</u>	<u>(18,179)</u>	<u>63,947</u>

Year Ended 31 March 2014

	Income £'000	Operating Expenditure £'000	Operating Surplus/ (Deficit) £'000	Net Surplus/ (Deficit) £'000	Total Assets Employed £'000
Healthcare Activity	111,019	(120,844)	(9,825)	(12,536)	85,551
Enable East Activity	<u>1,986</u>	<u>(1,881)</u>	<u>105</u>	<u>105</u>	<u>15</u>
Total	<u>113,005</u>	<u>(122,725)</u>	<u>(9,720)</u>	<u>(12,431)</u>	<u>85,566</u>

Net Surplus/(Deficit) includes £nil (2014: £4,057,000) relating to impairments in Healthcare Activity. There are no impairments in Enable East Activity.

All accounting transactions between reporting segments are removed on the preparation of the Financial Statements.

North Essex Partnership University NHS Foundation Trust

3 Revenue From Patient Care Activities

3.1 Income from activities by income source

	Year Ended 31 March 2015 £'000	Year Ended 31 March 2014 £'000
NHS Foundation Trusts	105	89
NHS Trusts	-	-
NHS England and Clinical Commissioning Groups	93,053	94,720
Local Authorities	8,238	8,383
Non-NHS – Other	(275)	3
Total Income from Patient Care Activities	101,121	103,195

3.2 Income from activities by type of income

	Year Ended 31 March 2015 £'000	Year Ended 31 March 2014 £'000
Block Contract Income	86,106	87,099
Income from Commissioner Requested Services	-	-
Clinical Partnerships Providing Mandatory Services (including S75 Agreements)	8,116	8,094
Income from Non-Commissioner Requested Services	-	-
Other Clinical Income from Mandatory Services	4,299	4,543
Other Non-Protected Clinical Income	2,600	3,459
Total Income from Patient Care Activities	101,121	103,195

£8,116,000 (2014: £8,094,000) of Income from Clinical Partnerships Providing Mandatory Services relates to Section 75 Agreements with Essex County Council. An agreement made under Section 75 of the National Health Services Act 2006 is between a Local Authority and an NHS body in England. Many Section 75 agreements were made between Local Authorities and Foundation Trusts or Clinical Commissioning Groups. The NHS Foundation Trust works with Essex County Council to provide a number of Local Authority health related functions as part of this Section 75 Agreement.

North Essex Partnership University NHS Foundation Trust

4 Other Operating Revenue

	Year Ended 31 March 2015 £'000	Year Ended 31 March 2014 £'000
Education and Training	3,894	4,719
Research and Development	381	379
Charitable and Other Contributions to Expenditure	-	-
Non-Patient Care Services to Other Bodies	959	940
Rental Revenue	64	83
Profit on Disposal of Property, Plant and Equipment	-	-
Reversal of Impairments on Property, Plant and Equipment	-	1,515
Grant Income	1,771	936
Other Revenue	1,512	982
	<hr/>	<hr/>
Total Other Operating Revenue	8,581	9,554

The Grant Income relates to the Big Lottery Fund – please see note 31 for detail.

£519,000 (2014: £409,000) of Other Revenue relates to staff costs recharged to other organisations.

North Essex Partnership University NHS Foundation Trust

5 Operating Expenses

	Year Ended 31 March 2015 £'000	Year Ended 31 March 2014 £'000 (Restated)
Services from Other NHS Foundation Trusts	39	286
Services from NHS Trusts	502	1,215
Services from Other NHS Bodies	754	1,609
Purchase of Healthcare from Non-NHS Bodies	-	185
Executive Directors' Costs (see Note 10)	1,066	1,162
Non-Executive Directors' Costs	110	101
Staff Costs	84,332	84,479
Drugs	1,853	1,577
Supplies and Services – Clinical (Excluding Drugs)	303	264
Supplies and Services – General Establishment	2,191	2,321
Transport	2,425	2,618
Premises	1,586	794
Premises	4,937	4,106
Increase/(Decrease) in Provision for Impaired Receivables	62	(145)
Increase in Other Provisions	822	661
Depreciation and Amortisation	3,583	2,889
Property, Plant and Equipment Impairments (see Note 15)	16,015	5,828
Audit Services – Statutory Audit	58	55
Audit Services – Audit-Related Regulatory Reporting	-	-
Audit Services – Other Fees	-	-
Loss on Disposal of Land and Buildings	52	8,511
Legal and Professional Fees	2,186	2,232
Education and Training	401	362
Patient Travel and Activities	20	188
Grants	-	-
Insurance	633	494
Pension Transfer on TUPE of staff	-	1,791
Other	693	1,319
Total Operating Expenses	124,623	124,902

Operating Expenditure includes £2,358,000 (2014: £1,881,000) relating to Enable East.

Auditor's liability will be limited in connection with this engagement to a maximum aggregate amount of £2,000,000.

North Essex Partnership University NHS Foundation Trust

The Audit Services – Statutory Audit fee for 14/15 includes £3,000 for work carried out in 2014/15 but relating to the 2013/14 Annual Accounts.

Executive Director costs in 2013/14 have been restated to include all Executive Directors as per 2014/15. In the 2013/14 accounts, only voting executives were included and the remainder were shown in Staff Costs.

6 Operating Leases

6.1 Payments recognised as an expense

	Year Ended 31 March 2015 £'000	Year Ended 31 March 2014 £'000
Minimum Lease Payments	1,531	2,021

All leases relate to buildings which are used either for the provision of healthcare or as office space. There is no contingent rent included within these amounts.

6.2 Future minimum lease payments

	Year Ended 31 March 2015	Year Ended 31 March 2014
On leases that expire:		
Not later than one year	647	816
Between one and five years	1,606	304
After five years	32,358	51,668
Total	34,611	52,788

North Essex Partnership University NHS Foundation Trust

7 Employee Costs And Numbers

7.1 Employee costs

	Year Ended 31 March 2015			Year Ended 31 March 2014
	Permanently Employed £'000	Other £'000	Total £'000	Total £'000
Salaries and Wages	65,377	475	65,852	67,322
Social Security Costs	4,982	-	4,982	5,207
Termination Benefits	355	-	355	26
Employers' Contribution to NHS Pension Scheme	7,562	-	7,562	7,900
Other Pension Costs	573	1	574	516
Agency Costs	-	6,074	6,074	4,670
Total	78,849	6,550	85,399	85,641

Included within Salaries and Wages is £1,067,000 (2014: £1,162,000, restated) for Directors' remuneration. Included within Employers' Contribution to NHS Pension Scheme is £106,000 (2014: £114,000, restated) for contributions to Directors' pensions. Further details of Directors' Remuneration are shown in Note 10.

7.2 Average number of persons employed

	Year Ended 31 March 2015			Year Ended 31 March 2014
	Permanently Employed Number	Other Number	Total Number	Total Number
Medical and Dental Staff	115	-	115	134
Administration and Estates	480	-	480	494
Healthcare Assistants and Other Support Staff	67	-	67	543
Nursing, Midwifery and Health Visiting Staff	839	-	839	659
Scientific, Therapeutic and Technical Staff	145	-	145	168
Social Care Staff	71	-	71	93
Bank and Agency Staff	234	112	346	81
Total	1,951	112	2,063	2,172

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The numbers included above are based on Whole Time Equivalents rather than headcount. Individuals on secondment from Essex County Council are included under the 'Other' column as they are not permanently employed by the NHS Foundation Trust.

7.3 Exit Packages

Exit packages are payments for the early termination of employment contracts by the NHS Foundation Trust arising from either service reconfigurations or negotiated settlements.

During the year 2014/15, 12 exit packages were agreed and paid within nationally agreed arrangements. During the year 2013/14, one exit package was agreed and paid within nationally agreed arrangements.

	Year Ended 31 March 2015 Total Number of Exit Packages by Cost Band	Year Ended 31 March 2014 Total Number of Exit Packages by Cost Band
Exit package cost band		
£0-£25,000	6	-
£25,001-£50,000	4	1
£50,001-£100,000	2	-
	<hr/>	<hr/>
Total	12	1
	<hr/>	<hr/>

Exit packages arising from ill-health retirements are not included above. Further details are available in Note 8.

8 Retirements Due To Ill Health

During the year 2014/15 there were six (2013/14: three) early retirements from North Essex Partnership University NHS Foundation Trust on the grounds of ill health. The estimated additional liabilities of these ill health retirements are £336,000 (2013/14: £119,000). This information has been provided by NHS Pensions. The cost of these ill health retirements will be borne by the NHS Business Services Authority – Pension Division.

9 Pensions

9.1 NHS Pension Scheme

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions

The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of Secretary of State, 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 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.

The scheme is subject to a full actuarial valuation every four years (until 2004, every five years) and an accounting valuation every year. Employer contribution rates are reviewed every four years following the Scheme valuation, and based on advice from the Scheme Actuary. An outline of these follows:

a) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates to be paid by employers and scheme members. At the last such valuation, which determined current contribution rates was undertaken as at 31 March 2004 and covered the period from 1 April 1999 to 31 March 2004, the national deficit of the Scheme was £3.3 billion.

Employers pay contributions at 14% of pensionable pay. From 1 April 2008, employees paid contributions on a tiered scale from 5% up to 8.5% of their pensionable pay depending on total earnings. From 1 April 2012 the contribution scale was amended to 5% up to 10.9%. On advice from the Scheme Actuary, scheme contributions may be varied from time to time to reflect changes in the scheme's liabilities.

b) Accounting valuation

A valuation of the scheme liability is carried out annually by the Scheme Actuary as at the end of the reporting period by updating the results of the full actuarial valuation.

Between the full actuarial valuations at a two-year midpoint, a full and detailed member data-set is provided to the Scheme Actuary. At this point the assumptions regarding the composition of the scheme membership are updated to allow the scheme liability to be valued.

The valuation of the scheme liability as at 31 March 2013 is based on detailed membership data as at 31 March 2008 (the latest midpoint) updated to 31 March 2013 with summary global member and accounting data.

North Essex Partnership University NHS Foundation Trust

The latest assessment of the liabilities of the scheme is contained in the Scheme Actuary Report, which forms part of the annual NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

c) Scheme provisions

The NHS Pension Scheme provides defined benefits, which are summarised below. This 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

Up to and including the date of the annual accounts, the Scheme is a “final salary” scheme. From 1st April 2015 a new pension scheme has been introduced based on Career Average Related Earnings.

Annual pensions are normally based on $1/80^{\text{th}}$ for the 1995 section and of the best of the last three years pensionable pay for each year of service, and $1/60^{\text{th}}$ 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 retail prices in the twelve months ending 30 September in the previous calendar year.

Lump Sum Allowance

For the 1995 section a lump sum is payable on retirement which is normally three times the annual pension payment.

Ill-Health Retirement

Early payment of a pension, with enhancement in certain circumstances, is available to members of the Scheme who are permanently incapable of fulfilling their duties or regular employment effectively through illness or infirmity.

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 AVC’s run by the Scheme’s approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

North Essex Partnership University NHS Foundation Trust

Transfer between Funds

Scheme members have the option to transfer their pension between the NHS Pension Scheme and another scheme when they move into or out of NHS employment.

Preserved Benefits

Where a scheme member ceases NHS employment with more than two years service they can preserve their accrued NHS pension for payment when they reach retirement age.

Compensation for Early Retirement

Where a member of the Scheme is made redundant they may be entitled to early receipt of their pension plus enhancement, at the employer's cost.

9.2 Local Government Pension Scheme

On 1 October 2013, a number of employees transferred to the North Essex Partnership University NHS Foundation Trust, under TUPE arrangements, from Essex County Council. These employees are members of the Local Government Pension Scheme, administered by Essex County Council.

The Scheme is accounted for as a defined benefit scheme. Both employees and employers make contributions which are invested in a pension fund; the contributions are set at a level intended to balance the scheme's assets with its liabilities. However, there will be times when the fund has more or less assets compared to the amount predicted as being needed to meet the current and future commitments of members; when the fund does not have enough assets, the employer is responsible for making up the shortfall; should the fund have more than it needs, the employer may be able to make lower contributions.

The cost of retirement benefits are recognised in the Statement of Comprehensive Income when they are earned, rather than when they are paid as pensions. The liabilities of the Essex pension fund attributable to the Foundation Trust are included in the Statement of Financial Position on an actuarial basis using the projected unit method; an assessment of future payments to be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of earnings for current employees.

Liabilities are discounted to their value at current prices, using the discount rate calculated by the actuary.

North Essex Partnership University NHS Foundation Trust

The following transactions have been made to the Statement of Comprehensive Income during the year:

	Year Ended 31 March 2015 £'000	Year Ended 31 March 2014 £'000
Statement of Comprehensive Income		
Operating Expenditure:		
Transfer in on TUPE of Staff	-	(1,791)
Current Service Cost	(571)	(318)
Change in Financial Assumptions	-	241
Contributions by Employer	419	(2)
Administration Expenses	(2)	
Finance Costs:		
Interest Cost	(579)	(267)
Interest on Assets	503	230
Expected Return on Assets in the Scheme		
	(230)	(1,907)
Remeasurement in Other Comprehensive Income		
Total Post Employment Benefit Charged to the Surplus/(Deficit) For The Year		
Return on fund assets	935	
Other Post Employment Benefit Charged to the Statement of Comprehensive Income	(1,889)	248
Actuarial Gains/(Losses)	59	(248)
	(895)	0
Total Post Employment Benefit Charged to the Statement of Comprehensive Income	(1,125)	(1,907)

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The following movements are made against the Scheme Assets and Liabilities during the year:

	31 March 2015	31 March 2014
	£'000	£'000
Reconciliation of Fair Value of Scheme Assets		
Balance at 1 April	10,960	10,197
Interest on Assets	503	230
Expected Rate of Return	935	248
Administration Expenses	(2)	(2)
Employer Contributions	419	241
Contributions by Scheme Participants	148	84
Benefits Paid	(132)	(38)
Other gains/(losses)	59	
	12,890	10,960
Balance at 31 March	12,890	10,960
Reconciliation of Present Value of Scheme Liabilities (Defined Benefit Obligation)		
Balance at 1 April	12,867	11,988
Current Service Cost	571	318
Interest Cost	579	267
Contributions by Scheme Participants	148	84
Change in financial assumptions	1,889	248
Benefits Paid Net of Transfers In	(132)	(38)
Unfunded Pension Payments		
Gains on Curtailments		
Liabilities Extinguished on Settlements		
	15,922	12,867
Balance at 31 March	15,922	12,867

The Pension Reserve absorbs the timing differences in the funding of pensions, in accordance with accounting conventions and the statutory provisions. The surplus or deficit on the pension fund is as follows:

	31 March 2015	31 March 2014
	£'000	£'000
Present Value of Scheme Liabilities	15,922	12,867
Fair Value of Scheme Assets	12,890	10,960
	(3,032)	(1,907)
Surplus/(Deficit) on Pension Fund	(3,032)	(1,907)

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Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, estimated being based on the latest full valuation of the Scheme as at 31 March 2015.

The principal assumptions used by the actuary were:

	31 March 2015	31 March 2014
Mortality Assumptions		
Longevity at 65 for Current Pensioners		
Male	22.8 years	22.7 years
Female	25.2 years	25.1 years
Longevity at 65 for Future Pensioners		
Male	25.1 years	24.9 years
Female	27.6 years	27.4 years
Rate of RPI Inflation %	3.3 (0% real)	3.7 (0% real)
Rate of CPI Inflation %	2.5 (-0.8% real)	2.9 (-0.8% real)
Rate of Increase in Salaries %	4.3 (1.0% real)	4.7 (1.0% real)
Rate of Increase in Pensions %	2.5 (-0.8% real)	2.9 (-0.8% real)
Rate for Discounting Scheme Liabilities %	3.4 (0.1% real)	4.5 (0.8% real)
Take up of Option to Convert Annual Pension into Lump Sum %	50	50

The expected return and interest cost has been replaced with a single net interest cost, which effectively sets the expected return equal to the discount rate.

The Pension Fund's assets consist of the following categories:

	31 March 2015		31 March 2014	
	£'000	%	£'000	%
Equity Investments	8,671	67	7,343	67
Gilts	566	4	877	8
Other Bonds	1,234	10	877	8
Property	1,400	11	1,206	11
Cash	283	2	219	2
Alternative Assets	736	6	438	4
	12,890	100	10,960	100

North Essex Partnership University NHS Foundation Trust

**10 Directors' Remuneration
Year Ended 31 March 2015**

Name and Title	Salary (bands of £5,000)	Other Remuneration (bands of £5,000)	Benefits in Kind (to the nearest £100)	Annual real increase in pension at age 60 (bands of £2,500)	Pension value at 31 March 2015 (bands of £5,000)	Annual real increase in related lump sum at age 60 (bands of £2,500)	Lump sum value at 31 March 2015 (bands of £5,000)	Cash equivalent transfer value at 31 March 2014 £'000	Annual real increase in cash equivalent transfer value £'000	Cash equivalent transfer values at 31 March 2015 £'000
C Paveley , Chairman	40,001- 45,000	-	-	-	-	-	-	-	-	-
R Cox , Non-Executive Director and Deputy Chairman ¹	10,001- 15,000	-	-	-	-	-	-	-	-	-
J Gilbert , Non-Executive Director ³	0-5,000	-	-	-	-	-	-	-	-	-
B Johnson , Non-Executive Director	10,001- 15,000	-	-	-	-	-	-	-	-	-
C Beaumont , Non-Executive Director ⁵	10,001- 15,000	-	-	-	-	-	-	-	-	-
J Crame , Non-Executive Director ⁶	0-5,000	-	-	-	-	-	-	-	-	-
A Geldard , Chief Executive	150,001- 155,000	-	-	0-2,500	55,001- 60,000	2,501- 5,000	175,001- 180,000	1,080	66	1,175
M Flechtner , Medical Director ⁷	195,001- 200,000	-	300	2,501- 5,000	35,001- 40,000	7,501- 10,000	105,001- 110,000	654	73	745
P Keedwell , Director of Operations and Nursing ⁸	80,001- 85,000	-	4,300	0-2,500	40,001- 45,000	2,501- 5,000	130,001- 135,000	764	24	808

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R Tazzini , Director of Resources ¹⁰	65,001-70,000	-	4,000	0-2,500	65,001-70,000	-	-	648	36	726
L Anastasiou , Director of Workforce and Development	100,001-105,000	-	1,000	0-2,500	15,001-20,000	2,501-5,000	50,001-55,000	241	23	271
M Chapman , Director of Strategy	100,001-105,000	-	-	0-2,500	30,001-35,000	0-2,500	100,001-105,000	615	31	662
V McCabe , Director of Operations	90,001-95,000	-	11,800	0-2,500	35,001-40,000	0-2,500	115,001-120,000	682	30	730
N Hammond , Director of Nursing and Quality ¹¹	5,001-10,000	-	-	0-2,500	20,001-25,000	0-2,500	60,001-65,000	278	2	324
P Little , Non-Executive Director ¹²	5,001-10,000	-	-	-	-	-	-	-	-	-
A Sherlock , Deputy Chairman ¹³	5,001-10,000	-	-	-	-	-	-	-	-	-
D Griffiths , Director of Resources ¹⁴	50,001-55,000	-	-	N/A	30,001-35,000	N/A	95,001-100,000	N/A	N/A	516

North Essex Partnership University NHS Foundation Trust

Year ended 31 March 2014

Name and Title	Salary (bands of £5,000)	Other Remuneration (bands of £5,000)	Benefits in kind (to the nearest £100)	Annual real increase in pension at age 60 (bands of £2,500)	Pension value at 31 March 2014 (bands of £5,000)	Annual real increase in related lump sum at age 60 (bands of £2,500)	Lump sum value at 31 March 2014 (bands of £5,000)	Cash equivalent transfer value at 31 March 2013 £'000	Annual real increase in cash equivalent transfer value £'000	Cash equivalent transfer values at 31 March 2014 £'000
C Paveley , Chairman	40,001- 45,000	-	-	-	-	-	-	-	-	-
R Cox , Non-Executive Director and Deputy Chairman	10,001- 15,000	-	-	-	-	-	-	-	-	-
C Abel Smith , Non-Executive Director	5,001-10,000	-	100	-	-	-	-	-	-	-
J Gilbert , Non-Executive Director	10,001- 15,000	-	300	-	-	-	-	-	-	-
S Phillips , Non-Executive Director	5,001-10,000	-	-	-	-	-	-	-	-	-
B Johnson , Non-Executive Director	10,001- 15,000	-	-	-	-	-	-	-	-	-
C Beaumont , Non-Executive Director	5,001-10,000	-	-	-	-	-	-	-	-	-
J Crame , Non-Executive Director	0-5,000	-	-	-	-	-	-	-	-	-
A Geldard , Chief Executive	150,001- 155,000	-	700	2,501- 5,000	55,001- 60,000	7,501- 10,000	165,001- 170,000	979	80	1,080
M Flechtner , Medical Director	190,001- 195,000	-	300	2,501- 5,000	30,001- 35,000	7,501- 10,000	95,001- 100,000	573	69	654
P Keedwell , Director of Operations and Nursing	110,001- 115,000	-	6,100	0-2,500	40,001- 45,000	2,501-5,000	125,001- 130,000	711	37	764
G Scott , Director of Strategy	50,001-	-	1,600	-	-	-	-	-	-	-

North Essex Partnership University NHS Foundation Trust

No Payments for compensation for loss of office have been made to any former Director or Senior manager during the year.

	31 March 2015 £	31 March 2014 £
Band of highest paid Director's total remuneration	195,001-200,000	190,001-195,000
Median total remuneration	23,132	24,327
Ratio	8.5	8.0

The calculation of median remuneration is based on Whole Time Equivalent (WTE) staff of North Essex Partnership University NHS Foundation Trust, as at 31 March on an annualised basis.

Further guidance is available on HM Treasury's FReM website (document – 'Hutton Review of Fair Pay – Implementation Guidance' – which can be found at http://www.hm-treasury.gov.uk/d/hutton_review_fairpay_implementation_guidance.pdf)

North Essex Partnership University NHS Foundation Trust

11 Investment Revenue

	31 March 2015 £'000	31 March 2014 £'000
Interest Revenue:		
Bank Accounts	50	47
Other: Return on Pension Assets	-	248
	<hr/>	<hr/>
Total Investment Revenue	50	295
	<hr/>	<hr/>

12 Other Gains And Losses

	31 March 2015 £'000	31 March 2014 £'000
Gain/(Loss) on Disposal Of Property, Plant And Equipment	(53)	(8,511)
	<hr/>	<hr/>
Total Other Gains And Losses	(53)	(8,511)
	<hr/>	<hr/>

The loss on disposal in 13/14 includes costs associated with the disposal of the Severalls site in Colchester.

13 Finance Costs

	31 March 2015 £'000	31 March 2014 £'000
Interest on Loans	458	498
Interest on Late Payment of Debts	0	1
Other: Net interest cost on Pension Liabilities	76	37
	<hr/>	<hr/>
Total Finance Costs	534	536
	<hr/>	<hr/>

14 Intangible Assets

	Software £'000	Assets Under Construction £'000	Total £'000
Cost			
At 1 April 2014	5,787	490	6,277
Additions Purchased	128	845	973
Reclassification	-	-	-
Disposals	-	-	-
At 31 March 2015	5,915	1,335	7,250
Amortisation			
At 1 April 2014	(572)	-	(572)
Charged During The Year	(506)	-	(506)
Disposals	-	-	-
At 31 March 2015	(1,078)	-	(1,078)
Net Book Value			
At 31 March 2015	4,837	1,335	6,172
At 31 March 2014	5,215	490	5,705

North Essex Partnership University NHS Foundation Trust

	Software £'000	Assets Under Construction £'000	Total £'000
Cost			
At 1 April 2013	815	3,019	3,834
Additions Purchased	146	2,299	2,445
Reclassification	4,828	(4,828)	-
Disposals	(2)	-	(2)
At 31 March 2014	5,787	490	6,277
Amortisation			
At 1 April 2013	(346)	-	(346)
Charged During The Year	(226)	-	(226)
Disposals	-	-	-
At 31 March 2014	(572)	-	(572)
Net Book Value			
At 31 March 2014	5,215	490	5,705
At 31 March 2013	469	3,019	3,488

All Intangible Assets are purchased.

North Essex Partnership University NHS Foundation Trust

15 Property, Plant and Equipment

15.1 Property, Plant and Equipment

	Land	Buildings, Excluding Dwellings	Dwellings	Assets Under Construction	Plant And Machinery	Transport Equipment	Information Technology	Furniture And Fittings	Assets Held For Sale	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost Or Valuation										
At 1 April 2014	19,752	63,783	725	1,019	974	382	2,717	2,701	30,263	122,316
Additions Purchased	63	1,394	-	1,407	80	16	689	43	-	3,692
Reclassifications	-	70	-	(70)	-	-	-	-	-	-
Transfer To Assets Held For Sale	(605)	(1,494)	-	-	-	-	-	-	2,099	0
Impairments Charged to Operating Expenses	-	-	-	-	-	-	-	-	-	-
Impairment Charged to Revaluation Reserve	-	-	-	-	-	-	-	-	-	-
Impairment Credited to Operating Income	-	-	-	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-	-	(16,015)	(16,015)
Disposals	-	(72)	-	-	(148)	(15)	(229)	(60)	-	(524)
At 31 March 2015	19,210	63,681	725	2,356	906	383	3,177	2,684	16,347	109,469

North Essex Partnership University NHS Foundation Trust

	Land £'000	Buildings, Excluding Dwellings £'000	Dwellings £'000	Assets Under Construction £'000	Plant And Machinery £'000	Transport Equipment £'000	Information Technology £'000	Furniture And Fittings £'000	Assets Held For Sale £'000	Total £'000
Cost Or Valuation										
At 1 April 2013	23,065	56,798	643	7,169	1,042	313	2,326	2,478	2,756	96,590
Additions Purchased	108	2,138	-	2,610	6	82	511	274	-	5,729
Transfer by Absorption	75	403	-	-	-	-	-	-	-	478
Additions Donated	-	-	-	-	-	-	-	-	-	-
Reclassifications	865	7,716	-	(8,759)	-	-	178	-	-	-
Transfer To Assets Held For Sale	(29,180)	(559)	-	-	-	-	-	-	29,739	-
Impairments Charged To Operating Expenses	-	(5,828)	-	-	-	-	-	-	-	(5,828)
Impairment Charged To Revaluation Reserve	(313)	(800)	-	-	-	-	-	-	-	(1,113)
Impairment Credited to Operating Income	102	1,343	70	-	-	-	-	-	-	1,515
Revaluations	25,030	2,784	15	-	(17)	(13)	-	(5)	-	27,794
Disposals	-	(212)	(3)	(1)	(57)	-	(298)	(46)	(2,232)	(2,849)
At 31 March 2014	19,752	63,783	725	1,019	974	382	2,717	2,701	30,263	122,316

North Essex Partnership University NHS Foundation Trust

15.2 Property, Plant And Equipment Financing

	Land	Buildings, Excluding Dwellings	Dwellings	Assets Under Construction	Plant And Machinery	Transport Equipment	Information Technology	Furniture And Fittings	Assets Held For Sale	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Net Book Value As At 31 March 2015										
Owned	19,210	47,303	504	2,356	345	184	1,747	1,549	15,117	88,318
Donated	-	-	-	-	-	-	-	-	-	-
Total	19,210	47,303	504	2,356	345	184	1,747	1,549	15,117	88,318
Net Book Value As At 31 March 2014										
Owned	21,226	48,874	527	1,019	373	207	1,534	1,794	29,688	105,242
Donated	-	-	-	-	-	-	-	-	-	-
Total	21,226	48,874	527	1,019	373	207	1,534	1,794	29,688	105,242

North Essex Partnership University NHS Foundation Trust

15.3 Economic Life of Property, Plant and Equipment

The minimum and maximum useful expected lives are as follows:

Minimum Remaining Useful Expected Life	Buildings, Excluding Dwellings	-	Dwellings	-	Plant And Machinery	-	Transport Equipment	-	Information Technology	-	Furniture And Fittings	1
Maximum Remaining Useful Expected Life	Buildings, Excluding Dwellings	60	Dwellings	36	Plant And Machinery	10	Transport Equipment	7	Information Technology	8	Furniture And Fittings	10

15.4 Commissioner Requested Services

Assets used for the provision of Commissioner Requested Services are the following buildings:

- | | |
|---|-------------------------------|
| Chelmsford and Essex Centre, Chelmsford | Kings Wood Centre, Colchester |
| Crystal Centre, Chelmsford | The Lakes, Colchester |
| Linden Centre (inc Rowans), Chelmsford | Northgate Centre, Colchester |
| 439 Ipswich Road, Colchester | Severalls House, Colchester |
| Edward House, Chelmsford | St Aubyn Centre, Colchester |
| Landermere Centre, Clacton | Regent Road, Epping |
| Reunion House, Clacton | Coach House, Halstead |
| Thoroughgood Road, Clacton | Derwent Centre, Harlow |
| 16/17 Clough Road, Colchester | All Saints House, Harwich |
| Herrick House, Colchester | Cherry Trees, Maldon |
| 1 Hospital Road, Colchester | New Ivy Chimneys, Witham |

Assets previously used for the provision of Commissioner Requested Services which are now classified as Assets Held for Sale:

- 2 Pitfields, Chelmsford
- Old Ivy Chimneys, Witham

North Essex Partnership University NHS Foundation Trust

16 Impairments

	31 March 2015 £'000	31 March 2014 £'000
Other – Included within Operating Expenditure	16,015	5,828
Other – Included within Other Operating Income	-	(1,515)
Total	16,015	4,313

The above impairment relates to the revaluation of Severalls non-operational site that was held as an asset for sale at the 31st March 2015. IRFS5 requires impairments on all assets held for sale to be charged to the I&E regardless of whether they were previously revalued.

17 Capital Commitments

Commitments under capital expenditure contracts at the Statement of Financial Position date were:

	31 March 2015 £'000	31 March 2014 £'000
Property, Plant and Equipment	8,664	42
Total	8,664	42

The above capital commitments relate to the Derwent Centre refurbishment project, £8,382,132 and the new Remedy Clinical Information and Service Management System, £282,229.

North Essex Partnership University NHS Foundation Trust

18 Inventories

	31 March 2015 £'000	31 March 2014 £'000
At April 1	73	55
Additions	1,837	1,595
Inventory Consumed	(1,853)	(1,577)
	57	73

During the year, the value of stock issued by the Pharmacy was £1,853,000 (2014: £1,577,000).

19 Trade and Other Receivables

19.1 Trade and Other Receivables

	31 March 2015 £'000	31 March 2014 £'000
Current Assets:		
NHS Receivables	4,129	2,665
Other Trade Receivables	805	1,064
Provision For The Impairment Of Receivables	(147)	(85)
PDC Receivable	27	435
Prepayments	467	1,250
Accrued Income		302
- NHS	897	
- Non-NHS	44	
	6,222	5,631
Total Current Trade And Other Receivables		
Non-Current Assets:		
NHS Receivables	-	-
Other Trade Receivables	24	15
	24	15
Total Non-Current Trade And Other Receivables		
	6,246	5,646
Total Trade And Other Receivables		

The majority of trade is with Clinical Commissioning Groups and NHS England as commissioners for NHS patient care services. As Clinical Commissioning Groups and NHS

North Essex Partnership University NHS Foundation Trust

England are funded by the Government to buy NHS patient care services, no credit scoring of them is considered necessary.

All amounts are considered to be shown at fair value other than those Trade Receivables which are considered impaired. Impaired Receivables are fully provided for.

19.2 Provision for Impairment of Receivables

	31 March 2015 £'000	31 March 2014 £'000
Balance at 1 April	85	230
Increase in Provision	117	59
Amounts Utilised	-	-
Unused Amounts Reversed	(55)	(204)
Total Provision At 31 March	147	85

Impaired Receivables are those past their due date where no agreement has been reached for recovery of the amount receivable.

19.3 Receivables Past Their Due Date But Not Impaired

	31 March 2015 £'000	31 March 2014 £'000
Up To Three Months	2,107	801
In Three To Six Months	917	4
Over Six Months	61	20
Total	3,085	825

Much of these receivables relate to other NHS organisations and there is an expectation that they will be paid and not impaired.

19.4 Impaired Receivables

	31 March 2015 £'000	31 March 2014 £'000
Up To Three Months	-	-
In Three To Six Months	67	45
Over Six Months	80	40
Total	147	85

North Essex Partnership University NHS Foundation Trust

20 Cash And Cash Equivalents

	31 March 2015 £'000	31 March 2013 £'000
Balance At 1 April	9,243	11,768
Net Change In Year	1,110	(2,525)
Balance At 31 March	10,353	9,243
Made Up Of:		
Cash With Government Banking Service	10,327	9,210
Commercial Banks And Cash In Hand	26	33
Cash And Cash Equivalents	10,353	9,243
Bank Overdraft		
Cash And Cash Equivalents As In Cash Flow	10,353	9,243

21 Trade And Other Payables

	31 March 2015 £'000	31 March 2014 £'000
Current Liabilities:		
NHS Payables – Revenue	325	733
NHS Payables – Capital	-	-
Non-NHS Payables – Revenue	6,031	3,491
Non-NHS Payables - Capital	647	867
PDC Payable	-	-
Accruals	1,484	3,023
Total Trade And Other Payables	8,487	8,114

Non-NHS Payables – Revenue includes £1,032,000 (2014: £1,132,000) of outstanding pensions contributions at 31 March 2015.

North Essex Partnership University NHS Foundation Trust

22 Borrowings

	31 March 2015 £'000	31 March 2014 £'000
Current Liabilities		
Loans From:		
Department of Health	2,614	2,215
Total Current Borrowings	2,614	2,215
Non-Current Liabilities		
Loans From:		
Department of Health	15,097	11,711
Total Non-Current Borrowings	15,097	11,711
Total Borrowings	17,711	13,926

Borrowings are made up of four single currency term loans from the Secretary of State For Health.

The interest rate on the first loan (amount outstanding at 31 March 2015 £3,420,000 (2014: £4,399,000)) is 5.33% per annum, and the loan will be repaid in full by March 2019.

The interest rate on the second loan (amount outstanding at 31 March 2015 £4,791,000 (2014: £5,527,000)) is 2.65% per annum, and the loan will be repaid in full by 31 March 2022.

The interest rate on the third loan (amount outstanding at 31 March 2015 £3,500,000 (2014: £4,000,000)) is 1.42% per annum, and the loan will be repaid in full by 31 March 2022.

The interest rate on the fourth loan (amount outstanding at 31 March 2015 £6,000,000 (2014: n/a)) is 2.17% per annum, and the loan will be repaid in full by 31 March 2030.

The NHS Foundation Trust is responsible for ensuring that it is able to repay its borrowings and any associated interest charges.

North Essex Partnership University NHS Foundation Trust

23 Other Liabilities

	31 March 2015 £'000	31 March 2014 £'000
Deferred Income	601	167
Total Other Liabilities	601	167

(see Note 31 for details of deferred income from Big Lottery Fund)

North Essex Partnership University NHS Foundation Trust

24 Provisions

	Current		Non-Current	
	31 March 2015 £'000	31 March 2014 £'000	31 March 2015 £'000	31 March 2014 £'000
Pensions Relating To Former Directors	0	10	0	144
Pensions Relating To Other Former Staff	184	235	2,066	2,140
Legal Claims	328	95	-	-
Other	3,889	3,341	10,898	10,559
Total	4,401	3,681	12,964	12,843

31 March 2015

31 March 2014

	31 March 2015		31 March 2014	
	£'000	£'000	£'000	£'000
Pensions Relating To Former Directors	154	95	13,904	5,599
Pensions Relating To Other Former Staff	2,373	265	16,526	11,741
Pensions Relating To Other Former Staff	109	(32)	2,367	(382)
Legal Claims	(231)	-	(836)	(966)
Other	(120)	-	(1,192)	532
Total	2,250	328	17,365	16,524

At 1 April

Arising During The Year

Utilised During The Year

Reversed Unused

Unwinding Of Discount

North Essex Partnership University NHS Foundation Trust

	31 March 2015					31 March 2014
	Pensions Relating To Former Directors £'000	Pensions Relating To Former Staff £'000	Legal Claims £'000	Other £'000	Total £'000	Total £'000
Expected Timing Of Cashflows:						
Within One Year	-	184	328	3,889	4,401	3,681
Between One And Five Years	-	713	-	2,605	3,318	3,352
Between Five And Ten Years	-	794	-	8,293	9,087	8,810
After Ten Years	-	559	-	-	559	681
Total	0	2,250	328	14,787	17,365	16,524

Pension costs are calculated in accordance with NHS Pension Scheme rules, based on age, salary and length of service of employees.

Other Provisions relate to operational claims and provisions. The increase in Other Provisions during 2014/15 relates to redundancies for the Substance Misuse Service and potential contract disputes (2013/14 relates to a provision for loss on disposal of assets and commercially procured services).

£5,884,620 (2014: £5,375,632) is included in the provisions of the NHS Litigation Authority at 31 March 2015 in respect of clinical negligence liabilities of the North Essex Partnership University NHS Foundation Trust.

North Essex Partnership University NHS Foundation Trust

The NHS Foundation Trust is in the process of disposing of the non-operational land and buildings at the Severalls site in Colchester. This is a major site for future residential development and the NHS Foundation Trust has entered into agreements regarding the road and education infrastructure with third parties.

The NHS Foundation Trust entered into the following agreements in relation to the Severalls Hospital site:

Bipartite Agreement	dated 25 January 2007
S106 Agreement	dated 21 March 2006
NAR3 Agreement	dated 4 January 2011
Education Funding Agreement	dated 4 January 2011

A provision of £10,067,000 (2014: £9,759,000) has been included for the costs associated with these agreements under 'Other' in the above table.

North Essex Partnership University NHS Foundation Trust

25 Contingencies

a. Contingent Liabilities

	31 March 2015 £'000	31 March 2014 £'000
Employment Claims	29	31
Public Liability Claims	1	-
Total Contingent Liabilities	30	31

Contingent Liabilities relate to eleven (2013/14: six) employment claims and one (2013/14: nil) public liability claims. The NHS Foundation Trust obtains guidance from the NHS Litigation Authority regarding the likelihood of legal actions crystallising and their value.

The NHS Foundation Trust is in the process of disposing of the non-operational land and buildings at the Severalls site in Colchester. This is a major site for future residential development and the NHS Foundation Trust has entered into agreements regarding the road and education infrastructure with third parties.

The NHS Foundation Trust entered into the following agreements in relation to the Severalls Hospital site:

Bipartite Agreement	dated 25 January 2007
S106 Agreement	dated 21 March 2006
NAR3 Agreement	dated 4 January 2011
Education Funding Agreement	dated 4 January 2011

b. Contingent Assets

There are no Contingent Assets as at 31 March 2015 or as at 31 March 2014.

North Essex Partnership University NHS Foundation Trust

26 Financial Instruments**a. Financial Assets**

	Loans And Receivables £'000	Total £'000
NHS Receivables	5,026	5,026
Cash At Bank And In Hand	10,353	10,353
Other Financial Assets	1,220	1,220
	<hr/>	<hr/>
Total At 31 March 2015	16,599	16,599
	<hr/>	<hr/>
NHS Receivables	2,792	2,792
Cash At Bank And In Hand	9,243	9,243
Other Financial Assets	779	779
	<hr/>	<hr/>
Total At 31 March 2014	12,814	12,814
	<hr/>	<hr/>

All Financial Assets are held at book value. Book value is considered to be fair value.

North Essex Partnership University NHS Foundation Trust

b. Financial Liabilities

	Other Financial Liabilities £'000	Total £'000
Borrowings	17,711	17,711
Other Financial Liabilities	21,809	21,809
	39,520	39,520
Total At 31 March 2015		
Borrowings	13,926	13,926
Other Financial Liabilities	21,131	21,131
	35,057	35,057
Total At 31 March 2014		

All Financial Liabilities are held at book value. Book value is considered to be fair value.

c. 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. Because of the continuing service/provider relationship that North Essex Partnership University NHS Foundation Trust has with Clinical Commissioning Groups and NHS England and the way those Clinical Commissioning Groups and NHS England are financed, the NHS Foundation Trust is not exposed to the degree of financial risk faced by business entities. Also, Financial Instruments play a more limited role in creating or changing risk than would be typical of listed companies, to which these standards mainly apply. The NHS Foundation Trust has limited powers to borrow or invest surplus funds and Financial Assets and Liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the NHS Foundation Trust in undertaking its activities.

North Essex Partnership University NHS Foundation Trust has a Treasury Management Policy which allows the NHS Foundation Trust to carry out its own treasury management operations. The NHS Foundation Trust's treasury activity is subject to review by the its Internal Auditors.

Currency Risk

The NHS Foundation Trust is principally a domestic organisation with the majority of transactions, assets and liabilities being in the UK and Sterling based. The NHS Foundation Trust has no overseas operations. North Essex Partnership University NHS Foundation Trust therefore has low exposure to currency rate fluctuations.

North Essex Partnership University NHS Foundation Trust

Interest Rate Risk

All of the NHS Foundation Trust's assets and liabilities carry nil or fixed rates of interest. North Essex Partnership University NHS Foundation Trust is not therefore exposed to significant interest rate risk.

Credit Risk

The majority of the NHS Foundation Trust's income is from legally binding contracts with other public sector bodies. North Essex Partnership University NHS Foundation Trust therefore has low exposure to credit risk. The maximum exposure as at 31 March 2015 is in receivables from customers as disclosed in Note 19.

Liquidity Risk

The NHS Foundation Trust's net operating costs are incurred under contracts with Clinical Commissioning Groups, which are financed from resources voted annually by Parliament. The NHS Foundation Trust largely funds its capital expenditure from funds made available from Government. North Essex Partnership University NHS Foundation Trust is therefore not exposed to significant liquidity risk.

d. Maturity Of Financial Liabilities

	31 March 2015	31 March 2014
	£'000	£'000
In one year or less	14,356	13,587
In more than one year but not more than two years	2,614	2,215
In more than two years but not more than five years	8,755	9,027
In more than five years	13,795	10,228
Total	39,520	35,057

North Essex Partnership University NHS Foundation Trust

27 Events After The Reporting Period

There are no significant events after the reporting period

28 Related Party Transactions

North Essex Partnership University NHS Foundation Trust is a body corporate established by order of the Secretary of State for Health. The Independent Regulator of NHS Foundation Trusts ('Monitor') and other NHS Foundation Trusts are considered related parties. The Department of Health is regarded as a parent organisation. North Essex Partnership University NHS Foundation Trust considers all NHS organisations to be related parties.

In addition, North Essex Partnership University NHS Foundation Trust has had a number of transactions with other Government Departments and other central and local Government bodies during the year. The NHS Foundation Trust receives revenue payments from North Essex Partnership NHS Foundation Trust Charitable Funds, of which North Essex Partnership University NHS Foundation Trust is sole Corporate Trustee and is therefore considered a related party.

North Essex Partnership University NHS Foundation Trust

The related party transactions described above are summarised below.

	For The Year Ended		As At 31 March 2015	
	31 March 2015		Amounts	Amounts
	Receipts	Payments	Due From	Due To
	From	To Related	Related	Related
	Related	Parties	Parties	Parties
	Parties	Parties	Parties	Parties
	£'000	£'000	£'000	£'000
NHS Ipswich and East				
Suffolk CCG	640	-	7	-
NHS Mid Essex CCG	26,193	-	1,157	0
NHS North East Essex CCG	30,620	-	868	0
NHS West Essex CCG	23,299	-	584	0
NHS Business Services				
Authority	-	-	-	-
NHS Litigation Authority	-	562	-	-
NHS Property Services	-	945	-	6
Health Education England	2,950	-	154	171
NHS England	13,054	-	919	97
Essex County Council	9,002	-	558	100
HM Revenue and Customs	-	4,982	-	-
NHS Pension Scheme	-	7,562	-	-
NEPFT Charitable Funds	6	-	-	-

North Essex Partnership University NHS Foundation Trust

	For The Year Ended 31 March 2014		As At 31 March 2014	
	Receipts From Related Parties £'000	Payments To Related Parties £'000	Amounts Due From Related Parties £'000	Amounts Due To Related Parties £'000
East of England Ambulance Service NHS Trust	-	630	-	2
NHS Ipswich and East Suffolk CCG	693	-	1	-
NHS Mid Essex CCG	7,830	82	373	39
NHS North East Essex CCG	72,611	-	181	(4)
NHS West Essex CCG	620	-	88	419
NHS West Suffolk CCG	574	-	-	2
NHS Business Services Authority	-	632	-	214
NHS Property Services	-	943	-	739
Health Education England	2,894	-	236	-
NHS England	12,411	763	1,524	122
Essex County Council	9,105	1,928	537	115
HM Revenue and Customs	-	4,677	281	1,671
NHS Pension Scheme	-	7,494	-	1,132
NEPFT Charitable Funds	6	-	-	-

North Essex Partnership University NHS Foundation Trust

All transactions described in the above tables arise from normal operating activities. The amounts due or payable to the related parties are payable in cash. No guarantees have been given or received and no securitisations exist. Related parties with transactions totalling under £500,000 have not been included, excepting North Essex Partnership Charitable Funds.

During the year, none of the Board Members, members of key management staff, Governors or parties related to them, has undertaken any material transaction with North Essex Partnership University NHS Foundation Trust, other than remuneration. Key management staff includes all those individuals or entities controlled by them that have been identified as Senior Managers in Note 10.

North Essex Partnership University NHS Foundation Trust

29 Third Party Assets

North Essex Partnership University NHS Foundation Trust held £43,994 cash at bank and in hand at 31 March 2015 (2013/14: £220,205) which relates to monies held by the NHS Foundation Trust on behalf of patients. This has been excluded from the Cash at Bank and In Hand figure reported in the Financial Statements.

30 Losses And Special Payments

There were 44 cases of Losses and Special Payments (2013/14: 52 cases), totalling £138,000 (2013/14: £57,000). These amounts are disclosed on an accruals basis, excluding provisions for future losses.

There were no cases exceeding £250,000 during the current and preceding financial years.

	31 March 2015		31 March 2014	
	Number	£'000	Number	£'000
Losses				
Loss Of Cash	12	5	18	13
Fruitless Payments	2	2	2	3
Bad Debts And Claim Abandoned	8	61	1	1
Total Losses	22	68	21	17
Special Payments				
Extra-Contractual	1	2	-	-
Extra-Statutory and Extra-Regulatory Compensation	-	-	1	3
Special Severance Payments	8	67	-	-
Ex Gratia Payments	-	-	-	-
Ex Gratia Payments	13	1	30	37
Total Special Payments	22	70	31	40
Total Losses and Special Payments	44	138	52	57
Recovered Losses				
Compensation Payments Received	0	0	1	2

North Essex Partnership University NHS Foundation Trust

31 Big Lottery Grant Fund

	31 March 2015	31 March 2014
	£'000	£'000
Deferred income Brought Forward	34	-
Grant Income Received During The Year	1,771	936
Project Expenditure	(1,337)	(714)
Management Expenditure	(200)	(188)
	<hr/>	<hr/>
Deferred Income Carried Forward	268	34
	<hr/>	<hr/>

During the year, grants were received from the Big Lottery Fund to deliver “Well-being in the East – Building Resilience in the East”, a portfolio of projects which aims to increase physical activity and improve healthy eating and mental well-being throughout the East of England, North East and East Midlands. The grant is restricted for this purpose. Less than 15% of the grant will be incurred on the costs of managing the portfolio, with the remainder being disbursed to the portfolio’s projects. The portfolio commenced on 1 May 2013 for a period of two years. At 31 March 2015, there was unutilised grant income of £268,143 (2013/14: £34,447). £34,447 (2014: £24,553) of this relates to grants yet to be disbursed to projects.

**INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF NORTH
ESSEX PARTNERSHIP UNIVERSITY NHS FOUNDATION TRUST ON THE NHS
FOUNDATION TRUST CONSOLIDATION SCHEDULES**

We have examined the NHS Foundation Trust consolidation schedules (FTCs) numbered 1 to 41X of North Essex Partnership University NHS Foundation Trust for the year ended 31 March 2015, which have been prepared by the Director of Resources and acknowledged, reviewed and agreed by the Chief Executive.

This report is made solely to the Board of Governors of North Essex Partnership University NHS Foundation Trust in accordance with paragraph 24(5) of Schedule 7 of the National Health Service Act 2006 and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Governors as a body and North Essex Partnership University NHS Foundation Trust for our audit work, for this report, or for the opinions we have formed.

In our opinion these consolidation schedules are consistent with the statutory financial statements.



Grant Thornton UK LLP

Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

27 May 2015

North Essex Partnership 
University NHS Foundation Trust



North Essex Partnership University NHS Foundation Trust

Stapleford House
103 Stapleford Close
Chelmsford
Essex
CM2 0QX

Telephone: 01245 546400
Email: communications.team@nepft.nhs.uk
www.nepft.nhs.uk

Grant Thornton UK LLP
Grant Thornton House,
Euston Square,
Melton Street,
London
NW1 2EP

27 May 2015

Dear Sirs

North Essex Partnership University NHS Foundation Trust

Financial Statements for the year ended 31 March 2015

This representation letter is provided in connection with the audit of the financial statements of North Essex Partnership University NHS Foundation Trust for the year ended 31 March 2015 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with International Financial Reporting Standards and the NHS Foundation Trust Annual Reporting Manual (the ARM) issued by Monitor, the Independent Regulator of NHS Foundation Trusts. We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i As Trust Board members we have fulfilled our responsibilities under the National Health Services Act 2006 for the preparation of the financial statements in accordance with the ARM and International Financial Reporting Standards which give a true and fair view in accordance therewith.
- ii We have complied with the requirements of all statutory directions affecting the Trust and these matters have been appropriately reflected and disclosed in the financial statements.
- iii The Trust has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of the Care Quality Commission or other regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

- v Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- vi We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with International Financial Reporting Standards and the ARM, and adequately disclosed in the financial statements. There are no other material judgements that need to be disclosed.
- vii Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent
 - b. none of the assets of the Trust has been assigned, pledged or mortgaged
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the ARM.
- ix All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the ARM requires adjustment or disclosure have been adjusted or disclosed.
- x We acknowledge the Department of Health's requirement to consolidate the charitable fund within the Trust's financial statements. On the grounds of materiality, the Trust has agreed not to consolidate within the 2014/15 financial statements.
- xi We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The financial statements have been amended for these misstatements, misclassifications and disclosure changes. The financial statements are free of material misstatements, including omissions.
- xii In calculating the amount of income to be recognized in the accounts from other NHS organisations we have applied judgement, where appropriate, to reflect the appropriate amount of income expected to be received by the Trust in accordance with the International Financial Reporting Standards and the ARM.
- xiii Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the ARM.
- xiv We acknowledge our responsibility to participate in the Department of Health's agreement of balances exercise and have followed the requisite guidance and directions to do so. We are satisfied that the balances calculated for the Trust ensure the financial statements and consolidation schedules are free from material misstatement, including the impact of any disagreements.
- xv We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

- xvi In calculating our director expenses for the year ended 31 March 2015, we noted that we had misclassified the expenses of non-voting members which we have adjusted for and reflected within the Statement of Comprehensive Income and associated note.

Information Provided

- xvii We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. unrestricted access to persons within the Trust from whom you determined it necessary to obtain audit evidence.
- xviii We have communicated to you all deficiencies in internal control of which management is aware.
- xix All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xx We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xxi We have disclosed to you all our knowledge of fraud or suspected fraud affecting the Trust and involving:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xxii We have disclosed to you all our knowledge of any allegations of fraud, or suspected fraud, affecting the Trust's financial statements communicated by employees, former employees, regulators or others.
- xxiii We have disclosed to you all our knowledge of any allegations of fraud, or suspected fraud, affecting the Trust's financial statements communicated by employees, former employees, regulators or others.
- xxiv We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxv We have disclosed to you the identity of all of the Trust's related parties and all the related party relationships and transactions of which we are aware.
- xxvi We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Report

xxvii The disclosures within the Annual Report fairly reflect our understanding of the Trust's financial and operating performance over the period covered by the financial statements.

Annual Governance Statement

xxviii We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Trust's risk assurance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Approval

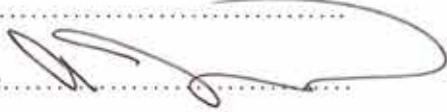
The approval of this letter of representation was minuted by the Trust's Board at its meeting on 27 May 2015.

Yours faithfully

Name.....

Position.....Chairman.....

Date.....

Name.....

Position.....Chief Executive.....

Date.....

Signed on behalf of the Board

